Stock Code: 1529

(Originally: Luxe Electric Co., Ltd)

2023 Annual Report

Printed on April 25 2024

Website for annual report inquiries/

- TWSE "Market Observation Post System": http://mops.twse.com.tw
- Company website: http://www.luxe.com.tw

I. Name, title, phone number, and email address of the Company's spokesperson and deputy spokesperson

Spokesperson: Chieh-Jen Chen Title: Chairman

Acting Spokesperson: Chun-Hsiang Deng Title: Vice President

Tainan Headquarters Tel: (06)221-7189

Taipei Office: (02) 2559-1021

Email:luxe@luxe.com.tw

II. Address and phone number of the headquarters, branch and factory

Unit	Address	Telephone	Fax
Headquarters	7F.-1, No. 114, Chenggong Rd., North Dist., Tainan City	(06)221-7189	(06)221-3669
Taipei Office	4F-2, No. 188, Sec. 5, Nanjing East Rd., Songshan Dist., Taipei City, Taiwan	(02)2559-1021	(02)2559-1071
Yang Mei Plant	No. 19, Aly. 22, Ln. 796, Sec. 1, Minfu Rd., Yangmei Dist., Taoyuan City	(03)478-5877	(03)478-6015
Tainan Factory	No. 336, Zhongzheng 3rd Street, Yongkang District, Tainan City	(06)253-2226	(06)253-2179

III. Name, address, website and phone number of the stock transfer agent

Name: President Securities Corporation

Address: B1, No. 8, Dongxing Rd., Songshan Dist., Taipei City

Website: www.uni-psg.com

Tel.: (02)2747-8266

IV. Name of CPA and name, address, website and phone number of the accounting firm for the financial statements in the most recent year:

Name of CPAs: Lai Chia-Yu, Chou Yin-lai

Name of firm: Baker Tilly Clock & Co

Address: 14F (top floor), No. 111, Sec.2, Nanjing E. Rd., Taipei City

Website: http://www.bakertilly.com.tw/

Tel.: (02)2516-5255

V. Name of the exchange where our securities are traded offshore, and the method with which the information of the offshore securities is accessed: None.

VI. Company website:www.luxe.com.tw

LUXE GREEN ENERGY TECHNOLOGY CO., LTD.

Contents of **2023** Annual Report

One. Letter to Shareholders

Dear shareholders,

For 2023, the consolidated net operating revenue was NTD 752,370 thousand, an increase of NTD 470,850 thousand from the net operating revenue of NTD 281,520 thousand in 2022, mainly due to the increase in revenue from the electrical segment and engineering in 2023. The 2023 gross profit was NTD 158,033 thousand (21% in gross margin) compared with NTD 119,722 thousand in 2022 (43% in gross margin), mainly due to the fact that most of the 2022 construction revenue was recognized on a net basis, with a higher gross margin and This was second only to electricity sales. In 2023, the products of the motor sector accounted for 55% of the total operating revenue, and the gross profit margin was lower compared to the engineering revenue, resulting in a decrease in gross profit margin. Net operating profit of NTD 94,502 thousand and profit before tax of NTD 154,307 thousand, both increased from the same period in 2022.

	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Construction and engineering revenue	22,518	—	100,255	—	122,773
Sales revenue	—	415,808	—	—	415,808
Electricity retailing revenue	153,330	—	—	—	153,330
Others	—	60,459	—	—	60,459
Total	175,848	476,267	100,255	—	752,370

Last year (2023), sales, management, and R&D expenses were NTD 63,531 thousand, a total increase of NTD 18,801 thousand (approximately 42%) compared with the same period in 2022; non-operating income and expenses were NTD 59,805 thousand, mainly due to The book profit on securities measured at fair value was NTD 76,939 thousand and the interest expense increased slightly.

At the end of 2023 and this year, the Company and its subsidiaries continued to strive to complete the acquired solar power plant self-construction projects, and the energy business group continued to focus on the two major business directions of investment in self-built solar power photovoltaic power plants and contract construction (EPC) ; Taipower's booth-mounted transformers tenders acquired by the Electrical Machinery Business Group have been accepted and shipped one after another, which will be used to inject future revenue and profits. In addition, the research and development of new electrical products and related certification procedures are still in progress; the Company is operating at a steady pace the Company not only participates in tenders and construction projects, but also meets the needs of the market and customers by investing in construction companies and actively exploring new customers, new project sources and new products to increase the Company's revenue and profit, and improve operating performance to increase shareholders' equity.

We wish you good health and safety.

Chairman: Chen Chien-Jen	President: Chen Lien-Tsung	Chief Accounting Officer: Chien Shih-Chang

Two. Company Profile

I. Establishment date: The Company was founded on May 24, 1978.

II. Corporate history

Year	Development experience
May 1978	The Company was founded in Shulin Town, Taipei County.
October 1980	The Sanxia Plant was built, and the Company moved to Taipei City.
July 1981	Recognized by the Industrial Development Bureau, Ministry of Economic Affairs, as a Tier 1 distribution panel manufacturer.
May 1982	Recognized by the Industrial Development Bureau, Ministry of Economic Affairs, with Class A distribution panel quality management.
May 1987	Recognized in the “Taiwan Power Company Department of Nuclear Quality Manufacturer Assessment” as a qualified manufacturer.
October 1987	Developed technical collaboration with the Japanese company, Tokyo Seiden Co., Ltd.
April 1989	The Yang Mei A Plant was built and put into operation.
July 1989	Recognized by Taiwan Power Company as a penetrating type, low voltage and precision class (class 0.3) current transformer manufacturer.
January 1990	Assessed and selected by National Federation of Industries as one of the Top 10 Outstanding Manufacturers.
December 1991	Recognized by the Bureau of Energy, Ministry of Economic Affairs as a qualified manufacturer with test exemption when high voltage PT and CT left the factory.
May 1992	Recognized in the “Taiwan Power Company 23KV Metal-Clad Switch Gear” assessment as a qualified manufacturer.
June 1992	Recognized in the “Taiwan Power Company 13.8KV Metal-Clad Switch Gear” assessment as a qualified manufacturer.
July 1992	Recognized in the “Taiwan Power Company 14.4KV Metal-Clad Switch Gear” assessment as a qualified manufacturer.
September 1992	Recognized in the “Taiwan Power Company Indoor Type Alternating and Three-Phase 480V Power Center for Thermal Power Plants” assessment as a qualified manufacturer.
December 1992	Qualified in the “Taiwan Power Company’s Charging Type 15KV Transformer and Special Equipment Suppliers” inspection.
December 1992	Qualified in the “Taiwan Power Company’s Outdoor Type 14.4KV Block Switch and Special Equipment Suppliers” inspection.
December 1992	The Company moved to the Tang Cheng Park in Sanchong City.
October 1993	Recognized in the “Taiwan Power Company 480V Motor Control Center” assessment as a qualified manufacturer.
July 1994	Recognized in the “Taiwan Power Company Department of Quality Type-1 Manufacturer Quality Assurance System (ISO-9001)” assessment as a qualified manufacturer.
December 1994	Recognized in the “penetrating type and low voltage current transformer” assessment as a qualified manufacturer.
June 1995	Recognized in the “Taiwan Power Company Indoor Type, Alternating and Three-Phase 6900V, Closed Type Metal-Clad Switchgear for Thermal Power Plants” assessment as a qualified manufacturer.
August 1995	Received “quality assurance system on international standard (ISO-9001) certification of DNV).”
October 1995	Received “Industrial Development Bureau, Ministry of Economic Affairs’ quality assurance system on international standard (ISO-9001) approval and registration.”

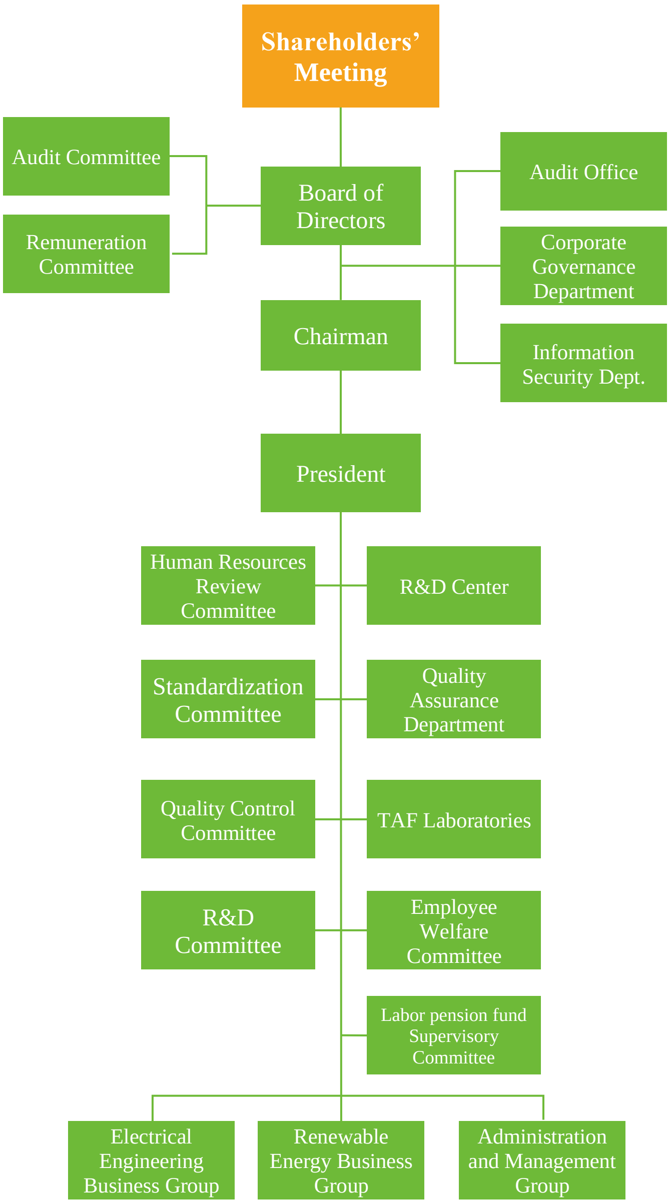
Year	Development experience
November 1995	Assessed by the Small and Medium Enterprise Administration, Ministry of Economic Affairs as "1996 Manufacturer with Outstanding Computerization Performance."
October 1997	Received "6th National Award of Outstanding SMEs."
August 1998	Received "CED certification and qualification of Electric-Electronic Product Development Association of R.O.C."
August 1998	Recognized in the "Taiwan Power Company 23KV Gas Insulated Switchgear (GIS)" assessment as a qualified manufacturer.
December 1998	Became TPEx listed.
February 1999	Qualified in the "Taiwan Power Company's Single-Phase Pad-mounted Transformer and Special Equipment Suppliers" inspection.
June 1999	Qualified in the "Taiwan Power Company's Single-Phase Pole Type Pad-mounted Transformer and Special Equipment Suppliers" inspection.
December 1999	Received "environmental management system on international standard (ISO-14000) certification of DNV."
April 2000	Qualified in the "Taiwan Power Company's Single-Phase, Pole Type, Sealed Transformer and Special Equipment Suppliers" inspection.
September 2000	Became TWSE listed.
February 2001	Met with the "Taiwan Power Company's Manufacturing and Installation of Distribution Panel for Primary Distribution and Substation Regulation (DSPL, 88-08)" and recognized as qualified installation manufacturer.
August 2001	Developed technical collaboration concerning the 161KV Gas Insulated Switchgear (GIS) with the German company, SIEMENS AG.
October 2001	The Yang Mei B Plant began construction.
February 2002	Passed the qualification test of the Taiwan Electric Research & Testing Center for 23KV GIS MOF panels.
July 2002	Qualified in the "Taiwan Power Company's High Voltage Charging Type Transformer and Special Materials Suppliers" inspection.
October 2002	The Yang Mei 161KV GIS Plant was built.
March 2003	The Yang Mei B Plant was built and put into operation.
July 2003	Qualified in the "Taiwan Power Company 161KV Gas Insulated Switchgear (First Phase)" assessment.
August 2003	Recognized as "Taiwan Power Company qualified installation manufacturer for 161KV Gas Insulated Switchgear."
December 2003	Acquired the contract of "Taiwan Power Company's Procurement and Installation of Wind Turbine Generator Systems and Subordinate Equipment for Taichung Power Plant and Taichung Port in the Wind Power Project Phase 1."
February 2004	Became the successful tenderer of "Taiwan Power Company's Turnkey Construction of Primary Distribution Substation for Military."
April 2004	Became the successful tenderer of "Taiwan Power Company's Distribution Closed Loop Automation Construction Phase 1 in Hsinchu."
August 2004	Became the successful tenderer of "Taiwan Power Company's Establishment of Terminal Equipment for Distribution Feeder Automation Phase 1 in Hsinchu."
August 2004	Became the successful tenderer of "Taiwan Power Company's Establishment of Terminal Equipment for Distribution Feeder Automation in Northwest."
August 2004	Became the successful tenderer of "Taiwan Power Company's Establishment of Terminal Equipment for Distribution Feeder Automation in North-North."
August 2004	Became the successful tenderer of "Taiwan Power Company's Distribution Feeder Automation Construction in Taoyuan."
February 2005	Became the successful tenderer of "Ministry of Transportation and Communications' Tender No. Seven-E: Electrical Engineering for Pinglin-Toucheng Section of the Beiyi Freeway."
November 2005	Completed the construction of Taiwan Power Company's primary distribution substation in Qizhang.

Year	Development experience
December 2005	Completed the installation and testing of wind turbines for Taichung Power Plant under Taiwan Power Company’s Wind Power Project Phase 1.
July 2006	Completed the short-circuit testing and pressure testing of primary distribution substation in Qizhang under Taiwan Power Company.
September 2006	Completed the construction of wind turbines for Taichung Power Plant under Taiwan Power Company’s Wind Power Project Phase 1.
December 2006	Completed the establishment of terminal equipment for the distribution feeder automation in Hsinchu, Taoyuan, Northwest and North-north under Taiwan Power Company.
August 2007	Changed the Company’s Chinese and English name by resolution at a special shareholders’ meeting and by approval of the Ministry of Economic Affairs at Jing-Shou-Shang-Tzu No. 10801115060, dated September 28, 2007. The Company was renamed from “Klingon Aerospace Inc.” to “Luxe Electric Co., Ltd.” in English.
July 2008	Completed the construction of wind turbines for Taichung Port under Taiwan Power Company’s Wind Power Project Phase 1.
September 2009	Completed the construction of top additions and solar photovoltaic equipment for the water treatment plant in Gongguan, Taipei City.
October 2009	Completed the construction of 275KW wind turbines specifically for areas that have typhoons.
April 2012	Recognized as a qualified manufacturer of transformers, voltage transformers and current transformers by the “Taiwan Accreditation Foundation,” and obtained the TAF accreditation symbol.
August 2015	Stepping into the business of building solar farms.
May 2016	Recognized as a qualified manufacturer of high voltage distribution panels by the “Taiwan Accreditation Foundation,” and obtained the TAF accreditation symbol.
August 2016	The Company registered for address change and moved to Tainan City.
2021	The new type of pavilion transformer was certified by Taipower.
August 2022	Renamed to Lay's Green Energy Technology Co., Ltd.

Three. Corporate Governance Report

I. Organization of the Company

(I) Organization system



(II) Businesses operated by major departments

Departments	Principal business operation
Chairman Office	Analyze, plan and execute investment environment status, trend analysis reports and short-term/long-term investments.
Audit Office	Assist the Board of Directors and managerial officers on checking and reviewing the deficiencies of internal control system and measuring the effectiveness and efficiency of operations, and provide appropriate suggestions for improvement to ensure the continuous effective implementation of internal control and as the basis of internal control system reviews and amendments.
President Office	Implement items put to a resolution by the Board of Directors, manage all operational and managerial business in the Company, announce quality-related policies and goals of the Company, host all operational meetings and Quality Control Committee meetings, execute management and review in the Company, and assist the President on special items and projects.

R&D Office	Research and development of new products.
Administration and Management Group	Manage finance, accounting, tax, stock related affairs in the Company and aggregate execution of the whole Company's budget. Manage personnel, general, public relations, legal and procurement affairs in the Company.
Electrical Engineering Business Group	Promote system engineering and related business, develop new markets and sales business of distribution panels and electrical engineering equipment, and develop new markets and business related to turnkey construction of substations and distribution feeder automation.
Renewable Energy Business Group	Development and expansion of business related to solar energy and power storage.

II. Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information of directors and independent directors

1. Information on directors and independent directors: March 18, 2024

Title	Nationality or country of registration	Name	Gender and Age	Date of Election (Inauguration)	Term of office	Date first elected	Shares held when elected		Current shares held		Current shares held by spouse or minor children		Shares held in the names of others		Educational background and experience	Concurrent posts in Luxe and other companies	Other managers, directors or supervisors in a spousal relationship or within the second degree of kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Chia Chi SDRY Enterprise Co., Ltd. Representative: Chieh-Jen Chen	Male 51-60 years old	2022.6.21	3	2022.6.21	5,647,561	4.15%	6,254,391	4.153%	-	-	-	-	EMBA, National Chiayi University Vice President of Quintain Steel Co., Ltd.of Huaerzi Industry (Stock)	Director of Quintain Steel Co., Ltd Chairman of Chin Lai International Development Co., Ltd.	-	-	-	Note 1
Director	Taiwan	Pin-Chun Chen	Female 31 - 40 years old	2022.6.21	3	2018.11.14	-	-	-	-	-	-	-	-	University of San Francisco, USA Master in Business Administration Director of Chateau International Development Co., Ltd.	Executive assistant to Chairman of Concord International Securities Co., Ltd. Director of Chateau International Development Co., Ltd.	-	-	-	-
Director	Taiwan	Chia-Yung Cheng	Male 41 - 50 years old	2022.6.21	3	2016.6.17	570,271	0.42%	611,880	0.406%	-	-	-	-	Asia University, Japan President of ELISEN INDUSTRY CO., LTD.	President of ELISEN INDUSTRY CO., LTD.	-	-	-	
Director	Taiwan	Pao Li Tou Investment Co., Ltd. Representative: Chin-Lung Liu	Male 51-60 years old	2022.6.21	3	2022.1.19	2,511,677	2.61%	8,592,130	5.706%	-	-	-	-	Department of Law, National Taiwan University Lawyer	Head of Jih Cheng International Law Firm	-	-	-	Note 1
Director	Taiwan	Quintain Steel Co., Ltd. Representative: Hsie-Chia Chen	Male 71-80 years old	2022.6.21	3	2022.6.21	2,339,812	1.72%	15,115,091	10.038%					Director of FENG SHEHG ENTERPRISE COMPANY	None	-	-	-	Note 1 Note 3
Director	Taiwan	Chateau International Development Co.,Ltd. Representative: Kuo-Fang Yu	Male 51-60 years old	2022.6.21	3	2022.6.21	2,581,000	1.90%	2,858,328	1.898%	-	-	-	-	Department of Communication Arts, New York Institute of Technology, USA	Executive Director, Chateau International Development Co., Ltd.	-	-	-	Note 1 Note 2
Director	Taiwan	Ming-Chieh Hsu	Male 41 - 50 years old	2022.6.21	3	2022.6.21	-	-	-	-	-	-	-	-	Graduate Institute of Electrical Engineering, National Taiwan University Director/President of Luxe Electric Co., Ltd.	None	-	-	-	

Title	Nationality or country of registration	Name	Gender and Age	Date of Election (Inauguration)	Term of office	Date first elected	Shares held when elected		Current shares held		Current shares held by spouse or minor children		Shares held in the names of others		Educational background and experience	Concurrent posts in Luxe and other companies	Other managers, directors or supervisors in a spousal relationship or within the second degree of kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	Taiwan	Fu-Tsai Liu	Male 71-80 years old	2022.6.21	3	2017.5.19	1,320,000	1.38%	1,103,794	0.733%	-	-	-	-	Chairman of Hung Hsin Building Materials Co., Ltd.	Chairman of Hung Hsin Building Materials Co., Ltd.	-	-	-	
Director	Taiwan	Chateau International Development Co.,Ltd. Pi-Shan Hu	Female 51-60 years old	2023.10.5	3	2010.8.16	2,858,328	1.898%	2,858,328	1.898%	-	-	-	-	Department of Commerce, Providence University Vice President, Finance, Guantian Steel	CFO of Guantian Steel Director, Xiado Investment Co., Ltd.	-	-	-	Note 1 Note 2 Note 3
Independent director	Taiwan	Chao-Lai Chen	Male 61-70 years old	2022.6.21	3	2022.6.21	-	-	-	-	-	-	-	-	Takming University of Science and Technology Tainan City Council Member	None	-	-	-	-
Independent director	Taiwan	Shuang-Hsi Tsou	Male 61-70 years old	2022.6.21	3	2022.6.21	-	-	-	-	-	-	-	-	Graduate Institute of Political Science, National Taiwan Normal University Head of the Cultural and Public Relations Section, Military Police Headquarters	None	-	-	-	-
Independent director	Taiwan	Tung-Han Yang	Male 31 - 40 years old	2022.6.21	3	2020.6.29	-	-	-	-	-	-	-	-	CPA, Hsin Yeh United Accounting Firm , Department of Accounting, Soochow University	None	-	-	-	-

Note 1: None of the representatives of the directors listed above hold shares.

Note 2: On October 5, 2023, on October 5, 2023, the representative Yu Guo-Fang was appointed as the representative by Hu Bi-Shan.

Note 3: The institutional shareholder, Xiado International Development Co., Ltd., and the institutional shareholder, Guantian Steel Co., Ltd., resigned on February 15, 2024.

Table 1: Major shareholders of corporate shareholders

March 18, 2024

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Chia Chi SDRY Enterprise Co., Ltd.	Chung-Hsien Chen	18.00%
	Nien-Chen Hsueh	16.48%
	Mi-Chuan Chen	16.00%
	Pin-Chun Chen	15.67%
	Hsieh-Tung Chen	14.86%
	Hsiu-Lan Su	8.30%
	Pao Li Tou Investment Co., Ltd.	4.20%
	Wen-An Chang	3.20%
	Chun-Hao Hu	1.90%
	Pi-Shan Hu	1.00%
Pao Li Tou Investment Co., Ltd.	Yu-Hui Shih	21.51%
	Chia Yuan Investment Co., Ltd.	15.34%
	Chung-Hsien Chen	15.13%
	Pin-Chun Chen	11.60%
	Pai-Ya Hsueh	5.72%
	Nien-Chen Hsueh	5.56%
	Mi-Chuan Chen	11.35%
	Hsieh-Tung Chen	4.74%
	Quintain Steel Co., Ltd.	4.47%
	Harvest Department Stores Co., Ltd.	2.48%
	Chun-Hsiang Teng	2.04%
Quintain Steel Co., Ltd.	Taiwan Steel Group United Co., Ltd.	8.74%
	Pao Li Tou Investment Co., Ltd.	15.57%
	Concord International Securities Co., Ltd.	9.84%
	Chateau International Development Co.,Ltd.	4.03%
	Chia Chi SDRY Enterprise Co., Ltd.	3.45%
	Chung-Hsien Chen	3.24%
	Hsieh-Tung Chen	1.84%
	Asahi Enterprises Corp.	5.42%
	Mi-Chuan Chen	1.56%
	Nien-Chen Hsueh	1.65%
Chateau International Development Co.,Ltd.	Since She Co., Ltd.	29.43%
	China Prosperity Development Corporation	20.16%
	CMC Magnetics Co., Ltd	14.51%
	Concord International Securities Co., Ltd.	7.78%
	CHC INTERNATIONAL INVESTMENT CORPORATION	5.31%
	Chia Chi SDRY Enterprise Co., Ltd.	2.85%
	Pao Li Tou Investment Co., Ltd.	1.42%
	Chung-Hsien Chen	1.43%
	Zhongtong Investment (Stock) Co., Ltd	1.27%
	Mi-Chuan Chen	0.99%
	Nien-Chen Hsueh	0.97%
	Hsieh-Tung Chen	0.27%

Table 2: Major shareholders of major corporate shareholders listed in Chart 1

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding ratio
Chia Yuan Investment Co., Ltd.	Quintain Steel Co., Ltd.	95.97%
Since She Co., Ltd.	Quintain Steel Co., Ltd.	100.00%
China Prosperity Development Corporation	China Steel Corporation	99.99%
CMC Magnetics Co., Ltd	Ming-Hsien Weng	7.94%
Concord International Securities Co., Ltd.	Pao Li Tou Investment Co., Ltd. Since She Co., Ltd.	14.81% 13.68%
CHC INTERNATIONAL INVESTMENT CORPORATION	CMC Magnetics Co., Ltd	100.00%

2. Professional qualifications of directors and independence of independent directors:

March 18, 2024

Criteria / Name	Professional qualifications and experience	Status of independence	Number of other public companies where the person concurrently acts as an independent director
Director: Chia Chi SDRY Enterprise Co., Ltd. Representative: Chieh-Jen Chen	1. Expertise: corporate governance, environmental engineering, IT, general affairs, business management, related industry experience (green energy development and planning). 2. Education: EMBA, National Chiayi University, Department of Business Administration, Jinyi University. 3. Relevant licenses: Securities Representative License, University Lecturer License. 4. Experience: Credit Department of Jiali Township Farmers Association, Management Department of Zhihe Securities Co., Ltd. 5. Major positions in the Group: successively served as Vice President of the Management Department, Executive Vice President and Corporate Governance Officer of Guan Tian Steel Co., Ltd. 6. Other major positions: Supervisor, Philharmonic Energy Corporation; Supervisor, Lay's Solar Energy Corporation; Supervisor, Sunshin Energy Corporation; Supervisor, Jinlai Energy Development Corporation; Supervisor, Xiadu Investment Co., Ltd. Supervisor of the Company, Director of Kunbao Industrial Co., Ltd., Director of Guantian Investment Development Co., Ltd., Director of Smoke Qiao Restaurant Co., Ltd., Supervisor of Meiyu Industrial Co., Ltd., Summer Hotel) as a director of the Company. 7. Does not meet any of the circumstances specified in Article 30 of the Company Act. 8. In order to maintain the coexistence of the enterprise for sustainable development, the Company is committed to the management of the organization's competition, resource		0

	base; establishment of the competition foundation and motivation, organizational decision-making, conflict, rights and political handling mechanism and management, corporate governance ethics and social responsibility.		
Director: Pin-Chun Chen	1. Expertise: Major (commercial), relevant industry experience (retail/securities finance). 2. Education: Department of Political Science, National Cheng Kung University, MBA, University of San Francisco. 3. Experience: Zhihe Securities and Futures Dept. 4. Major positions in the Group: Director of the Chateau International Development Co., Ltd. and Supervisor of the Chateau Fullang Hotel Co., Ltd. 5. Other major positions: Director/Special Assistant to the Chairman of Chih Ho Securities Co., Ltd., Supervisor of Gayers Department Store Co., Ltd., Supervisor of Smoke Qiao Catering Co., Ltd., Supervisor of Poly Capital Investment Co., Ltd. . 6. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0
Director: Chia-Yung Cheng	1. Specialties: Commerce. 2. Academic degree: Asia University, Japan. 3. Experience: President of Jieh-Jin Stainless Steel Industrial Co., Ltd. 4. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0
Director: Pao Li Tou Investment Co., Ltd. Representative: Chin-Lung Liu	1. Specialties: Law. 2. Education: Department of Law, National Taiwan University. 3. Experience: President of Sun Capital International Law Offices. 4. Not under any of the circumstances described in Article 30 of the Company Act.		0
Director: Ming-Chieh Hsu	1. Specialties: Commercial and electrical related industries. 2. Academic degree: Institute of Electrical Engineering, National Taiwan University. 3. Experience: Director and President of Luxembourg Co., Ltd. 4. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0
Director: Fu-Tsai Liu	1. Expertise: Experience in board leadership, communication and coordination, business, and related industries (sports, civil engineering and construction, and investment). 2. Education: High school. 3. Experience: Chairman of Hongxin Construction Materials Co., Ltd. 4. Major positions in the Group: Director of Koon Tien Iron & Steel Co., Ltd. 5. Other major positions: Chairman of Hongxin Construction Materials Co., Ltd.; Director of Kunbao Industrial Co., Ltd. 6. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0

Independent Directors: Chao-Lai Chen	1. Expertise: Law, finance, leadership, communication and coordination. 2. Academic degree: Deming University of Science and Technology. 3. Experience: Councilor of Tainan City. 4. Professional qualifications of independent directors: Independent directors have been certified to have at least five years of work experience in commerce and the Company's business. 5. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0
Independent Directors: Shuang-Hsi Tsou	1. Specialties: Leadership experience, communication and coordination. 2. Academic degree: Graduate Institute of Political Science, National Taiwan Normal University. 3. Experience: Chief of the propaganda team of the Chinese Military Police Headquarters. 4. Professional qualifications of independent directors: Independent directors have been certified to have at least five years of work experience in commerce and the Company's business. 5. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0
Independent Directors: Tung-Han Yang	1. Specialties: Finance, leadership experience, communication and coordination. 2. Academic degree: Soochow University, Department of Accounting. 3. Experience: CPA of Hsin Yeh United Accounting Firm. 4. Professional qualifications of independent directors: Independent directors have been certified to have at least five years of work experience in commerce and the Company's business. 5. Not under any of the circumstances described in Article 30 of the Company Act.	1. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0

3. Diversity and independence of the Board of Directors:

(1) Board diversity policy and implementation

Pursuant to Article 20 of the Company's "Corporate Governance Best-Practice Principles," the composition of the Board of Directors shall take diversity into account and shall have the knowledge, skills and literacy necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities:

1. Business management ability
2. Crisis management
3. Leadership ability
4. Industry knowledge
5. International market view
6. Accounting and financial analysis ability

The Company's board of directors is composed of industry elites and experts in various fields in accordance with the spirit of diversity. There are 11 directors in the Company, including 3 independent directors (accounting for 27%), and their consecutive terms are not more than 3 terms. In order to implement the policy guidelines for gender equality in Taiwan, increase the participation of women in decision-making, and improve the structure of the board of directors, there are 2 female directors (18%) on the board of directors of the company.

The overall competence of the board members and the implementation of diversity are shown in the table below

Item / Name		Basic composition								Professional ability evaluation					
		Nationality	Gender	Serving as an employee of the Company concurrently	Age				Length of tenure of independent directors	Business management ability	Crisis management	Leadership ability	Industry knowledge	International market view	Financial and accounting analysis
					Under 50 years old	Aged 51-60	Age 61-70	Aged 71-80	Less than 3 years						
Director	Chieh-Jen Chen	Taiwan	Male	V		V				V	V	V	V	V	V
Director	Pin-Chun Chen	Taiwan	Female	V	V						V	V	V		
Director	Fu-Tsai Liu	Taiwan	Male				V			V	V	V	V		
Director	Pi-Shan Hu	Taiwan	Female			V						V	V	V	V
Director	Hsie-Chia Chen	Taiwan	Male				V			V	V	V	V	V	V
Director	Chia-Yung Cheng	Taiwan	Male		V					V	V	V	V	V	V
Director	Ming-Chieh Hsu	Taiwan	Male		V					V	V	V	V	V	
Director	Chin-Lung Liu	Taiwan	Male				V			V	V	V	V	V	
Independent director	Chao-Lai Chen	Taiwan	Male				V		V			V		V	V
Independent director	Shuang-Hsi Tsou	Taiwan	Male			V			V		V	V			
Independent director	Tung-Han Yang	Taiwan	Male		V				V			V	V	V	V

(II) Information on Presidents, Vice Presidents, Assistant Vice Presidents, and department and branch manager

March 18, 2024 Unit: share

Title	Nationality	Name	Gender	Date of assumption of office	Shares held		Shareholdings of spouse and minor children		Shares held in the names of others		Educational background and experience	Concurrent duties in other companies	Managerial officers in a spousal relationship or within the second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
President	Taiwan	Lient-Sung Chen	Male	2022.09.01	-	-	47,000	0.03%	-	-	Factory Manager of Luxe Electric Co., Ltd	-	Vice President	Li-Jung Li	Wife	
Vice President	Taiwan	Chun-Hsiang Teng	Female	2022.05.09	-	-	-	-	-	-	Executive assistant to Chairman of Luxe Electric Co., Ltd Associate of Concord International Securities Co., Ltd.	-	-	-	-	-
Vice President	Taiwan	Shih-Chang Chien	Male	2007.07.18	33,223	0.03%	-	-	-	-	Department of Management Science, National Chiao Tung University In-Service Master's Program, Department of Accounting, Soochow University Associate of Luxe Electric Co., Ltd	Director of Le Hua Investment Co., Ltd.	-	-	-	-
Vice President	Taiwan	Wen-Hsien Yang	Male	2023.10.02	-	-	-	-	-	-	Department of Mechanical Engineering, National Sun Yat-sen University In-service class, Zhiyuan University Vice President, Guan Tian Steel Co., Ltd.	-	-	-	-	-

(III) Remuneration paid to directors, supervisors, Presidents, and Vice Presidents in the most recent year

1. Remuneration to the general directors and independent directors (the name and remuneration of each director is disclosed individually)

Unit: NTD thousand

Title	Name	Remuneration to directors								The sum of A, B, C and D as a percentage of net income		Remuneration received by part-time employees								The sum of A, B, C, D, E, F and G as a percentage of net income		Remuneration received from investees other than subsidiaries
		Compensation (A)		Pension (B)		Remuneration to directors (C)		Income from professional practice (D)				Salary, bonus and special disbursement (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company		All companies in financial statements		The Company	All companies in financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	Chia Chi SDRY Enterprise Co., Ltd. Representative: Chieh-Jen Chen	-	-	-	-	-	-	75	75	0.05%	0.05%	1,081	1,081	-	-	16	-	16	-	0.81%	0.81%	
Director	Pin-Chun Chen	-	-	-	-	-	-	75	75	0.05%	0.05%	224	341	-	-	4	-	4	-	0.21%	0.21%	
Director	Pao Li Tou Investment Co., Ltd. Representative: Chin-Lung Liu	-	-	-	-	-	-	69	69	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	
Director	Fu-Tsai Liu	-	-	-	-	-	-	69	69	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	
Director	Quintain Steel Co., Ltd. Representative: Hsie-Chia Chen (Note)	-	-	-	-	-	-	75	75	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	
Director	Chateau International Development Co.,Ltd. Representative: Kuo-Fang Yu	-	-	-	-	-	-	63	63	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	-
Director	Chateau International Development Co.,Ltd. Representative: Pi-Shan Hu	-	-	-	-	-	-	12	12	-	-	-	-	-	-	-	-	-	-	-	-	
Director	Chia-Yung Cheng	-	-	-	-	-	-	75	75	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	
Director	Ming-Chieh Hsu	-	-	-	-	-	-	66	66	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	
Independent director	Chao-Lai Chen	-	-	-	-	-	-	123	123	0.09%	0.09%	-	-	-	-	-	-	-	-	0.09%	0.09%	
Independent director	Shuang-Hsi Tsou	-	-	-	-	-	-	105	105	0.07%	0.07%	-	-	-	-	-	-	-	-	0.07%	0.07%	
Independent director	Tung-Han Yang	-	-	-	-	-	-	87	87	0.06%	0.06%	-	-	-	-	-	-	-	-	0.06%	0.06%	

Note: On October 5, 2023, the institutional director, Chateau International Co., Ltd. reappointed Director Hu Bi-Shan as its representative.

Breakdown of remuneration

Breakdown of remuneration to the Company's directors	Name of director			
	Total amount of the first four items (A+B+C+D)		Total amount of the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements I	The Company	All companies included in the financial statements
Less than NTD 1,000,000	Chieh-Jen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yong Cheng, Jin-Lung Liu, Hsu Ming-Chieh, Hsieh-Jia Chen, Kuo-Fang Yu, Bi-Shan Hu, Chao-lai Chen, Shuang-Hsi Chou, Tung-Han Yang	Chieh-Jen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yong Cheng, Jin-Lung Liu, Hsu Ming-Chieh, Hsieh-Jia Chen, Kuo-Fang Yu, Bi-Shan Hu, Chao-lai Chen, Shuang-Hsi Chou, Tung-Han Yang	Chieh-Jen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yong Cheng, Jin-Lung Liu, Hsu Ming-Chieh, Hsieh-Jia Chen, Kuo-Fang Yu, Bi-Shan Hu, Chao-lai Chen, Shuang-Hsi Chou, Tung-Han Yang	Chieh-Jen Chen, Pin-Chun Chen, Fu-Tsai Liu, Chia-Yong Cheng, Jin-Lung Liu, Hsu Ming-Chieh, Hsieh-Jia Chen, Kuo-Fang Yu, Bi-Shan Hu, Chao-lai Chen, Shuang-Hsi Chou, Tung-Han Yang
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	-	-	-	-
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	12 people	12 people	12 people	12 people

2. Remuneration to the President and Vice Presidents

Unit: NT$ '000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonus and special disbursement (B)</th><th colspan="4">Employees' remuneration (C)</th><th colspan="2">Ratio of sum of A, B, C, and D to net income after tax (%)</th><th rowspan="3">Remuneration from investees other than subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies in financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in financial statements</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>President</td><td>Lient-Sung Chen (Note)</td><td rowspan="4">3,809</td><td rowspan="4">3,809</td><td rowspan="4">173</td><td rowspan="4">173</td><td rowspan="4">181</td><td rowspan="4">181</td><td rowspan="4">73</td><td rowspan="4">-</td><td rowspan="4">73</td><td rowspan="4">-</td><td rowspan="4">3.07</td><td rowspan="4">3.07</td><td rowspan="4">-</td></tr>
<tr><td>Vice President</td><td>Chun-Hsiang Deng (Note)</td></tr>
<tr><td>Vice President</td><td>Shih-Chang Chien (Note)</td></tr>
<tr><td>Vice President</td><td>Wen-Hsien Yang (Note)</td></tr>
</table>

Breakdown of remuneration

Breakdown of remuneration to the President and Vice Presidents of the Company	Name of President and Vice President	
	The Company	All companies in financial statements
Less than NTD 1,000,000	Wen-Hsien Yang	Wen-Hsien Yang
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	Lian-cong Chen, Chun-hsiang Deng, Shih-Chang Chien	Lian-cong Chen, Chun-hsiang Deng, Shih-Chang Chien
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	-	-
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000 (inclusive)	-	-
Total	4 people	4 people

Note: The remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

Remuneration to the Top-5 managers of a TWSE/TPEx listed company with the highest remuneration (disclosure of names and remuneration payment methods) (Note 1): Not applicable.

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances (C) (Note 3)		Amount of remuneration to employees (D) (Note 4)				Ratio of sum of A, B, C and D to net income after tax (%) (Note 6)		Remuneration received from invested businesses other than subsidiaries or from the parent company (Note 7)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies in financial statements (Note 5)		The Company	All companies in financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			

Note 1: Regarding the term of "Top-5 managers with the highest renumeration," the managers refer to the managerial officers of the Company. The definition of managerial officers is subject to the scope of "managerial officers" specified in Letter Tai-Tsai-Cheng-San-Tzu No. 0920001301 dated March 27, 2003 of the former Securities and Futures Commission, Ministry of Finance. With respect to the principle for the calculation and determination of the "Top-5 managers with the highest renumeration," the total amount of salary, pension, bonus and special disbursement, etc. received by the managerial officers from the companies in the consolidated financial statements and the employee remuneration (i.e. sum of A+B+C+D) are taken as the basis; the results are then ranked in order to determine the Top-5 managers with the highest renumeration. If a director concurrently acts as any one of the aforementioned managers, it shall be listed in this table and the previous table (1-1).

Note 2: This refers to the salary, duty allowance and severance pay to the Company's Top-5 managers with the highest remuneration in the most recent year.

Note 3: This refers to the amount of bonuses, incentives, travel allowance, special disbursement, and other allowances as well as accommodation, company car, and other distributions in kind and compensations received by the Company's Top-5 managers with the highest remuneration in the most recent year. When there are expenses for housing, car or other transportation tools or any personal expense, the nature and cost of the provided assets, the rent calculated according to the actual or fair market price, the gasoline fee, and other payments shall be disclosed. In addition, when a driver is provided, the compensation paid to the said driver by the Company shall be noted but excluded from the remuneration. Moreover, the payroll expense listed in the IFRS 2 Share-based Payment, including employee stock options certificates, new restricted employee shares, follow-on offerings, and stock subscription shall also be covered in the remuneration.

Note 4: The amount of the employee remuneration (in shares and in cash) distributed to the Company's Top-5 managers with the highest remuneration based on the resolution of the Board in the most recent year shall be specified. If the amount cannot be estimated, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year. In addition, table 1-3 shall be completed.

Note 5: The total amount of the remunerations paid by all the companies (including the Company) in the consolidated financial statements to the Company's Top-5 managers with the highest remuneration shall be disclosed.

Note 6: The net income after tax refers to those referred to in the separate or individual financial statements in the most recent year.

Note 7: a. The amount of the remuneration received by the Company's Top-5 managers with the highest remuneration from the investees other than subsidiaries or from the parent company shall be specified in this column. (Give "none" when there's no such amount).

3. Names of managers receiving employee remuneration:
<u>2023</u>

Unit: NT$ '000

Title		Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managerial Officer	Chairman	Chieh-Jen Chen	-	15,605	15,605	10.77%
	Vice Chairman	Pin-Chun Chen	-	3,500	3,500	2.41%
	President	Lient-Sung Chen	-	19,000	19,000	13.11%
	Vice President	Chun-Hsiang Teng	-	15,000	15,000	10.35%
	Vice President	Shih-Chang Chien	-	20,000	20,000	13.80%
	Vice President	Wen-Hsien Yang	-	-	-	-

(IV) Comparison and description of the total remuneration paid by the Company and all the companies included in the consolidated financial statements to the Company's directors, supervisors, President and Vice Presidents in the most recent two years as a percentage of net income after tax, and description of the policies, standards, and portfolios for paying the remuneration, the procedure for determining the remuneration, and their correlation with the operating performance.

Title	FY2023 Total remuneration paid by the Company and all the companies included in the consolidated financial statements to the Company's directors, supervisors, President and Vice Presidents as a percentage of the net income after tax (%)	FY2022 Total remuneration paid by the Company and all the companies included in the consolidated financial statements to the Company's directors, supervisors, President and Vice Presidents as a percentage of the net income after tax (%)
Director	1.61	2.14
President and Vice Presidents		

Note: The Company's Chairman, Vice Chairman, President, and Vice Presidents who are also employees of the Company shall perform their assigned duties and responsibilities. and the remaining directors and supervisors only receive transportation allowance.

1. Policies, standards, and packages for the payment of remuneration:
   The remuneration policy of the Company's directors, president and vice presidents is based on the Company's Articles of Incorporation. The remuneration policy for directors, presidents and vice presidents is as follows:
   A. Article 21 of the Articles of Incorporation
      If the Company makes a profit in the fiscal year, no less than 1% shall be appropriated as remuneration to employees. The Remuneration Committee shall make a recommendation and then send it to the board of directors for resolution. or cash distribution, the recipients

of the payment include employees of subordinated or controlled companies who meet certain conditions, and the certain conditions shall be set by the board of directors; the company may have the above-mentioned profit amount, the remuneration committee makes a recommendation and then sends it to the board of directors for resolution With the consent of more than half of the directors present at the meeting at least two points, no more than 1% of the directors' remuneration shall be contributed. The proposal for distribution of remuneration to employees and directors shall be reported to the shareholders’ meeting.

However, if the Company still has accumulated losses, the Company shall reserve an amount to offset the accumulated losses, and then provide the employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.

B. Article 17-2
The Board of Directors is authorized to determine the remuneration to the Company's Chairman and Directors in accordance with the extent of their participation in the Company's operations and the value of their contributions, and by taking into consideration industry standards.

C. Article 18 of the Articles of Incorporation
The Company may have one CEO and several general managers and vice presidents of the business group. The appointment, dismissal and remuneration of such persons shall be handled in accordance with Article 29 of the Company Act.

2. Procedures for determining remuneration
The Company's Board of Directors has amended the "Organization Rules of Remuneration Committee" and established the Remuneration Committee in accordance with the Articles of Incorporation and the Procedures. The Remuneration Committee is to review the remuneration of directors every year before presenting it to the Board of Directors for resolution; The remuneration policies and systems are reviewed by the Remuneration Committee and resolved by the Board of Directors.

3. The association of directors with business performance and future risks
The remuneration paid to directors by the Company is only fixed remuneration such as transportation allowance and attendance fee. No variable remuneration is paid. The Company's remuneration to directors has nothing to do with performance.

4. Correlation between the President and Vice Presidents and business performance and future risks
The Company's performance in important decisions is reflected in the Company's profitability. Managers' remuneration and salaries are paid based on their personal professional experience and with reference to the usual standards of the industry; and the Remuneration Committee for review before submitting to the Board of Directors for resolution. Therefore, the remuneration to the Company's President and Vice Presidents is related to the performance of future risk control.

III. Implementation status of corporate governance

(I) Operation status of the Board of Directors

This Board of Directors was re-elected on June 21, 2022. There were five meetings in 2023 (A). The attendance of directors is as follows:

Title	Name	Actual number of presence (B)	Number of presence by proxy	Actual presence rate (B/A)	Remarks
Chairman	Chieh-Jen Chen	5	0	100%	
Director	Pin-Chun Chen	5	0	100%	
Director	Chia-Yung Cheng	5	0	100%	
Director	Chin-Lung Liu	3	0	60%	
Director	Fu-Tsai Liu	3	0	60%	
Director	Hsie-Chia Chen	5	0	100%	
Director	Ming-Chieh Hsu	2	0	40%	
Director	Kuo-Fang Yu	4	0	100%	Rescheduled to attend 4 times on October 5, 2023
Director	Pi-Shan Hu	1	0	100%	Reassigned on October 5, 2023
Independent director	Chao-Lai Chen	5	0	100%	
Independent director	Shuang-Hsi Tsou	3	0	60%	
Independent director	Tung-Han Yang	5	0	100%	

1. Matters referred to in Article 14-3 of the Securities and Exchange Act:

Date and term of Board of Directors meeting	Proposal	Opinions of all the independent directors and actions taken by the Company on such opinions
Board of Directors meeting on February 21, 2023	1. Acquisition of Tainan Office 2. Amendments to the Internal Control Regulations	Approved by all independent directors.
Board of Directors meeting on May 9, 2023	1. Adjustment of the Company's endorsement/guarantee for its subsidiary, Jinlai International Co., Ltd. Amount of Securities	Approved by all independent directors.
Board of Directors meeting on August 8, 2023	1. Change in the use of funds from the 2021 cash capital increase (3rd session)	Approved by all independent directors.
Board of Directors meeting on November 8, 2023	1. 2024 Audit Plan 2. Appointment of CPAs and evaluation of independence and suitability	Approved by all independent directors.

2. Implementation status of directors' recusal from proposals involving any conflict of interest: None.
3. Evaluation of the goals and implementation statuses with respect to the enhancement of the functions of the Board of Directors in the current and most recent year: None.

(II) Information on the operation of the Audit Committee:

1. The Company established an Audit Committee on May 19, 2017 to replace the powers of supervisors.
2. The Audit Committee held 5 meetings in 2023 (A) . The attendance of independent directors is as follows:

Title	Name	Actual attendance rate (B)	Number of presence by proxy	Actual presence rate(%) (B/A)(Note)	Remarks
Independent director	Chao-Lai Chen	5	0	100	
Independent director	Shuang-Hsi Tsou	3	0	60	
Independent director	Tung-Han Yang	5	0	100	

Other items to be stated:

I. If the operation of the Audit Committee is under any of the following circumstances, the date and session of the board of directors, the content of the motions, the resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be stated.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Year	Duration of meeting	Proposal	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions
2023	2nd meeting of the 3rd term (2023.2.21)	1. Review of the Company's 2022 business report and financial statements 2. Proposal of 2022 earnings distribution 3. Increase capital by capitalization of earnings by issuing new shares 4. Distribution of cash dividends from capital reserve and capitalization of capital increase by issuing new shares 5. Declaration of 2022 internal control system 6. Purchase of Tainan Office 7. Amendments to Internal Control Regulations 8. Appointment of the Company's CPAs and resolution of the remuneration	Agreed by all attending members	Submit the resolution of the Audit Committee to the Board of Directors for discussion
2023	3rd meeting of the 3rd board (2023.5.9)	1. Adjustment of the limit of endorsements/guarantees to be made by the Company to its subsidiary, Jinlai International Development Co., Ltd. 2. 2023 Q1 financial statements	Agreed by all attending members	Submit the resolution of the Audit Committee to the Board of Directors for discussion
2023	4th meeting of the 3rd board (2023.7.5)	1. Setting the ex-dividend date for 2023 and related matters	Agreed by all attending members	Submit the resolution of the Audit Committee to the Board of Directors for discussion
2023	5th meeting of the 3rd board (2023.8.8)	1. 2023 second quarter financial statements 2. Changing the use of funds of the follow-on offerings in 2021.	Agreed by all attending members	Submit the resolution of the Audit Committee to the Board of Directors for discussion
2023	6th meeting of the 3rd board (2023.11.8)	1. 2023 third quarter financial statements 2. Procurement of corporate vehicles for Tainan Plant 3. 2024 Audit Plan 4. CPA appointment and independence and suitability assessment	Agreed by all attending members	Submit the resolution of the Audit Committee to the Board of Directors for discussion

(II) Other than the aforesaid matters, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. Regarding the situation of an independent director’s recusal of conflict of interest, the name of the independent director, proposal, reasons for the recusal, and participation in the voting shall be described: None.

III. Communication between independent directors and internal audit supervisors and CPAs

Date	Participants	Report and Matters for Discussion
2023.11.8	Independent Director, Chen Chao-lai Independent Director Shuang-Xi Chou Independent Director, Yang Tung-Han Audit Officer Wang Shu-Chuan	1. Description of audit business, audit results and their follow-up 2. Submitted to the 2024 audit plan
2023.11.8	Independent Director, Chen Chao-lai Independent Director Shuang-Xi Chou Independent Director, Yang Tung-Han CPA Yin-lai Chou	1. Explanation of the results of our review of the 2023 financial statements 2. Explanation of 2023 audit plan 3. Update on important laws and regulations

(III) Status of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such deviations

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
I. Has the Company established and disclosed the corporate governance best practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the "Corporate Governance Best Practice Principles" with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", disclosed them on the Company's website, and implemented them accordingly.	No significant deviation.
II. Shareholding structure and shareholder's equity (I) Does the Company have an internal procedure and handle shareholders' suggestions, doubts, disputes, and litigations accordingly?	✓		The Company has appointed a spokesperson and an acting spokesperson to speak to the public and handle shareholders' suggestions, questions and disputes. The Company handles such matters in accordance with relevant procedures. Any legal issues involved are handled by legal personnel.	No significant deviation.
(II) Does the Company have the name list of the major shareholders who actually control the Company and the persons who have the ultimate control of the major shareholders?	✓		The Company entrusts a professional shareholder service agency to report the information of directors, managers and major shareholders on a monthly basis. There are also designated personnel responsible for addressing relevant matters, making the Company able to actually control the list of major shareholders.	No significant deviation.
(III) Has the Company established and implemented risk control and firewall mechanisms between the Company and the affiliates?	✓		The Company has established the "Procedures for Trading with Specific Companies, Group Enterprises and Related Parties" and implemented accordingly.	No significant deviation.
(IV) Has the Company established internal regulations to prohibit insiders from using the information not available to the market to trade securities?	✓		The Company has established the "Procedures for Prevention of Insider Trading", applicable to the directors, managers and employees of the Company, which prohibits insiders from using undisclosed information in the market to trade securities. Such insiders shall not trade stocks during the closed period of 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statements, in order to avoid accidental violation of this rule.	No significant deviation.
III. Composition and responsibility of Board of Directors (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	✓		Article 20 of the Company's "Corporate Governance Best Practice Principles" states that the composition of the board of directors shall take diversity into account and shall have the knowledge, skills and literacy necessary to perform their duties. Formulate appropriate diversification policies with respect to its own operations, business models and development needs, including: management capability, Crisis management, leadership, Industry knowledge, International market view, Accounting and financial analysis ability. The Company's Board of Directors currently consists of 11 members: 1. 2 directors who are also employees of the Company (accounting for 18%); 3 independent directors (accounting for 27%); 2 female directors (accounting for 18%) and 9 male directors (accounting for 82%); independent directors All directors have tenure of less than 3 years; 4 directors are under 50 years old, 3 directors are between 51 and 60 years old, and 4 directors are between 61 and 70 years old.	No significant deviation.

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
			2. Please refer to page 12 for the overall capability of the board of directors and the implementation of diversity.	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company set up other functional committees at its own discretion?		✓	The Company has set up a Remuneration Committee and an Audit Committee, and will establish other functional committees if needed.	The Company will take actions, if needed, according to relevant laws.
(III) Does the Company have evaluation regulations and methods for the performance of the Board of Directors, and conduct regular performance evaluation every year?	✓		The Company has established the "Regulations Governing the Performance Evaluation of the Board of Directors" to conduct evaluations through two evaluation methods: "Self-Evaluation of Board Members" and "Self-Evaluation by Board Members." Issue a performance self-assessment questionnaire to all directors and supervisors every year. After recovering the questionnaire, the board of directors will conduct statistics and analysis accordingly, and submit the results to the board of directors. Suggestions for improvements can be made, which can be applied to the remuneration to individual directors and nomination for reappointment.	No significant deviation.
(IV) Does the Company review the independence of the CPAs on a regular basis?	✓		The Company's Financial Management Division evaluates the independence and suitability of CPAs with the Audit Quality Indicator (AQIS), and submits the results to the Audit Committee for review, and then to the Board of Directors for discussion and approval. The Finance Department of the Company assessed that Chou, Yin-lai and Lai, Chia-Yu, CPAs of Champ Group CPAs & Co., meet the criteria of independence and suitability of the Company, and are qualified to act as the Company's CPAs. Please refer to the "Audit Quality Indicators AQIs" (Note 1) for the evaluation of the independence and suitability of accountants assessed by the Audit Quality Indicators (AQIS).	No significant deviation.
IV. Has the TWSE/TPEx listed Company set up a full-time (or part-time) corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to Board of Directors meetings and shareholders meetings according to laws, handling corporate registration and amendment registration and producing minutes of Board of Directors meetings and shareholders meetings)?	✓		On February 21, 2023, the Company's Board of Directors approved the establishment of Corporate Governance Officer, with President Lian-Tsung Chen as the position, and the Corporate Governance Department was established to be responsible for corporate governance-related affairs.	No significant deviation.

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
V. Has the Company established a communication channel for the stakeholders (including but not limited to shareholders, employees, customers and suppliers), set a shareholder section on the Company's website, and responded to the stakeholders regarding their concerns over the material issues on corporate social responsibilities?	✓		1. The Company has established a spokesperson, deputy spokesperson system, stock affairs agency and investor relations contact window, and set up a stakeholder section on the Company's website to establish a good communication channel with stakeholders. 2. The Company regularly announces financial information so that investors, banks, customers and creditors can understand the operating status. 3. The Company has a professional human resources department to enable employees to fully reflect their opinions. 4. A contact form is available on the Company's website to provide communication channels for vendors or customers in need of the Company's products and services. 5. The communication channels with stakeholders include the stakeholder section on the Company's website; the dedicated channels for shareholders and other stakeholders (including but not limited to employees, customers and suppliers) are appropriately responded to the important and important concerns of stakeholders Issues.	No significant deviation.
VI. Does the Company commission a professional stock service agent to deal with the matters of shareholders' meetings?	✓		The Company has appointed "Uni-President Securities Co., Ltd., Stock Registration Agency Department" to act as the Company's stock affairs agent to handle shareholders' meeting affairs.	No significant deviation.
VII. Disclosure of information (I) Has the Company established a website for disclosure of finance, business, and corporate governance information?	✓		The Company has established a website (http://luxe.com.tw) to disclose the information related to finance, business and corporate governance.	No significant deviation.
(II) Has the Company adopted other means to disclose information (e.g., English website, designation of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, disclosure of investor conferences on the Company's website)?	✓		The Company adopts other information disclosure methods, including: 1. An English website (https://www.luxe.com.tw/en) has been set up to disclose information such as financial business and corporate governance. 2. The Company has appointed a spokesperson and an acting spokesperson to communicate with the public. 3. The Company's Finance Division discloses information on the Market Observation Post System as required by law, and is responsible for the collection and disclosure of the Company's information. Quarterly investor conferences are posted on the Company's website to ensure the transparency of information that may affect the decision-making of shareholders and stakeholders. Immediately.	No significant deviation.
(III) Has the Company announced and reported annual financial statements within two months after the end of a fiscal year, and announced and reported Q1, Q2, Q3 financial statements and the operation status of		✓	The Company's financial reports for the first, second, third and fourth quarters of 2023 were announced and reported within the prescribed deadlines.	Assess the possibility of announcing the annual financial statements in advance based on future operating conditions.

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
each month in advance of the prescribed deadline?				
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and insuring against liabilities of Company's directors and supervisors)?	✓		(I) Employee rights and employee care: The Company protects the rights and interests of its employees in accordance with the laws and regulations. There are also employee welfare measures: 1. Employee education and training: The Company has established relevant management measures to strengthen the pre-service, in-service and further education of employees to improve their work skills. 2. Employee benefits: The Company attaches great importance to labor health, safety and welfare, and has established the Employee Welfare Committee and formulated relevant management measures to protect the relevant rights of employees. Please refer to the Company's employee benefits. (II) Investor relations: The Company has a spokesperson and an acting spokesperson to be responsible for external communication. A dedicated person is assigned to communicate with investors. The Finance Office is assigned to disclose the Company's information on the Market Observation Post System in accordance with the laws and regulations, and is responsible for the collection of the Company's information The Company also publishes quarterly investor conferences on the Company's website to ensure the openness, transparency, and timely disclosure of information that may affect shareholders' and stakeholders' decision-making, so as to protect the rights and interests of investors. (III) Rights of stakeholders: The Company has set up a Stakeholders Area, providing multiple communication channels and information disclosure, and maintaining good communication with stakeholders. (IV) Supplier relations: The Company has long-term cooperation and mutually beneficial exchanges with its suppliers. The Company maintains a good relationship and continuous cooperation, and irregularly exchange views on environmental protection, safety and other issues and promote the compliance of relevant norms, so as to jointly enhance corporate social responsibility. (V) Continuing education of directors: The Company will inform the directors of the amendments to securities regulations from time to time and provide relevant information. The continuing education of the directors of the Company has all reached the continuing education specified in the "Sample Template for	No significant deviation.

Evaluation item	Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
			Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" hours. (VII) Implementation of risk management policies and risk measurement standards: The Company has formulated various internal risk management regulations in accordance with the law, and conducts various risk management and assessments in accordance with the regulations. (VIII) Implementation of customer policy: The Company maintains smooth communication channels and good relationship with customers. (IX) The purchase of liability insurance for directors and supervisors by the Company: The Company has purchased liability insurance for directors in accordance with the regulations to reduce and diversify the risk of material damage to the Company and shareholders due to errors or negligence of directors. Report of the Board of Directors dated 26 February.	

IX. Regarding the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, please explain the improvements that have been made, and propose enhancements and measures for those that have not yet been improved: the evaluation year is 2022, and the Company proposes improvement explanations for the unscored evaluation items

Number	Evaluation Indicators	Whether to improve	Description of improvements
1.6	Has the Company convened a general meeting before the end of May?	Yes	The 2023 annual general meeting was held on May 24, 2023.
1.7	Has the Company uploaded the shareholders meeting agenda and supplementary meeting materials 30 days prior to the regular shareholders' meeting?	Yes	The 2023 shareholders' meeting handbook and supplementary materials were uploaded on April 20, 2023.
2.10	Does the Company disclose the professional qualifications and experience of the members of the Audit Committee, as well as the annual work focus and operation status?	Yes	The disclosure has been completed on the Company's website.
2.15	Does the Company disclose on the Company's website the status of individual communication (e.g. the methods, matters and results of the communication on the Company's financial statements and financial operations) between independent directors and internal audit supervisors and CPAs?	Yes	The disclosure has been completed on the Company's website.
2.17	Does the board of directors of the company evaluate the independence of CPAs regularly (at least once a year), and disclose the evaluation procedures in detail in the annual report?	Yes	On November 8, 2023, the independence of the CPAs was assessed and disclosed on the Company's website.
2.25	Did the Company's independent directors complete the required length of continuing educations in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"?	Yes	All directors of the Company have completed the hours of continuing education for 2023.
3.16	Does the Company's website disclose the list of major shareholders, including those with shareholdings of more than 5%; if there are fewer than ten shareholders, should the names of the top ten shareholders by shareholding be disclosed, the number and percentage of shares held by them?	Yes	The disclosure has been completed on the Company's website.
3.17	Does the Company's website disclose financial, business, and corporate governance-related information?	Yes	The disclosure has been completed on the Company's website.
3.19	Does the Company's website provide information on the shareholders' meeting, including at least the annual report of the	Yes	The disclosure has been completed on the Company's

Evaluation item		Operation status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
		Yes	No	Summary	
	most recent shareholders' meeting, the meeting notice, the agenda handbook, and the minutes of the meeting?			website.	
3.20	Is the company invited (voluntarily) to hold at least two investor conferences, and is the interval between the first and last two investor conferences of more than three months?	Yes		Meetings were convened on March 30, 2023, June 28, 2023, September 25, 2023, and November 29, 2023.	
4.9	Does the Company's website and annual report disclose employee benefits and retirement systems and their implementation?	Yes		The disclosure has been completed on the Company's website.	
4.14	Does the Company's website or annual report disclose the identity of the identified stakeholders, issues of concern, communication channels and response methods?	Yes		The disclosure has been completed on the Company's website.	
4.16	Has the Company established a whistle-blowing system for illegal (including corruption) and unethical conducts inside and outside the Company and is disclosed in detail on the Company's website?	Yes		The disclosure has been completed on the Company's website.	

Note 1:

(1) The Audit Quality Index (AQIS) evaluates the independence and suitability of CPAs:

Item			Evaluation	Are they competent?
Aspect 1	Professionalism	Indicator 1-1: Audit Experience	The auditing experience of the CPA is equivalent to that of the industry peers.	Yes
		Indicator 1-2: Training hours	Training hours comparable to industry average	Yes
		Indicators 1-3: Liquidity rate	Lower than the industry average in the past two years	Yes
		Indicators 1-4: Professional support	Equivalent to the industry average in the past two years	Yes
Aspect 2	Quality control	Indicator 2-1: CPA load	20-51% of available man-hours for CPAs	Yes
		Indicator 2-2: Audit Input	Similar to industry average	Yes
		Indicator 2-3: EQCR review status	Percentage of review hours by EQCR CPAs equal to the industry average	Yes
		Indicator 2-4: Quality control support capability	Similar to industry average	Yes
Aspect 3	Independence	Indicator 3-1: Non-audit services	Low percentage of non-audit service fees	Yes
		Indicator 3-2: Customer Familiarity	Cumulative number of years for visa: 2 years	Yes
Aspect 4	Supervision	Indicator 4-1: Defects in external inspections and penalties	Similar to industry average	Yes
		Indicator 4-2: The competent authority issues a letter to improve	Similar to industry average	Yes
Aspect 5	Innovation ability	Indicator 5-1: Innovative plans or initiatives	Introduce electronic working paper updates and digital firm document forms	Yes

(2) Evaluation of the independence of the CPAs:

Evaluation item	Evaluation results	Independence
1. Does the accountant have any direct or material indirect financial interest in the Company?	No	Yes
2. Does the CPA have any financing or guarantee relationship with the Company or its directors?	No	Yes
3. Does the CPA have a close business relationship or potential employment relationship with the Company?	No	Yes
4. Whether the CPAs and the members of the audit team have served as directors, managers, or positions that have significant influence on the audit work of the Company currently or in the past two years	No	Yes
5. Have the CPAs provided the Company with non-audit services that may directly affect the audit work?	No	Yes
6. Whether the CPA brokers the shares or other securities issued by the Company?	No	Yes
7. Does the accountant act as the defender of the Company or coordinate with other third parties on behalf of the Company in conflicts	No	Yes
8. Does the CPA have a family relationship with the Company's directors, managers, or personnel who have a significant impact on the audit?	No	Yes

Note 2: Operation and execution of the part-time unit of corporate governance:

<table>
<tr><th>Title</th><th>Membership</th><th>Responsibility and responsibility</th><th>Work Plan</th></tr>
<tr><td>President, President's Office</td><td>Lient-Sung Chen</td><td rowspan="4">1. Conduct company registration and change registration.
2. Handle matters related to the meetings of the Board of Directors and Shareholders' Meetings in accordance with the law, and assist the company to comply with the relevant laws and regulations of the Board of Directors and Shareholders' Meetings.
3. Preparation of minutes for board meetings and shareholders' meetings.
4. Provide the directors with the information needed to carry out their business and the latest regulatory developments related to the company's management to assist the directors in complying with the laws and regulations.
5. Matters relating to investor relations.</td><td rowspan="4">1. Annual change of company registration.
2. Arranged the convening of 2 Remuneration Committee meetings, 5 Audit Committee meetings, 5 Board of Directors meetings, and 1 regular shareholders' meeting in 2023.
3. Planning the 2023 corporate governance education and training for directors and corporate governance affairs units.
4. Provide the information required by the directors to carry out their duties and the latest legal developments related to the company's management on a quarterly basis.
5. In 2023, we planned and held 4 tax conferences.</td></tr>
<tr><td>Finance Division Vice President</td><td>Shih-Chang Chien</td></tr>
<tr><td>Management Division Vice President</td><td>Chun-Hsiang Teng</td></tr>
<tr><td>Finance Division Specialist</td><td>Lin, Ying-Chun</td></tr>
</table>

Note 3: Summary of employee benefits:

<table>
<tr><th>Unit</th><th colspan="2">Item</th><th>Regular employees and contract employees</th></tr>
<tr><td rowspan="6">Welfare Committee</td><td rowspan="5">Weddings, funerals and celebrations</td><td>Wedding allowance in person</td><td>$1,600</td></tr>
<tr><td>Childbirth allowance</td><td>$1,600</td></tr>
<tr><td>Death benefit for family members</td><td>$1,500</td></tr>
<tr><td>Death benefit</td><td>$10,000</td></tr>
<tr><td>Children's scholarship</td><td>College and University NTD 2,000/person (average grade over 80)
NTD 1,500 NTD for public/private high school vocational training per person (average grade over 80)
Public/private high school NTD 1,000/person (average grade over 80)</td></tr>
<tr><td>Others</td><td colspan="2">Gifts or gifts for the three major festivals, and Gifts or gifts for the 1st Labor Day</td></tr>
<tr><td rowspan="2">Company</td><td>Group insurance</td><td colspan="2">borne by the Company.</td></tr>
<tr><td>Health</td><td colspan="2">Held once a year</td></tr>
</table>

	checkup	
	Others	Year-end bonus, employee travel

Note 4: Continuing education of directors and independent directors:

Title	Name	Date	Organizer	Category	Course name	Persons	Number of hours	Number of hours
Director	Pi-Shan Hu	2023/7/13 2023/7/14	National Cheng Kung University	Corporate governance	Continuing Education Course for Chief Accounting Officer	1	12	12
Independent director	Chao-Lai Chen Shuang-Hsi Tsou Tung-Han Yang	2023/10/25	Taiwan Securities Association	Sustainable Development	The Latest Development Trend of International Carbon Tariff and the Sustainable Operation Strategies of Securities and Finance Industries Omitted	3	3	9
Independent director	Chao-Lai Chen Shuang-Hsi Tsou Tung-Han Yang	2023/10/25	Taiwan Securities Association	Ethics and Responsibilities	Fair Customer Treatment and Money Laundering Prevention	3	3	9
Director	Chieh-Jen Chen Pin-Chun Chen Hsie-Chia Chen Chia-Yung Cheng Ming-Chieh Hsu Pi-Shan Hu Chin-Lung Liu Fu-Tsai Liu	2023/10/25	Taiwan Securities Association	Sustainable Development	The Latest Development Trend of International Carbon Tariff and the Sustainable Operation Strategies of Securities and Finance Industries Omitted	8	3	24
Director	Chieh-Jen Chen Pin-Chun Chen Hsie-Chia Chen Chia-Yung Cheng Ming-Chieh Hsu Pi-Shan Hu Chin-Lung Liu Fu-Tsai Liu	2023/10/25	Taiwan Securities Association	Ethics and Responsibilities	Fair Customer Treatment and Money Laundering Prevention	8	3	24
Director	Pin-Chun Chen	2023/10/26 2023/10/27	Taiwan Corporate Governance Association	Sustainable Development	Net Zero Sustainability Talent Incubation Course "Southern" - Carbon Governance and Sustainable Development sustainable ecosystem	1	9	9

(IV) Composition, duties and operation of the Remuneration Committee:

The Company has a Remuneration Committee, which is responsible for evaluating the remuneration of the Company's directors, independent directors and managers, and providing the Board of Directors with a reference for performance evaluation and salary decisions of directors, independent directors and managers.

(A) Information of the Remuneration Committee members:

Member Type \ Name \ Criteria		Professional qualifications and experience	Status of independence	Number of other public companies where the member also serves in a Remuneration Committee
Independent director Convener	Chao-Lai Chen	Please refer to page 14 for professional qualifications and experience of independent directors	Please refer to Page 14 regarding the independence of the Independent Directors.	0
Independent director	Tung-Han Yang	Please refer to page 14 for professional qualifications and experience of independent directors	Please refer to Page 14 regarding the independence of the Independent Directors.	0
Others	Hsien-Chang Lin	Please refer to page 14 for professional qualifications and experience of independent directors	Please refer to Page 14 regarding the independence of the Independent Directors.	0

(B) The operation of the Remuneration Committee:

I. The Remuneration Committee of the Company is comprised of 3 members.

II. The term of office of the members of the current (fifth) term: The term of office of the current-term members of the Remuneration Committee is from July 1, 2022 to June 20, 2025, and the meeting of the current-term Remuneration Committee was 2 in 2023 (A). The attendance record is as follows:

Title	Name	Actual number of presence (B)	Number of presence by proxy	Actual presence rate(%) (B/A)	Remarks
Convener	Chao-Lai Chen	2	0	100%	
Member	Shuang-Hsi Tsou	2	0	100%	
Member	Hsien-Chang Lin	2	0	100%	
Other items to be stated: 1. If the Board of Directors rejects or modifies the suggestions from the Remuneration Committee, the following should be stated: Date of Board Meeting, Term, Contents of the Motion, Board Resolution, and the Company's handling of the Remuneration Committee's opinions: None. II. For any resolution of the Remuneration Committee for which dissent or reservation is expressed by any of the members and recorded in the minutes or a written statement, the date, term and proposal of the Remuneration Committee meeting, opinions of all members and actions taken on such opinions shall be specified: None.					

(C) Review of the Remuneration Committee:

Term of session	Proposal content and follow-up treatment	Resolution Result	The Company's handling of the opinions of the Remuneration Committee
5th Term First time in 2023 (2023/2/21)	1. Proposal for the 2022 distribution of remuneration to employees and directors	Agreed by all attending members	It was submitted to the board meeting and approved by all directors present at the meeting.
5th Term Second meeting in 2023 (2023/11/8)	1. Recruitment of Tainan Plant and Yangmei Plant.	Agreed by all attending members	It was submitted to the board meeting and approved by all directors present at the meeting.

(V) The implementation of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx-listed Companies and the reasons therefor

Items to be promoted	Operation status (Note1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, with senior management authorized by the board of directors to handle, and how is the supervision of the board of directors?		✓	1. In order to effectively promote sustainable development, the Board of Directors of the Company authorized the Chairman to form a "Sustainable Development Promotion Committee" in 2024, with the Chairman as the Chairman, the President as the Vice Chairman, and the members are the heads of the Management Division, the Finance Division and the heads of each office. , and factory management, to form the "Environmental Development", "Social Engagement", "Employee Care" and "Corporate Governance" teams to assist the Chairman and President in policy formulation and implementation. 2. The establishment and implementation of the "Sustainable Development Promotion Committee" of the Company is described as follows: (1) The Board of Directors of the Company authorized the President to form the "Sustainable Development Promotion Committee" in 2024. (2) In the first quarter of each year, the Chairman reports to the directors the implementation of the previous year in the Board of Directors. The content mainly includes the promotion strategy framework, short-, medium-, and long-term goals for promoting sustainable development, and the implementation status. 3. Supervision of sustainable development by the Board of Directors: The Company's Board of Directors regularly listens to the reports of the management team every year. The management must propose the Company's strategies to the Board of Directors, and the Board of Directors must evaluate the	The "Sustainable Development Promotion Committee" of the Company was established in 2024, and the implementation of related policies and activities will be promoted gradually from 2024.

Items to be promoted	Operation status (Note1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			likelihood of success of these strategies, and must also constantly review the progress of the strategies, and urge the management team to make adjustments when necessary.	
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?		✓	1. Risk boundary: In the future, this disclosure will cover the sustainability of the Company's main operating locations from January to December of each year. Development performance. The boundary of risk assessment is based on the Company, which includes Lay's Green Energy Tainan Headquarters, Tainan Factory, Taipei Office, and Yangmei Factory. However, the subsidiary (Wanchuan Construction Co., Ltd.) is not yet included in the scope due to its relevance to the business and the degree of impact on the material topic. 2. Formulation of risk management policies: (to be established in 2024) The "Sustainable Development Committee" of the Company conducts analysis based on the principle of materiality in the sustainability report, communicates with internal and external stakeholders, reviews domestic and foreign research reports and documents, and Assess material ESG issues, establish risk management policies and take concrete actions to identify, measure, monitor, and control materiality. to reduce the impact of related risks.	The "Sustainable Development Promotion Committee" of the Company was established in 2024, and the implementation of relevant risk management policies or strategies has been promoted since 2024.
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		The Company has always adhered to the belief of sustainable development, and the sustainable development of the ecological environment is absolutely a top priority issue. Lay's Green Energy continues to be committed to the environmental protection and green energy industry of solar power generation. In addition to building solar power plants for customers in need, We also have our own solar power plant to contribute to the sustainability of the earth. The Company has formulated the relevant environmental management policies as follows: 1. Compliance with relevant environmental protection laws and regulations: We strictly comply with relevant environmental protection laws and policies to create a sustainable green working environment. 2. Pollution prevention: The importance of pollution prevention is promoted to employees and stakeholders from time to time, and employees and stakeholders are encouraged to actively participate in and implement their environmental protection activities and responsibilities. 3. Sustainable environment construction: The Yangmei Factory and Tainan Factory have vast hinterlands, and a large number of trees are planted around the factories to neutralize carbon emissions. When procuring new machines, the Company also evaluates the vendor's importance to the sustainable environment and whether the machine is an environmentally friendly machine with low carbon emission and low power consumption.	No significant difference.

Items to be promoted	Operation status (Note1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			The Company currently holds about 36MW of solar power plants to increase the power generation of green power and reduce carbon emissions. In the future, the Company will continue to invest in the construction of solar power plants to produce more green energy.	
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		The Company is committed to improving the reuse of resources: 1. Promoting green procurement: Increase the use of soy-based inks for printed matter, use of FSC-certified toilet paper, and non-reuse of paper for external documents. 2. Promotion of energy-saving equipment In order to reduce carbon emissions, all machinery and equipment purchased for the newly established Tainan Factory are environmentally friendly machines, and the office air conditioners are selected from brands that are energy-saving, power-saving, and low-carbon emission. 3. Promoting green initiatives All offices and factories of the Company are equipped with garbage sorting and recycling facilities to improve the utilization rate of various resources. Teach off the computer and turn off the lights after work.	No significant difference.
(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and taken relevant countermeasures?		✓	The environmental development team of the "Sustainability Promotion Committee" of the Company is responsible for identifying potential climate change risks and opportunities, and in accordance with the "Climate Change-related Financial Disclosures" issued by the Task Force on Climate-related Financial Disclosures Strategy, risk management and indicators Identify, assess, and manage climate change risk issues through four major goals measures. In recent years, the Company has been committed to the investment in carbon reduction, and has built solar power plants throughout Taiwan to increase the ratio of green power.	The "Sustainable Development Promotion Committee" of the Company was established in 2024. Since 2024, it will continue to promote and assess the potential risks and opportunities of climate change to the Company at present and in the future, and take relevant countermeasures.
(IV) Does the Company keep statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the past two years, and establish policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?		✓	1. Energy conservation and carbon reduction and greenhouse gas reduction policies: (1) Policy: ● to save energy, and turn off the power at will. ● Use of low-carbon and energy-saving production machines and air conditioners. ● Improve the power generation efficiency of solar power plants and increase the supply of green power. ● Planting of trees in the factory area. ● Promote the recycling and reuse of photocopy paper. (2) Target: The Company's gas emission reduction target was set to reduce carbon emissions by 1% compared to the previous year. Corporate greenhouse gas emission reduction plans:	The "Sustainable Development Promotion Committee" of the Company was established in 2024. Since 2024, it has begun to inventory and plan reduction policies for greenhouse gases and water consumption.

<table>
<tr><th rowspan="2">Items to be promoted</th><th colspan="3">Operation status (Note1)</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Turn off the lights in the office at any time, during the lunch break and after work hours.
Promote garbage sorting and recycling.
The office uses recycled paper for non-external photocopies as much as possible.
Enhancement of public announcements in favor of electronic announcements.
Lighting equipment, air-conditioning and production machines are gradually replaced by energy-saving equipment.
2. Waste management policy:
The main goal is waste reduction. All types of waste are recycled and processed by qualified vendors according to laws and regulations.
For many years, the Company has been committed to the research and development of products (such as transformers) and system integration (such as solar energy) that improve the utilization efficiency of environmentally friendly and renewable energy, which are helpful for energy conservation, carbon reduction, and environmental protection.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company establish relevant management policies and procedures in accordance with relevant laws and international human rights conventions?</td><td>✓</td><td></td><td>In addition to establishing work rules and management guidelines in accordance with the "Labor Standards Act" of Taiwan, we also refer to the "International Human Rights Code", "International Labor Organization - Declaration on Fundamental Principles and Rights at Work" and other internationally recognized human rights standards to protect Employees' legitimate rights and interests are not discriminated against or treated differently based on race, class, nationality, religion, age, gender, disability, marital status, pregnancy, sexual orientation, or club affiliation. All permanent employees and contract employees are respected.<table><tr><th>Human Rights Management Policy</th><th>Specific plan</th></tr><tr><td>Provide a safe and healthy work environment.

To help employees maintain physical and mental health and work-life balance.</td><td>Please refer to the "Employee Safety and Health Practice Principles" under Labor-Management Relations in the annual report.
Advocacy of human rights and gender equality.
The supervisor takes the initiative to care about the physical, mental, and spiritual condition of his subordinates.</td></tr><tr><td>Prohibition of forced labor and strict compliance with government labor laws and regulations</td><td>Implement a leave system to encourage employees to focus on work-life balance.</td></tr></table>The Company will also actively encourage customers and vendors to abide by the human rights policy.</td><td>No significant difference.</td></tr>
</table>

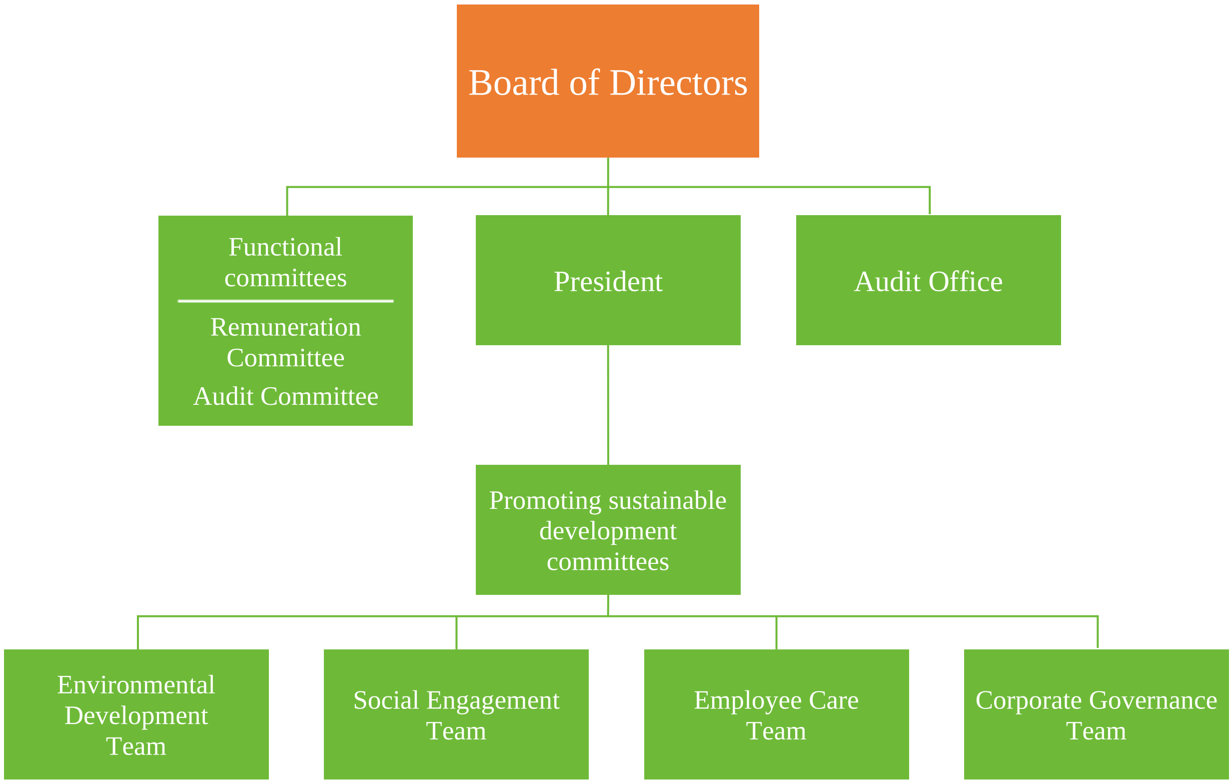
Items to be promoted	Operation status (Note1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the business performance or results in the employee remuneration?	✓		1. Reward system: ● Remuneration policy The Company's year-end bonus system is based on the Company's business interests, and after taking into account the seniority of each employee and annual performance evaluation, the year-end bonus system is distributed to all employees to reward all employees for their joint efforts in the past year. According to the Company's Articles of Incorporation, the Company's remuneration to employees is calculated at no less than 1% of the annual net profit before tax. ● Fair remuneration The Company makes appropriate adjustments every year with reference to the market salary situation, the salary adjustment policy of the Ministry of Labor, and individual performance. There was no significant difference in the annual remuneration ratio of the Company's male and female employees, regardless of whether they were in managerial positions or ordinary employees. 2. Employee benefits: (1) Employee shareholding trust: The Company plans to complete the employee shareholding trust in 2024. (2) Female Employee Support Program: ● Pregnancy and childbirth: 7 days of maternity exam leave, 7 days of paternity leave (for male spouses), 56 days of maternity leave ● Childcare: The Company provides childcare leave in compliance with laws and regulations and assistance with the reinstatement of employees after childbirth. ● Gender equality in the workplace: Employees, regardless of gender, have equal remuneration conditions and opportunities for promotion, and at least 20% female managers are maintained. 3. Other welfare policies: (1) Established the Employee Welfare Committee. (2) Insurance system: The Company covers National Health Insurance, Labor Insurance and group insurance for its employees. (3) Pension system: The Company has established the "Regulations Governing the Management of Labor Retirement," and employees' retirement is handled in accordance with the relevant regulations.	No significant difference.
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	✓		1. Employee safety: in order to prevent the occurrence of occupational safety accidents and provide employees with a safe working environment, the Company regularly organizes 2 fire safety trainings each year. Each training lasts for 4 hours to promote fire safety knowledge. We also arrange one-hour labor	No significant difference.

<table>
<tr><th rowspan="2">Items to be promoted</th><th colspan="3">Operation status (Note1)</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>safety training from time to time. Promotion and education of the courses to employees. The Company has established an occupational safety and health supervisor. The personnel has obtained the occupational safety and health professional license and completion certificate. This license is valid for 2 years. The labor safety supervisor will participate in regular training to obtain valid licenses. Due to business needs, the Company will send employees to participate in external labor safety courses from time to time. Each year, the labor safety supervisor also arranges labor safety courses for internal employees.
<table>
<tr><th>Date</th><th>Courses</th><th>Number of hours</th></tr>
<tr><td>2023.6.9</td><td>Firefighting drills and courses (first half of the year)</td><td>4</td></tr>
<tr><td>2023.6.9</td><td>Labor Safety Awareness Course</td><td>1</td></tr>
<tr><td>2023.11.24</td><td>Firefighting drills and courses (second half of the year)</td><td>4</td></tr>
<tr><td>2023.11.24</td><td>Labor Safety Awareness Course</td><td>1</td></tr>
<tr><td>2023.6.26</td><td>Type-A Occupational Health and Safety Supervisor Course</td><td>6</td></tr>
<tr><td>2023.8.28</td><td>Enhance emergency response and disaster prevention capabilities of employees in the workplace</td><td>1</td></tr>
<tr><td>2023.11.25</td><td>Interpretation of the Act of Gender Equality in the Workplace</td><td>1</td></tr>
</table>
2. Employee health:
Regular health checkup: The Company attaches great importance to the physical health of employees, and arranges all employees to participate in health checkup every year, and the Company pays full expenses.
3. In 2023, there was a total of 1 occupational disaster among the Company's employees. The main cause of occupational disaster was a traffic accident. The Company will also strengthen the promotion of traffic safety.</td><td></td></tr>
<tr><td>(IV) Has the Company established an effective career development training program for its employees?</td><td>✓</td><td></td><td>The Company hopes that employees can be proactive, constantly improve and enrich their skills and professional capabilities, and have established "Education and Training Regulations" to hope that employees will develop diversified functions in accordance with the Company's goals and personal career plans.
Internal education and training: training for new employees, professional technical training and management courses for in-service employees.
External education and training: Professional skills, courses, certifications, professional training for accounting officers and internal auditors of each department.
Please refer to the 2023 Education and Training Annual Report V. Description of labor-management relations</td><td>No significant difference.</td></tr>
</table>

<table>
<tr><td rowspan="2">Items to be promoted</td><td colspan="3">Operation status (Note1)</td><td rowspan="2">Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td>(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect consumers' or customers' rights and interests?</td><td>✓</td><td></td><td>The Company's official website has a "contact email (luxe@luxe.com.tw)" responsible for handling customer-related questions about products and services. The "Customer Complaint and Satisfaction Management Procedure" has also been established.</td><td>No significant difference.</td></tr>
<tr><td>(VI) Does the Company establish a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the implementation status thereof?</td><td>✓</td><td></td><td>The Company has established the "Supplier Management Policy." The procurement department selects, evaluates, and counsels suppliers, and continues to urge suppliers to comply with relevant regulations such as environmental protection, occupational safety, or human rights.
The Company will establish a "Supplier Sustainability Self-Assessment Form" and require suppliers to perform self-assessment on sustainable development every year, and self-assess the compliance of employees' rights, environmental protection and occupational safety with relevant regulations.
Suppliers are required to ensure that the source of goods provided meets the requirements of the law. If a violation of the ethical management principle is found, the buyer has the right to terminate the contractual relationship immediately, and the seller shall be liable for the buyer's goodwill damage.</td><td>The Company began to actively promote and promote the completion of the "Supplier Sustainability Self-Evaluation Form" to suppliers in 2024.</td></tr>
<tr><td>V. Does the Company prepare reports disclosing the Company's non-financial information, such as the Sustainability Report, with reference to international reporting standards or guidelines? Has the said reports been certified or guaranteed by a third-party verification unit?</td><td></td><td>✓</td><td>The Company's "Sustainability Promotion Committee" was established in 2024. In the future, the sustainability report will be prepared and disclosed with reference to international reports, and will also evaluate whether to obtain certification from a third-party certification body.</td><td>The "Sustainability Promotion Committee" of the Company was established in 2024, and the sustainability report was still in progress.</td></tr>
<tr><td colspan="5">VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Principles established:
The Company has established the Ethical Corporate Management Best Practice Principles and the Operational Procedures and Behavioral Guidelines for Ethical Management in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies". The actual operation is gradually implementing them. There is no material deviation from the Best Practice Principles.</td></tr>
<tr><td colspan="5">VII. Other important information helpful to understand the implementation of sustainable development
In recent years, the Company has been committed to research and development, and has contracted power system integration projects for environmentally friendly renewable energies (such as wind power and solar photovoltaics). It has also built its own solar power plant to upgrade zero-pollution green power and Feedback and contribution to sustainable development such as energy conservation, carbon reduction, and environmental protection.</td></tr>
</table>

Note 1: Status of sustainable development promoted by the "Sustainable Development Committee":

I. Promoting sustainable development governance structure:



II. Committee groupings and implementation strategy framework:

	Environmental Development Team	Social Engagement Team	Employee Care Team	Corporate Governance Team
Strategy framework	Environmental Sustainability Policy Operational Carbon Reduction Management Sustainable Procurement Environmental education	Social concern Community Engagement Philanthropic strategy planning and execution Corporate image	Employee remuneration and benefits Competency development and training Labor-management relations Human Rights Protection Occupational Health and Safety	Integrity Management Organizational strategy Risk management Legal Compliance Protection of shareholders' equity ESG Information Disclosure Internal audit Stakeholder Communication
Responsible unit	Management Department Procurement Department Factories (Yangmei and Tainan)	Management Department Finance Department	Management Department Factories (Yangmei and Tainan)	Chairman Office Audit Office Information Room Management Department Finance Department
Member	Vice President, Chun-Hsiang Deng Assistant Manager Li Li-Rong	Shi-Chang Chien, Vice President Vice President, Chun-Hsiang Deng	Vice President, Chun-Hsiang Deng Consultant Wen-Hsiung Dai	Chairman, Chieh-Jen Chen President, Chen Lian-cong

			Assistant Manager Li Li-Rong	Shi-Chang Chien, Vice President Vice President, Chun-Hsiang Deng Chen Kuo-Tsai, Assistant Manager Shu-Chuan Wang

III. Sustainable development goals:

	Strategic direction	Short-term goals (2023)	Status of Achievement	Mid- and long-term goals (2024 - 2025)
Develop a Sustainable Environment	Ecological maintenance, promotion of various non-power and pollution-free leisure and recreational activities.	Travel planning for employees: Hiking in forest parks to feel the wonders of ecology, experience the blessings nature bestows on human beings, support pollution-free eco-tourism, and reduce greenhouse gas emissions from recreational activities.	Achieved	Promote sustainable tourism and continue to develop tourism activities in a low-carbon, environmental, and ecological orientation.
	Caring for the Earth and Commitment to Energy Conservation and Carbon Reduction	Promoting green procurement: Increase the use of soy-based inks for printed matter, use of FSC-certified toilet paper, and non-reuse of paper for external documents.	Achieved	Increase the electricity conservation rate by 1% per year and continue to introduce electricity-saving measures; achieve the goals of garbage reduction and water conservation rate in each cycle.
		Promotion of energy-saving equipment: In order to reduce carbon emissions, all machinery and equipment purchased for the newly established Tainan Factory are environmentally friendly machines, and the office air conditioners are selected from brands that are energy-saving, power-saving, and low-carbon emission.	Achieved	
		Promoting green initiatives: All offices and factories of the Company are equipped with garbage sorting and recycling facilities to improve the utilization rate of various resources. Teach off the computer and turn off the lights after work.	Achieved	
Social Welfare	Educational support	The Company's employees are mainly recruited from local human resources (Tainan, Taipei, Taoyuan).	Achieved	Continue to use localized human resources. Promote diversified talent recruitment channels.
		Support the Ministry of Education's plan for cultivating high-quality manpower to promote employment and the promotion of overseas Chinese students in the University of Science and Technology to	Achieved	

		improve students' practical experience.		
	Community development and promotion of local culture	The inheritance and promotion of local culture in Rokka, Tainan. Through the employees' interaction with local elders, the local culture learned from the interaction can be spread to more people and can also inspire local tourism.	Achieved	Continued social engagement and care. Pass on local arts and culture and promote community development.
		Cooperate with local hospitals to care for the elderly in the community and organize health seminars to thank these seniors for their contributions.	Achieved	
Implement corporate governance	Protection of shareholders' equity	The AGM should be convened before the end of May.	Achieved	Treat shareholders fairly and in a friendly manner, and continue to release relevant information in advance to reduce information asymmetry.
		The shareholders' meeting agenda and supplementary information are available at The above information was uploaded to the Market Observation Post System (MOPS) 30 days prior to the date of the AGM.	Achieved	
	Strengthen the structure and operation of the Board of Directors	There is one female director on the board of directors.	Achieved	Regularly conduct internal and external performance evaluations of the Board of Directors and functional committees. Diversity of board members. Increase in the attendance rate of members of the Board of Directors.
		Independent directors did not serve three consecutive terms.	Achieved	
	Enhance information transparency	English version announcement: FY2023 (1) Published the English version of shareholders' meeting handbook and annual report. From 2024 (1) Simultaneous announcement of material information in English. (2) The English version of the interim financial report should be announced within two months after the Chinese version of the interim financial report. (3) The English version of the parent company only and consolidated financial	Achieved	Treat shareholders fairly and in a friendly manner, and continue Issuance of relevant English version announcements, shareholders' meeting documents and financial reports.

		statements is announced 16 days before the shareholders' meeting.		
		Verification of material information of a company not listed on the TWSE/TPEx Procedures for handling the public disclosure and investment of TWSE/TPEX listed companies the Company's information and information reporting operations, Disposition of funds.	Achieved	Treat shareholders fairly and in a friendly manner, and continue to publish financial reports ahead of schedule.
		The disclosure on the Company's website contains financial, business, and corporate governance-related information.	Achieved	Treat shareholders fairly and in a friendly manner, and provide shareholders with diversified channels to obtain relevant information of the Company.
		Quarterly investor conferences	Achieved	

IV. Activities related to the promotion of sustainable development:

Category	Item	Contents
Develop a Sustainable Environment	Ecological maintenance	1. Employees' travel plans are mainly about getting close to nature and promoting pollution-free eco-tours. 2. Provide solar power plant construction, and own about 35MW solar power plant to increase the proportion of zero-pollution green energy and reduce environmental damage
Social Welfare	Cultural Promotion Community Development	1. Inherit and promote the local culture of Rokka, Tainan, and drive local tourism. 2. Cooperate with local hospitals to care for the elderly in the community and organize health seminars.
	Educational support	1. The Company's employees are mainly recruited from local human resources (Tainan, Taipei, Taoyuan). 2. Support the Ministry of Education's plan for cultivating quality manpower to promote employment. 3. The overseas Chinese students in the University of Science and Technology are jointly learning institutions to increase students' practical experience.

(VI) Status of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons therefor

Evaluation Items	Operation status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
I. Development of ethical management policies and programs (I) Does the Company have an honest management policy approved by the Board of Directors, and does it state in its bylaws and external documents its honest management policy and practices, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	✓		The Company's Board of Directors has approved the "Ethical Corporate Management Best Practice Principles", "Operational Procedures for Ethical Corporate Management and Guidelines for Conduct", and "Code of Ethical Conduct" for compliance. We have established a robust whistle-blower whistle-blowing system, and have set up a "Report Box	No significant difference.

Evaluation Items	Operation status (Note)			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons thereof
	Yes	No	Summary	
			for Violation of Ethical Corporate Management (check_box@luxe.com.tw)" on the Company's website to prevent corruption and dishonest transactions.	
(II) Has the Company established an assessment mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and assess business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonesty conduct, which at least covers the acts specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company has established the "Ethical Corporate Management Best-Practice Principles," "Enforcement of Operational Procedures for Ethical Management and Guidelines for Conduct", and "Code of Ethical Conduct." to explain to employees for compliance.	No significant difference.
(III) Does the Company specify the operating procedures, conduct guidelines, disciplinary and grievance systems for non-compliance in its dishonesty prevention program, and implement them, and regularly review and revise the previously disclosed program?	✓		The Company has clearly stipulated its operating procedures, guidelines, punishment for violations and a complaint system in the "Ethical Corporate Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct". It is prohibited to offer and accept bribes, and to provide illegal political offers Any violation will be subject to disciplinary action.	In 2024, an "Ethical Corporate Management Promotion Committee" will be established to be responsible for policy revision, education and training, regular review and monitoring and the improvement plan was implemented, and there was no material difference.
II. Implementation of ethical management (I) Does the Company evaluate the integrity records of its counterparties and specify the integrity terms in the contracts it signs with them?	✓		The Company has established the "Supplier Management Regulations" to conduct credit investigations on the counterparties of its dealings, investigate whether there is any record of unethical behavior of the counterparties, and perform the contracts signed with the suppliers. If one party is involved in unethical conduct, the contracts shall be terminated immediately , and implement the concept of ethical management.	No significant deviation.
(II) Does the Company have a dedicated unit under the Board of Directors to promote honest corporate management and report regularly (at least once a year) to the Board of Directors on its policies on honest management and plans to prevent dishonest practices and monitor their implementation?		✓	The Company has not yet set up a dedicated unit to promote ethical corporate management. At present, any violation of the "Principles of Ethical Management" can be immediately reported to the President for handling. In 2024, the "Ethical Corporate Management Promotion Committee" will be established, with the Chairman as the Chairman, the President as the Vice Chairman, and the other members are the heads of each department, to assist the Chairman and the President in the formulation and implementation of relevant policies. quarterly to the Board of Directors on the implementation status of the previous year.	In 2024, the "Ethical Corporate Management Promotion Committee" will be established to implement related matters.
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for presentation, and implement it?	✓		The Company has established the "Ethical Corporate Management Best-Practice Principles," "Procedures for Ethical Corporate Management and Guidelines for Conduct," "Employee Work Principles," and "Ethical Code of Conduct and Regulations Governing Prevention of Insider Trading." , and implement the same. In case of conflict of interest, employees may report directly to their supervisor or the President's Office, or report	No significant difference.

Evaluation Items	Operation status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
			them to the suggestion box set up by the Company.	
(IV) Has the Company established effective accounting and internal control systems for the implementation of the ethical management? Has the internal audit unit prepared audit plans according to the audit unit's assessment of the risk of unethical conduct audited the compliance with the unethical conduct prevention plans or hire external independent Compliance with the program to prevent dishonest conduct; Or appoint a CPA to perform the audit?	✓		The Company has established effective "Accounting System" and "Internal Control System", and the internal audit unit draws up relevant audit plans every year to check the compliance to prevent unethical behaviors. Each year, the Company appoints CPAs to perform relevant audits on a regular basis.	No significant difference.
(V) Does the Company organize internal or external education and training on a regular basis to maintain ethical management?		✓	The Company has not regularly organized internal and external education and training on ethical management. Since the establishment of the Company, the Board of Directors and the management have been adhering to the business philosophy and principles of honesty and stability, and announced and implemented them in various meetings. In 2024, the "Ethical Corporate Management Promotion Committee" will be established and the internal and external education and training of ethical management will be planned.	In 2024, the "Ethical Corporate Management Promotion Committee" will be established and the internal and external education and training of ethical management will be planned.
III. Operation of the whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and rewarding system and a convenient reporting channel, and designated appropriate designated personnel in charge of receiving the subject?	✓		The Company has defined a specific reporting and reward system in the "Regulations for Whistleblowing of Violation of the Ethical Corporate Management Best Practice Principles". Employees may also report or appeal to the President through their unit managers. The Company assigns appropriate personnel in charge of Not to suffer improper treatment due to reporting. For each stakeholder (including employees, investors, suppliers, customers, etc.), dedicated contact points, telephone numbers and e-mail boxes are set up for stakeholders to file complaints, report or exchange opinions.	No significant difference.
(II) Does the Company have standard operating procedures for investigation of whistleblowing cases, follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanism?	✓		The Company has established the "Regulations Governing the Reporting of Breach of Ethical Corporate Management Practice Principles" to handle the handling of reports, investigation, follow-up measures after investigation, and confidentiality. The follow-up measures to be taken after the investigation of the reported case is completed, depending on the severity of the case. In addition to reporting to the board of directors, if necessary, it shall be reported to the competent authority or referred to the judicial authorities for investigation.	No significant deviation.
(III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistleblowing?	✓		The Company adopts absolute confidentiality measures for the whistleblowers in the relevant complaint procedures of the "Regulations Governing Regulations for Breach of the Ethical Corporate Management Best Practice Principles" to protect the whistleblowers from improper treatment as a result of their reporting.	No significant difference.

Evaluation Items	Operation status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Summary	
IV. Enhancement of information disclosure Does the company disclose the content of its ethical corporate management principles and the effectiveness of its implementation on its website and the Market Observation Post System?	✓		The Company discloses the "Ethical Corporate Management Best Practice Principles" on the website (https://www.luxe.com.tw/tw/investors/1/3) and on the Market Observation Post System.	No significant difference.
V. If the Company has established ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any difference between the current practices and the established principles: The deviation will be implemented in 2024, and there is no material deviation from the rules.				
VI. Other important information helpful to understand the Company's ethical corporate management: 1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEx-listed company regulations, or other business conduct-related laws and regulations, as the basis for ethical corporate management. 2. The Company's "Rules of Procedure for Board of Directors Meetings" stipulates guidelines for directors' recusal. For proposals proposed by the Board of Directors, a person who has an interest in himself and may cause damage to the Company's interest shall not participate in the discussion and voting, and shall recuse during the discussion and voting. 3. The Company has established the "Procedures for Prevention of Insider Trading" to regulate directors, independent directors, managers and employees not to disclose any material internal information known to them, nor may they collect information from a person who has knowledge of material internal information of the Company on such person A company that does not disclose its internal material information not related to their duties shall not disclose to others any internal and material internal information that has not been disclosed by the Company due to any other reasons than the performance of their duties.				

(VII) If the Company has established Corporate Governance Best Practice Principles and relevant regulations, the ways through which they can be searched for shall be disclosed:

The Company has established the Corporate Governance Best Practice Principles with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and has disclosed it on the Company's website and the Market Observation Post System.

(VIII) Other important information that is sufficient to enhance the understanding of the Company's corporate governance may be disclosed altogether: None.

(IX) The following shall be disclosed regarding the implementation of the internal control system

1. Declaration of internal control system

Luxe Green Energy Technology Co.,Ltd.

Statement on the Internal Control System

Date: February 26, 2024

The Company states the following with respect to its 2023 internal control system based on the results of a self-assessment:

I. The Company acknowledges that the Board of Directors and managerial managers are responsible for the establishment, implementation and maintenance of the internal control system, and we have established a system as such. The purpose is to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of the operations (including profit, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.

III. The Company judges the effectiveness of the design and operation of the internal control system with reference to the judgment items for such effectiveness as specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The internal control systems are divided into the following five constituent elements according to the management and control process in terms of the judgment items for the internal control system provided for in the "Regulations":

1. control environment; 2. risk assessment; 3. Control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Please refer to the provisions of the above-mentioned "Regulations".

IV. The Company has adopted the aforementioned judgment items to examine the effectiveness of the design and implementation of our internal control system.

V. Based on the aforementioned evaluation results, the Company believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including The design and implementation of a reliable, timely, transparent and compliant internal control system with relevant regulations and applicable laws and regulations are effective, and can reasonably ensure the achievement of the above objectives.

VI. The Statement will be the main part of the annual report and prospectus of the Company and publicly disclosed. If there is any misrepresentation, nondisclosure or other illegalities in the aforementioned disclosures, legal responsibilities specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.

VII. This Statement was approved by the Company's Board of Directors on February 26, 2024.

The 9 directors present at the meeting, without any objection, agree with the content of this statement and declare here.

Luxe Green Energy Technology Co.,Ltd.

Chairman: Chieh-Jen Chen

President: Lian-Tsung Chen

2. If an accountant is commissioned to review the internal control system on a project basis, the accountant's review report shall be disclosed: Not applicable.

(X) Punishment of the Company and its internal personnel in accordance with the law, the Company's punishment of its internal personnel for violation of the internal control system, major deficiencies and improvements in the most recent year and up to the publication date of the annual report: None.

(XI) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

1. Important resolutions of the shareholders' meeting and their implementation:
   (1) Important resolutions of the 2023 General Shareholders' Meeting and the status of implementation:

Important resolution matters	Status of implementation
Proposal of 2022 earnings distribution	1. Stock dividends NTD 41,463,430 (1) Base date of entitlement distribution: August 4, 2023
Distribution of cash dividends from capital reserve and capitalization of capital increase by issuing new shares	1. Stock dividend of NTD 9,456,570 2. Cash dividend NTD 36,371,430 (1) Base date of entitlement distribution: August 4, 2023 (2) Cash dividend distribution date: September 13, 2023

   (2) Suggestions from shareholders: None.

2. Resolutions made by the directors of the Board of Directors in the most recent year and up to the publication date of the annual report:

Date	Important resolution matters
2023/2/21	1. Distribution of 2022 employees' remuneration and directors' remuneration 2. Review of the Company's 2022 business report and financial statements 3. Proposal of 2022 earnings distribution 4. Increase capital by capitalization of earnings by issuing new shares 5. Distribution of cash dividends from capital reserve and capitalization of capital increase by issuing new shares 6. Declaration of 2022 internal control system 7. Amendment to the Articles of Incorporation 8. Convening of 2023 Annual General Meeting of Shareholders 9. Proposal of factory production bonus 10. Corporate Governance Officer 11. Appointment of Chief Information Security Officer 12. Purchase of Tainan Office 13. Amendments to Internal Control Regulations 14. Yangmei Plant Energy Storage Financing 15. Financing for Tainan Office
2023/5/9	1. Adjustment of the limit of endorsements/guarantees to be made by the Company to its subsidiary, Jinlai International Development Co., Ltd. 2. Lease of plant of Meyu Enterprise Co., Ltd.
2023/7/5	1. Setting the ex-dividend date for 2023 and related matters
2023/8/8	1. Change of the use of funds for the 2021 cash capital increase
2023/11/8	1. Employee appointment 2. Procurement of corporate vehicles for Tainan Plant 3. Financing by Bank of Kaohsiung

	4. Financing of Bank SinoPac 5. 2024 Audit Plan 6. CPA appointment and independence and suitability assessment 7. Declaration of the information security officer and personnel
2023/2/26	1. Proposal for the 2023 distribution of remuneration to employees and directors 2. Review of the Company's 2023 business report and financial statements 3. Declaration of 2023 internal control system 4. By-election of two directors of the Company 5. Release of non-competition restrictions for new directors 6. Convening of the 2024 Annual General Meeting of Shareholders

(XII) Where, during the most recent year and up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, the principal content thereof: None.

(XIII) Resignation or dismissal of the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, and R&D Officer in the most recent year and up to the date of publication of the annual report: None.

IV. Public Fees of CPAs

Unit: NT$ '000

Name of CPA firm	Name of CPA	Audit period	Audit fee	Non-audit fees (Note)	Remarks
Baker Tilly Clock & Co	Chia-Yu Lai Yin-Lai Chou	2023/1/1~ 2023/12/31	2,000	148	

Note: Non-audit fees: industrial and commercial registration: NTD 48 thousand; other fees: NTD 100 thousand.

(I) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees, the amount of both audit and non-audit fees and the details of non-audit services shall be disclosed: None.

(II) Change of CPA firm that resulted in a reduction of audit fees paid during the year of replacement compared to the previous year; disclose the amount, percentage, and reason for the reduction: None.

(III) If the audit public expenditure has decreased by 15% or more from the previous year, the amount, percentage and reason of the reduction should be disclosed: None.

V. Change of CPA: Not applicable.

(I) Former CPA

<table>
<tr><td>Change Date</td><td colspan="3"></td></tr>
<tr><td>Reasons and description of change</td><td colspan="3"></td></tr>
<tr><td rowspan="3">Whether the appointment is terminated or not accepted by the client or CPA</td><td>Party
Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td>Voluntary termination of appointment</td><td></td><td></td></tr>
<tr><td>Declination of appointment (renewal)</td><td></td><td></td></tr>
<tr><td>Opinions and reasons for issuance of audit reports in the most recent two years, excluding unqualified opinions</td><td colspan="3"></td></tr>
</table>

<table>
<tr><td rowspan="7">Any differences in opinions between CPA and issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principle or practice</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Audit scope or step</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>None</td><td colspan="2"></td></tr>
<tr><td colspan="3">Description</td></tr>
<tr><td>Other disclosures (Things to be disclosed in Item 1-4-1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="3"></td></tr>
</table>

(II) Succeeding CPA

Name of CPA firm	
Name of CPA	
Date of appointment	
Matters and results of the consultation on accounting treatment methods or accounting principles for specific transactions and possible issuance of financial statements prior to the appointment	
Written opinions of the succeeding CPA on the matters regarding which the former CPA has expressed dissent	

(III) The reply of the former CPA in accordance with Article 10, Paragraph 6, Item 1 and 2-3 of the Guidelines: Not applicable.

VI. Disclosure of any of the Company's chairperson, general manager, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the most recent year, including their names, job titles, and employment at the auditor's firm Period of the Company or its affiliates: None.

VII. Any transfer or pledge of shareholdings by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and as of the date of publication of the annual report: The name of the counterparty, relationship with the company, directors, supervisors, and shareholders holding more than 10 percent of the shares, and the number of shares acquired or pledged shall be disclosed.

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders:

Unit: share

Title	Name	FY2023		As of March 18, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Corporate director (Note 2)	Quintain Steel Co., Ltd.	511,138	-	-	-
	Representative: Hsie-Chia Chen	-	-	-	-
Corporate director	Chia Chi SDRY Enterprise Co., Ltd.	211,501	-	-	-
	Representative: Chieh-Jen Chen)	-	-	-	-
Corporate director	Pao Li Tou Investment Co., Ltd.	290,555	-	-	810,000
	Representative: Chin-Lung Liu	-	-	-	-
Corporate director (Note 2)	Chateau International Development Co.,Ltd.	96,658			
	Representative: Kuo-Fang Yu	-	-	-	-
Director	Pin-Chun Chen	-	-	-	-
Director	Chia-Yung Cheng	1,691	-	-	
Director	Fu-Tsai Liu	308,606	-	-	-
Director	Ming-Chieh Hsu	-	-	-	-
Independent director	Chao-Lai Chen	-	-	-	-
Independent director	Shuang-Hsi Tsou	-	-	-	-
Independent director	Tung-Han Yang	-	-	-	-
President	Lient-Sung Chen	-	-	-	-
Vice President	Chun-Hsiang Teng	-	-	-	-
Vice President	Shih-Chang Chien	1,123	-	-	-
Vice President	Wen-Hsien Yang	-	-	-	-

Note 1: A full re-election of the Company's directors and independent directors was held at the shareholders' meeting on June 21, 2022.

Note 2: The institutional director, Guan Tian Iron & Steel Co., Ltd., and the institutional director, Xiado International Development Co., Ltd. resigned on February 15, 2024 .

(II) Information on the counterparty of the equity transfer being a related party: None.

(III) Information that the counterparty of equity pledge is a related party: No such situation.

VIII. Disclosure of relationships among the top ten shareholders including spouses or second degree relatives or closer.

(Number of shares, unit: share) Date: March 18, 2022

Name	Shareholdings of shareholder		Shareholdings of spouse and minor children		Shareholdings in the name of others		The title or name and relationship of the Top 10 shareholders having a mutual relationship as a related party, spouse or a relative within the second degree of kinship		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or name)	Relationship	
Quintain Steel Co., Ltd.	15,115,091	10.03%	-	-	-	-	Since She Co., Ltd	Subsidiary	-
Responsible person: Chen-Tse Wang	-	-	-	-	-	-	-	-	
Concord International Securities Co., Ltd.	13,354,314	8.86%	-	-	-	-	Pao Li Tou Investment Co., Ltd.	Corporate director	-
Responsible person: Wen-Tsu Wang	-	-	-	-	-	-	-	-	-
Asahi Enterprises Corp.	8,780,020	5.83%	-	-	-	-	-	-	-
Responsible person: Chung-Hsien Chen	-	-	-	-	-	-	Mi-Chuan Chen	Second-degree relative	-
Pao Li Tou Investment Co., Ltd.	8,592,130	5.70%	-	-	-	-	-	-	-
Responsible person: Mi-Chuan Chen	-	-	-	-	-	-	Chung-Hsien Chen	Second-degree relative	-
Chia Chi SDRY Enterprise Co., Ltd.	6,254,391	4.15%	-	-	-	-	-	-	-
Responsible person: Nien-Chen Hsueh	-	-	-	-	-	-	-	-	-
Since She Co., Ltd.	3,118,006	2.02%	-	-	-	-	Quintain Steel Co., Ltd.	Parent company	-
Responsible person:Cheng-Cheng Hsieh	-	-	-	-	-	-	-	-	-
Cheng, Jui-Chang	3,001,965	1.99%	-	-	-	-	Cheng Hong Li-Hua (wife), Hong Y Ling (female)	Spouse, first-degree relative	-
Chateau International Development Co.,Ltd.	2,858,328	1.89%	-	-	-	-	Quintain Steel Co., Ltd.	Parent company	-
Responsible person: Chen Synergy	-	-	-	-	-	-	-	-	-
Cheng Hong Li-Hua	1,567,199	1.04%	-	-	-	-	Cheng, Jui-Chang (husband), Hong Y-ling (female)	Spouse, first-degree relative	-
Ya-Ling Hong	1,494,643	0.99%	-	-	-	-	Cheng, Jui-Chang (father), Cheng Hong Li-Hua (mother)	First-degree relative	-

Note 1: Except for the Company's directors, supervisors, managers and other insiders, the Company cannot acquire the shares held by their spouses and minor children.

Note 2: The shareholders listed in the preceding paragraph include both juridical persons and natural persons, and the relationship between them shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Issuers.

IX. The total number of shares held in the same invested business by the Company and the directors, supervisors and managerial officers thereof, and any companies controlled either directly or indirectly by the Company, and the comprehensive shareholding ratio is calculated in a consolidated manner

Unit: Shares; %; December 31, 2023

Invested business (Note)	Investment of the Company		Investment of directors, supervisors, managerial officers and directly or indirectly controlled business		Comprehensive Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Le Hua Investment Co., Ltd.	2,000,000	100	0	0	2,000,000	100
Luxe Solar Energy Co., Ltd.	500,000	100	0	0	500,000	100
Sen-Hsin Energy Co., Ltd.	81,300,000	100	0	0	81,300,000	100
Chin Lai International Development Co., Ltd.	18,000,000	100	0	0	18,000,000	100
Kai Shih Energy Co., Ltd.	25,500	51	0	0	25,500	51
Wan Chuan Construction Co.,Ltd.	6,300,000	52.5	0	0	6,300,000	52.5

Note: Long-term investment under equity method of the Company.

Four. Fundraising

I. Capital and shares

(I) Capital sources

1. Capitalization process

Year and month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks					
						Capital sources				Investment by property other than cash	Others
							Capitalization of earnings and employee dividend		Capitalization of capital reserves		
		Number of shares (shares)	Amount (NTD)	Number of shares (shares)	Amount (NTD)	Follow-on offering	Earnings	Employee dividend			
May 1978 Establishment registration	10	300,000	3,000,000	300,000	3,000,000	3,000,000 Fully paid contribution	—	—	—	—	—
January 1981	10	1,200,000	12,000,000	1,200,000	12,000,000	9,000,000	—	—	—	—	—
September 1984	10	1,600,000	16,000,000	1,600,000	16,000,000	4,000,000	—	—	—	—	—
April 1985	10	2,000,000	20,000000	2,000,000	20,000,000	4,000,000	—	—	—	—	—
August 1986	10	3,500,000	35,000,000	3,500,000	35,000,000	15,000,000	—	—	—	—	—
November 1988	10	5,000,000	50,000,000	5,000,000	50,000,000	15,000,000	—	—	—	—	—
November 1989	10	8,000,000	80,000,000	8,000,000	80,000,000	30,000,000	—	—	—	—	—
November 1990	10	12,000,000	120,000,000	12,000,000	120,000,000	16,000,000	16,000,000	—	8,000,000	—	—
September 1993	13	16,200,000	162,000,000	16,200,000	162,000,000	30,000,000	12,000,000	—	—	—	—
October 1994	10	19,440,000	194,400,000	19,440,000	194,400,000	—	22,680,000	—	9,720,000	—	—
June 1997	20	32,000,000	320,000,000	32,000,000	320,000,000	75,162,150	48,600,000	1,837,850	—	—	Note 1
August 1998	10	38,600,000	386,000,000	38,600,000	386,000,000	—	32,000,000	2,000,000	32,000,000	—	Note 2
September 1999	18	55,760,000	557,600,000	55,760,000	557,600,000	130,000,000	38,600,000	3,000,000	—	—	Note 3
October 2000	10	67,272,000	672,720,000	67,272,000	672,720,000	—	55,760,000	3,600,000	55,760,000	—	Note 4
September 2001	10	71,308,320	713,083,200	71,308,320	713,083,200	—	13,454,400	—	26,908,800	—	Note 5
October 2002	10	74,873,736	748,873,736	74,873,736	748,873,736	—	21,392,496	—	14,261,664	—	Note 6
April 2005	10	150,000,000	1,500,000,000	75,461,971	754,619,710	—	—	—	—	—	Note 7
May 2005	10	150,000,000	1,500,000,000	86,132,549	861,325,490	—	—	—	—	—	Note 8
August 2005	10	150,000,000	1,500,000,000	86,156,078	861,560,780	—	—	—	—	—	Note 9
November 2005	10	150,000,000	1,500,000,000	88,909,017	889,090,170	—	—	—	—	—	Note 10
July 2006	10	150,000,000	1,500,000,000	92,214,897	922,148,970	—	—	—	—	—	Note 11
May 2007	10	200,000,000	2,000,000,000	100,485,429	1,004,854,290	—	—	—	—	—	Note 12
August 2007	13.2	200,000,000	2,000,000,000	150,485,429	1,504,854,290	500,000,000	—	—	—	—	Note 13
September 2007	10	200,000,000	2,000,000,000	159,650,099	1,596,500,990	—	—	—	—	—	Note 14
December 2007	10	250,000,000	2,500,000,000	159,708,922	1,597,089,220	—	—	—	—	—	Note 15
April 2010	4	250,000,000	2,500,000,000	209,708,922	2,097,089,220	500,000,000	—	—	—	—	Note 16
November 2011	3.46	350,000,000	3,500,000,000	249,708,922	2,497,089,220	400,000,000	—	—	—	—	Note 17
November 2014	2.67	350,000,000	3,500,000,000	299,708,922	2,997,089,220	500,000,000	—	—	—	—	Note 18
February 2017	1.20	600,000,000	6,000,000,000	599,708,922	5,997,089,220	3,000,000,000	—	—	—	—	Note 19
November 2018	10	600,000,000	6,000,000,000	65,967,982	659,679,820	—	—	—	—	—	Note 20

September 2019	11	600,000,000	6,000,000,000	95,967,982	959,679,820	300,000,000	—	—	—	—	Note 21
September 2021	12.6	600,000,000	6,000,000,000	135,967,982	1,359,679,820	400,000,000	—	—	—	—	Note 22
October 2022	10	600,000,000	6,000,000,000	145,485,742	1,454,857,420	—	95,177,600	—	—	—	Note 23
August 2023	10	600,000,000	6,000,000,000	150,577,742	1,505,777,420	—	41,463,430	—	9,456,570	—	Note 24

Note 1: Approved by Letter (1997) Tai-Tsai-Cheng (1) No. 46518 of the Securities and Futures Commission, Ministry of Finance on June 13, 1997.

Note 2: Approved by Letter (1998) Tai-Tsai-Cheng (1) No. 67450 of the Securities and Futures Commission, Ministry of Finance on August 3, 1998.

Note 3: Approved by Letter (1999) Tai-Tsai-Cheng (1) No. 77855 of the Securities and Futures Commission, Ministry of Finance on September 7, 1999.

Note 4: Approved by Letter (2000) Tai-Tsai-Cheng (1) No. 73181 of the Securities and Futures Commission, Ministry of Finance on August 28, 2000.

Note 5: Letter (2001)Tai-Tsai-Cheng (1) No. 148017 of the Securities and Futures Commission, Ministry of Finance, dated July 24, 2001.

Note 6: Approved by Letter (1999) Tai-Tsai-Cheng-Yi-Tzu No. 09104007 of the Securities and Futures Commission, Ministry of Finance on July 23, 2002.

Note 7: Approved by Letter Jing-Shou-Shang-Tzu No. 09401057440 of the Ministry of Economic Affairs on April 7, 2005.

Note 8: Approved by Letter Jing-Shou-Shang-Tzu No. 09401091320 of the Ministry of Economic Affairs on May 24, 2005.

Note 9: Approved by Letter Jing-Shou-Shang-Tzu No. 09401150220 of the Ministry of Economic Affairs on August 3, 2005.

Note 10: Approved by Letter Jing-Shou-Shang-Tzu No. 09401241080 of the Ministry of Economic Affairs on November 29, 2005.

Note 11: Approved by Letter Jing-Shou-Shang-Tzu No. 09501168830 of the Ministry of Economic Affairs on August 7, 2006.

Note 12: Approved by Letter Jing-Shou-Shang-Tzu No. 09601096220 of the Ministry of Economic Affairs on May 8, 2007.

Note 13: Approved by Letter Jin-Guan-Zheng-Yi-Tzu No. 0960050268 of the Financial Supervisory Commission, Executive Yuan on May 31, 2007

Note 14: Approved by Letter Jing-Shou-Shang-Tzu No. 09601222720 of the Ministry of Economic Affairs on September 11, 2007.

Note 15: Approved by Letter Jing-Shou-Shang-Tzu No. 09601298270 of the Ministry of Economic Affairs on December 6, 2007.

Note 16: Approved by Letter Jing-Shou-Shang-Tzu No. 099010926000 of the Ministry of Economic Affairs on May 10, 2010.

Note 17: Approved by Letter Jing-Shou-Shang-Tzu No. 10001269960 of the Ministry of Economic Affairs on November 10, 2011.

Note 18: Approved by Letter Jing-Shou-Shang-Tzu No. 10301169920 of the Ministry of Economic Affairs on August 27, 2014.

Note 19: Approved by Letter Jing-Shou-Shang-Tzu No. 10601030360 of the Ministry of Economic Affairs on May 16, 2017.

Note 20: Approved by the Ministry of Economic Affairs in Official Letter Shou-Shang-Zi No. 10701137840 on 2018.11.14, the Company reduced the capital by NTD 5,337,409,400 to offset the accumulated losses.

Note 21: Approved by Letter Jing-Shou-Shang-Tzu No. 10801115120 of the Ministry of Economic Affairs on September 12, 2019.

Note 22: Approved by Letter Jing-Shou-Shang-Tzu No. 11001175430 of the Ministry of Economic Affairs on September 17, 2021.

Note 23: Approved by Letter Jing-Shou-Shang-Tzu No. 11101186970 of the Ministry of Economic Affairs on October 3, 2022.

Note 24: Approved by the Ministry of Economic Affairs on August 29, 2023, under the Letter No. Shou-Shang-Zi No. 11230162670.

2. Type of share

Unit: shares; March 18, 2024

Types of share	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	150,577,742 shares	449,422,258 shares	600 thousand thousand shares	Listed company's stocks

Information related to blanket reporting system: Not applicable.

(II) Shareholder structure

March 18, 2024

Shareholder structure / Quantity	Government agency	Financial institution	Other corporate bodies	Individual	Foreign institution and foreigner	Total
Number of people	-	2	53	24,633	41	24,729
Shares held	-	4,890	59,729,815	89,030,983	1,812,054	150,577,742
Shareholding ratio (%)	-	0.003	39.667	59.127	1.203	100

(III) Distribution of equity

1. Common shares

Par value at NTD 10 per share; March 18, 2024

Shareholding range	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999 shares	8,090	1,176,015	0.781
1,000 to 5,000 shares	13,470	2,522,568	16.755
5,001 to 10,000 shares	1,758	12,552,880	8.336
10,001 to 15,000 shares	640	7,488,742	4.973
15,001 to 20,000 shares	230	4,046,409	2.687
20,001 to 30,000 shares	239	5,684,072	3.775
30,001 to 40,000 shares	80	2,543,994	1.835
40,001 to 50,000 shares	57	5,980,629	1.689
50,001 to 100,000 shares	87	5,455,527	3.972
100,001 to 200,000 shares	39	4,450,266	3.623
200,001 to 400,000 shares	17	4,450,266	2.955
400,001 to 600,000 shares	3	1,458,293	0.968
600,001 to 800,000 shares	4	2,591,140	1.721
800,001 to 1,000,000 shares	3	2,742,055	1.821
Over 1 thousand,001 shares	12	66,414,920	44.107
Total	24,279	150,577,742	100

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

(IV) List of major shareholders: shareholders with a shareholding of more than 5% or a list of the top ten shareholders

March 18, 2024

Shareholdings / Name of major shareholder	Holding shares (shares)	Shareholding ratio (%)
Quintain Steel Co., Ltd.	15,115,091	10.038
Concord International Securities Co., Ltd.	13,354,314	8.868
Asahi Enterprises Corp.	8,780,020	5.830
Pao Li Tou Investment Co., Ltd.	8,592,130	5.706
Chia Chi SDRY Enterprise Co., Ltd.	6,254,391	4.153
Since She Co., Ltd.	3,118,006	2.070
Cheng, Jui-Chang	3,001,965	1.993
Chateau International Development Co.,Ltd.	2,858,328	1.898
Cheng Hong Li-Hua	1,567,199	1.040
Y-Ling Cheng	1,494,643	0.992

(V) Information on market price, net worth, earnings, and dividend per share and related information in the most recent two years

Unit: NT$

Year / Item			2022	2023	As of March 18, 2024 of the current year
Market price per share (Note 1)	Highest		35.50	49.30	37.70
	Lowest		15.35	19.90	30.60
	Average		20.46	33.06	34.34
Net worth per share (Note 2)	Before allocation		11.82	12.14	—
	After allocation		11.57	11.84	—
Earnings per share	Weighted average shares (thousand shares)		145,486	150,578	—
	Earnings per share (Note 3)	Before adjustment	0.31	0.91	—
		After adjustment	0.30	0.91	—
Dividends per share	Cash dividends		0.25	0.3	—
	Bonus share	Stock dividend from retained earnings	0.285	0.3	—
		Stock dividend from capital reserve	0.065	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI analysis	Price-earnings ratio (Note 5)		66.00	36.33	—
	P/P ratio (Note 6)		81.84	110.20	—
	Cash dividend yield (Note 7)		1.22%	0.91%	—

* Disclose the market price adjusted retroactively based on the number of shares distributed and the cash dividend if the earnings or capital reserves are transferred to increase capital by distribution of shares.

Note 1: The highest and lowest market prices of common shares in each year are listed, and the average market price in each year is calculated based on the transaction value and trading volume in each year.

Note 2: Based on the number of issued shares at the end of the year and filled in according to the resolution of the Board of Directors or the shareholders' meeting of the following year.

Note 3: Earnings per share before and after adjustments are retrospectively adjusted due to share grants.

Note 4: If the equity securities are issued under the terms and conditions, the accumulated unpaid dividends of the current year should be disclosed separately.

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

Note 6: Cost-benefit ratio = Average closing price per share for the year/cash dividends per share.

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

Note 8: The book value per share and earnings per share shall be filled in with the audited (reviewed) information of the CPA in the most recent quarter up to the publication date of the annual report; the other columns shall be filled in the information of the current year up to the publication date of the annual report.

(VI) The Company's dividend policy, execution and expected material changes:

1. Dividend policy of the Company

If having a profit in the final accounting of the year, the Company shall first pay taxes and make up any cumulative losses in accordance with laws, and then set aside 10% of the said earnings as legal reserves, unless such legal reserves reach the amount of the Company’s paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. If there is any residual balance, it shall be, together with the undistributed earnings carried from previous years, used as dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders’ meeting for approval. When the Board of Directors is planning for the distribution of earnings, the amount of dividends to shareholders is determined after considering the funds required for the stable operation of the Company. The amount of dividends distributed to shareholders shall be no less than 60% of the distributable earnings, of which cash dividends shall not be less than 50% of the total dividends 40%, and stock dividends not higher than 60%.

2. Dividend distribution

The Company's 2023 earnings distribution proposal was resolved by the Board of Directors on February 26, 2024 to distribute dividends of NTD 0.6, of which cash dividends were NTD 0.3 per share, and stock dividends were NTD 0.3 per share , to be approved by the shareholders' meeting on May 14, 2024.

(VII) Effect of the proposed stock dividends on the Company's operating performance and earnings per share:

It was proposed at the shareholders' meeting that the paid-in capital before distribution is NTD 1,505,778 thousand, and the paid-in capital after the distribution will be increased to NTD 1,550,951 thousand. The 2023 after-tax earnings per share were NTD 0.91, and the retroactively adjusted earnings per share were NTD 0.88. The issuance of bonus shares is a response to the Company's future capital needs and long-term financial planning needs. Considering that the Company is still in the growth stage, the issuance of bonus shares is indeed necessary, and the dilution effect on the Company's earnings per share will not cause a significant impact on the earnings per share .

(VIII) Remuneration to employees and directors

1. The scope of remuneration to employees and directors as stated in the Articles of Incorporation:

Profits concluded by the Company in a fiscal year are subject to employee remuneration of no less than 1%, which may be distributed in shares or in cash, upon the resolution of the Board of Directors. Such resolution is based on the suggestion of the Remuneration Committee and shall be approved by a majority of the directors present at a Board of Directors meeting attended by over two-thirds of the total number of directors. The employees receiving the remuneration include those of the Company’s parents or subsidiaries who meet certain requirements set by the

Board of Directors. Up to 1% of the aforementioned profit may be distributed as director remuneration based on the suggestion of the Company's Remuneration Committee and upon the approval of a majority of the directors present at a Board of Directors meeting attended by over two-thirds of the total number of directors. The proposal for distribution of remuneration to employees and directors shall be reported to the shareholders' meeting. However, if the Company has accumulated loss, an amount used to cover the loss shall be set aside before distribution of the remuneration to employees and directors at the percentages mentioned above.

2. The basis for estimating the amount of employee and director remuneration, the basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

   If there is a major change in the distributed amount determined at a Board of Directors meeting upon resolution before the approval and publication date of the annual separate financial statements, the annual expenditure set aside shall be adjusted accordingly. If there are any changes in the amount after the approval and publication date of the annual separate financial statements, it shall be handled as a change in accounting estimates, be adjusted and entered up in accounting of the following year. If employee remuneration is determined to be distributed in shares upon resolution at the shareholders' meeting, the number of share dividends shall be a result of dividing the determined distribution amount by the fair value per share. The fair value per share refers to the closing price (in consideration of the effects of the ex-dividend and ex-rights) on the day immediately before the resolution date of the Board of Directors.

3. The distribution of remuneration approved by the Board of Directors:
   (1) The amount of the remuneration to employees, directors and supervisors distributed in cash or share: If there is any discrepancy from the estimated amount of the expenses recognized in the year, the discrepancy, the reason for the discrepancy, and the status of the treatment shall be disclosed:
   The remuneration to employees and directors of the Company for 2023 was NTD 1,392,765 and NTD 0, respectively, which did not differ from the estimates.
   (2) The amount of the remuneration to the employees in the form of stocks, and share of that amount as a percentage of the sum of the net income after tax for the current period and total employee remuneration: None.

4. Report on the distribution of remuneration in the shareholders' meeting:
   The Company distributed employee remuneration of NTD 1,392,765 in 2023, to be reported in the shareholders' meeting on May 14, 2024.

5. The actual distribution of employees' and directors' remuneration in the previous period (including the number of shares distributed, the amount and the share price), and the discrepancy between the actual distribution of remuneration and the recognized employees' and directors' remuneration, the amount, causes and treatment of such discrepancy:
   The Company's board of directors approved NTD 1,392,765 as remuneration to employees for 2022. There is no difference between the actual distributed amount and the original estimate.

(IX) Shares repurchased by the Company: None.

(X) Corporate bonds (including overseas corporate bonds): None.

(XI) Preferred shares: None.

(XII) Global depository receipts: None.

(XIII) Employee stock options: None.

(XIV) New restricted employee shares: None.

(XV) Status of acquisition or transfer of shares of other companies and issuance of new shares: None.

(XVI) Implementation of the capital utilization plan:

1. As of the quarter prior to the publication date of the annual report, previous issuance or private placement of securities has not been completed, or has been completed in the last three years and the planned benefits have not yet emerged: None.
2. Analysis of the uses of the projects referred to in the preceding paragraph item by item, as of the quarter prior to the date of publication of the annual report, and the comparison of their implementation and the original expected benefits: Due to the objection of the local people for the Guangshan Detention Basin Project, the Company has Water Resources Bureau terminated the contract, and it was impossible to achieve the efficiency of the Company's 2021 cash capital increase. Therefore, the balance of the cash capital increase was NTD 194,000 thousand, of which NTD 144,000 thousand was capitalized to the subsidiary, Sentinel Energy, for its investment in the establishment of The solar power plant project at the Rende Expressway and the Nantou rest stop, and another NTD 50,000 thousand to repay the Company's loan from the Bank of Kaohsiung.

Five. Operation Overview

I. Business contents

(I) Business scope

1. Main content of the Company's business
   a. Design, manufacturing, installation, and purchase and sales of high and low voltage power receiving and distribution panels, automatic control panels, motor starter panels, and test instruments.
   b. Design, manufacturing, installation, and purchase and sales of gas insulated switchgear, gas condensers, and their parts and components.
   c. Design, manufacturing, installation, and purchase and sales of all kinds of pollution prevention equipment and their parts and components.
   d. Various electrical equipment (including current regulators, voltage regulators, transformers, and reactors).
   e. Design, manufacturing, and purchase and sales of all electric-electronic teaching equipment.
   f. Design of and undertaking all electrical engineering and plumbing.
   g. Computer programming and software design and data processing.
   h. Purchase and sales of computer software and hardware.
   i. Manufacturing, purchase and sales of all piping equipment for water supply.
   j. Design, manufacturing, installation, and purchase and sales of software and hardware for automation of logistic systems.
   k. Design, manufacturing, installation, and purchase and sales of software and hardware related to computer network and communications.
   l. Design, manufacturing, installation, and purchase and sales of warehouse system related equipment.
   m. Design of remote sensing and control and monitoring systems, as well as installation, manufacturing, purchase and sales of their equipment.
   n. Fire Safety Equipment Installation Engineering
   o. Wholesale of Refractory Materials
   p. Piping Engineering
   q. Electric Appliance Construction
   r. Refrigeration and air conditioning engineering.
   s. Import and export trading of products related to all aforementioned items.
   t. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue percentage

Unit: NT$ ‘000

Year / Major product	FY2023		FY2022	
	Sales amount	Percentage	Sales amount	Percentage
Construction and engineering revenue	122,773	16.32%	83,617	29.70%
Sales revenue	415,808	55.27%	72,165	25.63%
Electricity retailing revenue	153,330	20.38%	119,012	42.28%
Others	60,459	8.03%	6,726	2.39%
Total	752,370	100.00%	281,520	100.00%

3. Current products (services) of the Company

The Group is one of the largest professional heavy-duty power manufacturers in Taiwan. Its electromechanical products mainly include switchboards, transformers, converters, electrical equipment, network monitoring and other products.

The Group's system engineering includes substation turnkey engineering, water and electricity engineering design and construction, and solar power generation turnkey engineering.

Other products include non-recurring income such as import and export of goods, authorized agency, inspection and maintenance, testing and maintenance (pressure regulators, current regulators, etc.).

4. New products (services) developed

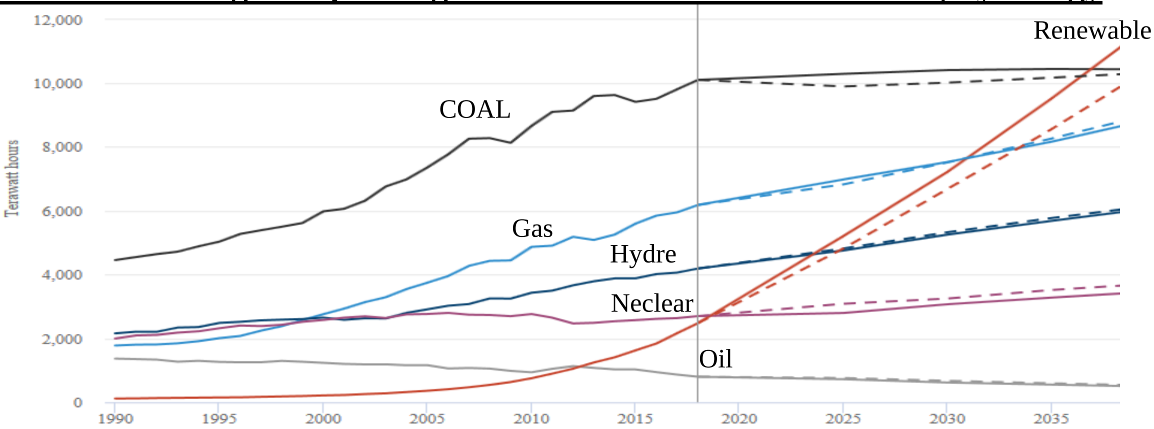
The group is qualified as an original manufacturer for high-voltage and low-voltage switchboards from the Bureau of Energy, 23KV GIS qualified supplier certification (accredited by TAF laboratory, certified by the Bureau of Energy as the original manufacturer), and supplier of 50KVA and 167KVA booth transformers In 2021, the Company obtained certification from Taipower for its manufacturing capacity and became one of the suppliers in the supply chain of Taiwan Power Company. In 2022 and 2023, the Company won the tender of 50 KVA pavilion transformer from Taiwan Power Company.

(II) Industry overview

1. Current status of the industry and its development

Since 2000, the issues of global climate change and greenhouse effect have been increasingly prominent, and further brought a serious threat to human life and the environment of the Earth. Thus, it is extremely important to take the sustainable development of energy and green technology into consideration. In recent years (2014-2017), to reduce GHG emissions and slow the rate of global climate change, the UN Climate Change Conference took actions and implemented the Paris Agreement that just came into effect. Nearly 200 countries voluntarily took actions to reduce carbon, and the Conference suggested that all countries propose the commitment letter upon agreement “Intended Nationally Determined Contribution (INDC)” to address carbon emission reduction. Since 2020, the United Nations Framework Convention on Climate Change has been put into effect as the basis for climate-related actions. Meanwhile, the costs of renewable energy (mainly solar photovoltaics and wind power) technologies significantly decreased, which facilitated the monumental growth of renewable energy. According to Renewables 2019, the annual report on the global renewable energy market made by the International Energy Agency (IEA), the installed capacity of global renewable energy (solar, wind, geothermal and bioenergy power) had increased from 414GW in 2009 to 1,650GW in 2019. Currently, renewable energy accounts for 12.9% of total power generation around the globe. Over the past 10 years, the installed capacity has increased more than 2,300GW globally. It is estimated that in 2040, renewable power generation will skyrocket to 11,951 TWH, and between 2018 and 2030, the global average costs of solar power will decrease by 50%, while total solar photovoltaics and wind power capacity will increase by 23% and 11%, respectively. Moreover, renewable energy excluding hydropower is expected to increase by 8% and surpass coal-fired power in the late 2030s. In addition, Renewable Energy Policy Network for the 21st Century (REN21) disclosed in their "Renewables 2020 Global Status Report" that the installed capacity of green energy has surpassed the newly-installed capacity of fossil fuel and nuclear power for 5 "consecutive" years. This suggests that we've entered a stable era of the Big Green Bang. Benefited from the reduction of solar and wind power generation costs, the newly added installation capacity of renewable energy last year was 200 GW, which is a record high! Among them, solar power contributed half (100 GW), followed by wind power (60 GW) and hydropower (16 GW).

IEA's estimated global power generation between 2020 and 2040, by energy



Source: IEA, "World Energy Outlook 2019."

Major countries around the world have developed energy policies and technologies according to their contexts.They have been dedicated to developing forward-looking energy technologies to reach the goal of energy saving and carbon reduction. Taiwan has rather deficient self-produced energy and highly depends on energy imports, which account for 98% of Taiwan's energy production. Taiwan is also highly dependent on fossil fuel energy and has an isolated electric power system which lacks of back-ups. Under the extreme volatility of international energy prices and quantity, the increasing pressure of reducing global GHG, and the consistent growth of domestic energy needs, Taiwan faces more serious challenges in terms of energy development comparing to other countries. In view of the issue, Taiwan has established the "Guidelines for Sustainable Energy Policy" and promoted energy saving and carbon reduction plans to create a win-win situation for "energy, environmental protection and economy" policies and goals. Facing various kinds of new and renewable energy and considering domestic natural conditions and energy needs, the more potential technologies include wind, solar (thermal and photovoltaic), biomass, geothermal, ocean, hydrogenic energy and fuel cell. With the cooperation of the industry, government, university and institute over the years, Taiwan has established a certain basis for the aforementioned technologies. The Ministry of Economic Affairs announced the implementation of energy transition and electricity market reform in May 2016. Explicitly aiming at the “2025 nuclear-free homeland” target, the Ministry of Economic Affairs has been dedicated to developing new green energy and increasing the percentage of renewable energy in total power generation to 20%. The target of installed solar photovoltaics in 2025 has significantly increased from 8.7GW to 20GW, in which the ground-mounted type and roof type account for 17GW and 3GW respectively.

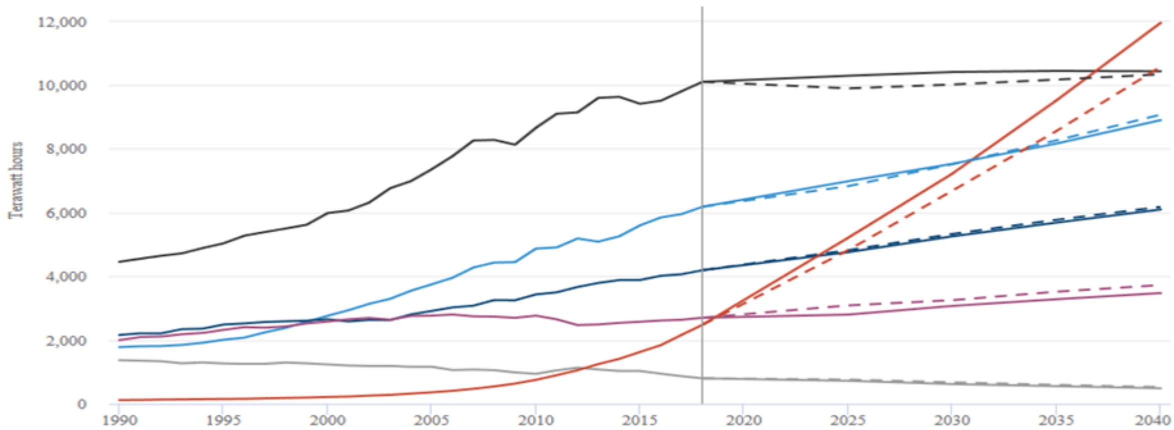
Taiwan’s 2025 target for renewable energy

Item	Installed capacity of renewable energy (MW)			Power generation of renewable energy (GWh)		
	2015	2020	2025	2015	2020	2025
Solar photovoltaics	842	6,500	20,000	9	81	250
Land-based wind power	647	814	1,200	15	19	29
Offshore wind power	0	520	3,000	0	19	111
Geothermal energy	0	150	200	0	10	13
Biomass energy	741	768	813	36	56	59
Hydropower	2,089	2,100	2,150	45	47	48
Fuel cell	0	22.5	60	0	2	5
Total	4,319	10,875	27,423	105	272	515

Source: Complied by the Bureau of Energy, Ministry of Economic Affairs and the IEK, Industrial Technology Research Institute (December 2017).

Solar energy can be obtained for free anywhere, and is inexhaustible. It is the most abundant energy source that can be used by human beings. When using solar energy, it will not cause environmental pollution. It is a clean energy source, and with the technology upgrade of the semiconductor industry , the cost of solar cells has dropped significantly, so the conversion of sunlight into energy has become a key energy industry for governments around the world. The establishment of solar photovoltaic system requires supporting subsidies or incentives to proceed smoothly. Japan and Germany are the first countries to promote the development of solar photovoltaic system. Germany -Gesetz, EEG) is an important foundation for the development of renewable energy. The Renewable Energy Law establishes various "Renewable Energy Feed-in Tariff" (FEED) systems. Guaranteed price purchase (FIT) has successfully developed into a European model for promoting renewable energy in Europe, and many countries around the world have followed suit. It has now become the most common tool used to promote renewable energy in countries around the world. "Sustainable Energy Policy Framework", hoping that renewable energy will account for more than 8% of the power generation system by 2025; in June 2009, an important parent law for renewable energy development - "Renewable Energy Development Act" was passed, and a renewable energy development fund was established; With reference to the overseas wholesale system, Taipower promotes the energy transition policy for the development of green energy, and purchases green power at a fixed preferential price for 20 years to encourage the private sector to install renewable energy power generation equipment. Taiwan's solar power and wind power and other renewable energies The total investment amounted to NTD 1.2 trillion, creating employment for 100,000 people. The Executive Yuan launched the

"Two-year Solar Photovoltaic Promotion Program" in June 2016, hoping to establish a medium- and long-term solution based on the pioneering work of the past two years The goal is to install 910MW of roof-type solar power on the central public rooftops, factories, agricultural facilities and other roofs, including land for salt production, severe subsidence areas, water bodies, sealed landfills, and contaminated lands. The solar photovoltaic field is 610MW, equivalent to 1.52GW solar photovoltaic system setup. We will gradually promote the solar photovoltaic application in Taiwan. By then, the cumulative solar photovoltaic installation capacity will reach 2.460MW, the estimated annual power generation capacity will reach 3.075 GWh, and the carbon reduction will be nearly 1.6 million metric tons, equivalent to Annual carbon reduction in 4,300 Daan Forest Parks. As of September 2020, the installed capacity of solar photovoltaics was 4.6240GW, which surpassed that in the full year of 2019. Non-governmental construction and installation accounted for 94.05% of the total capacity, which was 4.349GW. Also, in 2019, the installed capacity of solar photovoltaics was 3.5976GW, and the newly added capacity was 1.2554GW, which increased by 31.41% compared with that in the last year (2018). To reach the 2025 target of 20GW of solar photovoltaic installation set by the government, from 2020 to 2025, 3.2805GW capacity needs to be added each year, and the compound annual growth rate (CAGR) must reach 33.94% yearly. Only by reaching these figures can we achieve the goal of the government. Thus, the installation of solar power systems in the future must surpass that in the past years. As a result, the industry environment is very beneficial for solar power system constructors. In the future, before 2025 or reaching the goal of 20GW of solar photovoltaic installation, the domestic business of solar power engineering, procurement and construction (EPC) will achieve a breakthrough growth.

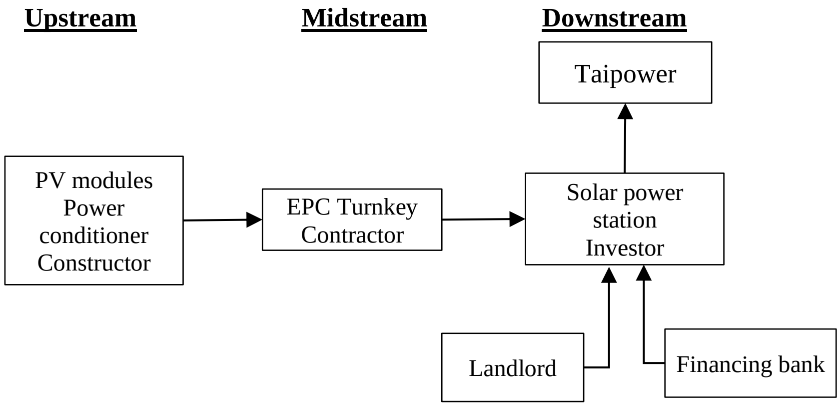


2. Correlation among upstream, midstream and downstream in the industry

The EPC (Engineering, Procurement, Construction) of solar photovoltaics is mainly an integration of the upstream industries including solar cells and PV modules, power conditioners (including inverters, system controllers, and protective devices for parallel connection), support stands, cables, wire distribution cabinets and electricity meters for the construction of power plants. The development of related upstream sectors has been matured and stable in Taiwan. However, the cost of solar power generation in Taiwan is still higher than the electricity billing standard set by Taiwan Power Company, and the people has less desire for installing solar power systems and generating electricity by themselves. To encourage the public to do so, the Bureau of

Energy, Ministry of Economic Affairs, has establish a feed-in tariff system to require that Taiwan Power Company guarantees to purchase electricity generated from renewable energy at a fixed, preferential electricity price for 20 years to attract people to invest in the installation of renewable energy equipment. Thus, the current solar photovoltaics market in Taiwan is still an "investment type" market, meaning that the investors of the solar power systems aim to sell the electricity generated from the invested power generation systems to Taiwan Power Company in the 20 years and gain profit from the investment in the installation instead of generating electricity for themselves. As a result, the target of the government's policies and its subsidy plans are the key factors of the rise and fall of the solar photovoltaic installation industry at the current phase. Landlords offer private spaces, such as rooftops, idle farmland, pools, ponds and fish farms to solar photovoltaic EPC operators to install solar power systems. They also submit applications to Taiwan Power Company for the parallel connection to electrical grids, sign wholesale contracts, and sell the whole to solar power station investors. The installation of solar power generation systems costs a fortune at the early stage, so the investors usually use bank loans to pay most of the costs and only contribute a little amount by themselves. In the future, they may use the monthly electricity retailing income to pay off the principal and interest of the bank loans and pay the rent to the landlords.

Correlation among upstream, midstream and downstream sectors of the solar power generation industry

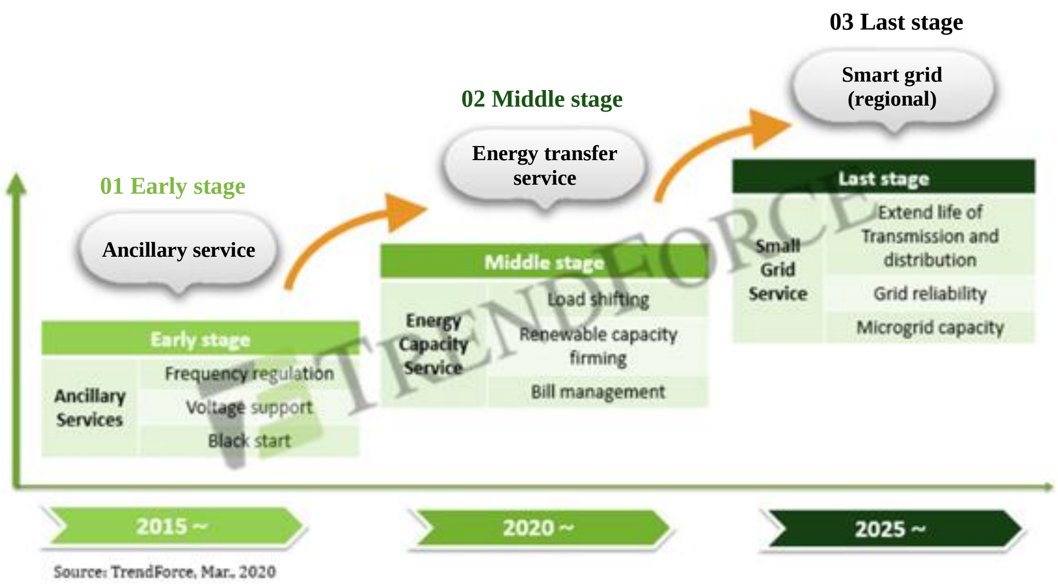


Source: Compiled by President Securities Corporation.

3. Development trend of products and their competition status
   A. Development trend of products:
      (A) Trend of additional energy storage equipment for renewable energy

The two major items of renewable energy, solar and wind power, have the characteristic of being easily affected by seasons and weather, which can cause instability in power supply. To improve unstable renewable energy supply caused by weather, we need energy storage regardless of the scale of the energy storage equipment. The large-scale equipment can be energy storage plants, and the small ones can be containerized systems established around the renewable energy equipment. This will be an important trend in the future. There are three stages to the purpose of developing an energy storage system. Initially, the system can be applied to the ancillary service market to allocate electricity quality. This is the most common way of applying energy storage, and is widely used in each aspect of power generation, transmission, distribution, and utilization. At the middle stage, there are more energy transfer services, which also involve capacity adjustment from introducing renewable energy, and adjustment of electricity utilization in peak and off-peak hours. At the last stage, the main focus is the smart grid for partial self power generation and storage. If the development of energy storage batteries becomes mature at this stage, when we promote various renewable energy equipment, invest in and build solar photovoltaic or wind turbine sites in the future, we can store the surplus electricity and release it to the electric power system if needed. According to TrendForce's Green Energy Research, the centralized power generation grid becoming distributed is an inevitable trend considering the intellectualization of cities in the future. The capacity of large battery energy storage systems (BESS) around the world will reach 3.2GWh in 2020, and the compound annual growth rate between 2019 and 2024 will reach 22%.

Development of energy storage in the smart grid



(B) Mandating large power users to install renewable energy equipment

The revised Renewable Energy Development Act passed its third reading in the Legislative Yuan in 2019, which explicitly regulated that the large power users and enterprises in Taiwan must install renewable energy with a certain occupancy. The notice period of the Act will end on September 26, 2020, and its legislative process will be completed in November. It will come into effect on January 1, 2021. In the past, the large power users were unwilling to install renewable energy due to various factors, such as investment income falling short of expectation, consideration of arrangement for power outage when installing parallel connected renewable energy, and concerns about renewable energy generation equipment affecting internal circuits of factories, causing circuit breakers to trip and affecting production capacity. After passing the revised Act, they will be mandated to create relevant installation. According to the regulations established by the Ministry of Economic Affairs, power users with more than 5,000KW of contract capacity shall install green energy with an occupancy of 10% of the contract capacity, which is about 500KW. Alternatives such as energy storage, purchase of the Renewable Energy Certificate, and payment of monetary substitution are allowed. The Ministry also provides a discount on the compulsory capacity for large power users that had installed green energy before the effective date of the regulations; they may offset 20% of the obligated capacity at most with the capacity of the installed energy. After the offset, they can also enjoy an early bird discount of 20% off within 3 years or 10% off within 4 years. It is estimated that more than 300 enterprises will be affected, especially those in the petrochemical, steel, semiconductor and electronic industry. In the next two years, there will be an expected demand for roof type installations.

(C) Establishment of large ground-mounted power stations

Except for large power users, in terms of roof type solar system, Taiwan has nearly completed the construction on large public and private houses applicable to develop roof type power stations. Thus, we must change our target to ground-mounted power stations. According to the plans of the Bureau of Energy, Ministry of Economic Affairs, lands related to the salt industry, serious land subsidence, waters, unfavorable agriculture conditions, idle industrial park, and lands that are polluted, or idled by the National Property Administration are potential for energy installation. As of the end of 2018, the updated area of these lands reached nearly 5,000 hectares, and the total capacity was expected to surpass 3GW. Since the second half of 2017, many applications for large ground-mounted power stations have been approved in succession, including the installation of a 52.47MW power station in the areas with serious land subsidence and unfavorable agriculture conditions in Xuejia Dist., Tainan City, by the solar power plant system developer, Whole Sun Green Power Co., Ltd., which is a subsidiary of Giga Solar Materials Corp. Also, the subsidiary of the Motech Group, Motech Energy System Co., Ltd., will install a 35MW power station in the serious land subsidence areas in Tainan City. The two large owners of EPC systems have left the price war on the solar power plant market, and reached a higher level and larger scale of construction undertaking.

(D) Solar power plant for fishery and electricity symbiosis

The government has actively promoted energy transition and aimed to increase the share of renewable energy in total power generation to 20% by 2025. To achieve this goal, the government has given every effort to develop ground-mounted solar power generation system, and “fishery and electricity symbiosis” was one of the goals to which the development was accelerated in 2020. The government hoped to develop solar photovoltaics in a “single site, multiple use” manner and improve the environment of fishery by doing so to recreate the magnificence of aquaculture. However, the Council of Agriculture of the Executive Yuan stated that agricultural lands should mainly be used for agricultural production, and the policy of national food safety also relied on it. If Taiwan faces material incidents and is unable to import food from other countries to meet the people’s basic needs, we can achieve such goal by producing food by ourselves and domestically. To be in line with the “2025 nuclear-free homeland” policy, we have developed green energy facilities without affecting the original agricultural production, improved the environment of aquaculture production, prevented extreme weather, facilitated industrial upgrading, and increased income from feed-in tariff for aquaculture farmers to create benefits from a “win-win situation for agriculture (aquaculture) and electricity.” We’ve also planned a modular combination of green energy, technology and aquaculture to achieve the aforementioned benefits. In order to reach the target for green energy, the government has been strongly promoting fishery and electricity symbiosis. On October 31, 2020, the government announced the implementation of the "pioneer zones for fishery and electricity symbiosis" in Xuejia, Tainan and Budai, Chiayi. The total area of the fish farms in these zones reached 2,626 hectares.

At the early stage of the policy, aquaculture farmers were worried about the reduction of the production volume, inconvenient operation and pollution caused by the installation and cleaning of the solar panels. However, according to the research made by the Fisheries Research Institute, Council of Agriculture, the aquaculture farmers can still maintain 70% production capacity of clams, tilapia, grouper and sea bass under 40% of coverage. In summer, the production capacity of clams and sea bass may even surpass that in normal fish farms. The coverage of solar panels may reduce the production capacity of some, but it can provide insulations and resist the heat/cold in summer/winter. In the future, there will be hope to maintain 100% production capacity through further management. Photovoltaics operators can also hire aquaculture farmers to clean and maintain photovoltaic panels. By protecting fish farms and photovoltaic systems, there can be an increase in the farmers’ income and an actual win-win situation for the fishery and electricity industries. In Taiwan, the total area of fish farms is approximately 44 thousand hectares. Considering the coverage to be retained for fishery and electricity symbiosis, the available installed capacity of solar power plant is forecast to be more than 10GW.

B. Competition status of products

The Luxe Group is positioned as an electricity integration expert. When the Group was established, we mainly designed and manufactured products such as distribution panels, transformers, electrical engineering equipment, and network supervising. After development, now we’ve been constructing heavy electrical devices, wind turbines and substations, and had actual performance. The integration technologies we use for solar photovoltaic system engineering are developed from the technologies we originally operated. The Group’s distribution panels and transformers are especially competitive in the industry. Moreover, a cloud-based supervisory system for solar power developed in 2016 allows the investors to supervise on the efficiency of solar power generation in a more stable and convenient way. The system can be connected to PCs and mobile devices such as cellphones, and it even has an alert function. In 2017, we developed the solar DC distribution boxes as well as step-up equipment systems dedicated to solar power with our own brand, which made our integration technologies of solar photovoltaic system engineering more complete. Later, the ground-mounted solar power stations were strongly promoted by the Taiwan Government and further accounted for more than 60% of total stations. As a result, distribution panels and step-up devices that were connected in parallel with Taiwan Power Company’s networks suddenly became the second important materials for solar power systems and accounted for around 10%-15% of total costs. Thus, the Group has soon played an important role in solar power systems, and made the development of solar power and the growth of main business complementary to each other.

(III) Technology and R&D overview

1. Research development and levels of R&D and technology

(1) Source of technology

The Group mainly provides solar system engineering related services. For the construction technologies, we mainly use safe and highly efficient technologies or equipment that have been verified in the industry. These are provided by the construction equipment suppliers; the Group has no dedicated research team or department for them. In terms of the latest technologies, project personnel is appointed to establish projects and do research on them. We've also integrated products and technologies from other industries and developed self-owned technologies. For instance, we've efficiently integrated technologies of solar power systems and Taiwan Power Company's interconnected networks with our dedicated engineering method for step-up substations.

(2) Certification for products in the future

In recent years, the Group has striven for the rights and certifications from Taiwan Power Company and enhanced business collaboration between us. In the recent 4 years, we've submitted proposals and documents for the following certifications:

A. Taiwan Power Company's qualified supplier of 23KV GIS certification.
B. Taiwan Power Company's qualified supplier of 25KVA pad-mounted transformer certification.
C. Taiwan Power Company's qualified supplier of 50KVA pad-mounted transformer certification.
D. Taiwan Power Company's qualified supplier of 100KVA pad-mounted transformer certification.
E. Taiwan Power Company's qualified supplier of 167KVA pad-mounted transformer certification.

(IV) Future business development plans

(1) Develop light, thin, short and small electrical engineering products (the SF6 series) that are adaptive to high and low voltage as well as a series of underground oil type transformers.

(2) Combine the SCADA systems for electricity supervising and electrical engineering integration as well as supervisory networks such as CCTV to increase the benefits from electricity operation and improve the efficiency of human resource management.

(3) Increase the ratio of the products developed in Taiwan and use them as substitutions of the imports to combine the products with the market.

(5) Equipment for improving harmonics in electric power systems.

(7) Research and development of PT/CT 35KV 0.3CL.

(9) Development of improved transformers to meet the needs of Taipower .

II. Overview of the market, production and sales

(I) Market analysis

1. Regions of distribution (provision) for the Company’s major products (services):

The Company’s major products can be divided into five main categories: system engineering, distribution panels, transformers, supervisory networks, and electrical engineering equipment. System engineering includes substation turnkey project, design and construction of water and electricity works, wind power turnkey project, and steam-electricity cogeneration turnkey project. Distribution panels include high and low voltage power distribution panels, closed type metal-clad switchgears, motor control centers, and gas insulated switchgears. Ratio devices include voltage regulators, current regulators, pavilion transformers, dry-type transformers, and die-cast transformers. For supervisory networks, we mainly work on the integration of supervisory systems, including remote terminal equipment for computers, software design and programming. We also provide services with respect to repair and maintenance of the aforementioned equipment.

The subsidiaries are mainly engaged in the power generation and construction business of self-owned solar power plants. Currently, they hold a total of solar power plants with a installed capacity of about 35 MW, which generate and sell electricity to Taiwan Power Company. , plant and other new construction and renovation projects.

The sales regions for major products are listed in the table below:

Unit: NT$ ‘000

Year / Sales Region	FY2023		FY2022	
	Sales amount	Sales amount	Sales amount	Percentage of sales
Taiwan	752,370	100%	281,520	100%
Mainland China	—	—	—	—
Total	752,370	100%	281,520	100%

2. Share of major products

In recent years, with the global trend of energy conservation and carbon reduction, the government has actively promoted green energy and electricity policies. In addition to solar energy, domestic manufacturers are also striving to deploy power stations and energy storage stations. There are three major areas of energy (solar photovoltaic and energy storage) and engineering. The electric motors are mainly supplied by customers from Taiwan Power; the renewable energy, including solar photovoltaic and energy storage The self-owned solar photovoltaic installations are connected in parallel with about 35,972KW, and there will be about 4,400KW in the future, which is still under construction; for the construction, there are subsidiaries that are contracted for construction projects.

3. Future supply and demand in this market and growing potential

A. Trend of market supply

In response to the government's green energy policy, various subsidy measures encourage the private sector to participate in investment and construction, and Purchased electricity through a 20-year fixed electricity tariff guarantee system to attract investors to invest in the construction of solar power generation systems. As the current internal investment rate of return (IRR) for solar power plant investments can be maintained at about 6% to 7%, and the guaranteed return is as long as 20 years, the interest rate is currently low in the country. In the solar power plant investment boom, the financial industry has also actively channeled the funds from banks and life insurance through "credit financing," "investment guidance," and "green bond issuance." By introducing the renewable energy industry, the funds required for domestic investment in solar power generation installations are secure, which is conducive to the vigorous development of the energy storage market in the future.

B. Growth trend of demands on the market

The government actively promotes the energy transformation, and aims to increase the proportion of renewable energy to total power generation by 20% by 2025. After several years of hard work, domestic solar power plant system projects have responded to the global renewable energy promotion trend and the government's implementation of the 20GW solar installation plan. Actively promote the ground-based, solar power plant and fishery/electricity synergy-type solar power plant and the terms of the large power user, which greatly promote the growth of system engineering, and the development of this industry is still stable.

4. Competitive niche and favorable and unfavorable factors for development prospects and countermeasures

A. Competitive niche and favorable factors

a. Recognized product quality and positive reputation in business

Heavy electrical products costs more and the technologies are more complicated, making the development of new products difficult. Once the customers select a specific brand, it will not be changed easily due to the limitation in system specifications. Thus, a stable customer base is favorable for future market expansion and maintenance. The distribution panels and other products that are manufactured by the Company in Taiwan have been approved by Taiwan Power Company. Especially, our 480V power centers and 6.9KV metal-clad switchgears are the models that make us the first approved and qualified manufacturer. In addition to being used by Taiwan Power Company, the products that are approved may increase the reputation of their own and further facilitate future competition on the market.

b. Being a technique and capital intensive industry and having greater obstacles for newcomers

The heavy electrical industries needs a larger amount of investments in equipment. Moreover, domestic manufacturers have developed technical collaboration with foreign companies for some time, accumulated techniques and experiences to a certain level, and earned a considerably high position in the manufacturing of all types of heavy electrical products. As a result, if new companies are to join the industry, they will most definitely face the issues of the high-cost investments in equipment and the shortage in technical talents. This industry have greater obstacles for new competitors; however, the Company has worked with well-known companies in Europe and obtained the sources of technologies, which makes us extremely competitive on the market.

c. Undertaking electric power system engineering and improvement of product related technologies and quality

The Group have undertaken overall electric power system engineering and been responsible for their design, planning, manufacturing and construction. We’ve accumulated certain abilities and skills for construction, and cultivated the capability to undertake foreign system engineering. Our construction of supervisory network for computers has been recognized by government-operated enterprises, such as Taiwan Power Company and the

Directorate General of Telecommunications. This can facilitate the development of relevant products and markets.

B. Disadvantages and countermeasures

a. Labor shortage and increase of labor costs

The rising labor costs and skilled manpower shortage result in the increase of the production costs. Heavy manual jobs assigned to the employees at the lower level, such as sheet metal working, coating, resin infusion, and welding, have run into a situation of labor shortage due to worse work conditions and the production capacity cannot be increased as a result.

Countermeasures:

- Install automated equipment for powder coating production, punch and die work, winding, etc., and establish semi-automated infusion equipment to significantly increase the percentage of the automation, reduce labor costs, and improve the production quality and efficiency.
- Introduce foreign workers via legal application procedures to overcome the difficulty in the shortage of labor needed in the worse work conditions.
- Enhance internal in-service training to improve employees' techniques and productivity.
- Improve our technical capability and seek capable subcontractors to increase added-value.

b. Impact of the internationalization and liberalization of the industries

It is the established policy of the government to open the market after economic liberalization and internationalization. Especially, since joining the WTO, tariff reduction and cancellation of the internal purchase ratio applicable to the government-operated enterprises have become inevitable. In this condition, domestic companies are in a situation where foreign companies are striving for the domestic market, and must think how to expand overseas markets.

Countermeasures:

- Actively collaborate with well-known foreign companies, such as SIEMENS AG, General Electric Company and Merlin Gerin to improve our technical skills.
- Improve the ability of self-production in Taiwan, localize the parts and components, and enhance our services to improve our competitiveness.
- Enhance our collaboration with the Industrial Technology Research Institute to improve R&D capabilities in Taiwan and establish self-owned technologies.

c. Low capital and risk capacity

The method of outsourcing in the heavy electrical engineering industry has changed to turnkey contracts. In addition to negotiating with banks for loans and asking them to support the working capital turnover, we should also increase the ratio of self-owned funds to make ourselves robust in the finance.

(II) Key applications and production processes of major products

1. Key application of major products

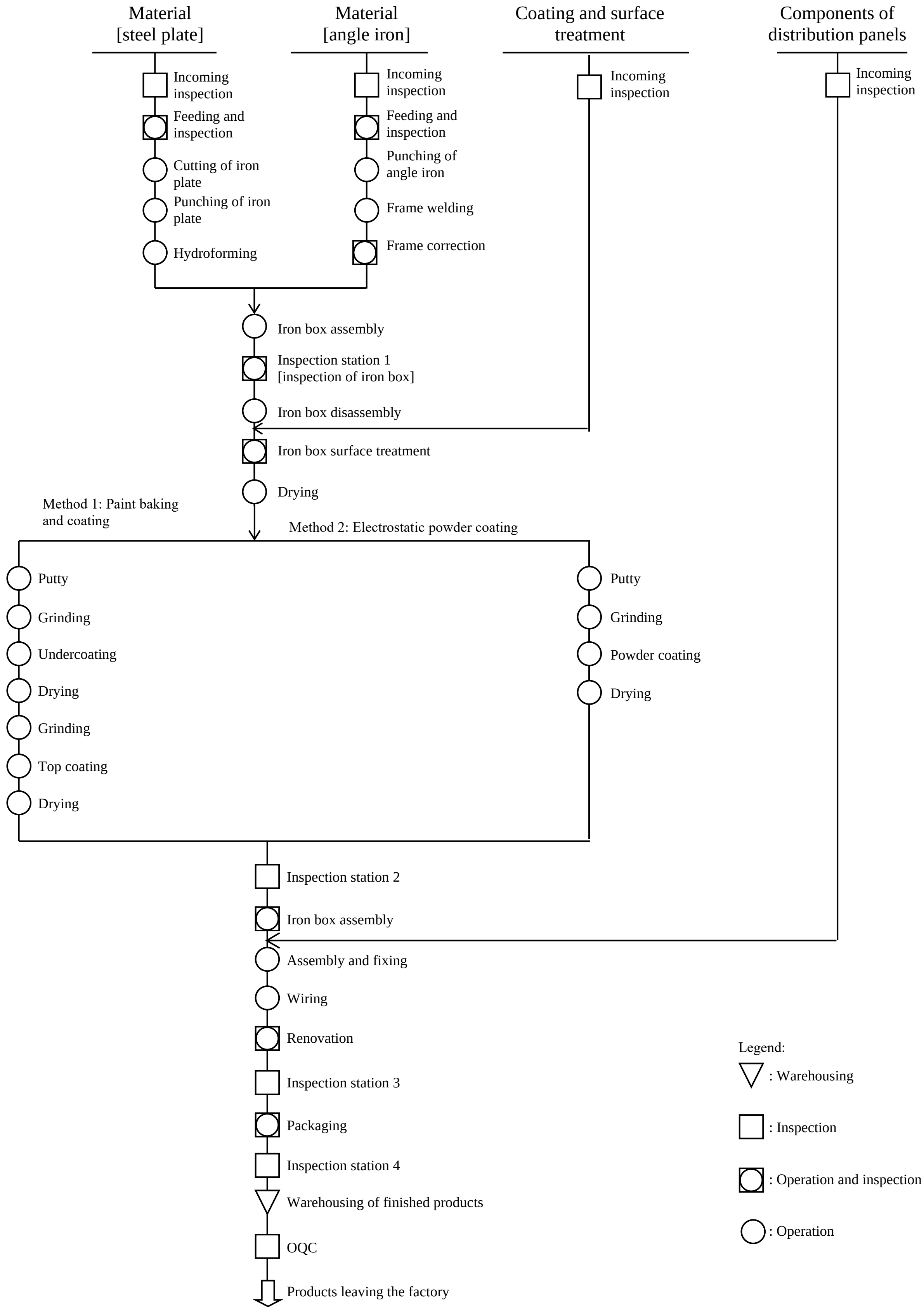
<table>
<tr><th colspan="2">Product</th><th>Major application</th></tr>
<tr><td colspan="2">System engineering</td><td>Turnkey construction of substations and for solar power generation and cogeneration; design and construction related to hydropower engineering.</td></tr>
<tr><td rowspan="3">Electromechanical equipment</td><td>Distribution panels</td><td>161KV and 23KV gas insulated switchgears; 23KV, 13.8KV, and 6.9KV metal-clad switchgears (MCSG); 480V power centers; 480V motor control centers; all types of high and low voltage distribution panels, starter panels and control panels, power generation, energy storage.</td></tr>
<tr><td>Transformer</td><td>24KV molded voltage transformers; Pad-mounted transformers; pole type, sealed transformers; high and low voltage charging type potential transformers; current transformers; high and low voltage distribution panels; transformers; reactors; High voltage, direct current transformer/rectifier set (TR-SET) for electrostatic precipitation.</td></tr>
<tr><td>Supervisory network</td><td>Unmanned substation construction; remote terminal unit (RTU); supervisory control and data acquisition (SCADA); management information system (MIS).</td></tr>
<tr><td colspan="2">Solar Energy Engineering EPC</td><td>Power generation and retail business in solar plants</td></tr>
<tr><td colspan="2">Construction and engineering</td><td>Contract public construction projects, hotels or factory building renovation projects.</td></tr>
<tr><td colspan="2">Other products</td><td>Product import, export and authorization agency business.</td></tr>
</table>

2. Manufacturing process of major products

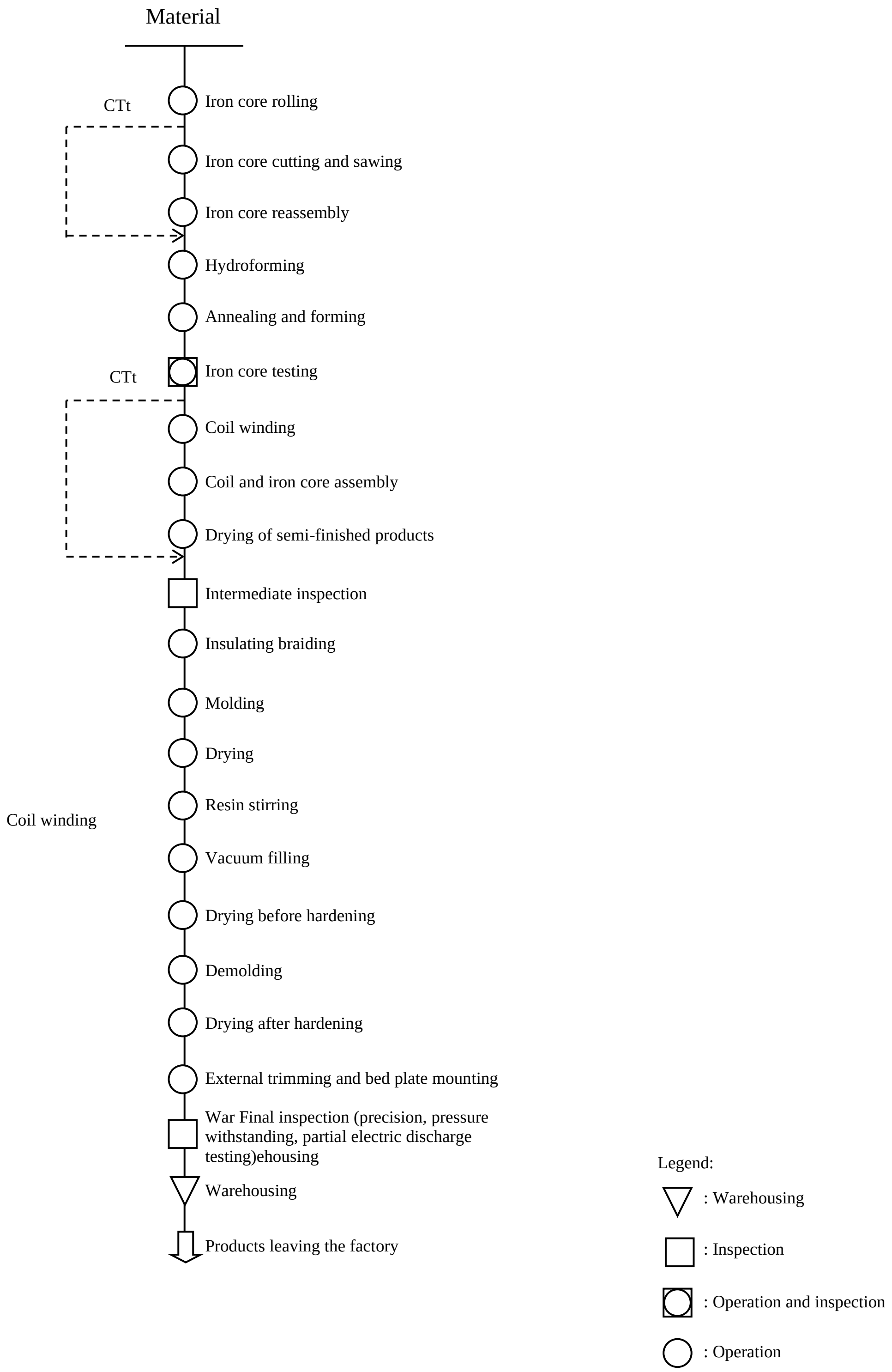
A. System engineering

The full designation of the system engineering is EPC ((Engineering, Procurement, Construction) of solar photovoltaic systems. It is mainly a form of service business that includes engineering, procurement and construction related to solar power plants. It mainly integrates civil engineering and electricity subcontractors to install PV modules, power conditioners (including inverters, system controllers, and protective devices for parallel connection), support stands, cables, wire distribution cabinets and electricity meters, and further reaches the efficiency needed for solar photovoltaic plants.

Manufacturing process of distribution panels



Manufacturing process of transformers



(III) Supply of major materials

<table>
<tr><th colspan="2">Name pf major product</th><th>Major material</th><th>Major source</th><th>Supply status</th></tr>
<tr><td colspan="2">System engineering</td><td>PV module, inverter, electric wire, cable, fire safety equipment, distribution panel and pipe fitting.</td><td>Self-manufacturing, self-import, agent and supplier</td><td>Good</td></tr>
<tr><td rowspan="4">Electromechanical equipment</td><td>Distribution panels</td><td>Switchgear, meter, relay, iron plate, electric wire, CT, PT circuit breaker, and copper bar</td><td>Self-manufacturing, self-import, agent and supplier</td><td>Good</td></tr>
<tr><td>Transformer</td><td>Stranded copper conductor, silicon steel sheet, insulating oil, resin, enameled wire, coil</td><td>Agent, self-importing and supplier</td><td>Good</td></tr>
<tr><td>Electrical engineering equipment</td><td>Stranded copper conductors, silicon steel sheet, insulating oil, resin, copper wire, resistor, iron core</td><td>Agent, self-importing and supplier</td><td>Good</td></tr>
<tr><td>Supervisory network</td><td>Computer, application software, peripheral equipment, electronic component</td><td>Agent, self-importing and supplier</td><td>Good</td></tr>
<tr><td colspan="2">Solar electricity retail</td><td>Sunshine</td><td>Sun</td><td>Good</td></tr>
<tr><td colspan="2">Construction and engineering</td><td>Wood-plastic materials, cement bricks, ready-mixed concrete, steel bars</td><td>Distributors and partners</td><td>Good</td></tr>
</table>

(IV) Names of suppliers (customers) that accounted for more than 10% of the total purchases (sales) in any of the last two years, the amount of money, and the reasons for the changes

1. Information on major suppliers

Unit: NTD Thousand, %

<table>
<tr><th rowspan="2">Item</th><th colspan="4">FY2023</th><th colspan="4">FY2022</th></tr>
<tr><th>Name</th><th>Amount</th><th>Percentage in annual net purchase</th><th>Relationship with the issuer</th><th>Name</th><th>Amount</th><th>Percentage in annual net purchase</th><th>Relationship with the issuer</th></tr>
<tr><td>1</td><td>Tongcheng Motor</td><td>51,060</td><td>8.76</td><td>None</td><td>Sel Tech Co., Ltd.</td><td>156,757</td><td>42.13</td><td>Affiliated enterprise</td></tr>
<tr><td>2</td><td>Dexin New Technology Co., Ltd.</td><td>48,922</td><td>8.39</td><td>None</td><td>Tongcheng Motor</td><td>26,675</td><td>7.17</td><td>None</td></tr>
<tr><td>3</td><td>Others</td><td>483,213</td><td>82.85</td><td>-</td><td>Others</td><td>188,650</td><td>50.70</td><td>-</td></tr>
<tr><td></td><td>Net purchase</td><td>583,195</td><td>100.00</td><td>-</td><td>Net purchase</td><td>372,082</td><td>100.00</td><td>-</td></tr>
</table>

The purchase amount of the Company's suppliers, Yuxuan Energy, decreased in 2023 mainly due to fewer EPC contracts for solar power plant construction in 2023. as a result, some of the third-party suppliers or solar mold suppliers are single-year suppliers, resulting in two-year difference. In 2023, the main suppliers are all suppliers of mechanical and electrical products. However, the Company maintains more than one supplier cooperation for major raw materials and engineering third-party suppliers, and reduces the interference of sudden purchases from a single supplier. There has been no In case of shortage or interruption of supply, which affects production operations, the supply source is stable.

2. Information on major customer of sales

Unit: NTD Thousand, %

Item	FY2023				FY2022			
	Name	Amount	Percentage of net sales for the year	Relationship with the issuer	Name	Amount	Percentage of net sales for the year	Relationship with the issuer
1	Taiwan Power Company	524,019	69.65	None	Taiwan Power Company	80,431	54.80	None
2	Ching Tien Energy	472	-	None	Ching Tien Energy	28,679	19.54	Affiliated enterprise
5	Others	227,879	30.35	-	Others	37,675	25.66	-
	Net sales	752,370	100.00	-	Net sales	146,785	100.00	-

In recent years, the government's tougher power grid policy has brought many business opportunities to related industries. The Company won the tender of Taiwan Power Company's pavilion transformer, which is the main product sold in 2023. In addition, the Group holds about 35MW of solar power plants, which will be sold through Taiwan Power Company for 20 TPC is also the target of electricity sales of the Group, so the Group's main sales customers are concentrated in Taiwan Power Company.

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

Production Value Unit: NTD thousands

Year	FY2023			FY2022		
Production volume and value / Major product	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
System engineering (by project)	-	24	194,528	-	47	212,624
Electromechanical equipment (by set)	-	5,402	432,440	-	46	104,057
Sales of solar power (Capacity: 1,000MW; Output: GWh)	35,297-	31,053	153,330	34,312	23,895	119,007
Others	-	-	90,051	-	-	11,136
Total	-	-	870,349	-	-	446,825

System engineering is one of the comprehensive turnkey construction services. There is no need for production capacity. There are various types of electromechanical equipment and transformer related products make the most contribution in percentage, followed by distribution panels and electrical engineering equipment. In recent years, the manufacturing of minor products has been outsourced. Other products are provided in the form of purchase, sales, maintenance or testing on behalf of others. There is no need for production capacity.

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

Unit: NT$ '000

Year	FY2023				FY2022			
Sales volume and value / Major product	Domestic sale		International sale		Domestic sale		International sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
System engineering (by project)	24	122,773	-	-	47	83,617	-	-
Electromechanical equipment (by set)	5,399	415,808	-	-	46	72,165	-	-
Solar electricity retailing (by GWh)	31,053	153,330	-	-	23,895	119,012	-	-
Others		60,459	-	-		6,726	-	
Total		752,370	-	-		281,520	-	-

III. Number of employees, average years of service, average age, and education background of the Company's employees in the last two years and up to the publication date of this annual report

Unit: person; year; age; %

FY		FY2023	FY2022	As of March 31, 2024
Number of employees	Direct personnel	39	31	47
	Indirect personnel	43	30	40
	Total	82	61	87
Average age		41.45	42.15	41.37
Average years of service		4.09	3.78	4.06
Educational background	PhD	1%	0%	1%
	Master	7%	5%	6%
	Bachelor	54%	67%	59%
	Senior high school	19%	28%	20%
	Below senior high school	1%	0%	1%

IV. Information on environmental protection expenditure

1. According to laws and regulations, if it is required to apply for a permit for installing pollution facilities or pollutant drainage, or to pay pollution prevention fees, or set up a dedicated unit or person for environmental issues, the description of the status of such application, payment or establishment shall be made:

   The business of the Group is mostly EPC of solar photovoltaics, and the Taoyuan Plant is currently engaged in the assembly of electromechanical equipment. None of our equipment is a stationary pollution source. Thus, the Company doesn't need to apply for a permit for installing pollution facilities or pollutant drainage, or to pay pollution prevention fees, or set up a dedicated unit or person for environmental issues.
2. The Company's investment in the major pollution prevention facilities, the purpose of such facilities, and the possible benefits to be generated: Not applicable.

3. The process of improving environmental pollution in the last two years and up to the date of publication of the annual report, and the handling process of pollution disputes:

   The Group did not incurred any disputes due to environmental pollution in the most recent two years up to the publication date of this annual report.

4. The total losses and fines suffered by the Company due to environmental pollution (including any damages) in the most recent two years and up to the publication date, the countermeasures to be taken in the future (including improvement measures), and an estimate of possible expenses that could occur (including an estimated amount of possible losses, fines and damages for not taking any countermeasure; if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided):

   The Group did not cause environmental pollution in the most recent two years up to the publication date of this annual report. So, this is not applicable.

5. The current condition of pollution and the impact of its improvement on the earnings, competitive position and capital expenditure of the Company, as well as the projected major environment-related capital expenditure for the next two years:

   The Group did not cause pollution issues and, thus, there was no major capital expenditure related to environmental protection.

V. Labor-management relations

1. The Company's employee welfare measures, continuing education, training, retirement systems and implementation status thereof, as well as labor-management agreements and employee rights protection measures

   Since its establishment in 1978, the Company has adhered to the business philosophy of "Ethics, Integrity, Diligence, and Harmony". In addition to the pursuit of corporate excellence and growth, we have also paid attention to protecting employees' rights and interests, enhancing employee well-being, increasing productivity, strengthening employee services, and promoting The Company also spares no effort in creating harmony between employees and the Company. The Welfare Committee provides recreational facilities and activities that allow employees to relax physically and mentally after work to make their life and work more fulfilling and comfortable.

   The Company complies with the Act of Gender Equality in Employment. There is no gender difference in the salary of each employee. The salary is based on education, experience, professional skills, and the salary level of the same industry. The relevant salary system is considered and established. There is no difference in promotion, leave, rewards and punishments for each employee.

   (1) Employee salaries and benefits

      A. Establishment of the Employee Welfare Committee: The Company provides monthly welfare funds according to the law, which are used by the Welfare Committee under the supervision of the government. The members of the Welfare Committee hold regular meetings to plan and decide on employee benefits and various activities to protect the rights and interests of employees.

      B. Salary: Salary is adjusted according to the individual's annual performance appraisal, the salary level of the same industry, and the price index.

      C. Organize large-scale outings for employees and dependents of the Company every year.

      D. Organize factory visits for family members, so that employees and their families can use the company as a big family to enhance mutual feelings and understanding, and make employees feel proud to be part of the company.

E. Insurance system: In addition to group insurance, labor insurance, and health insurance, the Company has also added accident insurance to enhance employees' life protection and enable employees to work without worries.

F. Employee bonuses: Year-end bonuses and individual project bonuses are paid to employees who have made contributions based on the Company's operating performance.

G. Employee bonus and subscription: According to the Company's Articles of Incorporation, a certain percentage of the after-tax earnings is appropriated as employee bonus. Employees are encouraged to become their own employers, and stock subscription will be issued in accordance with the relevant procedures if any cash capital increase has been made to enhance employees' participation and sense of accomplishment, and to share the Company's results with employees.

H. Educational scholarships for employees and their children: The achievements and efforts of employees and their children in self-education and learning are encouraged.

I. Employee accommodation and meal subsidy: accommodation is provided to facilitate the employees from far away to solve their accommodation problems. The Company subsidizes most of the related expenses, which benefits employees.

J. Employee health plan: Signed an employee health contract with the regular hospital to provide employee health consultation, and conducts annual health examination for employees, all expenses shall be borne by the Company.

(2) Continuing education and training

The Company has established the "Education and Training Regulations". In response to the rapid changes in industrial technology and the development of employees' individual talents, the Company continues to provide employees with training in various professional skills, knowledge, attitude management, etc., in order to enhance employees' professional skills and strengthen Meanwhile, employees are encouraged to improve their professional skills continuously, hoping that employees can develop diversified functions in accordance with the Company's goals and personal career plans.

A. Internal education and training: training for new employees, professional technical training and management courses for in-service personnel.

B. External education and training: professional skills, courses, certifications, professional training for accounting supervisors and internal auditors of each department.

(3) Retirement system

New system: Since July 1, 2005, the Company has established a "Labor Retirement Regulation" with defined appropriation in accordance with the "Labor Pension Act", which is applicable to domestic employees. Each month, no less than 6% of the total salary is appropriated to the employee's personal account at the Bureau of Labor Insurance. The employee's pension is paid according to the monthly pension or the lump-sum pension according to the amount of the employee's personal pension account and accumulated income in the form of payment.

(4) Employee care and concern, collective bargaining agreement

The Company attaches great importance to the employees' rights at work and labor-management relations. All employees, regardless of gender, enjoy equal treatment. The Company also values the opinions of employees and colleagues, and provides various channels for feedback to promote communication and coordination between employees and employers. For example, in the monthly The Company organizes meetings, set up an employee opinion box, and pays attention to employees' physical and mental and work conditions from time to time to solve employees' public and private problems. Employees' opinion surveys are held regularly to understand employees' needs for the Company's management and benefits, so as to jointly maintain good labor-management relations.

A. Complaints and communication channels:

Communication channel	Feedback and content
Internal administrative system	Individuals who wish to express opinions may report to their supervisors. Feedback and expression of opinions through employee opinion boxes.
Employee Welfare Committee	Employee benefits and rights.
Labor-Management Meeting	Labor rights.
Sexual Harassment Management Committee	In the event of harassment incidents, the victim or his/her agent may file a verbal or written appeal to the Sexual Harassment Disposal Committee.
Stakeholder mailbox	Channels for Stakeholders to Complain or Report
Management Department	Inquiries about personnel, labor insurance, and welfare matters, and coordination and handling of various complaints.

B. Anti-discrimination and harassment:

The Company treats all employees equally and without any discrimination. In the hiring of talents, equal employment opportunities are provided regardless of gender, race, age, disability, religion and political party.

In addition to the maternity leave provided to female employees in accordance with the Labor Standards Act, the Company also provides 7 days of maternity leave and paternity leave in accordance with the Gender Equality Act; female employees are given 1 day of menstrual leave per month due to physiological factors. The Company has established workplace sexual harassment prevention measures, complaints and disciplinary measures, as well as a sexual harassment prevention hotline and mailbox for all employees to follow, to maintain gender equality in work and a work environment free from sexual harassment.

C. Unpaid child care leaves:

In accordance with the Act of Gender Equality in Employment and the Regulations Governing Parental Leave of Absence and Parental Leave of Absence, we offer parental leave of absence to help them take care of their families.

(5) Occupational safety and health management

In order to prevent occupational safety accidents and provide employees with a safe working environment, the Company regularly organizes fire safety training every year to promote fire safety knowledge, and also arranges occupational safety courses from time to time to promote and educate employees. The Company has established an occupational safety and health supervisor who has obtained a type-A occupational safety and health professional certificate and a completion certificate. The occupational safety and health supervisor will participate in regular training to obtain valid certificates. Due to business needs, the Company will send employees to participate in external labor safety courses from time to time. Each year, the labor safety supervisor also arranges labor safety courses for internal employees.

Date	Courses	Number of hours
2023.6.9	Firefighting drills and courses (first half of the year)	4
2023.6.9	Labor Safety Awareness Course	1
2023.11.24	Firefighting drills and courses (second half of the year)	4
2023.11.24	Labor Safety Awareness Course	1
2023.6.26	Type-A Occupational Health and Safety Supervisor Course	6
2023.8.28	Enhance emergency response and disaster prevention capabilities of employees in the workplace	1
2023.11.25	Interpretation of the Act of Gender Equality in the Workplace	1

The occupational safety policy of the Company:

(1) Compliance with laws and regulations: Employees must comply with laws and regulations related to employee safety and health and provide a safe and healthy working environment.

(2) Education and training: Implement safety and health education for employees to improve their safety awareness and self-management capabilities.

(3) Full Participation: Encourage all employees to participate and integrate safety and health into daily operations.

2. Losses incurred as a result of labor disputes in the most recent year to the day this report was printed (including the violation of the Labor Standards Act found in labor inspections, the date of punishment, the reference number of the punishment, the violation of laws and regulations, the content of the violation, and the content of the punishment); Also, disclose the estimated amount that may occur currently and in the future and the response measures. If it cannot be reasonably estimated, the reason why it cannot be estimated shall be stated.

The Company has a harmonious labor-management relation.We exist alongside the employees,share our benefits with them, and treat them like CEOs. Since the Company’s establishment in 1978, we have not suffered any losses due to labor-management disputes. The possibility of suffering any losses due to labor-management disputes in the future is expected to be extremely low.

VI. Cyber security management

1. Cyber security policy

For the purpose of controlling the security and risk of information and communication use, the Company comprehensively manages the establishment of the company's information security environment, risk assessment, identification and prevention, and formulates information security policies and promotes them in line with external issues and stakeholders. Information and communication security requirements and expectations to ensure that the Company's information and communications are secure, complete, available, and kept confidential.

2. Information security management framework

The information security risk control and promotion team has established a chief information security officer, a dedicated information security supervisor and an information security personnel. The main members of the information security risk control and promotion team are composed of heads of each department. They are responsible for the promotion and execution of information security policies, and review and correct information based on the implementation status safety system and report to the Board of Directors on an annual basis.

3. Specific management plan
   A. Regular inventory of IT equipment.
   B. Regular data backup control.
   C. Rehearsal of recovery procedures.
   D. Repair program installation, and pay attention to the security update of firmware and operating system.
   E. Set up network segmentation and VPN.
   F. Establishment of firewall policies.
4. Major information security incidents: None.

VII. Important contract

Company name	Nature of contract	Party	Contract start/end date	Main content	Restrictive clauses
Lay's Green Energy	Procurement contract	Taiwan Power Company	From February 18, 2022 (period of 2 years)	Pavilion mounted voltage transformer	
	Engineering contract	Star Energy Corporation	From the establishment date to the end of the warranty period	“Taiwan Power Company’s new solar photovoltaic construction in the salt fields in Tainan” - Installation and performance testing of the solar photovoltaic systems in Area B and C. The total contract price is NTD 271,693 thousand.	
	Loan agreement	Kaohsiung Bank	2023.10.17~2024.04.17	Loan Amount: NTD 230,000 thousand Purpose: Operational Turnaround	
	Loan agreement	Kaohsiung Bank	2022.10.03~2027.10.13	Long-term secured loans NTD 150,000 thousand Purpose: Operational Turnaround	
Sen-Hsin Energy Co., Ltd.	Power purchase (sale) agreement - Dasiangying 2.3.4	Taiwan Power Company - Pingtung Branch	2019.07.17-2039.07.16	The electricity capacity purchased and sold is 1,497.6 MW, and the electricity purchase and sale rate is 4.2802 NTD/kWh.	
	Electricity Purchase Agreement - Hualien School	Taiwan Power Corporation - Hualien District Sales Office	2021.04.20-2041.02.20	The electricity capacity purchased and sold is 13,927.35 MW, and the average electricity purchase and sale rate is about NTD 5.5/kWh - NTD 5.6/kWh.	
	Loan agreement	Taiwan Cooperative Bank	2019.11.17-2028.11.17	Long-term secured loans: NTD 15,000 thousand	
			2019.7.23-2033.7.23	Long-term secured loans NTD 56,500 thousand	
			2021.04.14-2035.04.14	Long-term secured loan: NTD 12,500 thousand	
			2022.06.01-2037.06.01	Long-term secured loans NTD 11,400 thousand	
			Up to 15 years during the contract period from the drawdown date	Long-term secured loans: NTD 37,000 thousand	
	Loan agreement	Kaohsiung Bank	2022.06.01-123.06.01	Medium-term secured borrowings NTD 41,790 thousand	
			1 year from the date of activation	Short-term secured borrowings NTD 15,000 thousand	
	Loan agreement	Bank SinoPac	Drawdown tenor: To October 31, 2019 Agreement period: Up to 15 years.	Long-term secured loans NTD 43,650 thousand	

Company name	Nature of contract	Party	Contract start/end date	Main content	Restrictive clauses
			From the activation date, agreement period: Up to 15 years.	Long-term secured loans NTD 553,748 thousand	
			From the activation date to March 19, 2031	Performance bond at NTD 23,004 thousand	
			1 year from the date of activation	Short-term secured loans: NTD 192,000 thousand	
			From the activation date, agreement period: Up to 15 years.	Long-term secured loans: NTD 234,000 thousand	
			1 year from the date of activation	Short-term secured loans NTD 145,948 thousand	
			From the activation date, agreement period: Up to 15 years.	Long-term secured loans NTD 182,435 thousand	
Chin Lai International Development Co., Ltd.	Loan agreement	Bank SinoPac	2019.06.21-2034.06.21	Long-term secured loans NTD 15,150 thousand	
			2019.07.09-2034.07.09	Long-term secured loans NTD 19,824 thousand	
		Kaohsiung Bank	2022.06.01-2029.02.28	Medium-term secured borrowings NTD 49,082 thousand	
			1 year from the date of activation	Short-term secured borrowings NTD 20,000 thousand	

Six. Land and Financial Overview

I. Condensed financial information of the last 5 years

(I) Condensed balance sheet and comprehensive income statement

Consolidated statement:

1. Condensed Balance Sheet - IFRS

Unit: NT$ ‘000

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		881,543	579,466	987,251	1,016,402	947,406
Property, plant and equipment		647,934	631,046	604,868	701,749	1,491,015
Intangible assets		31,697	30,090	27,796	27,268	24,472
Other assets		314,905	386,984		1,253,709	674,741
Total assets		1,876,079	1,627,586	2,547,046	2,999,128	3,137,634
Current liabilities	Before distribution	517,080	243,589	439,301	455,473	405,349
	After distribution (Note 3)	469,096	195,605	439,301	455,473	450,522
Non-current liabilities		299,011	309,906	461,064	823,422	904,069
Total liabilities	Before distribution	816,081	553,495	900,365	1,278,895	1,309,418
	After distribution	768,097	505,511	900,365	1278,895	1,354,591
Attributable to the shareholder’s equity of the parent company		1,059,998	1,074,091	1,642,314	1,660,020	1,762,810
Capital stock (Note 2)		959,680	959,680	1,359,680	1,454,858	1,505,778
Capital reserve		29,054	29,054	133,054	133,054	87,226
Retained earnings (to be used to make up losses)	Before distribution	71,264	85,357	149,593	72,302	168,862
	After distribution	23,280	37,373	1,262	NA	78,516
Other equity		-	-	(13)-	(194)	944
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	4,367-	60,213	65,406
Total equity	Before distribution	1,059,998	1,074,091	1,646,681	1,720,233	1,828,216
	After distribution	1,012,014	1,026,107	1,619,487	NA	1,783,043

Note 1: The above financial information has been audited by CPAs.

Note 2: The Company issued NTD 400,000 thousand of common shares for cash in 2021.
Capitalization of 2022 earnings.
Capitalization of capital reserve and capitalization of earnings for 2023.

Note 3: The proposal for the 2023 earnings appropriation was approved by the 1st meeting of the 18th Board of Directors in 2024, but has not yet been approved by the shareholders' meeting.

2. Comprehensive income - IFRS

Unit: In NTD 1,000, except for earnings per share

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	793,729	609,148	324,446	281,520	752,370
Operating gross profit	77,831	108,771	149,189	119,722	158,080
Operating profit (loss)	40,710	64,350	106,434	74,992	94,502
Non-operating revenue and expenses	5,975	(3,014)	10,278	(18,733)	59,805
Net (loss) income before income tax	46,685	61,336	116,712	56,259	154,307
Net profit of continuing operations in current period	41,977	62,077	11,2783	46,434	144,955
Loss from discontinued operation	-	-	-	-	-
Net income (loss) in current period	41,977	62,077	112,783	46,434	144,955
Other comprehensive income in current period (net amount after tax)	41,977	62,077	112,757	46,090	147,123
Total current comprehensive income or loss	41,977	62,077	112,757	46,090	147,123
Net profit attributable to owners of the parent	41,977	62,077	112,220	45,080	138,023
Net profit attributable to non-controlling equity	-	-	563	1354	6,932
Total comprehensive income attributable to owners of the parent	41,977	62,077	112,207	44,899	139,161
Total comprehensive income attributable to non-controlling equity	-	-	550	1,191	7,962
Earnings (losses) per share	0.53	0.65	1.03	0.31	0.91

Note 1: The above financial data for each period have been audited by CPAs.

Separate statement:

1. Condensed balance sheet - IFRS

Unit: NT$ '000

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		682,832	340,258	747,846	628,590	479,114
Property, plant and equipment		128,977	123,354	129,178	149,590	173,945
Intangible assets		-	-	-	-	-
Other assets		776,117	840,301	1,074,411	1,354,449	1,543,220
Total assets		1,587,926	1,303,913	1,951,435	2,132,629	2,196,279
Current liabilities	Before distribution	516,414	204,046	286,551	294,784	246,112
	After distribution	468,430	156,062	286,551	NA	291,285
Non-current liabilities		11,514	25,776	22,570	177,825	187,357
Total liabilities	Before distribution	527,928	229,822	309,121	472,609	433,469
	After distribution	479,944	181,838	309,121	NA	478,642
Capital stock (Note 2)		959,680	959,680	1,359,680	1,454,858	1,505,778
Capital reserve		29,054	29,054	133,054	133,054	87,226
Retained earnings (to be used to make up losses)	Before distribution	71,264	85,357	149,593	72,302	168,862
	After distribution	23,280	37,373	27,222	NA	78,516
Other equity		-	-	(13)	(194)	944
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	1,059,998	1,074,091	1,642,314	1,660,020	1,762,810
	After distribution	1,012,014	1,074,091	1,615,121	NA	1,717,637

Note 1: The above financial data for each period have been audited by CPAs.

Note 2: The Company issued NTD 400,000 thousand of common shares for cash in 2021.
Capitalization of 2022 earnings.
Capitalization of capital reserve and capitalization of earnings for 2023.

Note 3: The proposal for the 2023 earnings appropriation was approved by the 1st meeting of the 18th Board of Directors in 2024, but has not yet been approved by the shareholders' meeting.

2. Comprehensive income - IFRS

All figures: except for earnings per share, which is in NTD; the remainder is in NTD 1,000

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	743,575	546,409	253,508	146,785	499,170
Operating gross profit	60,676	82,919	122,142	48,298	75,512
Operating profit (loss)	27,686	51,710	88,857	12,074	27,203
Non-operating revenue and expenses	15,543	9,186	24,175	33,080	110,680
Net loss before tax	43,229	60,896	113,374	45,154	137,883
Net profit of continuing operations in current period	41,977	62,077	112,220	45,080	138,023
Loss from discontinued operation	-	-	-	-	-
Net income (loss) in current period	41,977	62,077	112,220	45,080	138,023
Other comprehensive income in current period (net amount after tax)	41,977	62,077	112,220	45,080	138,023
Total current comprehensive income or loss	41,977	62,077	112,220	45,080	138,023
Earnings (losses) per share	0.53	0.65	1.03	0.31	0.91

Note 1: The above financial data for each period have been audited by CPAs.

(III) Matters of significance which affected the comparability of the above-mentioned financial statements, and the impact of these matters on the financial statements of the current year: None.

(IV) Names and audit opinions of CPAs for the most recent five years

1. Names and audit opinions of CPAs

Year	Name of CPA firm	Name of CPA	Reason of change	Audit opinions
2019	Deloitte Taiwan	Chi-Chen Li, Hung-Ju Liao	-	Unqualified opinion
2020	Deloitte Taiwan	Chi-Chen Li, Hung-Ju Liao	-	Unqualified opinion
2021	Baker Tilly Clock & Co	Yin-Lai Chou, Chia-Yu Lai	Operating needs	Unqualified opinion
2022	Baker Tilly Clock & Co	Yin-Lai Chou, Chia-Yu Lai	-	Unqualified opinion

Year	Name of CPA firm	Name of CPA	Reason of change	Audit opinions
2023	Baker Tilly Clock & Co	Lai, Chia-Yu, Chou, Yin-lai	-	Unqualified opinion

II. Financial analysis for the last 5 years

IFRS (consolidated)

Analysis item (Note 2) \ Year (Note 1)		Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio	43.48	34.01	35.35	42.64	41.73
	Long-term capital to property, plant and equipment (%)	202.22	219.32	348.46	362.47	183.25
Solvency	Current ratio (%)	170.48	237.89	224.73	223.15	233.73
	Quick ratio (%)	85.5	228.77	218.65	181.31	187.15
	Interest coverage ratio (time)	1,050.04	691.99	1243.34	642.21	781.00
Operating capacity	Receivables turnover (times)	4.21	2.60	1.72	2.12	11.84
	Average collection days	87	141	212.20	172.16	30.82
	Inventory turnover rate (times)	32.14	33.62	8.34	1.8	3
	Average inventory turnover days	12	11	43.76	202.77	114.06
	Property, plant and equipment turnover (times)	1.87	0.95	0.53	0.43	0.24
	Total assets turnover (times)	0.56	0.37	0.16	0.10	0.24
Profitability	Return on assets (%)	3.31	4.02	5.79	1.99	1.18
	Return on equity (%)	4.84	5.82	8.29	2.76	7.93
	EBT to Paid-in capital ratio (%)	6.71	8.58	3.19	8.58	10.25
	Net profit margin (%)	5.38	10.19	34.76	16.49	19.27
	Earnings per share (NTD)	0.54	0.65	1.03	0.31	0.91
Cash flow	Cash flow ratio (%)	(30.77)	112	54.42	(16.03)	37.17
	Cash flow adequacy ratio (%)	(97.95)	6.34	55.70	47.56	43.45
	Cash reinvestment ratio (%)	(10.79)	20.67	8.05	(3.39)	3.67
Leverage	Operating leverage	1.63	1.69	1.30	1.44	1.98
	Financial leverage	1.13	1.19	1.11	1.31	1.32
Reasons of the variation of more than 20% in the financial ratio in the most recent two years are explained below: Financial structure: The ratio of long-term capital to property, plant and equipment decreased due to the investment in the acquisition of the Tainan office and self-owned solar power plant.						

Year (Note 1) / Analysis item (Note 2)	Financial analysis for the most recent five years				
	2019	2020	2021	2022	2023
Operating ability and profitability: The operating ability and profitability have both improved. The main main reason is to obtain the tender of Taipower kiosk type transformer and have shipped it successively. The profit increased significantly.					

IFRS (separate)

Year (Note 1) / Analysis item (Note 2)		Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio	33	17.63	16	22	19.74
	Long-term capital to property, plant and equipment (%)	822.41	881.85	1281	1217	1121
Solvency	Current ratio (%)	132.23	166.76	260	213	194.67
	Quick ratio (%)	129.94	157.48	252	160	121.67
	Interest coverage ratio (time)	39.42	26.99	4038	377	2,323
Operating capacity	Receivables turnover (times)	4.07	2.60	2.27	1.31	14.98
	Average collection days	90	141	160	278	24
	Inventory turnover rate (times)	58.2	31.12	6.26	1.11	2.68
	Average inventory turnover days	7	12	58	328	136
	Property, plant and equipment turnover (times)	5.77	4.43	0.98	1.96	0.77
	Total assets turnover (times)	0.47	0.42	0.13	0.07	0.23
Profitability	Return on assets (%)	3.52	4.42	0.058	0.022	1.59
	Return on equity (%)	4.84	5.82	0.068	0.027	7.83
	EBT to Paid-in capital ratio (%)	6.47	6.54	0.83	6.54	9.16
	Net profit margin (%)	5.74	11.36	44	31	27.65
	Earnings per share (NTD) (Note 2)	0.53	0.65	0.94	0.31	0.91
Cash flow	Cash flow ratio (%)	(30.53)	89.40	75.62	(6.70)	(4.73)
	Cash flow adequacy ratio (%)	(50.86)	(57.99)	51.20	42.25	78.64
	Cash reinvestment ratio (%)	(14.13)	15.37	0.128	(0.31)	(2.32)
Leverage	Operating leverage	1.30	1.17	1.28	3.75	1.67
	Financial leverage	1.13	1.05	1.02	1.36	1.30
Reasons of the variation of more than 20% in the financial ratio in the most recent two years are explained below: Financial structure: The ratio of long-term capital to property, plant and equipment decreased due to the investment in the acquisition of the Tainan office and self-owned solar power plant. Operating ability and profitability: The operating ability and profitability have both improved. The main main reason is to obtain the tender of Taipower kiosk type transformer and have shipped it successively. The profit increased significantly.						

Note 1: The financial data for the most recent five years have been audited by CPAs.

Note 2: Formula for financial analysis

1. Financial structure
   (1) Debt to asset ratio = total liabilities / total assets.
   (2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period
3. Operating capacity
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average collection period = 365 / receivables turnover.
   (3) Inventory turnover = sales cost / average inventory amount.
   (4) Payables (include payable amounts and payable bills from operation) turnover = sales cost / average accounts payable in each period (include payable amounts and payable bills from operation) balance.
   (5) Average days in sales＝365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales/average net property, plant and equipment.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = [net profit (loss) after tax + interest expense x (1 - tax rate)] / average total assets.
   (2) Return on equity = net income/average equity.
   (3) Net profit margin = net profit (loss) after tax / net sales.
   (4) Earnings per share = (net income - preferred dividends) / weighted average number of shares issued.
5. Cash flow
   (1) Cash flow ratio = cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividends) in the most recent five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant and equipment + long-term investments + other assets + operating capital).
6. Degree of leverage
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating income.
   (2) Degree of financial leverage = operating income / (operating income - interest expense).

III. Audit Report on the Financial Statements of the Most Recent Fiscal Year

Audit Committee’s Audit Report

The Board of Directors has prepared the Company's business report for 2023, financial statements and earnings distribution proposal. Among them, the financial statements (balance sheet, comprehensive income statement, statement of changes in shareholders' equity, cash flow statement) and CPAs Chia-Yu Lai and Yin-lai Chou of the CPAs appointed by the Board of Directors to complete the audit and issue the audit report. We hereby further declare and confirm that the aforementioned business report, financial statements (including the consolidated statements), and proposed distribution of earnings have been further duly audited by us, the Audit Committee, and no nonconformities were found. We hereby issue this Report in accordance with Article 219 of the Company Act. Please review and approve.

Best regards

2024 Regular Shareholders’ Meeting

Luxe Green Energy Technology Co.,Ltd.

Audit Committee Convener: Chen Chao-Lai

February 26, 2024

IV. Financial Statements for the Most Recent Fiscal Year

Auditor's Report

NO.23861120A

LUXE GREEN ENERGY TECHNOLOGY CO., LTD.:

Audit Opinions

We have duly audited the parent company only accompanying parent company only balance sheets of Luxe Green Energy Technology Co., Ltd. (originally: Luxe Electric Co., Ltd) as of December 31, 2023 and 2022, as well as the accompanying parent company only statements of income, changes in equity and cash flows from January 1 to December 31, 2023 and 2022, and provided the related notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, the financial statements referred to above present fairly, in all material respects, the parent company only financial statements of Luxe Green Energy Technology Co., Ltd. as of December 31, 2023 and 2022, and the results of its operations and its cash flows from January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of audit opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the prevailing Generally Accepted Auditing Standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of financial statements" section in this report. We are independent of Luxe Green Energy Technology Co., Ltd., and our conduct our affairs is in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we have acquired sufficient and appropriate audit evidence to base our audit opinions.

Key audit matters

A key audit matter is one that, in our professional judgment, is most significant in relation to our audit of the parent company only financial statements of Luxe Green Energy Technology Co., Ltd for FY2023. Such matters were addressed during the overall audit of the parent company only financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately towards such matters.

The following is a summary of the key audit matters of the parent company only financial statements of Luxe Green Energy Technology Co., Ltd in FY2023:

<u>Construction contracts</u>

As stated in Notes 4(13) and 6(18) to the parent company only financial statements, the Company's construction revenue for FY2023 amounted to NT$19,994 thousand, which accounted for 4% of the total net operating revenue and had a significant impact on the parent company only financial statements. The construction revenue of Luxe Green Energy Technology Co., Ltd. is recognized through the cost input ratio of project cost, based on the gradual satisfaction of performance obligations over time. In view of the fact that the estimated total cost of uncompleted construction projects and the construction cost invested will impact the accuracy of the recognition of construction revenue, we have included the area in the key audit matters of the year.

The major audit procedures we conducted for this key audit matter include:

I. Understanding and examining the effectiveness of the design and implementation of the internal control system related to the estimated total construction cost and the recognition of relevant construction revenue.

II. Sampling the construction project progress schedule, construction contracts and construction cost invested in the current period, and re-calculating the percentage of the completed construction, in order to verify the accuracy of the recognition of construction revenue.

Long-term project payment receivables involving any unsettled litigation

As disclosed in Notes 5, 6(11) and 9(3) to the parent company only financial statements, as of December 31, 2023, the long-term project receivables of Luxe Green Energy Technology Co., Ltd amounted to NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated late penalties). Because of the uncertain outcome of pending litigation, the recoverable amount of the long-term project receivables involves management's assumptions about the final judgment of the court. Accordingly, we have considered the above long-term receivables as a key audit matter.

The major audit procedures we conducted for this key audit matter include:

I. Review the recent verdict documents of the litigation and obtaining the legal confirmation of the appointed lawyer of the litigation to evaluate the reasonableness of the management’s assumption.

II. Evaluate the completeness of the disclosure of this lawsuit by Luxe Green Energy Technology Co., Ltd.

Responsibility of the management and governance unit for the parent company only financial statements

The management was responsible for preparation of the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements were free of material misstatements due to fraud or errors.

In preparing the parent company only financial statements, management's responsibility also includes evaluating the ability of Luxe Green Energy Technology, Co., Ltd. to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management intends to liquidate Luxe Green Energy Technology, Co., Ltd. or to cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance unit (including the Audit Committee) of Luxe Green Energy Technology, Co., Ltd. assumes the responsibility of overseeing the financial reporting process.

CPA’s responsibility for the audit of the parent company only financial statements

We audited the parent company only financial statements for the purpose of obtaining reasonable assurance about whether the parent company only financial statements were free of material misstatements due to fraud or errors and issuing an audit report. However, an audit performed in accordance with generally accepted auditing standards does not provide assurance that material misstatements in parent company only financial statements can be detected. The misstatements might be due to fraud or errors. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the parent company only financial statements, the misstatements were deemed as material.

We conducted our audit in accordance with generally accepted auditing standards and applied our professional judgment and professional skepticism. We also performed the following works:

I. Identify and assess the risks of material misstatement of parent company only financial statements, whether due to fraud or error; design and implement appropriate policy responses to those risks; and obtain sufficient and appropriate evidence to form the basis of an opinion. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.

II. We obtained an understanding of the internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Luxe Green Energy Technology Co., Ltd.

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

IV. Based on the evidence obtained, we have reached a conclusion as to the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about events or circumstances that may cast significant doubt about the ability of Luxe Green Energy Technology Co., Ltd. to continue as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the parent company only financial statements for the users to pay attention to relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Luxe Green Energy Technology Co., Ltd. would no longer have the ability to function as a going concern.

V. We evaluated the overall presentation, structure and contents of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements presented relevant transactions and events fairly.

VI. We acquired sufficient and appropriate audit evidence with respect to the parent company only financial information of the entities comprising Luxe Green Energy Technology Co., Ltd. to provide opinions regarding the parent company only financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on Luxe Green Energy Technology Co., Ltd.

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

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norms of Professional Ethics for Certified Public Accountants, and communicated all relationships and other matters (including relevant protective measures), which we considered to be likely to cause an impact on the independence of CPAs, to the governance unit.

We determined the key audit matters to be audited in the FY2023 parent company only financial statements of Luxe Green Energy Technology Co., Ltd. based on the matters communicated with the governance unit. Unless public disclosure of certain matters was prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the audit report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the audit report.

Baker Tilly Clock & Co

CPA:__________
Yin-Lai Chou

CPA:__________
Chia-Yu Lai

Approval No.: (1991) Tai-Tsai-Cheng (6) No. 53585
Jin-Guan-Zheng-Shen-Zi No. 1050043092

February 26, 2023Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Balance Sheet

December 31, 2023 and 2022

Unit: NT$ '000

Assets		Note	December 31, 2023			December 31, 2022		
Code	Accounting Items		Amount		%	Amount		%
11xx	Current assets							
1100	Cash	6(1)	NT$	55,595	3	NT$	216,378	10
1110	Financial assets measured at fair value through profit or loss - current	6(2) 6 (24)		113,324	5		53,752	2
1136	Financial assets measured at amortized cost - current	6(3)		-	-		100,000	5
1140	Contract assets - current	6(18), 7		36,242	2		42,400	2
1150	Notes receivable	6(4)		1,090	-		1,310	-
1170	Accounts receivable	6(4)		27,836	1		28,752	1
1180	Accounts receivable - related parties	6(4), 7		7,652	-		-	-
1200	Other receivables			1,608	-		1,734	-
1210	Other receivables - related parties	7		51,162	2		168	-
1220	Income tax assets in current period	6(21)		77	-		46	-
1310	Inventory	6(5)		160,309	8		155,415	7
1410	Prepayment	6(9)		19,370	1		23,756	1
1470	Other current assets	6(10)		4,849	-		4,879	-
11xx	Total current assets			479,114	22		628,590	28
15xx	Non-current assets							
1535	Financial assets measured at amortized cost - non-current	6(3)		52,246	2		55,643	3
1550	Investments Accounted For Using the Equity Method	6(6)		1,161,107	53		999,783	47
1600	Property, plant and equipment	6(7)		173,945	8		149,590	7
1755	Right-of-use assets	6(8)		27,998	1		15,924	1
1915	Prepayment for equipment purchase	6(9)		83,521	4		57,239	3
1920	Refundable deposit			10,357	-		17,869	1
1930	Long-term notes and accounts receivable	6(11)		207,991	10		207,991	10
15xx	Total non-current assets			1,717,165	78		1,504,039	72
1xxx	Total Assets		NT$	2,196,279	100	NT$	2,132,629	100

(Continued on next page)

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Balance Sheet (continued)

December 31, 2023 and 2022

Unit: NT$ ‘000

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
Code	Accounting Items		Amount	%	Amount	%
21xx	Current liabilities					
2100	short-term borrowings	6(12)	NT$ 130,000	6	NT$ 182,840	9
2130	Contract liabilities - current	6(18)	1,711	-	5,144	-
2170	Accounts payable	6(14)	81,916	4	70,632	3
2180	Accounts payable - related parties	6(14) and 7	710	-	19,554	1
2220	Other payables		16,636	1	11,095	1
2220	Other payables - related parties	7	62	-	52	-
2230	Income tax liabilities in current period	6(21)	-	-	257	-
2250	Liability reserve - current		1,927	-	617	-
2280	Lease liabilities - current	6(8)	9,516	-	2,959	-
2270	Long-term borrowings maturing within one year	6(13)	3,105	-	1,182	-
2300	Other current liabilities		529	-	452	-
21xx	Total current liabilities		246,112	11	294,784	14
25xx	Non-current liabilities					
2540	Long-term borrowings	6(13)	164,389	8	161,523	8
2550	Liability reserve - non-current		975	-	2,151	-
2580	Lease liabilities - non-current	6(8)	20,548	1	13,205	1
2645	Deposit received		1,445	-	946	-
25xx	Total non-current liabilities		187,357	9	177,825	9
2xxx	Total liabilities		433,469	20	472,609	23
3xxx	Equity	6(16)				
3110	Common share capital		1,505,778	69	1,454,858	68
3200	Capital reserve		87,226	4	133,054	6
3300	Retained earnings					
3310	Legal reserve		30,456	1	25,948	1
3320	Special reserve		194	-	13	-
3350	Undistributed earnings		138,212	6	46,341	2
3400	Other equity		944	-	(194)	-
3xxx	Total equity		1,762,810	80	1,660,020	77
	Total Liabilities and Equity		NT$ 2,196,279	100	NT$ 2,132,629	100

(The attached notes are part of the parent-company only financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Comprehensive Income Statement

January 1 to December 31, 2023 and 2022

Unit: NT$ '000

Code	Item	Note	FY2023			FY2022		
			Amount		%	Amount		%
4100	Net operating revenue	6(18)	NT$	499,170	100	NT$	146,785	100
5000	Operating costs			(423,658)	(85)		(98,487)	(67)
5900	Operating gross profit			75,512	15		48,298	33
5910	Unrealized sales profit			(47)	-		-	-
5920	Realized sales profit			46	-		37	-
5950	Gross profit (net)			75,511	15		48,335	33
6000	Operating expenses							
6100	Marketing expense			(9,152)	(2)		(7,704)	(5)
6200	Administrative expense			(34,162)	(7)		(25,805)	(18)
6300	R&D expense			(5,033)	(1)		(2,752)	(2)
6450	Profit from reversal of expected credit impairment			39	-		-	-
6000	Total operating expense			(48,308)	(10)		(36,261)	(25)
6900	Net operating profit			27,203	5		12,074	8
7000	Non-operating revenue and expenses	6(19)						
7100	Interest income			1,356	-		840	1
7010	Other revenue			8,930	2		3,769	2
7020	Other profits and losses			53,546	11		(562)	-
7050	Financial cost			(6,202)	(1)		(3,220)	(2)
7070	Share of profit/loss of subsidiaries under the equity method			53,050	11		32,253	22
7000	Total non-operating revenue and expense			110,680	23		33,080	23
7900	Net profit before tax			137,883	28		45,154	31
7950	Income tax profit (expense)	6(21)		140	-		(74)	-
8200	in current period			138,023	28		45,080	31
8300	Other comprehensive income							
8310	Items not reclassified to profit or loss							
8316	Unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income			1,138	-		(194)	-
8360	Items able to be reclassified as profit or loss in the future							
8361	Exchange difference from conversion of financial statements of foreign operations			-	-		13	-
8500	Total current comprehensive income or loss		NT$	139,161	28	NT$	44,899	31
	Earnings per share (NTD)	6(17)						
9750	Basic		NT$	0.91		NT$	0.30	
9850	Diluted		NT$	0.91		NT$	0.30	

(The attached notes are part of the separate financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Comprehensive Income Statement

January 1 to December 31, 2023 and 2022

Unit: NT$ ‘000

Code	Item	Note	FY2023			FY2022		
				Amount	%		Amount	%
4100	Net operating revenue	6(18)	NT$	499,170	100	NT$	146,785	100
5000	Operating costs			(423,658)	(85)		(98,487)	(67)
5900	Operating gross profit			75,512	15		48,298	33
5910	Unrealized sales profit			(47)	-		-	-
5920	Realized sales profit			46	-		37	-
5950	Gross profit (net)			75,511	15		48,335	33
6000	Operating expenses							
6100	Marketing expense			(9,152)	(2)		(7,704)	(5)
6200	Administrative expense			(34,162)	(7)		(25,805)	(18)
6300	R&D expense			(5,033)	(1)		(2,752)	(2)
6450	Profit from reversal of expected credit impairment			39	-		-	-
6000	Total operating expense			(48,308)	(10)		(36,261)	(25)
6900	Net operating profit			27,203	5		12,074	8
7000	Non-operating revenue and expenses	6(19)						
7100	Interest income			1,356	-		840	1
7010	Other revenue			8,930	2		3,769	2
7020	Other profits and losses			53,546	11		(562)	-
7050	Financial cost			(6,202)	(1)		(3,220)	(2)
7070	Share of profit/loss of subsidiaries under the equity method			53,050	11		32,253	22
7000	Total non-operating revenue and expense			110,680	23		33,080	23
7900	Net profit before tax			137,883	28		45,154	31
7950	Income tax profit (expense)	6(21)		140	-		(74)	-
8200	in current period			138,023	28		45,080	31
8300	Other comprehensive income							
8310	Items not reclassified to profit or loss							
8316	Unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income			1,138	-		(194)	-
8360	Items able to be reclassified as profit or loss in the future							
8361	Exchange difference from conversion of financial statements of foreign operations			-	-		13	-
8500	Total current comprehensive income or loss		NT$	139,161	28	NT$	44,899	31
	Earnings per share (NTD)	6(17)						
9750	Basic		NT$	0.91		NT$	0.30	
9850	Diluted		NT$	0.91		NT$	0.30	

(The attached notes are part of the separate financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

<u>Luxe Green Energy Technology Co., Ltd.</u>
<u>(Originally: Luxe Electric Co., Ltd)</u>
<u>Parent Company Only Statement of Changes in Equity</u>
January 1 to December 31, 2023 and 2022

Unit: NT$ ‘000

Code	Item	Common share capital	Capital reserve	Retained earnings			Other equity items		Total equity
				Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations	Unrealized valuation loss on financial assets measured at fair value through other comprehensive income	
A1	Balance on January 1, 2022	NT$ 1,359,680	NT$ 133,054	NT$ 14,726	NT$ -	NT$ 134,867	NT$ (13)	NT$ -	NT$ 1,642,314
B1	Provision for legal reserve	-	-	11,222	-	(11,222)	-	-	-
B3	Provision for special reserve	-	-	-	13	(13)	-	-	-
B5	Cash dividend for shareholders	-	-	-	-	(27,193)	-	-	(27,193)
B9	Common stock dividends	95,178	-	-	-	(95,178)	-	-	-
D1	in current period	-	-	-	-	45,080	-	-	45,080
D3	Other comprehensive income in current period	-	-	-	-	-	13	(194)	(181)
D5	Total current comprehensive income or loss	-	-	-	-	45,080	13	(194)	44,899
Z1	Balance as of December 31, 2022	1,454,858	133,054	25,948	13	46,341	-	(194)	1,660,020
B1	Provision for legal reserve	-	-	4,508	-	(4,508)	-	-	-
B3	Provision for special reserve	-	-	-	181	(181)	-	-	-
B9	Common stock dividends	41,463	-	-	-	(41,463)	-	-	-
C13	Distribution of share dividends from capital reserves	9,457	(9,457)	-	-	-	-	-	-
C15	Distribution of cash dividends from capital reserve	-	(36,371)	-	-	-	-	-	(36,371)
D1	in current period	-	-	-	-	138,023	-	-	138,023
D3	Other comprehensive income in current period	-	-	-	-	-	-	1,138	1,138
D5	Total current comprehensive income or loss	-	-	-	-	138,023	-	1,138	139,161
Z1	Balance as of December 31, 2023	NT$ 1,505,778	NT$ 87,226	NT$ 30,456	NT$ 194	NT$ 138,212	NT$ -	NT$ 944	NT$ 1,762,810

(The attached notes are part of the separate financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Cash Flow Statement

January 1 to December 31, 2023 and 2022

Unit: NT$ '000

Code	Item	FY2023	FY2022
AAAA	Cash flow from operating activities:		
A10000	Pre-tax net profit in current period	NT$ 137,883	NT$ 45,154
A20010	Income and expense items:		
A20100	Depreciation expense	18,189	10,208
A20300	Gain from expected credit impairment	(39)	-
A20400	Net profit from financial assets measured at fair value through profit or loss	(57,421)	-
A20900	Financial cost	6,202	3,220
A21200	Interest income	(1,356)	(840)
A21300	Dividend income	(994)	-
A22400	Share of gains of subsidiaries and affiliates recognized by the equity method	(53,050)	(32,253)
A22500	(Gains) losses from disposal of property, plant and equipment	(63)	21
A23100	Disposal of investment interests	-	(250)
A23900	Unrealized sales profit	47	-
A24000	Realized sales profit	(46)	(37)
A29900	Profit from lease changes	(105)	(12)
A30000	Changes in assets/liabilities related to operating activities		
A31125	Contract assets	6,158	(20,368)
A31130	Notes receivable	220	5,946
A31150	Accounts receivable	955	(16,168)
A31160	Accounts receivable - related parties	(7,652)	172,979
A31180	Other receivables	77	(1,345)
A31190	Other receivables - related parties	(50,994)	40
A31200	Inventory	(4,894)	(131,374)
A31230	Prepayment	4,386	(22,957)
A31240	Other current assets	30	(2,323)
A32125	Contract liabilities	(3,433)	4,748
A32130	Notes payable	-	(331)
A32150	Accounts payable	11,284	55,114
A32160	Accounts payable - related parties	(18,844)	(84,298)
A32180	Other payables	5,478	(1,714)
A32190	Other payables - related parties	10	52
A32200	Provisions	134	89
A32230	Other current liabilities	77	14
A33000	Cash outflow generated from operations	(7,761)	(16,685)
A33100	Interest received	1,405	900
A33200	Dividend received	994	-
A33300	Interest paid	(6,140)	(2,920)
A33500	Income tax paid	(148)	(1,069)
AAAA	Net cash outflow from operating activities	(11,650)	(19,774)

(Continued on next page)

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Parent Company Only Cash Flow Statement (continued)

January 1 to December 31, 2023 and 2022

Unit: NT$ '000

Code	Item	FY2023	FY2022
BBBB	Cash flow from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	NT$ -	NT$ (82,789)
B00050	Disposal of financial assets measured at amortized cost	103,397	-
B00100	Acquisition of financial assets at fair value through profit or loss	(2,151)	(53,752)
B01800	Acquisition of investment under the equity method	(144,000)	(230,000)
B02200	Acquisition of subsidiaries	-	(63,000)
B02300	Disposal of subsidiaries	-	1,500
B02400	Capital reduction of investee company and return of share capital recognized under the equity method	2,295	30,000
B02700	Acquisition of property, plant, and equipment	(26,531)	(18,821)
B02800	Disposal of property, plant, and equipment	121	45
B03700	Increase in refundable deposit	-	(9,262)
B03800	Decrease in refundable deposit	7,512	-
B07100	Increase in prepayment for equipment	(35,193)	(7,674)
B07600	Dividends received from subsidiaries	34,568	11,820
BBBB	Net cash outflow from investing activities	(59,982)	(421,933)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term borrowings	363,490	33,131
C00200	Decrease in short-term borrowings	(416,330)	-
C01600	Borrowing of long-term borrowings	6,800	148,997
C01700	Repayment of long-term borrowings	(2,011)	-
C03000	Increase in deposit received	-	829
C03100	Decrease in deposits received	499	-
C04020	Repayment of principal for lease liabilities	(5,228)	(2,621)
C04500	Allocation of cash dividends	(36,371)	(27,193)
C04600	Follow-on offering	-	-
CCCC	Net cash inflow (outflow) from financing activities	(89,151)	153,143
EEEE	Decrease in cash and cash equivalents for the period	(160,783)	(288,564)
E00100	Cash balance at beginning of period	216,378	504,942
E00200	Cash balance at ending of period	NT$ 55,595	NT$ 216,378

(Please refer to the notes to the parent company only financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Notes to the Parent Company Only Financial Statements

December 31, 2023 and 2022

(Amounts in NT$'000 unless otherwise specified)

I. Corporate history

Luxe Green Energy Technology Co., Ltd. (Originally: Luxe Electric Co., Ltd), hereinafter referred to as the "Company", was established on April 22, 1978, and is engaged in the design, manufacture, installation and sale of high and low voltage distribution panels, various electrical and electronic equipment (including transformers), and various electrical and photovoltaic plant engineering contracts.

The Company's stock was listed for trading on the Taiwan Stock Exchange on September 11, 2000.

The parent company only financial statements are presented with the functional currency (NT$) of the Company.

II. Date and Procedure for Approval of Financial Statements

This parent company only financial report was issued on February 26, 2024, after being presented to the Board of Directors.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) First-time application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs")

The application of the amended IFRSs approved and issued by the FSC has no significant impact on the Company's financial position and financial performance.

(II) IFRSs endorsed by the FSC in 2024

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements (Note 1)
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions".	January 1, 2024 (Note 2)
Amendments to IAS 1 "IAS 1 "Classification of Liabilities as Current or Non-current".	January 1, 2024
Amendments to IAS 1, Ias 1, "Non-current Liabilities with Contractual Terms".	January 1, 2024
IAS 7 and IFRS 7 Amendments "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise specified, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of the initial application of IFRS 16.

Note 3: When these amendments are applied for the first time, part of the disclosure requirements are exempted.

As of the publication date of these parent company only financial statements, the Company has assessed that the amendments to other standards and interpretations will not have a significant impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed by the FSC and therefore not yet effective

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments 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 (Note 2)

Note 1: Unless otherwise specified, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: applicable to annual reporting periods beginning after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, the effect adjusts the exchange differences of foreign operations under equity on the date of initial application.

As of the date of adoption of this parent company only financial report, the Company is continuing to evaluate the impact of the other amendments on its financial position and financial performance of the Company. The related impacts will be disclosed upon completion of the evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value.
Fair value measurements are classified into Level 1 to Level 3 based on the degree of observability and significance of the relevant inputs:

1. Level 1 inputs: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
2. Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

When preparing its parent company only financial statements, the Company prepares its financial statements using the equity method for its investments in subsidiaries. In order to make the current income, other comprehensive income and equity in the parent company only financial statements consistent with the current income, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for under the equity method", "share of profit or loss of subsidiaries, affiliates and joint ventures accounted for under the equity method", "share of other comprehensive income and loss of subsidiaries, affiliates and joint ventures accounted for under the equity method" and related equity items.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and

3. Cash (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. Liabilities for which the maturity date cannot be unconditionally extended to at least 12 months after the balance sheet date.

Liabilities that are not current assets or current liabilities are classified as noncurrent assets or noncurrent liabilities.

The Company engages in construction projects with a business cycle longer than one year. Therefore, assets and liabilities related to construction projects are classified as current or noncurrent based on the normal business cycle.

(IV) Foreign Currency

When preparing the Company's parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are retranslated at the end of each reporting period at the spot rate on that date, with the exchange differences recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss of the current period, except for those changes in fair value that are recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

During preparation of the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ at the exchange rate on the end date of the reporting period. Income and expense items are translated at average exchange rates for the period, and the resulting exchange differences are included in other comprehensive income and accrued in the financial statements of foreign operating companies translated under the equity method.

(V) Inventory

Inventories consist of raw materials, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less estimated costs to complete and estimated costs to complete the sale. The cost of inventories is calculated using the weighted-average cost (WAC) method.

(VI) Investments Accounted For Using the Equity Method

The Company adopts the equity method to account for its investments in subsidiaries, which are entities over which the Company has control.

Under the equity method, investments are recognized initially at cost and the carrying amount of the investment after acquisition is adjusted for any increase or decrease in the Company's share of the profit or loss of the subsidiary and other comprehensive income or loss and profit distribution. In addition, changes in the Company's other equity interests in subsidiaries are recognized in proportion to the Company's ownership interest.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses impairment by comparing the recoverable amount of a cash-generating unit with its carrying amount using the financial statements as a whole. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss is recognized as a gain, provided that the carrying amount of the asset after the reversal of the impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, less amortization.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements.

(VII) Property, Plant and Equipment

The property, plant, and equipment are recognized on the basis of the cost and subsequently measured based on the cost net of accumulated depreciations and accumulated impairment losses.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss when the property, plant and equipment is derecognized, except for the land owned, which is not depreciated.

(VIII) Impairment of Property, Plant and Equipment and Right-of-Use Assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and right-of-use assets may be impaired. If there is any indications of such impairments, the recoverable amount of the assets is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of depreciation) that would have been determined had the impairment loss not been recognized in prior years. Reversals of impairment losses recognized in profit or loss.

(IX) Financial Instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instrument.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit and loss, they are measured at the fair value plus any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(X) Financial Assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

1. Types of measurements

   The types of financial assets held by the Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

   (1) Financial assets at fair value through profit or loss

       Financial assets measured at fair value through profit or loss are measured at fair value with dividends, interest and gains or losses from remeasurements recognized in other gains and losses. Please refer to Note 6(24) for the determination of fair value.

   (2) Financial assets carried at amortized cost

       The Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following conditions are met:

       A. The financial assets are held under an operating model whose objective is to hold financial assets for contractual cash flows; and

       B. The contractual terms result in cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

       Financial assets carried at amortized cost (including cash, accounts receivable at amortized cost, notes receivable, other receivables, long-term notes and accounts receivable, and refundable deposits) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

2. Impairment of Financial Assets and Contract Assets

   The Company assesses impairment losses on financial assets (including accounts receivable) and contract assets measured at amortized cost at each balance sheet date based on expected credit losses.

   An allowance for impairment is recognized for accounts receivable and contract assets based on the expected credit loss over the life of the asset. Other financial assets are evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over the expected lifetime of the asset.

   Expected credit losses are the weighted-average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date, while the expected credit loss over the life of the financial instrument represents the expected credit loss arising from all possible defaults during the expected life of the instrument.

   For internal credit risk management purposes, the Company determines, without considering the collaterals held, that a default on a financial asset has occurred under the following circumstances:

   (1) Any internal or external information indicating that it is impossible for a debtor to pay off the debts.

   (2) Debts are overdue for more than 180 days unless there is reasonable and supportable information indicating that a delayed default basis is more appropriate.

       The carrying amount of all financial assets is reduced by an allowance account.

3. Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises. When a financial asset is derecognized, the difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss.

(XI) Financial Liabilities and Equity Instruments

1. Classification of financial liabilities or equity instruments
   Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.
2. Equity instruments
   An equity instrument is a contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition price less direct issuance costs.
3. Subsequent measurement of financial liabilities
   All financial liabilities are measured at amortized cost using the effective interest method.
4. Derecognition of financial liabilities
   When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Provisions

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation.
Warranty provisions under the construction contract is the best assessment with respect to the obligations of the management in the reimbursement to the Company. It is recognized when an income is recognized.

(XIII) Revenue Recognition

After the Company identifies performance obligations under customer contracts, the transaction price is apportioned to each performance obligation and revenue is recognized when each performance obligation is satisfied.

1. Merchandise sales revenue
   Revenue from merchandise sales is derived from the sale of electrical equipment. When the electrical equipment is inspected and delivered to the designated location, the customer has the right to set the price and use the product and has the primary responsibility for reselling it, and assumes the risk of obsolescence of the merchandise. The Company recognizes revenue and accounts receivable at that point in time.
2. Construction revenue
   For construction contracts that are under the control of the customer during the construction process, the Company recognizes revenue using the percentage of completion method. The Company measures the percentage of completion based on actual construction progress. The Company recognizes contract assets over time during the construction process and reclassifies them as accounts receivable upon billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability.
3. Electricity sales revenue
   Revenues from electricity sales are based on the actual kilowatt hours generated and the rates agreed with Taiwan Power Company.

(XIV) Leases

The Company assesses whether a contract is (or contains) a lease at the inception date of the contract.

For contracts with lease and non-lease components, the Company apportions the consideration in the contracts on the basis of separate prices and treats them separately.

1. Where the Company is the lessor

   Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

   Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred to acquire an operating lease is added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

2. Where the Company is the lessee

   Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases except for leases of low-value subject assets to which recognition exemptions apply and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

   Right-of-use assets are measured initially at cost (including the original measurement of the lease liability, lease payments made prior to the lease commencement date less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately in the parent company only balance sheets.

   Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.

   Lease liabilities are measured initially at the present value of the lease payments. If the interest rate implied by the lease is readily determinable, lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. Lease liabilities are presented separately on parent company only balance sheets.

   Rentals under leases that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(XV) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included as part of the cost of that asset until substantially all of the activities necessary to bring the asset to its intended use or sale have been completed.

Investment income earned on specific borrowings that are temporarily invested prior to the incurrence of qualifying capital expenditures is deducted from the cost of borrowings eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVI) Employee Benefits

1. Short-term employee benefits
   Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.
2. Postemployment benefits
   Defined contribution pension plan benefits are recognized as an expense over the period of service rendered by employees.

(XVII) Income Taxes

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax
   The Company determines the current income (loss) based on the regulations of each jurisdiction in which the Company files income tax returns and calculates the amount of income tax payable (recoverable).
   Income tax on undistributed earnings is recognized in the year when the shareholders' meeting is held.
   Adjustments to prior years' income tax payable are included in the current period's income tax.
2. Deferred income tax
   Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.
   Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences and loss carryforwards can be utilized.
   The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is more likely than not that sufficient tax assets will be available to allow recovery of all or part of the assets.
   Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.
3. Current and deferred income taxes
   Current and deferred income taxes are recognized in profit or loss.

V. <u>Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty</u>

In applying accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when the information is not readily available from other sources. Actual results may differ from those estimates.
Management reviews estimates and underlying assumptions on an ongoing basis. Revisions to estimates are recognized in the period in which they are made if they affect only the current period, or in the period in which they are made if they affect both the current and future periods.
Key sources of estimation and assumption uncertainty:
<u>Long-term project payment receivables involving any unsettled litigation</u>

As of December 31, 2023 and 2022, the Company had uncollected long-term construction receivables of NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated overdue penalties) in prior years. Due to the pending litigation with Taiwan Power Company, the recovery of the project amount is subject to future court decisions. If the outcome of a future court judgment differs materially from the estimated amount of the impairment loss, the amount of the difference is recognized in profit or loss in the year of the judgment.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand	NT$	138	NT$	138
Bank deposits		55,457		216,240
Total	NT$	55,595	NT$	216,378

(II) Financial assets at fair value through profit or loss

	December 31, 2023		December 31, 2022	
Financial assets - current				
Non-derivative financial assets				
Domestic listed (Over-the-Counter) stocks	NT$	113,324	NT$	53,752

(III) Financial assets measured at amortized cost

	December 31, 2023		December 31, 2022	
Current				
Pledged time deposits with an original maturity of more than 3 months	NT$	-	NT$	100,000
Non-current				
Pledged time deposits with an original maturity of more than 3 months	NT$	51,915	NT$	55,643
Reserve account		331		-
Total	NT$	52,246	NT$	55,643

As of December 31, 2023 and 2022, the interest rate range of the time deposit with an initial maturity date over three months was 0.17% to 1.57% and 0.34% to 0.88%, respectively.

For information on pledges of financial assets measured at amortized cost, see Note 8.

(IV) Notes receivable, accounts receivable and overdue receivables.

	December 31, 2023		December 31, 2022	
Notes receivable				
Measured at post-amortized cost	NT$	1,090	NT$	1,310
Accounts receivable - related parties				
Measured at post-amortized cost				
Total carrying amount	NT$	35,488	NT$	28,791
Less: Allowance for losses		-		(39)
Total	NT$	35,488	NT$	28,752

	December 31, 2023		December 31, 2022	
Overdue receivables				
Incurred due to business operations	NT$	10,552	NT$	10,552
Less: Allowance for losses		(10,552)		(10,552)
Total	NT$	-	NT$	-

1. The average credit period for merchandise sales ranges from 30 to 180 days, and accounts receivable are non-interest-bearing. The Company's policy is to deal only with creditworthy customers.
   The Company recognizes an allowance for losses on accounts receivable on the basis of expected credit losses over the life of the receivable. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition and industry outlook. Because the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days of aging on the accounts receivable establishment date to determine the expected credit impairment rate.
   If there is evidence that the counter-party is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counter-party is in liquidation or the debt has been outstanding for more than 720 days, the Company reclassifies the amount as an overdue receivable and recognizes an allowance for loss, but continues its collection activities and recognizes the amount recovered in profit or loss.

2. The Company measures the allowance for losses on notes and accounts receivable based on the allowance matrix as follows

December 31, 2023

	Less than 30 days		31 to 90 days		91 to 180 days		181 to 360 days		361 days or more		Total	
Loss from expected credit impairment	−%		−%		−%		2%		50%			
Total carrying amount	NT$	10,986	NT$	23,243	NT$	2,349	NT$	-	NT$	-	NT$	36,578
Allowance for losses (expected credit losses over the life of the Company)		-		-		-		-		-		-
Cost after amortization	NT$	10,986	NT$	23,243	NT$	2,349	NT$	-	NT$	-	NT$	36,578

December 31, 2022

	Less than 30 days		31 to 90 days		91 to 180 days		181 to 360 days		361 days or more		Total	
Loss from expected credit impairment	−%		−%		−%		2%		50%			
Total carrying amount	NT$	20,574	NT$	7,353	NT$	2,174	NT$	-	NT$	-	NT$	30,101
Allowance for losses (expected credit losses over the life of the Company)		-		-		(39)		-		-		(39)
Cost after amortization	NT$	20,574	NT$	7,353	NT$	2,135	NT$	-	NT$	-	NT$	30,062

Information on the changes in the allowance for losses on accounts receivable is as follows

	FY2023		FY2022	
Balance at the beginning of period	NT$	39	NT$	39
Add: Provision for the year (reversal)		(39)		-
Balance at the end of period	NT$	-	NT$	39

(V) Inventory

	December 31, 2023		December 31, 2022	
Finished goods	NT$	2,048	NT$	37,197
Work in process		152,018		106,483
Raw materials		6,243		11,735
Total	NT$	160,309	NT$	155,415

1. Operating costs related to inventories were NT$423,658 thousand and NT$96,701 thousand FY2023 and FY2022, respectively. The cost of goods sold for FY2023 and FY2022 included NT$(331) thousand and NT$1,863 thousand, respectively, for the decline in value of inventories and losses on doubtful accounts. The inventory gain recognized in 2023 was due to the closeout of inventories.

(VI) Investments Accounted For Using the Equity Method

1. Investment in subsidiaries

Investees	December 31, 2023 Total carrying amount	December 31, 2023 Shareholding %	December 31, 2022 Total carrying amount	December 31, 2022 Shareholding %
Le Hua Investment Co., Ltd.	NT$ 24,215	100	NT$ 13,803	100
Luxe Solar Energy Co., Ltd.	5,512	100	3,537	100
Sen-Hsin Energy Co., Ltd.	839,373	100	692,680	100
Chin Lai International Development Co., Ltd.	218,454	100	222,149	100
Wan Chuan Construction Co., Ltd.	73,524	52.5	64,364	52.5
Kai Shih Energy Co., Ltd.	29	51	3,250	51
Total	NT$ 1,161,107		NT$ 999,783	

2. On July 15, 2022, Le Hua Investment Co., Ltd. reduced its capital and returned NT$20,000 thousand in share subscriptions.
3. On July 15, 2022, Luxe Solar Energy Co., Ltd. reduced its capital and returned NT$10,000 thousand in share subscriptions.
4. On August 25, 2023, the Company participated in a cash capital increase amounting to NT$144,000 thousand for Sen-Hsin Energy Co., Ltd.

   On May 31, 2022, June 23, 2022 and July 11, 2022, the Company participated in a follow-on offering amounting to NT$230,000 thousand for Sen-Hsin Energy Co., Ltd.
5. On November 28, 2022, the Company participated a follow-on offering amounting to NT$63,000 thousand for Wan Chuan Construction Co., Ltd, and obtained a controlling interest in the investee company. Please refer to Note 6(24) of the Company's Annual Consolidated Financial Report for details.

   On April 22, 2022, the Board of Directors resolved to dispose of all the shares of Joy Ribbon Limited and Kai Shih Energy Co., Ltd. for the original invested amount in order to focus on the core business of the Company. Among them, the Company’s shareholdings of Joy Ribbon Limited was disposed of in May 2022; in addition, Kai Shih Energy Co. adopted a capital decrease in the shareholders’ meeting on February 24, 2023, and refunded capital payment for NT$2,295 thousand, and resolved the dissolution in the shareholders’ meeting on June 26, 2023. The dissolution registration was completed on June 29, 2023, and the liquidation was completed on January 16, 2024. Please refer to Note 6(28) of the Company's Annual Consolidated Report for details.

(VII) Property, Plant, and Equipment

FY2023

Item	Balance at the beginning of period	Acquired	Disposed	Reclassification	Balance at the end of period
Cost					
Land	NT$ 46,969	NT$ 14,076	NT$ -	NT$ -	NT$ 61,045
Buildings	99,772	6,977	-	5,253	112,002
Machinery Equipment	31,936	12,238	(1,150)	-	43,024
Office Equipment	2,559	264	(343)	-	2,480
Power Generation Equipment	25,263	-	-	-	25,263
Transport Equipment	-	126	-	-	126
Other Equipment	43,410	1,761	(377)	-	44,794
Leasehold improvements	8,457	-	-	(5,253)	3,204
Subtotal	258,366	35,442	(1,870)	-	291,938

Item	Balance at the beginning of period	Acquired	Disposed	Reclassification	Balance at the end of period
Accumulated Depreciation and Impairment					
Buildings	49,947	3,342	-	1,190	54,479
Machinery Equipment	14,993	3,697	(1,150)	-	17,540
Office Equipment	1,310	316	(285)	-	1,341
Power Generation Equipment	5,093	1,330	-	-	6,423
Transport Equipment	-	3	-	-	3
Other Equipment	36,253	1,797	(377)	-	37,673
Leasehold improvements	1,180	544	-	(1,190)	534
Subtotal	108,776	11,029	(1,812)	-	117,993
Net amount	NT$ 149,590	NT$ 24,413	NT$ (58)	NT$ -	NT$ 173,945

FY2022

Item	Balance at the beginning of period	Acquired	Disposed	Reclassification	Balance at the end of period
Cost					
Land	NT$ 45,719	NT$ 1,250	NT$ -	NT$ -	NT$ 46,969
Buildings	99,502	270	-	-	99,772
Machinery Equipment	18,348	16,670	(3,082)	-	31,936
Office Equipment	2,560	559	(560)	-	2,559
Power Generation Equipment	25,263	-	-	-	25,263
Other Equipment	39,401	4,129	(120)	-	43,410
Leasehold improvements	3,348	5,109	-	-	8,457
Subtotal	234,141	27,987	(3,762)	-	258,366
Accumulated Depreciation and Impairment					
Buildings	47,186	2,761	-	-	49,947
Machinery Equipment	16,832	1,234	(3,073)	-	14,993
Office Equipment	1,608	215	(513)	-	1,310
Power Generation Equipment	3,764	1,329	-	-	5,093
Other Equipment	34,988	1,375	(110)	-	36,253
Leasehold improvements	585	595	-	-	1,180
Subtotal	104,963	7,509	(3,696)	-	108,776
Net amount	NT$ 129,178	NT$ 20,478	NT$ (66)	NT$ -	NT$ 149,590

1. The Company depreciates each component item on a straight-line basis over its useful life as follows:

Item	Useful Life
Buildings	35 years
Machinery Equipment	2 to 14 years
Office Equipment	2 to 7 years
Power Generation Equipment	18 years
Transport Equipment	Three years
Other Equipment	2 to 20 years
Leasehold improvements	9 years

2. The Company's property, plant and equipment pledged as collaterals for long-term and short-term loans in December 31, 2023 and 2022. Please refer to Note 8 for details.

(VIII) Lease Agreements

1. Right-of-use assets

	December 31, 2023		December 31, 2022	
Carrying amount of right-to-use assets				
Buildings	NT$	26,443	NT$	14,724
Transport Equipment		1,555		1,200
Total	NT$	27,998	NT$	15,924
	FY2023		FY2022	
Newly acquired right-of-use assets	NT$	23,488	NT$	13,306
Lease modification (lease cancellation)	NT$	4,254	NT$	3,167
Depreciation expense of right-of-use assets				
Buildings	NT$	6,351	NT$	2,140
Transport Equipment		809		559
Total	NT$	7,160	NT$	2,699

2. Leasing liabilities

	December 31, 2023		December 31, 2022	
Carrying amount of lease liabilities				
Current	NT$	9,516	NT$	2,959
Non-current	NT$	20,548	NT$	13,205

The discount rate range for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	2.13%～2.465%	1.60%～2.47%
Transport Equipment	1.7%～2.13%	1.88%～2.13%

3. Significant leasing activities and terms

The Company leases the above transportation equipment for a period of 3 years.

The Company also leases the building for office, plants and solar farm for power generation for a period of 10 and 20 years.

4. Other Lease Information

	FY2023		FY2022	
Low-value asset lease expenses	NT$	139	NT$	151
Variable lease expenses not included in the measurement of lease liabilities	NT$	298	NT$	275
Total cash expenditure for leases (outflow)	NT$	(6,181)	NT$	(3,283)

(IX) Prepayment

	December 31, 2023		December 31, 2022	
Prepayment	NT$	18,214	NT$	19,665
Prepaid insurance fees		264		183
Prepaid pensions		570		570
Others		322		3,338
Total	NT$	19,370	NT$	23,756
Prepayment for equipment purchase	NT$	107,439	NT$	81,157
Less: Accumulated impairment		(23,918)		(23,918)
Total	NT$	83,521	NT$	57,239
Current	NT$	19,370	NT$	23,756
Non-current	NT$	83,521	NT$	57,239

For the assessment of the accumulated impairment on prepayment for equipment, please refer to Note 9 (2).

(X) Other Current Assets

	December 31, 2023		December 31, 2022	
Current				
Tax overpaid retained for offsetting future tax payable	NT$	4,849	NT$	4,879

(XI) Long-term notes and accounts receivable

	December 31, 2023		December 31, 2022	
Accounts receivable - Taiwan Power Company (Taichung Power Plant)	NT$	355,600	NT$	355,600
Accounts receivable - Taiwan Power Company (Offshore Wind Power Development In Taichung Port)		17,226		17,226
Estimated additional receivables from construction and engineering work		13,740		13,740
Less: Estimated overdue fines payable		(141,000)		(141,000)
Less: Allowance for losses		(37,575)		(37,575)
Subtotal of construction and engineering receivables	NT$	207,991	NT$	207,991
Other receivables - Chou, Hsiu-Mei	NT$	-	NT$	25,583
Less: Allowance for losses		-		(25,583)
Subtotal	NT$	-	NT$	-

1. The Company filed an arbitration case for the delayed completion of the Taichung Power Plant and Offshore Wind Power Development In Taichung Port of Taiwan Power Company (Taipower). The arbitration judgment was issued by the Chinese Construction Industry Arbitration Association (CCIAA) on January 19, 2010 (2008 Gong-Zhong-Xie-Jing-Zi No. 019) and a judgement was issued by the High Court on May 31, 2011 (2010 Zhong-Shang-Zi No. 501). The Company recorded NT$141,000 thousand in overdue penalties and NT$13,740 thousand in additional receivables due for construction work based on the arbitration judgement. However, the parties did not reach a consensus on the settlement amount, which resulted in the delay in payment by Taipower, so the accounts were reclassified as long-term accounts receivable. Please refer to Note 9(3) for details.
2. In August 2012, the Company sold 800,000 shares of its equity-method investment in Dakang Insurance Brokerage Co., Ltd. at NT$48 per share, for a total consideration of NT$38,400 thousand. The transferee of the above shares, Chou, Hsiu-Mei, had issued a promissory note and pledged the shares to the Company upon signing the equity transfer deed. However, subsequently, the transferee failed to repay the loan on time. On March 25, 2013 and August 12, 2013, the Company entered into new agreement with Chou, including accrued interest at a rate of 6% per annum until March 25, 2014. As of December 31, 2023 and 2022, both the principal uncollected is NT$40,480 thousand and the interest receivable is NT$2,408 thousand. The Group has transferred it to the long-term accounts receivable and set aside an allowance for loss of a percentage of 100%. Also in Q2, 2023, the Group wrote of NT$25,584 thousand. On February 26, 2015, the Company filed a lawsuit with the guarantor of the note issued by Chou, Hsiu-Mei - Dah Sing Network Technology Co., Ltd. to fulfill payment obligations. On February 3, 2016, the Court dismissed the case and the Company filed an appeal on March 4, 2016. The High Court ruled in favor of the Company (No. 325 of 105). On May 9, 2017, the High Court ruled in favor of the Company (2016 Zhong-Shang-Zi No. 325). However, Dah Sing Network Technology Co., Ltd. appealed the decision to the Supreme Court. On February 27, 2020, the Supreme Court ruled (2019 Tai-Shang-Zi No. 1237) that the original judgment, with the exception of the provisional execution, was abrogated and remanded the case to the Taiwan High Court for retrial. On December 22, 2020, the High Court ruled in favor of the Company (2020 Zhong-Shang-Geng-Yi-Zi No. 38). While Dah Sing Network Technology Co., Ltd. did not file an appeal, the Company has assessed that the possibility of debt recovery was low, henceforth the Company did not reverse the recognized allowance for loss.
3. The Company considers the customer's past default record and current financial condition, as well as the possible outcome of future court decisions. If there is evidence that the counter-party is facing severe financial difficulties or the judgment may be unfavorable to the Company, and the Company cannot reasonably expect to recover the amount, the Company will directly write off the related receivables, but shall continue to pursue debt recovery activities and recognize the amount recovered in profit or loss.

(XII) Short-term borrowings

	December 31, 2023		December 31, 2022	
Secured loans	NT$	130,000	NT$	130,000
Credit loans		-		52,840
Total	NT$	130,000	NT$	182,840
Interest Rate Range	2.15%		1.9%～2.3%	

For the pledges provided by the Company for short-term loans, please refer to Note 8.

(XIII) Long-term borrowings

	December 31, 2023		December 31, 2022	
Secured loans	NT$	167,494	NT$	162,705
Less: Loan maturity classified as due within one year		(3,105)		(1,182)
Long-term borrowings	NT$	164,389	NT$	161,523
Interest Rate Range	2.15%～2.38%		2.25%	

The above-mentioned bank loans shall mature successively before January 2030. Please refer to Note 8 for information on assets pledged as collateral for long-term borrowings.

(XIV) Trade payables:

	December 31, 2023		December 31, 2022	
Accounts payable (including to related parties)	NT$	82,626	NT$	90,186

1. The average credit period for accounts payable is generally 30 to 60 days for customers, and for outsourced projects, payment is made according to the contract period agreed to between the two parties. The Company upholds a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms.
2. Please refer to Note 6(24) for disclosures of payables and other payables that are exposed to liquidity risk.

(XV) Post-employment benefit plans

1. Defined contribution plan

   The Company's pension plan under the Labor Pension Act is a government-administered defined contribution plan that contributes 6% of employees' monthly salaries to the individual accounts under the Bureau of Labor Insurance. The pension cost recognized as expense in the parent company only comprehensive statements of income was NT$1,555 thousand and NT$1,495 thousand for FY2023 and FY2022, respectively.

(XVI) Equity

1. Common share capital

	December 31, 2023		December 31, 2022	
Number of shares (in thousands)		600,000		600,000
Authorized share capital	NT$	6,000,000	NT$	6,000,000
Number of issued and fully paid shares (in thousands)		150,578		145,486
Publicly traded common stock	NT$	1,505,778	NT$	1,454,858

The issued common stock has a par value of $10 per share and each share has one vote and the right to receive dividends.

On May 24, 2023, the regular shareholders' meeting resolved to adopt the proposals of 2022 earnings distribution and the capital reserve capitalization, to distribute NT$41,463 thousand as share dividends and capital reserve capitalization for NT$9,457 thousand. The share capital amounted to NT$1,505,778 thousand after the distribution.

At the regular shareholders' meeting held on June 21, 2022, for the dividend distribution for FY2021, the shareholders resolved to distribute NT$95,178 thousand in stock dividends at NT$0.7 per share, resulting in a capital stock of NT$1,454,858 thousand after the distribution.

2. Capital reserve

	December 31, 2023		December 31, 2022	
May be used to make up losses, to distribute cash or to increase capital				
Stock issuance in excess of par value	NT$	87,226	NT$	133,054

The capital surplus from the stock issuance premium may be used to offset losses or, when the Company has no losses, to distribute cash or to increase capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

In addition, as resolved by the Company's annual shareholders' meeting on May 24, 2023, the capital reserves shall be appropriated into share capital and distributed in cash:

	FY2022	
Cash	NT$	36,371
Share capital	NT$	9,457

3. Policy on retained earnings and dividends

   In accordance with the provisions of the Company's Articles of Incorporation on the earnings distribution policy, if having a profit in the final accounting of the year, the Company shall first pay taxes and make up any cumulative losses in accordance with laws, and then set aside 10% of the said earnings as legal reserves, unless such legal reserves reach the amount of the Company’s paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. If there is any residual balance, it shall be, together with the undistributed earnings carried from previous years, used as dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders’ meeting for approval. Please refer to Note 6(20), for the policy on the distribution of employees and directors' remuneration under the amended Articles of Incorporation.

   Legal reserve may be used to make up losses. If the Consolidated Company has no deficit, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to increasing capitalization.

At the annual general shareholders' meetings held on May 24, 2023 and June 21, 2022, the Company approved the following distribution of earnings for the FY2022 and FY2021, respectively:

	FY2022		FY2021	
Legal reserve	NT$	4,508	NT$	11,222
Special reserve	NT$	181	NT$	13
Cash dividend	NT$	-	NT$	27,193
Share dividends	NT$	41,463	NT$	95,178
Cash dividend per share (NT$)	NT$	-	NT$	0.2
Share dividends (NT$)	NT$	0.285	NT$	0.7

(XVII) Earnings Per Share

1. Basic earnings per share

The weighted-average number of shares of common stock and earnings per share used in the calculation of earnings per share were as follows:

	FY2023		FY2022	
Net income attributable to owners	NT$	138,023	NT$	45,080
Weighted-average number of common shares for basic earnings per share calculation (in thousands)		150,578		150,578
Basic earnings per share (NT$)	NT$	0.91	NT$	0.30

Earnings per share in the previous paragraph have been retroactively adjusted for the effect of share dividends, and the base date of which was set on August 4, 2023. The basic earnings per share was retroactively adjusted from NT$0.31 to NT$0.30 due to the retroactive adjustment to 2022 basic EPS.

2. Diluted earnings per share

The weighted-average number of shares of common stock and earnings used to calculate diluted earnings per share were as follows:

	FY2023		FY2022	
Net income attributable to owners	NT$	138,023	NT$	45,080
Weighted-average number of common shares for basic earnings per share calculation (in thousands)		150,578		150,578
Impact of common stock with potential dilutive effects				
Employee remuneration		45		67
Weighted-average number of common shares for the purpose of calculating diluted earnings per share		150,623		150,645
Diluted earnings per share (NT$)	NT$	0.91	NT$	0.30

If the Company has the option to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee remuneration will be paid in stock and is included in the weighted-average number of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is determined in the following year's shareholders' resolution.

As a result of the retroactive adjustment, the diluted earnings per share was retroactively adjusted from NT$0.31 to NT$0.30 for FY2022.

(XVIII) Revenue from Customer Contracts

	FY2023		FY2022	
Construction and engineering revenue	NT$	19,994	NT$	64,704
Sales revenue		415,808		72,165
Electricity retailing revenue		2,909		3,191
Others		60,459		6,725
Total	NT$	499,170	NT$	146,785

1. Contract balance

	December 31, 2023		December 31, 2022	
Accounts receivable and notes receivable	NT$	36,578	NT$	30,062
Contract assets - current				
Construction of photovoltaic power station	NT$	6,371	NT$	41,990
Sales of electrical equipment		29,871		410
Total	NT$	36,242	NT$	42,400
Contract liabilities - current				
Construction of photovoltaic power station	NT$	1,711	NT$	5,144

The variation of the contract assets and liabilities is the result of the difference in the time point when the Group fulfills the obligations and the customer makes the payment.

2. Breakdown of revenue from customer contracts

FY2023

	Reportable segments				Total	
	Energy Business Group		Electrical Engineering Business Group			
Contract revenue type						
Construction and engineering revenue	NT$	19,994	NT$	-	NT$	19,994
Sales revenue		-		415,808		415,808
Electricity retailing revenue		2,909		-		2,909
Others		-		60,459		60,459
Total	NT$	22,903	NT$	476,267	NT$	499,170
Point in time for revenue recognition:						
At a certain point in time	NT$	2,909	NT$	476,267	NT$	479,176
To be satisfied over time		19,994		-		19,994
Total	NT$	22,903	NT$	476,267	NT$	499,170

FY2022

	Reportable segments				Total	
	Energy Business Group		Electrical Engineering Business Group			
Contract revenue type						

Construction and engineering revenue	NT$	39,525	NT$	25,179	NT$	64,704
Sales revenue		-		72,165		72,165
Electricity retailing revenue		3,191		-		3,191
Others		453		6,272		6,725
Total	NT$	43,169	NT$	103,616	NT$	146,785
Point in time for revenue recognition:						
At a certain point in time	NT$	3,644	NT$	78,437	NT$	82,081
To be satisfied over time		39,525		25,179		64,704
Total	NT$	43,169	NT$	103,616	NT$	146,785

(XIX) Total Non-operating Revenue and Expense

1. Interest income

	FY2023		FY2022	
Bank deposits	NT$	1,356	NT$	840

2. Other revenue

	FY2023		FY2022	
Rental revenue	NT$	607	NT$	504
Dividend income		994		-
Compensation income		2,990		-
Others		4,339		3,265
Total	NT$	8,930	NT$	3,769

3. Other profits and losses

	FY2023		FY2022	
Gain (loss) on financial assets at fair value through profit or loss	NT$	57,421	NT$	-
Profit from lease changes		105		12
Gains (losses) from disposal of property, plant and equipment		63		(21)
Disposal of investment interests		-		250
Others		(4,043)		(803)
Total	NT$	53,546	NT$	(562)

4. Financial cost

	FY2023		FY2022	
Interest on bank loans	NT$	7,599	NT$	3,465
Interest on lease liabilities		516		236
Less: Amounts of the qualified asset costs (included in property, plant and equipment and equipment prepayment)		(1,913)		(481)
Net amount	NT$	6,202	NT$	3,220

Information on interest capitalization is as follows:

	FY2023		FY2022	
Amount of interest capitalized	NT$	1,913	NT$	481
Rate of capitalized interest	2.23%		1.86%	

(XX) Remuneration to Employees and Directors

In accordance with the Company's Articles of Incorporation, the Company contributes no less than 1% and no more than 1% of the pre-tax benefit to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees for FY2023 and FY2022 were as follows:

	FY2023	FY2022
Employee remuneration	1%	1%
Remuneration to directors	0%	0%

	FY2023	FY2022
Cash		
Employee remuneration	NT$ 1,393	NT$ 456

If there is a change in the amount of the annual parent company only financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

There was no difference between the actual amount of employees' remuneration and the amount recognized in the parent company only financial statements for FY2022.

For additional information on the remunerations to the employees and directors approved by the Board, visit the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(XXI) Income Taxes

1. The major components of income tax expense (benefit) recognized in profit or loss:

	FY2023	FY2022
Income tax for the current year		
Additional taxes levied on undistributed earnings	$ —	$ 208
Adjusted from the previous year	(140)	-
Deferred income tax		
Income tax generated in the current year	-	(134)
Income tax expense (benefit) recognized in profit or loss	NT$ (140)	NT$ 74

2. The reconciliation of accounting income and income tax expense (benefit) is as follows:

	FY2023	FY2022
Income tax expense on net income before income tax at statutory tax rate	NT$ 27,577	NT$ 9,031
Tax-exempt income	(12,083)	-
Non-deductible expenses for tax purposes	10	117
Net domestic investments recognized under the equity method	(10,610)	(6,619)
Additional taxes levied on undistributed earnings	-	208
Unrecognized temporary differences	(67)	1,175
Unrecognized loss carryforwards offset against current period	(4,827)	(3,838)
Adjustment in the current year for the income tax expenses of the previous year	(140)	-

Income tax expense (benefit) included in profit or loss	NT$ (140)	NT$ 74

3. Income taxes recognized in other comprehensive income

	FY2023	FY2022
Deferred income tax		
Generated in the current period		
Exchange difference from conversion of financial statements of foreign operations	NT$ -	NT$ (2)

4. Income tax assets and liabilities in the current period

	December 31, 2023	December 31, 2022
Income tax assets in current period		
Tax refund receivable	NT$ 77	NT$ 46
Income tax liabilities in current period		
Income taxes payable	NT$ -	NT$ 257

5. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

	FY2023			
	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax liabilities				
Investment income from subsidiaries accounted for under the equity method	NT$ -	NT$ -	NT$ -	NT$ -

	FY2022			
	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax liabilities				
Investment income from subsidiaries accounted for under the equity method	NT$ 134	NT$ (134)	NT$ -	NT$ -

6. Deferred income tax assets not recognized in parent company only balance sheets

	December 31, 2023	December 31, 2022
Loss deductions	NT$ 125,727	NT$ 150,435
Temporary differences that can be deducted	78,922	81,525
Total	NT$ 204,649	NT$ 231,960

7. As of December 31, 2023, information on unused tax losses and approved cases for income tax returns is summarized as follows:

Year of occurrence	Deductible amount	Final deduction year
FY2014 (authorized)	14,378	2024
FY2015 (authorized)	86,597	2025
FY2017 (authorized)	24,752	2027
Total	NT$ 125,727	

8. Status of approved Income taxes

   The Company's income tax returns for FY2021 have been duly examined and cleared by the tax authorities.

(XXII) Additional information on the nature of the expenses:

1. Summary of employee benefits, depreciation, depletion and amortization expenses for the period by function as follows:

By function / By nature	FY2023			FY2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Wage expenses	NT$ 21,077	NT$ 19,556	NT$ 40,633	NT$ 14,802	NT$ 15,403	NT$ 30,205
Labor and health insurance expenses	2,435	1,409	3,844	1,918	1,297	3,215
Pension expense	813	742	1,555	821	674	1,495
Remuneration to directors	-	942	942	-	665	665
Other employee benefit expenses	991	2,113	3,104	541	1,605	2,146
Depreciation expense	13,722	4,467	18,189	6,584	3,624	10,208

(XXIII) Capital Risk Management

The Company is required to maintain sufficient capital to meet the doubtful assumptions as a going concern. Therefore, the Company manages its capital to ensure that it has the necessary financial resources and operating plans to meet its future needs for working capital, capital expenditures and debt repayment.

(XXIV) Financial Instruments

1. Fair value information - financial instruments not measured at fair value

   The carrying amounts of financial instruments not carried at fair value, such as cash, financial assets carried at amortized cost, accounts receivable, other receivables, refundable deposits, long-term and short-term loans (including long-term loans due within one year), accounts payable, other payables and guarantee deposits received, are a reasonable approximation of fair value.

2. Fair value information - financial instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

	December 31, 2023							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Domestic listed (Over-the-Counter) stocks	$	113,324	NT$	-	NT$	-	$	113,324

	December 31, 2022							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Domestic listed (Over-the-Counter) stocks	NT$	53,752	NT$	-	NT$	-	NT$	53,752

There were no transfers between Level 1 and Level 2 fair value measurements from January 1 to December 31 2023 and 2022.

3. Types of financial instruments

	December 31, 2023		December 31, 2022	
Financial Assets				
Financial assets at fair value through profit or loss	NT$	113,324	NT$	53,752
Financial assets carried at amortized cost (Note 1)		415,537		629,845
Total	NT$	528,861	NT$	683,597
Financial liabilities				
Measured at amortized cost (Note 2)	NT$	398,263	NT$	447,824
Lease liabilities		30,064		16,164
Total	NT$	428,327	NT$	463,988

Note 1: The balance includes cash, financial assets carried at amortized cost, notes receivable, accounts receivable, other receivables, long-term notes and accounts receivable and refundable deposits, and other financial assets carried at amortized cost.

Note 2: The balance consists of financial liabilities measured at amortized cost, including long-term loans (including long-term borrowings due within one year), notes payable, accounts payable, other payables and guarantee deposits.

4. Financial risk management objectives and policies

The Company's major financial instruments include accounts receivable, accounts payable and borrowings. The Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on the level and breadth of risk. These risks include market risk (including interest rate risk and other price risks), credit risk and liquidity risk.

(1) Market risk

A. Interest rate risk

The carrying amounts of the Company's financial assets and liabilities exposed to interest rate risk as of the balance sheet date were as follows

	December 31, 2023		December 31, 2022	
Fair value interest rate risk				
Financial Assets	NT$	52,246	NT$	155,643
Financial liabilities		160,064		199,004
Cash flow rate risk				
Financial Assets	NT$	55,275	NT$	215,946
Financial liabilities		167,494		162,705

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding for the period reported. The rate of change used in reporting interest rates internally to key management is a one-dollar increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of interest rate changes.

If interest rates were to increase or decrease by 0.25%, with all other variables held constant, the Company's pre-tax income would increase/decrease by NT$606 thousand and NT$324 thousand for FY2023 and FY2022 respectively, due to the Company's exposure to interest rate risk on cash flows from variable rate deposits and borrowings.

B. Other price risk

The Company has equity price risk due to its investment in domestic listed securities. The management of the Consolidated Company manages the risk by holding different risky investment portfolios.

<u>Sensitivity analysis</u>

The following sensitivity analysis was performed based on the equity price risk at the balance sheet date.

If equity prices increased/decreased by 1%, net income before income tax would have increased/decreased by NT$1,133 thousand and NT$538 from January 1 to December 31 2023 and 2022 respectively, due to the increase/decrease in the fair value of financial assets at fair value through profit or loss.

The increase in sensitivity to price risk during the year was mainly due to the increase in equity investments.

(2) Credit risk

Credit risk refers to the risk of financial loss due to default on contractual obligations by counter-parties. As of the balance sheet date, the Company's maximum exposure to credit risk due to non-performance by counter-parties is mainly due to non-collection of customer accounts.

As of December 31, 2023 and 2022, the percentages of accounts receivable from the top ten customers to the Company's accounts receivable were 96.01% and 93.85%, respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

(3) Liquidity risk

A. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Company's bank loans that are repayable on demand are listed in the table below at the earliest possible date, without regard to the probability that the banks will enforce the rights immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the borrowing rate at the balance sheet date.

	December 31, 2023									
	Less than 6 months		6 months to 1 year		1 to 2 years		More than 2 years		Total	
Non-derivative financial liabilities										
Non-interest-bearing liabilities	NT$	91,662	NT$	-	NT$	-	NT$	-	NT$	91,662
Floating rate instruments		133,692		3,854		9,627		164,885		312,058
Lease liabilities		4,135		5,938		11,677		9,612		31,362
Total	NT$	229,489	NT$	9,792	NT$	21,304	NT$	174,497	NT$	435,082

More information on the analysis of lease liabilities due:

	Less than 1 year		1 to 5 years		6 to 10 years		11 to 15 years		16 to 20 years	
Lease liabilities	NT$	10,073	NT$	19,427	NT$	947	NT$	915	NT$	-

	December 31, 2022									
	Less than 6 months		6 months to 1 year		1 to 2 years		More than 2 years		Total	
Non-derivative financial liabilities										
Non-interest-bearing liabilities	NT$	95,805	NT$	-	NT$	-	NT$	-	NT$	95,805
Floating rate instruments		186,272		2,243		5,463		168,583		362,561
Lease liabilities		1,597		1,628		3,103		11,045		17,373
Total	NT$	283,674	NT$	3,871	NT$	8,566	NT$	179,628	NT$	475,739

More information on the analysis of lease liabilities due:

	Less than 1 year		1 to 5 years		6 to 10 years		11 to 15 years		16 to 20 years	
Lease liabilities	NT$	3,225	NT$	10,701	NT$	2,342	NT$	947	NT$	158

B. Financing amount

	December 31, 2023		December 31, 2022	
Unsecured bank loan credit line				
- Amount utilized	NT$	-	NT$	52,840
-Unutilized amount		-		137,160
Total	NT$	-	NT$	190,000
Guaranteed Bank credit line				
- Amount utilized	NT$	299,800	NT$	292,705
-Unutilized amount		100,000		100,295
Total	NT$	399,800	NT$	393,000

VII. Related Party Transactions

The transactions between the Company and its related parties were as follows

(I) Names of related parties and their relationships

Name of related party	Relationship with the Company
Sen-Hsin Energy Co., Ltd. (hereinafter referred to as "Sen-Hsin")	Subsidiary
Luxe Solar Energy Co., Ltd. (hereinafter referred to as "Luxe Solar")	Subsidiary
Chin Lai International Development Co., Ltd. (hereinafter referred to as "Chin Lai")	Subsidiary
Wan Chuan Construction Co., Ltd. (hereinafter referred to as "Wan Chuan Construction")	Subsidiary
Qun Li Energy Co., Ltd. (hereinafter referred to as "Qun Li")	Subsidiary
Le Hua Investment Co., Ltd. (hereinafter referred to as "Le Hua")	Subsidiary
Kai Shih Energy Co., Ltd. (hereinafter referred to as "Kai Shih")	Subsidiary
Ching Tien Energy and System Co., Ltd. (hereinafter referred to as "Ching Tien Energy")	Other related party
Chao Hsing Energy Co., Ltd. (hereinafter referred to as "Chao Hsing Energy")	Other related party
Sel Tech Co., Ltd. (hereinafter referred to as "SEL Tech")	Other related party
Quintain Steel Co., Ltd. (hereinafter referred to as "Quintain")	Other related party
Chateau Rich Hotel Co., Ltd. (hereinafter referred to as "Chateau Rich")	Other related party
Chateau International Development Co., Ltd. (hereinafter referred to as "Chateau International")	Other related party
Wan-Hou Machinery and Electrical Engineering Co., Ltd. (hereinafter referred to as Wan-Hou Machinery and Electrical Engineering")	Other related party
Asahi Enterprises Corp. (hereinafter referred to as "Meiyu Industrial")	Other related party

(II) Operating revenue

	FY2023		FY2022	
Ching Tien Energy	NT$	472	NT$	28,679
Sel Tech Co., Ltd.		7,288		-
Chao Hsing Energy Co., Ltd.		13,195		8,240
Total	NT$	20,955	NT$	36,919

1. The revenue from subcontracting photovoltaic equipment projects including installation construction. These projects are subcontracted to Sel Tech Co., Ltd. The financial statements of the Company present the construction revenue after deducting the cost of the outsourcing. Prices and payment terms are based on individual agreements between the parties for each project.

	Construction and engineering revenue		Construction and engineering cost		Net amount	
FY2023						
Ching Tien Energy	NT$	2,079	NT$	1,607	NT$	472
Chao Hsing Energy Co., Ltd.		20,795		16,240		4,555
Total	NT$	22,874	NT$	17,847	NT$	5,027
FY2022						
Ching Tien Energy and System Co., Ltd.	NT$	83,919	NT$	67,250	NT$	16,669
Other related party		41,070		31,910		9,160
Total	NT$	124,989	NT$	99,160	NT$	25,829

2. For the transactions between the Company and its related parties, the transaction prices and payment terms are agreed by both parties case by case.

(III) Purchase (construction cost)

	FY2023		FY2022	
Sel Tech Co., Ltd.	NT$	17,847	NT$	156,758
Wan-Hou Machinery and Electrical Engineering		2,806		-
Wan Chuan Construction Co., Ltd.		15,581		-
Total	NT$	36,234	NT$	156,758

(IV) Contract Assets

	December 31, 2023		December 31, 2022	
Ching Tien Energy and System Co., Ltd.	NT$	-	NT$	24,914
Other related party		-		2,982
Total	NT$	-	NT$	27,896

(V) Accounts Receivables From Related Parties

	December 31, 2023		December 31, 2022	
Accounts receivable				
Sel Tech Co., Ltd.	NT$	7,652	NT$	-
Other receivables				
Subsidiary	NT$	256	NT$	168
Sel Tech Co., Ltd.		50,906		-
Total	NT$	51,162	NT$	168

No guarantee is received for amounts outstanding from related parties. Tainan City Government terminated the contract for the solar power generation system around the detention basins of Water Resources Bureau, Tainan City Government. The construction has not yet started, thus the Company will apply to the contractor, Sel Tech Co., Ltd., for a refund of the prepayment amounted to NT$50,906 thousand.

(VI) Accounts Payable to Related Parties

	December 31, 2023		December 31, 2022	
Accounts payable				
Wan Chuan Construction Co.,	NT$	676	NT$	-

Ltd.				
Sel Tech Co., Ltd.		34		19,554
Total	NT$	710	NT$	19,554
Other payables				
Subsidiary	NT$	-	NT$	26
Other related party		62		26
Total	NT$	62	NT$	52

(VII) Endorsements and Guarantees

See Schedule I for endorsement guarantees for subsidiaries.

(VIII) Prepayment for Equipment

	December 31, 2023		December 31, 2022	
Wan Chuan Construction Co., Ltd.	NT$	34,429	NT$	-
Sel Tech Co., Ltd.		32,000		50,906
Total	NT$	66,429	NT$	50,906

As of December 31, 2023, Wan Chuan Construction Co., Ltd. and the Company entered a contract for renovation and new plant construction, with the total price of NT$57,381 thousand, which will be disbursed according to the progress of the project. Prices and payment terms are based on individual agreements between the parties for each project.

Sel Tech Co., Ltd. purchased solar power equipment and installation; the total contractual price of NT$40,000 thousand and NT$1,018,116 thousand respectively as of December 31, 2023 and 2022 was for the purchase of which will be paid according to the progress of the project. Prices and payment terms are based on individual agreements between the parties for each project.

(IX) Lease Agreements

	December 31, 2023		December 31, 2022	
Right-of-use assets				
Meiyu Industrial Co., Ltd.	NT$	17,339	NT$	-
Other related party		-		4,386
Total	NT$	17,339	NT$	4,386
Lease liabilities - current				
Meiyu Industrial Co., Ltd.	NT$	6,718	NT$	-
Other related party		-		603
Total	NT$	6,718	NT$	603
Lease liabilities - non-current				
Meiyu Industrial Co., Ltd.	NT$	12,456	NT$	-
Other related party		-		3,884
Total	NT$	12,456	NT$	3,884
Interest expense				
Meiyu Industrial Co., Ltd.	NT$	250	NT$	-
Other related party		15		76
Total	NT$	265	NT$	76

The Company leases office space and plants from a related party, and the terms of the transaction are monthly lease payments.

(X) Transactions with other related parties

	FY2023		FY2022	
Rental revenue				
Subsidiary	NT$	360	NT$	306

Other related party		32		-
Total	NT$	392	NT$	306
Miscellaneous income				
Subsidiary	NT$	2,280	NT$	1,920

(XI) Remuneration for senior management

	FY2023		FY2022	
Short-term employee benefits	NT$	6,899	NT$	7,452
Postemployment benefits		173		189
Total	NT$	7,072	NT$	7,641

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee based on individual performance and market trends.

(XII) Acquisition of property, plant, and equipment

The prices for the Company's acquisition of property, plant and equipment from related parties are summarized as follows:

	FY2023		FY2022	
Quintain Steel Co., Ltd.	NT$	126	NT$	-

VIII. Assets Pledged as Collateral

The following assets are secured as follows:

	December 31, 2023		December 31, 2022	
Financial assets measured at amortized cost - non-current (reserve account)	NT$	331	NT$	-
Financial assets measured at amortized cost - non-current (pledged time deposits)		51,915		55,643
Property, plant and equipment		113,063		116,963
Total	NT$	165,309	NT$	172,606

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other notes, the Company's material commitments and contingencies as of the balance sheet date are as follows:

(I) The details of the Company's guaranteed notes payable and bank guarantee letters are as follows:

	December 31, 2023		December 31, 2022	
Performance guarantee	NT$	51,915	NT$	55,643
Guarantee notes for construction projects		19,915		19,915
Total	NT$	71,830	NT$	75,558

(II) The Company and Aircom Pacific Inc. jointly developed an in-flight connection system for use in the passenger cabin of an aircraft for a total contract price of NT$28,750 thousand (US$909,000), of which NT$23,918 thousand (US$762,000) had been paid as of December 31, 2023. The Company has no plan to continue the operation of the business, and no manpower is currently committed to the venture; therefore, a total impairment loss of NT$23,918 thousand was recorded in 2015 for the prepaid equipment.

(III) As for the wind power projects contracted by the Company for Taiwan Power Company (Taipower) in its Taichung Power Plant and Taichung Port area. Many factors that were beyond the control of the Company, such as delayed provision of land, frequent change of the wind turbine sites, and changes in design and construction methods on the side of Taipower as well as the bankruptcy of a subcontractor, the Dutch wind generator supplier, typhoons and severe weather, occurred after the commencement of the works and resulted in a significant increase of the required construction period for the project. For this, the Company asked for extension of the construction period according to the contract and, thus, run into contractual disputes with Taipower. The Chinese Construction Industry Arbitration Association made the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) on January 19, 2010 with the text described below:

1. Taipower shall extend the construction period for each wind turbine (#1, #2, #3 and #4 turbines) of Taichung Power Plant by 290 calendar days.
2. Taipower shall extend the work period of 563 calendar days for each wind turbine (#1-#4) of the first group of wind turbines in the Taichung Harbor Area; 756 calendar days for each wind turbine (#5-#8) of the second group; 773 calendar days for each wind turbine (#9-#12) of the third group; 663 calendar days for each wind turbine (#13-#18) of the fourth group.
3. Taipower shall calculate the completion date of the sub-projects of Taichung Power Plant and Taichung Harbor Area by adding 120 calendar days to the last date of completion of the commercial transfer of each site (#3 wind turbine of Taichung Power Plant; #11 wind turbine of Taichung Port Area) as the last completion date of the site.
4. Taipower shall pay the Company NT$13,740 thousand and interest at 5% per annum from September 28, 2007 to the date of settlement.

   Taipower filed an action against the arbitral award and requested for its revocation. For this, Taiwan Taipei District Court made a decision to dismiss the action (Zhong-Su-Zi No. 11, 2010) and Taipower filed an appeal against the decision. On May 31, 2011, the high court delivered its decision (Chong-Shang-Zi No. 501, 2010) to reserve the dismissal of Taipower’s action and the determination on the litigation expenses as declared in the original judgment. As for the text of the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) made by the Chinese Construction Industry Arbitration Association, the decision of the high court found that Point (3) exceeded the scope of the arbitration agreement and should be revoked, and the appeal should be dismissed with regard to Points (1), (2) and (4). The two parties had negotiated on the settlement amount, but they could not reach a consensus. As a result, Taipower has still not paid the Company the amount due.

The Company filed a lawsuit with the Taipei District Court on September 5, 2013, requesting Taipower to pay the Company NT$401,631 thousand and on August 25, 2016, the Taipei District Court ruled (2013 Jian-Zi No. 274) that Taipower should pay the Company NT$309,690,000, plus interest at 5% per annum from April 14, 2012 to the date of full settlement. Taipower appealed against the judgment and filed an appeal. On May 29, 2020, the Taiwan High Court ruled in (2016 Jian-Shang-Zi No.74) that Taipower should pay the Company NT$301,955 thousand, including NT$250,070 thousand from April 14, 2012, and the remaining NT$51,885 thousand with interest at 5% per annum from the day after the judgment was finalized until the date of settlement. Based on the above judgement, the Company filed an appeal with the Supreme Court in which Taipower was required to pay the Company NT$16,045 thousand and interest at 5% per annum from April 14, 2012 to the date of settlement. Taipower objected the judgment and re-appealed again. On August 16, 2023, the Taiwan Supreme Court ruled (2021 Tai-Shang-Zi No. 690) that Taipower should pay the Company NT$318,001 thousand, of which, the interest of NT$266,116 thousand shall be accrued from April 14, 2012, and the for the remaining NT$51,885 thousand shall be accrued from the next day of the judgment determination date, at the rate of 5% per annum, until the settlement date.

In addition, in February 2015, the Company obtained an execution decree from the Taipei District Court of Taiwan in accordance with the above-mentioned arbitration judgment on Item 4 seeking NT$13,740 thousand in outstanding payments due. Taipower filed a debtor's dispute lawsuit seeking a stay of execution. On December 9, 2016, the Taipei District Court ruled against Taipower (2015 Zhong-Shu-Zi No.195). Taipower has filed an appeal, which is currently pending before the Taiwan High Court, and the verdict has not yet been determined.

(IV) The Company placed an order of 54 blades to Umoe (a Dutch company) on June 22, 2005 and authorized it to deal with their transport. Umoe (a Dutch company) authorized another company for this transport matter. A batch of the blades was affected by severe weather during the transport and 15 blades were damaged as a result. Umoe (a Dutch company) found that the procurement agreement was entered into based on the FOB conditions and, thus, asked the Company to reimburse the freight paid on behalf of the Company. On August 16, 2010, the Company received a notice from Taiwan Banqiao District Court about the suit at Oslo District Court, Norway. The JuridiskByra law firm in Norway was authorized for the suit. Oslo District Court made a decision against the Company on April 11, 2011 and required that the Company should pay a compensation of EUR 222 thousand (ca. NT$7,359 thousand) and a sum of legal expenses of NOK 404 thousand (ca. NT$1,258 thousand) with delay interest. As there is no mutual recognition of judicial decisions based on treaties or agreements between Taiwan and Norway, the Company has not received any notice from the court to enforce the above compensation as of December 31, 2023.

(V) As of December 31, 2023 and 2022, the Consolidated Company had entered into contracts for solar power generation equipment, and the total amount due, less the amount paid, was NT$30,952 thousand and NT$976,397, respectively.

X. Catastrophic Losses: None.

XI. Significant Post-Term Events: None.

XII. Other Matters:

The Company's Board of Directors resolved on April 22, 2022 that in order to focus on the Company's core business, it is intended to fully dispose the subsidiary, Kaishi Energy Co., Ltd. at the original amount invested. Kai Shih Energy Co. resolved the dissolution in the shareholders’ meeting on June 26, 2023. The dissolution registration was completed on June 29, 2023, and the liquidation was completed on January 16, 2024.

XIII. Notes for Disclosures

(I) Information on Material Transactions:

1. Loan of funds to others: None.
2. Endorsement and guarantees for others: see Schedule 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): see Schedule 2.
4. Cumulative purchases or sales of marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: none.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: None.

(II) Information on investment in other businesses: see Schedule 3.

(III) Information on investment in Mainland China: None.

(IV) Information on major shareholders: Name, amount and percentage of shares held by shareholders with a 5% or more ownership: see Schedule 4.

XIV. Operating Segment Information

Please refer to the consolidated financial statements for FY2023.

Schedule 1

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Endorsement and guarantees for others:
January 1 to December 31, 2023

Unit: NT$ '000

Number (Note 1)	Company name of the guarantor	Target of endorsement and guarantee		Endorsement and guarantee limit for a single company (Note 3)	Maximum endorsement and guarantee balance for the period	Ending balance of endorsement and guarantee	Actual amount	Endorsement and guarantee amount secured by assets	Ratio of cumulative guarantee amount to net worth of the most recent financial statements (%)	Maximum amount of endorsement and guarantee (Note 3)	Endorsement and guarantee from parent to subsidiary (Note 4)	Endorsement and guarantee from subsidiary to parent company (Note 4)	Endorsement and guarantee for Mainland China (Note 4)
		Company name	Relationship (Note 2)										
0	The Company	Sen-Hsin Energy Co., Ltd.	2	NT$ 881,405	NT$ 450,000	NT$ 450,000	NT$ 324,582	NT$ -	25.53	NT$ 1,762,810	Y	N	N
0	The Company	Chin Lai International Development Co., Ltd.	2	NT$ 881,405	NT$ 450,000	NT$ 150,000	NT$ 82,400	NT$ -	8.51	NT$ 1,762,810	Y	N	N

Note 1: The description of the number column is as follows:

(1) The issuer is entered as 0.

(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are two types of relationships between the guarantor and the target of the endorsement, which can be indicated as follows:

(1) Companies with business relationship.

(2) Subsidiaries where the guarantor directly holds more than 50% of the common stock.

Note 3: In accordance with the Company's operating procedures, the total amount of endorsement and guarantee shall not exceed 100% of the Company's latest net financial statements. The individual limits of the Company's external endorsement or guarantee shall not exceed 50% of the Company's net worth, and the same applies to the individual limits of the Company's endorsement and guarantee for subsidiaries directly or indirectly holding 100% of the voting shares.

Note 4: Endorsement and guarantee by a listed parent company to its subsidiary, the endorsement and guarantee by the subsidiary to the listed parent company, and the endorsement and guarantees in Mainland China are required to fill in line item Y.

Schedule 2

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Breakdown of marketable securities held at the end of the period

December 31, 2023

Unit: NT$ '000

Company held	Type and Name of Marketable Securities	Relationship between the issuer of the securities and the Company	Accounting Item	End of period				Remarks
				Shares	Total carrying amount	Shareholding ratio (%)	Market price or equity net value	
The Company	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	1,756,420	111,694	1.49	111,694	
	Shares - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	88,002	1,630	0.03	1,630	
Le Hua Investment Co., Ltd.	Shares - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	1,180,857	20,488	0.38	20,488	
	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	54,060	3,405	0.05	3,405	
Luxe Solar Energy Co., Ltd.	Shares - Chateau International Development Co., Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	63,600	4,007	0.05	4,007	
Wan Chuan Construction Co., Ltd.	Castle Applied Inc.	Other related party	Financial assets measured at fair value through other comprehensive income - current	2,358,333	27,100	9.43	27,100	
	Wan-Hou Machinery and Electrical Engineering Co., Ltd.	Other related party	Financial assets measured at fair value through other comprehensive income - current	95,000	1,297	19	1,297	
	Shares - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	1,654,658	28,708	0.54	28,708	

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 9, "Financial Instruments".

Note 2: Please refer to Table 3 for information on investments in subsidiaries and affiliates.

Schedule 3

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Information about the investee company, its location, ..., etc.

January 1 to December 31, 2023

Unit: NT$ '000/thousand shares

Name of the investment company	Name of investee company	Location	Main business scope	Investment amount		Held at the end of the period			Income (loss) of the investee for the period	Gain (loss) on investment recognized in the period	Notes
				End of period	End of last year	Shares	Ratio (%)	Par value			
The Company	Le Hua Investment Co., Ltd.	Taiwan	Reinvestment business	NT$ 20,000	NT$ 20,000	2,000	100	NT$ 24,215	NT$ 10,412	NT$ 10,412	
	Luxe Solar Energy Co., Ltd.	Taiwan	Energy Technical Services	4,826	4,826	500	100	5,512	1,975	1,975	
	Sen-Hsin Energy Co., Ltd.	Taiwan	Energy Technical Services	813,000	660,000	81,300	100	839,373	22,094	22,094	
	Chin Lai International Development Co., Ltd.	Taiwan	Energy Technical Services	202,320	202,320	18,000	100	218,454	13,047	10,886	(Note 1)
	Kai Shih Energy Co., Ltd.	Taiwan	Energy Technical Services	255	2,550	25	51	29	(667)	(339)	
	Wan Chuan Construction Co., Ltd.	Taiwan	Comprehensive Construction Activities	63,000	63,000	6,300	52.5	73,524	15,280	8,022	
Chin Lai International Development Co., Ltd.	Qun Li Energy Co., Ltd.	Taiwan	Energy Technical Services	32,889	32,889	2,900	100	29,644	(184)	(184)	
Wan Chuan Construction Co., Ltd.	Park Ave Coworking Space Co., Ltd.	Taiwan	Indoor Decoration	2,250	2,250	225	22.5	1,852	1,943	437	

Note 1: The investment gain or loss recognized in the current period includes a gain of NT$13,047 thousand less amortization of operating rights of NT$2,161 thousand

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Name of Major Shareholders
December 31, 2023

Name of major shareholders	Shares	
	Shares held	Shareholding ratio (%)
Quintain Steel Co., Ltd.	15,115,091	10.03%
Concord International Securities Co., Ltd.	14,284,314	9.48%
Asahi Enterprises Corp.	8,780,020	5.83%
Pao Li Tou Investment Co., Ltd.	8,592,130	5.70%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common and preferred shares in dematerialized format. The number of shares recorded in the parent company only financial statements and the actual number of shares in dematerialized format may differ depending on the basis of calculation.

Note 2: The above information is disclosed by the trustee's opening of a trust account with individual subaccounts of the trustee if the shareholders have entrusted their shares to the trust. As for the shareholder's shareholding of more than 10% of the shares of insiders reported under the Securities and Exchange Act, the shareholding includes the shareholding of the shareholder plus the shareholding of the shareholder who entrusted shares held to the trust and has the right to decide the use of the trust property.

§ The following table summarizes the significant accounting items

Item	Number/Index
Schedule of Assets, Liabilities and Equity	
Schedule of Cash	Table 1
Schedule of financial assets carried at amortized cost	Note 6(3)
Schedule of Notes Receivable	Table 2
Schedule of Accounts Receivable (Including Related Parties)	Table 3
Schedule of Receivables	Table 4
Schedule of Inventory	Table 5
Schedule of changes in investments accounted for under the equity method	Table 6
Schedule of changes in property, plant and equipment	Note 6(7)
Schedule of Changes in Right-of-Use Assets	Table 7
Schedule of Deposits and Guarantees	Table 8
Schedule of Short-term Borrowings	Note 6(12)
Schedule of Accounts Payable (including Related Parties)	Table 9
Schedule of Other Payables (including related parties)	Table 10
Schedule of Long-term Borrowings	Note 6(13)
Schedule of Deferred Income Tax Liabilities	Note 6(21)
Schedule of Profit and Loss	
Schedule of Operating Income	Table 11
Schedule of Operating Costs	Table 12
Schedule of Manufacturing Costs	Table 13
Operating Expenses	Table 14
Details of employee benefits, depreciation, amortization, and other operating expenses	Table 15

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Cash

December 31, 2023

Table 1

Unit: NT$ '000

Item	Amount	
Cash on hand	NT$	138
Bank deposits		
Cheque deposits		182
Demand deposits		55,275
Total	NT$	55,595

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Notes Receivable
December 31, 2023

Table 2

Unit: NT$ '000

Name of Customer	Amount	
Company A	NT$	365
Company B		200
Company C		195
Company D		191
Company E		96
Others (Note)		43
Total	NT$	1,090

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Accounts Receivable (Including Related Parties)
December 31, 2023

Table 3

Unit: NT$ '000

Name of Customer		Amount
Non-related party		
Company A	NT$	9,905
Company B		4,893
Company C		4,792
Company D		3,680
Company E		3,150
Others (Note)		1,416
Total		27,836
Less: Allowance for losses		-
Net amount	NT$	27,836
Related party		
Company F	NT$	7,652
Less: Allowance for losses		-
Net amount	NT$	7,652

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Receivables

December 31, 2023

Table 4

Unit: NT$ '000

Name of Customer	Amount	
Company A	NT$	4,835
Company B		3,219
Company C		1,409
Company D		1,076
Others (Note)		13
Total		10,552
Less: Allowance for losses		(10,552)
Net amount	NT$	-

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Inventory
December 31, 2023

Table 5

Unit: NT$ '000

Item	Amount			
	Cost		Net realizable value(Note)	
Finished goods	NT$	6,728	NT$	8,596
Work in process		152,280		183,660
Raw materials		28,708		28,709
Merchandise		102		171
Subtotal		187,818	NT$	221,136
Less: Allowance for loss on decline in value of inventories		(27,509)		
Total	NT$	160,309		

Note: See Note 4 for the net realizable value basis.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of changes in investments accounted for under the equity method

FY2023

Table 6

Unit: NT$ '000

	Balance at the beginning of the year		Changes in the current year							Balance at the end of year					
Name	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Gain (loss) on investment	Cash dividends received	Unrealized gross profit from sales	Disposed	Others (Note 1)	Shares (thousand shares)	Shareholding ratio (%)	Amount	Market price or equity net value	Evaluation basis	Provision of guarantees or pledges
Le Hua Investment Co., Ltd.	2,000	NT$13,803	-	NT$ -	NT$10,412	NT$ -	NT$ -	NT$ -	NT$ -	2,000	100	NT$24,215	NT$24,215	Equity method	None
Luxe Solar Energy Co., Ltd.	500	3,537	-	-	1,975	-	-	-	-	500	100	5,512	5,512	〃	〃
Sen-Hsin Energy Co., Ltd.	66,900	692,680	14,400	144,000	22,094	(19,401)	-	-	-	81,300	100	839,373	839,373	〃	〃
Chin Lai International Development Co., Ltd.	18,000	222,149	-	-	10,886	(14,580)	(1)	-	-	18,000	100	218,454	218,454	〃	〃
Kai Shih Energy Co., Ltd.	255	3,250	(230)	(2,295)	(339)	(587)	-	-	-	25	51	29	29	〃	〃
Wan Chuan Construction Co., Ltd.	6,300	64,364	-	-	8,022	-	-	-	1,138	6,300	52.5	73,524	73,524	〃	〃
Total		NT$ 999,783		NT$ 141,705	NT$53,050	NT$ (34,568)	NT$ (1)	NT$ -	NT$ 1,138			NT$ 1,161,107	NT$ 1,161,107		

Note 1: Recognition of financial assets carried at fair value through other comprehensive income.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

Schedule of Changes in Right-of-Use Assets

FY2023

Table 7

Item	Amount at beginning of period		Increase in the current period		Decrease in the current period		Balance at the end of period	
Cost								
Buildings	NT$	17,672	NT$	22,324	NT$	(6,192)	NT$	33,804
Transport Equipment		1,591		1,164		-		2,755
Subtotal		19,263		23,488		(6,192)		36,559
Cumulative depreciation								
Buildings		2,948		6,351		(1,938)		7,361
Transport Equipment		391		809		-		1,200
Subtotal		3,339		7,160		(1,938)		8,561
Total	NT$	15,924	NT$	16,328	NT$	(4,254)	NT$	27,998

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Deposits and Guarantees
December 31, 2023

Table 8

Unit: NT$ ‘000

Item	Amount
Refundable deposit	
Performance guarantee	NT$ 10,357

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Accounts Payable (including Related Parties)
December 31, 2023

Table 9

Unit: NT$ ‘000

Name of Vendor		Amount
Non-related party		
Company A	NT$	15,471
Company B		12,562
Company C		8,105
Company D		6,064
Company E		5,166
Company F		4,892
Company G		4,464
Others (Note)		25,192
Subtotal		81,916
Related party		
Others (Note)		710
Total	NT$	82,626

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Other Payables (including related parties)
December 31, 2023

Table 10

Unit: NT$ '000

Name of Vendor	Amount	
Salaries and bonuses payable	NT$	6,513
Labor costs payable		1,193
Equipment payable		1,565
Others (Note)		7,365
Subtotal		16,636
Related party		
Others (Note)		62
Total	NT$	16,698

Note: The balance of each account listed does not exceed 5% of the balance of this accounting item.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Operating Income
FY2023

Table 11

Unit: NT$ ‘000

Item	Quantity	Amount	
System engineering		NT$	19,994
Electricity retailing revenue	615,636 kWh		2,909
VT & CT	5,352 units		365,048
Switchboard	47 pcs		43,948
Electricity storage			51,645
Others (Note)			15,664
Total			499,208
Less: Sales returns and discounts			(38)
Net operating revenue		NT$	499,170

Note: The amount of line items listed does not exceed 10% of this accounting item.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Operating Costs
FY2023

Table 12

Unit: NT$ ‘000

Item	Amount	
Cost of goods sold		
Merchandise at the beginning of period	NT$	102
Add: Purchases for the period		-
Less: Merchandise at the end of period		(102)
Purchase and sales costs		-
Raw materials at the beginning of period		35,549
Add: Net raw materials purchased for the period		375,677
Less: Raw materials at end of period		(28,708)
Direct raw material consumption		382,518
Direct labor		13,522
Manufacturing expenses		37,813
Processing costs		8,935
Manufacturing costs		442,788
Goods in process at the beginning of period		106,579
Less: Transferred to expenses		(4,874)
Transferred to equipment		(2,519)
Goods in process at the end of period		(152,280)
Finished goods cost		389,694
Finished goods at the beginning of period		41,023

Less: Finished goods at the end of period		(6,728)
Total cost of goods sold		423,989
Operating costs		
Gain on reversal of decline in value of inventories		(331)
Total operating costs	NT$	423,658

Luxe Green Energy Technology Co., Ltd.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Schedule of Manufacturing Costs
FY2023

Table 13

Unit: NT$ ‘000

Item	Amount	
Salary expense	NT$	7,555
Miscellaneous expense		3,295
Depreciation		13,722
Insurance premium		2,718
Power expense		2,660
Others (Note)		7,863
Total	NT$	37,813

Note: The amount of line items listed does not exceed 5% of this accounting item.

Luxe Green Energy Technology Co., Ltd.
(Originally: Luxe Electric Co., Ltd)
Operating Expenses
FY2023

Table 14

Unit: NT$ ‘000

Item	Marketing expense		Administrative expense		R&D expense		Expected credit loss		Total	
Salary expense	NT$	3,234	NT$	16,607	NT$	657	NT$	-	NT$	20,498
Miscellaneous expense		249		6,078		8		-		6,335
Depreciation		1,115		2,938		414		-		4,467
Insurance premium		470		1,494		39		-		2,003
Freight charges		2,129		4		38		-		2,171
Labor service expense		280		3,525		-		-		3,805
Expected credit loss		-		-		-		(39)		(39)
Others (Note)		1,675		3,516		3,877		-		9,068
Total	NT$	9,152	NT$	34,162	NT$	5,033	NT$	(39)	NT$	48,308

Note: The amount of line items listed does not exceed 5% of this accounting item.

Luxe Green Energy Technology Co., Ltd.

(Originally: Luxe Electric Co., Ltd)

A Summary of the Employee Benefits, Depreciation and Amortization Expense Function:

Table 15

Unit: NT$ '000

	FY2023			FY2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Wage expenses	NT$21,077	NT$19,556	NT$40,633	NT$14,802	NT$15,403	NT$30,205
Labor and health insurance expenses	2,435	1,409	3,844	1,918	1,297	3,215
Pension expense	813	742	1,555	821	674	1,495
Remuneration to directors	-	942	942	-	665	665
Other employee benefit expenses	991	2,113	3,104	541	1,605	2,146
	NT$25,316	NT$24,762	NT$50,078	NT$18,082	NT$19,644	NT$37,726
Depreciation	NT$13,722	NT$ 4,467	NT$18,189	NT$ 6,584	NT$ 3,624	NT$10,208
Amortization	-	-	-	-	-	-

Note : The number of the employees in the year and in the previous year was 80 and 61, respectively, and the number of the directors who were not employees were nine for the both year.

(1) The average employee benefits expense for the year was NT$692 thousand ('total employee benefits expense - total remuneration of directors for the year'/'number of employees - number of directors who did not serve as employees concurrently for the year'). The average employee benefits expense for the pervious year was NT$713 thousand ('total employee benefits expense - total remuneration of directors for the previous year'/ 'number of employees - number of directors who did not serve as employees concurrently for the year').

(2) The average employee wages for this year was NT$572 thousand ('total wages and salaries for the year' / 'number of employees - number of directors who did not serve as employees concurrently for the year'). The average employee wages for this year was NT$581 thousand ('total wages and salaries for the previous year' / 'number of employees - number of directors who did not serve as employees concurrently for the previous year').

(3) The average employee wage adjustment is 1.55% ('average employee wages of the year - average employee wages of the previous year' / 'average employee wages of the previous year').

(4) Remuneration policy for directors, independent directors, managers and employees of the Company

1. The remuneration of directors includes compensation, retirement pensions, directors' remuneration and business execution expenses, of which the compensation and business execution expenses are authorized by the Company's Articles of Incorporation to be considered by the Board of Directors and the Compensation Committee based on the value of their participation and contribution to the Company's operations and with reference to the usual standards in the industry.
2. The Company has established an Audit Committee with no remuneration for supervisors.
3. The remuneration of the President and Vice President includes salary and bonus, which are determined by the position held, the responsibility assumed and the contribution to the Company with reference to the general market rate.
4. The remuneration of employees includes salary and bonus, and the salary of new employees is approved by the supervisor of the employing unit and submitted to the supervisor of authority and responsibility. In the future, employees with excellent performance may be reviewed by the supervisor of the unit and proposed for salary adjustment or promotion.
5. The main remuneration principles of the Company are linked to the performance of duties and performance results, and have a positive correlation with the operating performance, and the amount of payment is disclosed in accordance with the law.

Statement of Consolidated Financial Statements of Affiliated Companies

Considering that the companies to be included into the consolidated financial statements of affiliated companies under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2023 (from January 1 to December 31, 2023), and the related information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the said consolidated financial statements of the parent and subsidiaries. We hereby declare that consolidated financial statements of affiliated companies were prepared separately.
It is declared hereby.

Company Name: Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

Chairman: Chen Chien-Jen

February 26, 2024

Auditor’s Report

NO.23861120CA

LUXE GREEN ENERGY TECHNOLOGY CO., LTD.:

Audit opinions

We have audited the consolidated balance sheet of Luxe Green Energy Technology Co., Ltd. and its subsidiaries (collectively referred to as the “Group”) as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the period from January 1 to December 31, 2023 and 2022, and provided the related notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission, and thus presented fairly in all material aspects, the consolidated financial position of Luxe Green Energy Technology Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the period from January 1 to December 31, 2023 and 2022.

Basis of audit opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the prevailing Generally Accepted Auditing Standards. Our responsibilities under such standards are further described in the “CPA’s responsibility for the audit of the consolidated financial statements” section in this report. We are independent of Luxe Green Energy Technology Co., Ltd. and its subsidiaries in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we have acquired sufficient and appropriate audit evidence to base our audit opinions.

Other matters

For the parent company only financial statements prepared by Luxe Green Energy Technology Co., Ltd. in FY2023 and FY2022, we had an independent auditors’ report issued with unqualified opinions for reference.

Key audit matters

Key audit matters is one that, in our professional judgment, is most significant in relation to our audit of the consolidated financial statements of Luxe Green Energy Technology Co., Ltd. and its subsidiaries for the year ended December 31, 2023. Such matters were addressed during the overall audit of the consolidated financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The following is a summary of the key audit matters of the consolidated financial statements of Luxe Green Energy Technology Co., Ltd. and its subsidiaries in FY2023:

<u>Construction contracts</u>

As stated in Notes 4(13) and 6(20) to the consolidated financial statements, Luxe Green Energy Technology Co., Ltd. and its subsidiaries' project revenue for FY2023 amounted to NT$122,773 thousand, which accounted for 16% of the total net operating revenue and had a significant impact on the consolidated financial statements. The project revenue of Luxe Green Energy Technology Co., Ltd. and its subsidiaries is recognized through the cost input ratio of project cost, based on the gradual satisfaction of performance obligations over time. In view of the fact that the estimated total cost of uncompleted construction projects and the construction cost invested will impact the accuracy of the recognition of construction revenue, we have included the area in the key audit matters of the year.

The major audit procedures we conducted for this key audit matter include:

I. Understanding and examining the effectiveness of the design and implementation of the internal control system related to the estimated total construction cost and the recognition of relevant construction revenue.

II. Sampling the construction project progress schedule, construction contracts and construction cost invested in the current period, and re-calculating the percentage of the completed construction, in order to verify the accuracy of the recognition of construction revenue.

<u>Long-term project payment receivables involving any unsettled litigation</u>

As disclosed in Notes 5 and 6(13) to the consolidated financial statements, as of December 31, 2023, the long-term project receivables of Luxe Green Energy Technology Co., Ltd. and its subsidiaries amounted to NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated late penalties). Because of the uncertain outcome of the pending litigation, the recoverable amount of the long-term project receivables involves management's assumptions about the final judgment of the court. Accordingly, we have considered the above long-term receivables as a key audit matter.

The major audit procedures we conducted for this key audit matter include:

I. Review the recent verdict documents of the litigation and obtaining the legal confirmation of the appointed lawyer of the litigation to evaluate the reasonableness of the management's assumption.

II. Evaluating the completeness of the disclosure of this lawsuit by Luxe Green Energy Technology Co., Ltd. and its subsidiaries.

Responsibility of the management and governance unit for the consolidated financial statements

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

In preparing the consolidated financial statements, management's responsibility also includes evaluating the ability of Luxe Green Energy Technology Co., Ltd. and its subsidiaries to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management intends to liquidate the Group or to cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance unit (including the Audit Committee) of Luxe Green Energy Technology Co., Ltd. and its subsidiaries assumes the responsibility of overseeing the financial reporting process.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or errors and issuing an audit report. However, an audit performed in accordance with generally accepted auditing standards does not provide assurance that material misstatements in consolidated financial statements can be detected. The misstatements might be due to fraud or errors. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the consolidated financial statements, the misstatements were deemed material.

We conducted our audit in accordance with generally accepted auditing standards and applied our professional judgment and professional skepticism. We also performed the following works:

I. Identify and assess the risks of material misstatement of consolidated financial statements, whether due to fraud or error; design and implement appropriate policy responses to those risks; and obtain sufficient and appropriate evidence to form the basis of an opinion. Since fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, we did not find that the risk of misstatements due to fraud was higher than the same due to errors.

II. We obtained an understanding of the internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Luxe Green Energy Technology Co., Ltd. and its subsidiaries.

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

IV. Based on the evidence obtained, we have reached a conclusion as to the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about events or circumstances that may cast significant doubt about the ability of Luxe Green Energy Technology Co., Ltd. and its subsidiaries to continue as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the consolidated financial statements for the users to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Luxe Green Energy Technology Co., Ltd. and its subsidiaries would no longer have its ability to function as a going concern.

V. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements presented relevant transactions and events fairly.

VI. We acquired sufficient and appropriate audit evidence with respect to the entities comprising Luxe Green Energy Technology Co., Ltd. and its subsidiaries to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and implementation of the audit cases, as well as formation of the audit opinions on Luxe Green Energy Technology Co., Ltd. and its subsidiaries.

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

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norms of Professional Ethics for Certified Public Accountants, and communicated all relationships and other matters (including relevant protective measures), which we considered to be likely to cause an impact on the independence of CPAs, to the governance unit.

We determined the key audit matters to be audited in the FY2023 consolidated financial statements of Luxe Green Energy Technology Co., Ltd. and its subsidiaries based on the matters communicated with the governance unit. Unless public disclosure of certain matters was prohibited by related laws or regulations or if, in very exceptional circumstances, we determined not to cover such matters in the audit report, as we could reasonably expect that the negative impact of the coverage was greater than the public interest brought thereby, we specified such matters in the audit report.

Baker Tilly Clock & Co

CPA:____________________
Yin-Lai Chou

CPA:____________________
Chia-Yu Lai

Approval No.: (1991) Tai-Tsai-Cheng (6) No. 53585
Jin-Guan-Zheng-Shen-Zi No. 1050043092

February 26, 2024

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT$ '000

Assets		Note	December 31, 2023		December 31, 2022	
Code	Accounting Items		Amount	%	Amount	%
11xx	Current assets					
1100	Cash	6(1)	NT$ 370,312	12	NT$ 450,322	15
1110	Financial assets measured at fair value through profit or loss - current	6(2) 6(27)	169,932	5	68,723	2
1136	Financial assets measured at amortized cost - current	6(4)	11,298	-	106,298	4
1140	Contract assets - current	6(20). 7	43,945	2	68,278	2
1150	Notes receivable	6(5)	1,090	-	1,310	-
1170	Accounts receivable	6(5)	50,366	2	61,527	2
1180	Accounts receivable - related parties	6(5), 7	7,746	-	5,060	-
1200	Other receivables		4,501	-	2,099	-
1210	Other receivables - related parties	7	55,672	2	17,917	1
1220	Income tax assets in current period	6 (23)	166	-	46	-
1310	Inventory	6(6)	160,309	5	155,415	5
1410	Prepayment	6(11)	28,487	1	35,165	1
1470	Other current assets	6(12)	43,582	1	44,242	2
11xx	Total current assets		947,406	30	1,016,402	34
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income or loss - non-current	6(3), 6(27)	28,397	1	25,278	1
1535	Financial assets measured at amortized cost - non-current	6(4)	146,047	5	103,816	3
1550	Investments recognized under the equity method	6(7)	1,852	-	1,415	-
1600	Property, plant and equipment	6(8)	1,491,015	47	701,749	24
1755	Right-of-use assets	6(9)	133,046	4	126,517	4
1780	Intangible assets	6(10)	24,472	1	27,268	1
1840	Deferred income tax assets	6 (23)	1,299	-	1,142	-
1915	Prepayment for equipment purchase	6(11)	136,679	4	757,706	25
1920	Refundable deposit		19,430	1	29,844	1
1930	Long-term notes and accounts receivable	6(13)	207,991	7	207,991	7
15xx	Total non-current assets		2,190,228	70	1,982,726	66
1xxx	Total assets		NT$ 3,137,634	100	NT$ 2,999,128	100

(Continued on next page)

Luxe Green Energy Technology Co., Ltd. and its subsidiaries
(Originally: Luxe Electric Co., Ltd)
Consolidated Balance Sheet (continued)
December 31, 2023 and 2022

Unit: NT$ '000

Liabilities and equity		Note	December 31, 2023		December 31, 2022	
Code	Accounting Items		Amount	%	Amount	%
21xx	Current liabilities					
2100	short-term borrowings	6(14)	NT$ 171,271	6	NT$ 240,640	8
2130	Contract liabilities - current	6(20)	6,437	-	6,402	-
2150	Notes payable	6(16)	9,167	-	1,923	-
2160	Notes payable - related parties	6(16), 7	357	-	104	-
2170	Accounts payable	6(16)	84,011	3	79,158	3
2180	Accounts payable - related parties	6(16), 7	221	-	20,382	1
2219	Other payables		45,711	1	21,678	1
2220	Other payables - related parties	7	1,618	-	19,431	1
2230	Income tax liabilities in current period	6 (23)	4,847	-	8,940	-
2250	Liability reserve - current		2,032	-	618	-
2280	Lease liabilities - current	6(9)	15,780	1	8,646	-
2322	Long-term borrowings maturing within one year	6(15)	63,368	2	47,081	2
2399	Other current liabilities		529	-	470	-
21xx	Total current liabilities		405,349	13	455,473	16
25xx	Non-current liabilities					
2540	Long-term borrowings	6(15)	777,783	25	699,303	23
2550	Liability reserve - non-current		1,678	-	2,151	-
2570	Deferred income tax liabilities	6 (23)	-	-	62	-
2580	Lease liabilities - non-current	6(9)	123,163	4	120,960	4
2645	Deposit received		1,445	-	946	-
25xx	Total non-current liabilities		904,069	29	823,422	27
2xxx	Total liabilities		1,309,418	42	1,278,895	43
31xx	Attributable to the shareholder's equity of the parent company	6(18)				
3110	Common share capital		1,505,778	48	1,454,858	48
3200	Capital reserve		87,226	3	133,054	4
3300	Retained earnings					
3310	Legal reserve		30,456	1	25,948	1
3320	Special reserve		194	-	13	-
3350	Undistributed earnings		138,212	4	46,341	2
3400	Other equity		944	-	(194)	-
31xx	Total equity attributable to parent company shareholders		1,762,810	56	1,660,020	55
36xx	Non-controlling equity		65,406	2	60,213	2
3xxx	Total equity		1,828,216	58	1,720,233	57
	Total Liabilities and Equity		NT$ 3,137,634	100	NT$ 2,999,128	100

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries
(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT$ '000

Code	Item	Note	FY2023 Amount		FY2023 %	FY2022 Amount		FY2022 %
4100	Net operating revenue	6(20)	NT$	752,370	100	NT$	281,520	100
5000	Operating costs			(594,290)	(79)		(161,798)	(57)
5900	Operating gross profit			158,080	21		119,722	43
5910	Unrealized sales profit			(47)	-		-	-
5950	Gross profit (net)			158,033	21		119,722	-
6000	Operating expenses							
6100	Marketing expense			(9,308)	(1)		(10,151)	(4)
6200	Administrative expense			(49,229)	(7)		(31,827)	(11)
6300	R&D expense			(5,033)	(1)		(2,752)	(1)
6450	Profit from reversal of expected credit impairment			39	-		-	-
6000	Total operating expense			(63,531)	(9)		(44,730)	(16)
6900	Net operating profit			94,502	12		74,992	27
7000	Non-operating revenue and expenses	6(21)						
7100	Interest income			3,489	-		1,237	-
7010	Other revenue			6,715	1		2,220	-
7020	Other profits and losses			71,823	10		(10,855)	(4)
7050	Financial cost			(22,659)	(3)		(11,077)	(4)
7055	Loss from expected credit impairment			-	-		(259)	-
7060	Share of profit/loss of subsidiaries recognized under the equity method			437	-		1	-
7000	Total non-operating revenue and expense			59,805	8		(18,733)	(8)
7900	Net profit before tax			154,307	20		56,259	19
7950	Income tax expense	6 (23)		(9,352)	(1)		(9,825)	(3)
8200	in current period			144,955	19		46,434	16
8300	Other comprehensive income							
8310	Items not reclassified to profit or loss							
8316	Unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income			2,168	-		(370)	-
8360	Items able to be reclassified as profit or loss in the future							
8361	Exchange difference from conversion of financial statements of foreign operations			-	-		26	-
8500	Total current comprehensive income or loss		NT$	147,123	19	NT$	46,090	16
8600	Net profit attributable to:							
8610	Parent company shareholders		NT$	138,023	19	NT$	45,080	16
8620	Non-controlling equity			6,932	-		1,354	-
	Total		NT$	144,955	19	NT$	46,434	16
8700	Total comprehensive income attributable to:							
8710	Parent company shareholders		NT$	139,161	19	NT$	44,899	16
8720	Non-controlling equity			7,962	-		1,191	-
	Total		NT$	147,123	19	NT$	46,090	16
	Earnings per share (NTD)	6(19)						
9750	Basic		NT$	0.91		NT$	0.30	
9850	Diluted		NT$	0.91		NT$	0.30	

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ ‘000

Code	Item	Attributable to the shareholder’s equity of the parent company								Non-controlling equity	Total equity
				Retained earnings			Other equity items		Total		
		Common share capital	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations	Unrealized valuation loss on financial assets measured at fair value through other comprehensive income			
A1	Balance on January 1, 2022	NT$ 1,359,680	NT$ 133,054	NT$ 14,726	NT$ -	NT$ 134,867	NT$ (13)	NT$ -	NT$ 1,642,314	NT$ 4,367	NT$ 1,646,681
B1	Provision for legal reserve	-	-	11,222	-	(11,222)	-	-	-	-	-
B3	Provision for special reserve	-	-	-	13	(13)	-	-	-	-	-
B5	Cash dividend for shareholders	-	-	-	-	(27,193)	-	-	(27,193)	-	(27,193)
B9	Common stock dividends	95,178	-	-	-	(95,178)	-	-	-	-	-
D1	in current period	-	-	-	-	45,080	-	-	45,080	1,354	46,434
D3	Other comprehensive income in current period	-	-	-	-	-	13	(194)	(181)	(163)	(344)
D5	Total current comprehensive income or loss	-	-	-	-	45,080	13	(194)	44,899	1,191	46,090
M3	Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,201)	(1,201)
M5	Acquisition of subsidiaries	-	-	-	-	-	-	-	-	55,856	55,856
Z1	Balance as of December 31, 2022	1,454,858	133,054	25,948	13	46,341	-	(194)	1,660,020	60,213	1,720,233
B1	Provision for legal reserve	-	-	4,508	-	(4,508)	-	-	-	-	-
B3	Provision for special reserve	-	-	-	181	(181)	-	-	-	-	-
B9	Common stock dividends	41,463	-	-	-	(41,463)	-	-	-	-	-
C13	Distribution of share dividends from capital reserves	9,457	(9,457)	-	-	-	-	-	-	-	-
C15	Distribution of cash dividends from capital reserve	-	(36,371)	-	-	-	-	-	(36,371)	-	(36,371)
D1	in current period	-	-	-	-	138,023	-	-	138,023	6,932	144,955
D3	Other comprehensive income in current period	-	-	-	-	-	-	1,138	1,138	1,030	2,168
D5	Total current comprehensive income or loss	-	-	-	-	138,023	-	1,138	139,161	7,962	147,123
O1	Capital reduction in cash	-	-	-	-	-	-	-	-	(2,205)	(2,205)
O1	Cash dividend for shareholders	-	-	-	-	-	-	-	-	(564)	(564)
Z1	Balance as of December 31, 2023	NT$ 1,505,778	NT$ 87,226	NT$ 30,456	NT$ 194	NT$ 138,212	NT$ -	NT$ 944	NT$ 1,762,810	NT$ 65,406	NT$ 1,828,216

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Cash Flow

January 1 to December 31, 2023 and 2022

Unit: NT$ ‘000

Code	Item	FY2023	FY2022
AAAA	Cash flow from operating activities		
A10000	Pre-tax net profit in current period	NT$ 154,307	NT$ 56,259
A20010	Income and expense items:		
A20100	Depreciation expense	90,509	51,831
A20200	Amortization expense	2,294	2,295
A20300	Gain from expected credit impairment	(39)	259
A20400	Net loss (profit) on financial assets measured at fair value through profit or loss	(76,939)	8,040
A20900	Financial cost	22,659	11,077
A21200	Interest income	(3,489)	(1,237)
A21300	Dividend income	(1,281)	(622)
A22300	Share of interests of subsidiaries recognized under the equity method	(437)	(1)
A22500	Loss from disposal of property, plant, and equipment	84	307
A23100	Disposal of investment interests	-	(250)
A29900	Profit from lease changes	(105)	(12)
A30000	Changes in assets/liabilities related to operating activities		
A31125	Contract assets	24,333	(39,233)
A31130	Notes receivable	220	5,946
A31150	Accounts receivable	11,200	(37,712)
A31160	Accounts receivable - related parties	(2,686)	167,374
A31180	Other receivables	(2,449)	(1,922)
A31190	Other receivables - related parties	(37,755)	(5,218)
A31200	Inventory	(4,894)	(131,374)
A31230	Prepayment	1,799	(25,246)
A31240	Other current assets	5,539	(27,369)
A32125	Contract liabilities	35	6,006
A32130	Notes payable	7,244	(471)
A32140	Notes payable - related parties	253	104
A32150	Accounts payable	4,853	60,500
A32160	Accounts payable - related parties	(20,161)	(83,470)
A32180	Other payables	23,707	563
A32190	Other payables - related parties	(17,813)	(75,843)
A32200	Provisions	941	(1,539)
A32230	Other current liabilities	59	(293)
A33000	Cash inflow (outflow) from operations	181,988	(61,251)
A33100	Interest received	3,536	1,294
A33200	Dividend received	1,281	622
A33300	Interest paid	(22,333)	(10,485)
A33500	Income tax paid	(13,784)	(3,195)
AAAA	Net cash inflow (outflow) from operating activities	150,688	(73,015)

(Continued on next page)

Luxe Green Energy Technology Co., Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Consolidated Statement of Cash Flow (continued)

January 1 to December 31, 2023 and 2022

Unit: NT$ '000

Code	Item	FY2023	FY2022
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	NT$ (951)	NT$ (13,300)
B00100	Acquisition of financial assets at fair value through profit or loss	(24,270)	(57,273)
B00040	Acquisition of financial assets measured at amortized cost	(145,952)	(36,367)
B00050	Disposal of financial assets measured at amortized cost	198,721	-
B02200	Acquisition of subsidiaries	-	15,603
B02300	Disposal of subsidiaries	-	(1,146)
B02700	Acquisition of property, plant, and equipment	(166,966)	(33,327)
B02800	Disposal of property, plant, and equipment	221	45
B03800	Decrease in refundable deposit	10,414	27,943
B04500	Acquisition of intangible assets	-	(1,767)
B06700	Increase of other non-current assets	-	2,209
B07100	Increase in prepayment for equipment	(77,544)	(443,118)
BBBB	Net cash outflow from investing activities	(206,327)	(540,498)
CCCC	Cash flow from financing activities		
C00100	Increase in short-term borrowings	436,666	90,931
C00200	Decrease in short-term borrowings	(506,035)	-
C01600	Borrowing of long-term borrowings	156,925	583,783
C01700	Repayment of long-term borrowings	(62,158)	(217,219)
C03000	Increase in deposit received	499	829
C04020	Repayment of principal for lease liabilities	(11,128)	(8,180)
C04500	Allocation of cash dividends	(36,371)	(27,193)
C05800	Changes in non-controlling equity	(2,769)	1,459
CCCC	Net cash inflow (outflow) from financing activities	(24,371)	424,410
DDDD	Effect of changes in exchange rate on cash	-	221
EEEE	Decrease in cash and cash equivalents for the period	(80,010)	(188,882)
E00100	Cash balance at beginning of period	450,322	639,204
E00200	Cash balance at ending of period	NT$ 370,312	NT$ 450,322

(The attached notes are part of the consolidated financial statements)

Chairman: Chen Chien-Jen President: Chen Lien-Tsung Chief Accounting Officer: Chien Shih-Chang

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries
(Originally: Luxe Electric Co., Ltd)
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022
(Amounts in NT$'000 unless otherwise specified)

I. Corporate history

Luxe Green Energy Technology Co.,Ltd. (Originally: Luxe Electric Co., Ltd), hereinafter referred to as the "Company", was established on April 22, 1978, and is engaged in the design, manufacture, installation and sale of high and low voltage distribution panels, various electrical and electronic equipment (including transformers), and various electrical and photovoltaic plant engineering contracts.

The Company's stock was listed for trading on the Taiwan Stock Exchange on September 11, 1997. The consolidated financial statements are presented with the functional currency (NTD) of the Company.

II. Date and Procedure for Approval of Financial Statements

This consolidated financial report was issued on February 26, 2024, after being presented to the Board of Directors.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) First-time application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC") and issued into effect. The application of the amended IFRSs approved and issued by the FSC has no significant impact on the accounting policies of the Company and the entities controlled by the Company (the "Group").

(II) IFRSs endorsed by the FSC in 2024

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements (Note 1)
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions".	January 1, 2024 (Note 2)
Amendments to IAS 1 "IAS 1 "Classification of Liabilities as Current or Non-current".	January 1, 2024
Amendments to IAS 1, Ias 1, "Non-current Liabilities with Contractual Terms".	January 1, 2024
IAS 7 and IFRS 7 Amendments "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise specified, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of the initial application of IFRS 16.

Note 3: When these amendments are applied for the first time, part of the disclosure requirements are exempted.

As of the publication date of these consolidated financial statements, the Group has assessed that the amendments to other standards and interpretations will not have a significant impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed by the FSC and therefore not yet effective

Newly Announced/Amendments/Revised Standards and Interpretations	Effective Date of IASB Pronouncements (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not yet determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments 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 (Note 2)

Note 1: Unless otherwise specified, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: applicable to annual reporting periods beginning after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, the effect adjusts the exchange differences of foreign operations under equity on the date of initial application.

As of the date of adoption of this consolidated financial report, the Group is continuing to evaluate the impact of the other amendments on its financial position and financial performance of the Consolidated Company. The related impacts will be disclosed upon completion of the evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(II) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value.

Fair value measurements are classified into Level 1 to Level 3 based on the degree of observability and significance of the relevant inputs:

1. Level 1 inputs: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
2. Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. liabilities for which the maturity date cannot be unconditionally extended to at least 12 months after the balance sheet date.

Liabilities that are not current assets or current liabilities are classified as noncurrent assets or noncurrent liabilities.

The Consolidated Company engages in construction projects with a business cycle longer than one year. Therefore, assets and liabilities related to construction projects are classified as current or noncurrent based on the normal business cycle.

(IV) Basis of Consolidation

1. Principles Governing the Preparation of Consolidated Financial Statements

The entity that prepares the consolidated financial statements consists of the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date control over them is acquired until the date control is lost. Intercompany transactions, balances and any unrealized gains and losses are eliminated upon the preparation of the consolidated financial statements. The total consolidated profit or loss of subsidiaries is attributed to the Company's owners and noncontrolling interests, respectively, even if the noncontrolling interests become a loss balance as a result.

The financial statements of subsidiaries have been appropriately adjusted to conform to the accounting policies used by the Consolidated Company. Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. Subsidiaries Included in Consolidated Financial Statements

The subsidiaries included in this consolidated financial report consist of:

Name of the investment company	Investee company name	Nature of business	Percentage of shareholding (%) December 31, 2023	Percentage of shareholding (%) December 31, 2022	Description
The Company	Le Hua Investment Co., Ltd.	Investment	100	100	
The Company	Luxe Solar Energy Co., Ltd.	Energy Technical Services	100	100	
The Company	Sen-Hsin Energy Co., Ltd.	Energy Technical Services	100	100	
The Company	Chin Lai International Development Co., Ltd.	Energy Technical Services	100	100	
The Company	Wan Chuan Construction Co., Ltd.	Comprehensive Construction Activities	52.5	52.5	Note 1
The Company	Kai Shih Energy Co., Ltd.	Energy Technical Services	-	51	Note 2
Chin Lai International Development Co., Ltd.	Qun Li Energy Co., Ltd.	Energy Technical Services	100	100	

Note 1: On November 28, 2022, the Company subscribed to the follow-on offering of Wan Chuan Construction Co., Ltd.

Note 2: Kai Shih Energy Co. resolved the dissolution in the shareholders’ meeting on June 26, 2023, and dissolved on June 27, 2023. The dissolution registration was completed on June 29, 2023, and the liquidation was completed on January 16, 2024.

3. Subsidiaries Not Included in Consolidated Financial Statements: None.

(V) Foreign Currency

The individual financial statements of each entity of the Consolidated Company are presented in the currency of the primary economic environment in which the entity operates (functional currency). In preparing the consolidated financial statements, the results of operations and financial position of each consolidated entity are translated into New Taiwan dollars (the Company's functional currency and the presentation currency of the consolidated financial statements).

In preparing the financial statements of each consolidated entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the exchange rates prevailing on the dates of transactions. At the end of the reporting period, items denominated in foreign currencies are retranslated at the exchange rates prevailing on that date, and the resulting exchange differences are recognized in profit or loss in the year in which they occur. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss in the current year, apart from those arising from changes in fair value that are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

During preparation of the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NTD at the exchange rate On the end date of the reporting period. Income and expense items are translated at average exchange rates for the period, with the resulting exchange differences recorded in other comprehensive income and accumulated in the financial statements of foreign operating companies under equity and appropriately allocated to noncontrolling interests.

(VI) Inventory

Inventories consist of raw materials, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less estimated costs to complete and estimated costs to complete the sale. The cost of inventories is calculated using the weighted-average cost (WAC) method.

(VII) Investment in Affiliated Companies

The Consolidated Company applies the equity method to its investment in affiliated companies. Under the equity method, investments in affiliated companies are initially recognized at cost, and the carrying amount of the investment after acquisition increases or decreases in accordance with the Consolidated Company's share of profits or losses of the affiliated companies and other comprehensive income or loss and profit distribution.

In addition, changes in equity in affiliated companies are recognized on a proportional basis to shareholdings. If the Consolidated Company does not subscribe for new shares issued by an affiliated company in proportion to its shareholding, resulting in a change in its shareholding and a resulting increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital reserve- changes in the net equity of the related company recognized under the equity method and the investment accounted for under the equity method. If the balance of capital reserve from investments accounted for using the equity method is not sufficient, the difference is debited to retained earnings.

(VIII) Property, Plant, and Equipment

The property, plant, and equipment are recognized on the basis of the cost and subsequently measured based on the cost net of accumulated depreciations and accumulated impairment losses.

Except for land owned by the Consolidated Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(IX) Intangible Assets

1. Individually acquired

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Company reviews the estimated useful lives, residual values and amortization methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

2. Acquired through business combination

   Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition and separately from goodwill, and are subsequently measured in the same manner as intangible assets acquired separately.

3. Derecognition

   When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(X) Impairment of Property, Plant and Equipment, Right-of-Use Assets and Intangible assets

The Consolidated Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and right-of-use assets may be impaired. If there is any of such signs, the recoverable amount of the assets is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of depreciation) that would have been determined had the impairment loss not been recognized in prior years. Reversals of impairment losses recognized in profit or loss.

(XI) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Consolidated Company becomes a party to the contractual provisions of the instrument.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit and loss, they are measured at the fair value plus any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

   Regular transactions of financial assets are recognized and derecognized using trade date accounting.

   (1) Types of measurements

   The types of financial assets held by the Consolidated Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

   A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value with dividends, interest and gains or losses from remeasurements recognized in other gains and losses. Please refer to Note 6(27) for the determination of fair value.

B. Financial assets measured at amortized cost

The Consolidated Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following conditions are met:

a. The financial assets are held under an operating model whose objective is to hold financial assets for contractual cash flows; and
b. The contractual terms result in cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortized cost (including cash, accounts receivable at amortized cost, notes receivable, other receivables, long-term notes and accounts receivable, and refundable deposits) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

C. Investments in equity instruments measured at fair value through other comprehensive income or loss

At initial recognition, the Consolidated Company has an irrevocable option to designate investments in equity instruments that are not held-for-trading and for which contingent consideration is recognized by the non-acquirer of the business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the rights to receive payments from the Consolidated Company are established, unless the dividends clearly represent a partial recovery of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets (including accounts receivable) and contract assets measured at amortized cost at each balance sheet date based on expected credit losses.

An allowance for impairment is recognized for accounts receivable and contract assets based on the expected credit loss over the life of the asset. Other financial assets are evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase in credit risk, an allowance for loss is recognized based on the expected credit loss over the expected lifetime of the asset.

Expected credit losses are the weighted-average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date, while the expected credit loss over the life of the financial instrument represents the expected credit loss arising from all possible defaults during the expected life of the instrument.

For internal credit risk management purposes, the Consolidated Company determines, without considering the collaterals held, that a default on a financial asset has occurred under the following circumstances:

A. Any internal or external information indicating that it is impossible for a debtor to pay off the debts.

B. Debts are overdue for more than 180 days unless there is reasonable and supportable information indicating that a delayed default basis is more appropriate.

The carrying amount of all financial assets is reduced by an allowance account.

(3) Derecognition of financial assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost.

2. Equity instruments

Equity instruments issued by the Consolidated Company are recognized at the acquisition price less direct issuance costs.

3. Financial liabilities

(1) Subsequent measurement of financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Provision for Liabilities

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation.

<u>Warranties</u>

Warranty obligations under construction contracts are recognized in income based on management's best estimate of the expenses required to settle the Consolidated Company's obligations.

(XIII) Revenue Recognition

After the Consolidated Company identifies performance obligations under customer contracts, the transaction price is apportioned to each performance obligation and revenue is recognized when each performance obligation is satisfied.

1. Merchandise sales revenue
   Revenue from merchandise sales is derived from the sale of electrical equipment. When the electrical equipment is inspected and delivered to the designated location, the customer has the right to set the price and use the product and has the primary responsibility for reselling it, and assumes the risk of obsolescence of the merchandise. The Consolidated Company recognizes revenue and accounts receivable at that point in time.
2. Construction revenue
   The Consolidated Company recognizes revenue using the percentage-of-completion method for construction contracts in which the immovable property is under the control of the customer during the construction process. The Consolidated Company measures the percentage of completion based on actual construction progress. The Consolidated Company recognizes contract assets over time during the construction process and reclassifies them as accounts receivable upon billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability.
3. Electricity sales revenue
   Revenues from electricity sales are based on the actual kilowatt hours generated and the rates agreed with Taiwan Power Company.

(XIV) Leases

The Consolidated Company assesses whether a contract is (or contains) a lease at the inception date of the contract.

For contracts with lease and non-lease components, the Consolidated Company apportions the consideration in the contracts on the basis of separate prices and treats them separately.

1. Where the Consolidated Company is the lessor
   Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.
   Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred to acquire an operating lease is added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.
2. Where the Consolidated Company is the lessee
   Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases except for leases of low-value subject assets to which recognition exemptions apply and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.
   Right-of-use assets are measured initially at cost (including the original measurement of the lease liability, lease payments made prior to the lease commencement date less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately in the consolidated balance sheet.
   Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.
   Lease liabilities are measured initially at the present value of the lease payments. If the interest rate implied by the lease is readily determinable,

lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. Lease liabilities are presented separately in the consolidated balance sheet.

Rentals under leases that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(XV) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included as part of the cost of that asset until substantially all of the activities necessary to bring the asset to its intended use or sale have been completed.

Investment income earned on specific borrowings that are temporarily invested prior to the incurrence of qualifying capital expenditures is deducted from the cost of borrowings eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVI) Employee Benefits

1. Short-term employee benefits
   Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.
2. Postemployment benefits
   Defined contribution pension plan benefits are recognized as an expense over the period of service rendered by employees.

(XVII) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax
   The Consolidated Company determines the current income (loss) based on the regulations of each jurisdiction in which the Consolidated Company files income tax returns and calculates the amount of income tax payable (recoverable).
   Income tax on undistributed earnings is recognized in the year when the shareholders' meeting is held.
   Adjustments to prior years' income tax payable are included in the current period's income tax.
2. Deferred income tax
   Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.
   Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences or loss carryforwards can be utilized.
   The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is more likely than not that sufficient tax assets will be available to allow recovery of all or part of the assets.
   Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Consolidated Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.
3. Current and deferred income taxes
   Current and deferred income taxes are recognized in profit or loss.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

In applying accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when the information is not readily available from other sources. Actual results may differ from those estimates.

Management reviews estimates and underlying assumptions on an ongoing basis. Revisions to estimates are recognized in the period in which they are made if they affect only the current period, or in the period in which they are made if they affect both the current and future periods.

Key sources of estimation and assumption uncertainty:

Long-term project payment receivables involving any unsettled litigation

As of December 31, 2023 and 2022, the Consolidated Company had uncollected long-term construction receivables of NT$207,991 thousand (net of allowance for losses of NT$178,575 thousand and estimated overdue penalties) in prior years. Due to the pending litigation with Taiwan Power Company, the recovery of the contract amount is subject to future court decisions. If the outcome of a future court judgment differs materially from the estimated amount of the impairment loss, the amount of the difference is recognized in profit or loss in the year of the judgment.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand	NT$	187	NT$	179
Bank deposits		370,125		445,143
Time deposits		-		5,000
Total	NT$	370,312	NT$	450,322

(II) Financial assets at fair value through profit or loss

	December 31, 2023		December 31, 2022	
Financial assets - current				
Non-derivative financial assets				
Domestic listed (Over-the-Counter) stocks	NT$	169,932	NT$	68,723

(III) Financial assets at fair value through other comprehensive income or loss - non-current

	December 31, 2023		December 31, 2022	
Unlisted stocks	NT$	28,397	NT$	25,278

The Consolidated Company invests in Castle Applied Inc. and Wan-Hou Machinery and Electrical Engineering for medium- and long-term strategic purposes and expects to make profits from the long-term investment. It is designated as measured at fair value through other comprehensive income. The Consolidated Company's financial assets at fair value through other comprehensive income were not pledged as collateral.

(IV) Financial assets measured at amortized cost

	December 31, 2023		December 31, 2022	
Current				
Domestic investments				
Time deposits with an original maturity of more than 3 months	NT$	11,298	NT$	106,298
Non-current				
Domestic investments				
Time deposits with an original maturity of more than 3 months	NT$	77,192	NT$	80,711
Reserve account		68,855		23,105
Total	NT$	146,047	NT$	103,816

As of December 31, 2023 and 2022, the interest rate range of the time deposit with an initial maturity date over three months was 0.17% to 1.57% and 0.34% to 1.44%, respectively.
For information on pledges of financial assets measured at amortized cost, see Note 8.

(V) Notes receivable, accounts receivable and overdue receivables.

	December 31, 2023		December 31, 2022	
Notes receivable				
Measured at post-amortized cost	NT$	1,090	NT$	1,310
Accounts receivable - related parties				
Measured at post-amortized cost				
Total carrying amount	NT$	58,112	NT$	66,626
Less: Allowance for losses		-		(39)
Total	NT$	58,112	NT$	66,587
Overdue receivables				
Due to business operations	NT$	10,552	NT$	10,552
Less: Allowance for losses		(10,552)		(10,552)
Total	NT$	-	NT$	-

1. The average credit period for merchandise sales ranges from 30 to 180 days, and accounts receivable are non-interest-bearing. The Consolidated Company's policy is to deal only with creditworthy customers. The Consolidated Company recognizes an allowance for losses on accounts receivable on the basis of expected credit losses over the life of the receivable. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition and industry outlook. Because the Consolidated Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days of aging on the accounts receivable establishment date to determine the expected credit impairment rate.
   If there is evidence that the counter-party is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counter-party is in liquidation or the debt has been outstanding for more than 720 days, the Consolidated Company reclassifies the amount as an overdue receivable and recognizes an allowance for loss, but continues its collection activities and recognizes the amount recovered in profit or loss.

2. The Company measures the allowance for losses on notes and accounts receivable based on the allowance matrix as follows:

	December 31, 2023					
	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 days or more	Total
Loss from expected credit impairment	－%	－%	－%	－%	－%	
Total carrying amount	NT$ 33,516	NT$ 23,337	NT$ 2,349	NT$ -	NT$ -	NT$ 59,202
Allowance for losses (expected credit losses over the life of the Company)	-	-	-	-	-	-
Cost after amortization	NT$ 33,516	NT$ 23,337	NT$ 2,349	NT$ -	NT$ -	NT$ 59,202

	December 31, 2022					
	Less than 30 days	31 to 90 days	91 to 180 days	181 to 360 days	361 days or more	Total
Loss from expected credit impairment	－%	－%	1.79%	2%	50%	
Total carrying amount	NT$ 53,349	NT$ 12,413	NT$ 2,174	NT$ -	NT$ -	NT$ 67,936
Allowance for losses (expected credit losses over the life of the Company)	-	-	(39)	-	-	(39)
Cost after amortization	NT$ 53,349	NT$ 12,413	NT$ 2,135	NT$ -	NT$ -	NT$ 67,897

Information on the changes in the allowance for losses on accounts receivable is as follows

	FY2023	FY2022
Balance at the beginning of period	NT$ 39	NT$ 39
Add: Provision for the period (reversal)	(39)	-
Balance at the end of period	NT$ -	NT$ 39

(VI) Inventory

	December 31, 2023	December 31, 2022
Finished goods	NT$ 2,048	NT$ 37,197
Work in process	152,018	106,483
Raw materials	6,243	11,735
Total	NT$ 160,309	NT$ 155,415

1. Operating costs related to inventories were NT$423,658 thousand and NT$96,701 thousand FY2023 and FY2022, respectively. The cost of goods sold for FY2023 and FY2022 included NT$(331) thousand and NT$1,863 thousand, respectively, for the decline in value of inventories and losses on doubtful accounts. The inventory gain recognized in 2023 was due to the closeout of inventories.
2. As of December 31, 2023 and 2022, none of the Consolidated Company's inventories were pledged as collateral.
3. As of December 31, 2023 and 2022, there was no write-off of allowance for inventory losses due to obsolescence of inventories.

(VII) Investments Accounted For Using the Equity Method

Individual Insignificant Subsidiaries

	December 31, 2023		December 31, 2022	
Investees	Book Value	Shareholdings %	Total carrying amount	Shareholdings %
Park Ave Coworking Space	NT$ 1,852	22.5	NT$ 1,415	22.5

Co.,Ltd.

The calculation of the above insignificant affiliates is based on unaudited financial statements; however, in the opinion of the Company's management, such financial statements would not have resulted in a material adjustment had they been audited by the accountants.
Please refer to Schedule 3 (attached) for the business nature, principal place of business, and national information of the affiliated companies.

(VIII) Property, Plant, and Equipment

January 1 to December 31, 2023

Item	Balance at the beginning of period	Acquired	Disposed	Reclassification	Balance at the end of period
Cost					
Land	NT$ 46,969	NT$ 14,076	NT$ -	NT$ -	NT$ 61,045
Buildings	99,772	6,977	-	5,253	112,002
Machinery Equipment	32,248	12,238	(1,462)	-	43,024
Office Equipment	2,559	264	(343)	-	2,480
Power Generation Equipment	770,330	830,095	-	-	1,600,425
Computer communication equipment	-	-	-	502	502
Transport Equipment	200	126	-	-	326
Other Equipment	44,767	1,761	(377)	-	46,151
Leasehold improvements	9,361	-	-	(5,253)	4,108
Subtotal	1,006,206	865,537	(2,182)	502	1,870,063
Accumulated Depreciation and Impairment					
Buildings	49,947	3,342	-	1,190	54,479
Machinery Equipment	15,041	3,714	(1,215)	-	17,540
Office Equipment	1,310	316	(285)	-	1,341
Power Generation Equipment	200,315	66,151	-	-	266,466
Computer communication equipment	-	167	-	-	167
Transport Equipment	50	37	-	-	87
Other Equipment	36,564	1,896	(377)	-	38,083
Leasehold improvements	1,230	845	-	(1,190)	885
Subtotal	304,457	76,468	(1,877)	-	379,048
Net amount	NT$ 701,749	NT$ 789,069	NT$ (305)	NT$ 502	NT$ 1,491,015

January 1 to December 31, 2022

Item	Balance at the beginning of period	Acquired	Disposed	Consolidated acquisition	Balance at the end of period
Cost					
Land	NT$ 45,719	NT$ 1,250	NT$ -	NT$ -	NT$ 46,969
Buildings	99,502	270	-	-	99,772
Machinery Equipment	18,348	16,982	(3,082)	-	32,248
Office Equipment	2,560	559	(845)	285	2,559
Power Generation Equipment	660,276	110,054	-	-	770,330
Transport Equipment	-	-	-	200	200
Other Equipment	40,758	4,129	(120)	-	44,767

Leasehold improvements	3,348	5,109	-	904	9,361
Subtotal	870,511	138,353	(4,047)	1,389	1,006,206
Accumulated Depreciation and Impairment					
Buildings	47,186	2,761	-	-	49,947
Machinery Equipment	16,832	1,282	(3,073)	-	15,041
Office Equipment	1,608	215	(513)	-	1,310
Power Generation Equipment	164,231	36,084	-	-	200,315
Transport Equipment	-	8	-	42	50
Other Equipment	35,201	1,472	(109)	-	36,564
Leasehold improvements	585	645	-	-	1,230
Subtotal	265,643	42,467	(3,695)	42	304,457
Net amount	NT$ 604,868	NT$ 95,886	NT$ (352)	NT$ 1,347	NT$ 701,749

1. The Consolidated Company depreciates each component item on a straight-line basis over its useful life as follows:

Item	Useful Life
Buildings	35 years
Machinery Equipment	2 to 14 years
Office Equipment	2 to 7 years
Power Generation Equipment	15 to 20 years
Computer communication equipment	5 years
Transport Equipment	Three years
Other Equipment	2 to 20 years
Leasehold improvements	9 years

2. The Group's property, plant and equipment pledged as collaterals for long-term and short-term loans in December 31, 2023 and 2022. Please refer to Note 8 for details.

(IX) Lease Agreements

1. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-to-use assets		
Buildings	NT$ 130,370	NT$ 125,316
Transport Equipment	2,676	1,201
Total	NT$ 133,046	NT$ 126,517

	FY2023	FY2022
Newly acquired right-of-use assets	NT$ 24,824	NT$ 13,307
Lease modification (lease cancellation)	NT$ 4,254	NT$ 3,167
Depreciation expense of right-of-use assets		
Buildings	NT$ 13,016	NT$ 8,805
Transport Equipment	1,025	559
Total	NT$ 14,041	NT$ 9,364

2. Leasing liabilities

	December 31, 2023	December 31, 2022

Carrying amount of lease liabilities		
Current	NT$ 15,780	NT$ 8,646
Non-current	NT$ 123,163	NT$ 120,960

The discount rate range for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	2.13%～2.71%	1.6%～2.71%
Transport Equipment	1.7%～2.16%	1.88%～2.12%

3. Significant leasing activities and terms
   The Consolidated Company leases the above transportation equipment for a period of 3 years.
   The Group also leases the building for office, plants and solar farm for power generation for a period of 10 and 20 years.
4. Other Lease Information

	FY2023	FY2022
Short-term lease expenses	NT$ 1,683	NT$ 1,680
Low-value asset lease expenses	NT$ 559	NT$ 433
Variable lease expenses not included in the measurement of lease liabilities	NT$ 2,718	NT$ 1,500
Total cash expenditure for leases (outflow)	NT$ (19,155)	NT$ (14,699)

(X) Other Intangible Assets

January 1 to December 31, 2023

Item	Balance at the beginning of period	Acquired	Disposed	Reclassification	Balance at the end of period
Cost					
Computer software	NT$ 1,167	NT$ -	NT$ -	NT$ (502)	NT$ 665
Goodwill	1,265	-	-	-	1,265
Operating rights	32,417	-	-	-	32,417
Subtotal	34,849	-	-	(502)	34,347
Accumulated amortization and impairment					
Computer software	377	133	-	-	510
Operating rights	7,204	2,161	-	-	9,365
Subtotal	7,581	2,294	-	-	9,875
Net amount	NT$ 27,268	NT$ (2,294)	NT$ -	NT$ (502)	NT$ 24,472

January 1 to December 31, 2022

Item	Balance at the beginning of period	Acquired	Disposed	Reclassification	Balance at the end of period
Cost					
Computer software	NT$ 665	NT$ 502	NT$ -	NT$ -	NT$ 1,167
Goodwill	-	1,265	-	-	1,265
Operating rights	32,417	-	-	-	32,417
Subtotal	33,082	1,767	-	-	34,849
Accumulated amortization and impairment					
Computer software	243	134	-	-	377
Operating rights	5,043	2,161	-	-	7,204
Subtotal	5,286	2,295	-	-	7,581
Net amount	NT$ 27,796	NT$ (528)	NT$ -	NT$ -	NT$ 27,268

Amortization expense is provided on a straight-line basis over the following number of durable years:

Item	Useful Life

Computer software	5 years
Operating rights	15 years

(XI) Prepayments

	December 31, 2023		December 31, 2022	
Prepayment	NT$	19,052	NT$	22,463
Prepaid insurance fees		2,060		1,704
Prepaid pensions		570		570
Others		6,805		10,428
Total	NT$	28,487	NT$	35,165
Prepayment for equipment purchase	NT$	160,597	NT$	781,624
Less: Accumulated impairment		(23,918)		(23,918)
Total	NT$	136,679	NT$	757,706
Current	NT$	28,487	NT$	35,165
Non-current	NT$	136,679	NT$	757,706

For the assessment of the accumulated impairment on prepayment for equipment, please refer to Note 9(2).

(XII) Other Current Assets

	December 31, 2023		December 31, 2022	
Input tax	NT$	43,267	NT$	38,377
Tax overpaid retained for offsetting future tax payable		315		5,695
Others		-		170
Total	NT$	43,582	NT$	44,242

(XIII) Long-Term Notes and Accounts Receivable

	December 31, 2023		December 31, 2022	
Accounts receivable - Taiwan Power Company (Taichung Power Plant) (Note 1)	NT$	355,600	NT$	355,600
Accounts receivable - Taiwan Power Company (Offshore Wind Power Development In Taichung Port)		17,226		17,226
Estimated additional receivables from construction and engineering work		13,740		13,740
Less: Estimated overdue fines payable		(141,000)		(141,000)
Less: Allowance for losses		(37,575)		(37,575)
Subtotal of construction and engineering receivables	NT$	207,991	NT$	207,991
Other receivables - Chou, Hsiu-Mei	NT$	17,304	NT$	42,888
Less: Allowance for losses		(17,304)		(42,888)
Subtotal	NT$	-	NT$	-

1. The Consolidated Company filed an arbitration case for the delayed completion of the Taichung Power Plant and Offshore Wind Power Development In Taichung Port of Taiwan Power Company (Taipower). The arbitration judgment was issued by the Chinese Construction Industry

Arbitration Association(CCIAA) on January 19, 2010 (2008 Gong-Zhong-Xie-Jing-Zi No. 019) and a judgement was issued by the High Court on May 31, 2011 (2010 Zhong-Shang-Zi No. 501). The Company recorded NT$141,000 thousand in overdue penalties and NT$13,740 thousand in additional receivables due for construction work based on the arbitration judgement. However, the parties did not reach a consensus on the settlement amount, which resulted in the delay in payment by Taipower, so the accounts were reclassified as long-term accounts receivable. Please refer to Note 9(3) for details.

2. In August 2012, the Consolidated Company sold 1,300,000 shares of its equity-method investment in Dakang Insurance Brokerage Co.,Ltd. at NT$48 per share, for a total consideration of NT$62,400 thousand. The transferee of the equity, Hsiu-Mei Chou, issued a promissory note when entering into the equity transfer contract and pledged the stocks to the Group. Since the transferee could not subsequently repay on time according to the contract, new agreements were entered into on March 25, 2013 and August 12, 2013, respectively, and an interest at an annual rate of 6% was imposed until March 25, 2014. As of December 31, 2023 and 2022, both the principal uncollected is NT$40,480 thousand and the interest receivable is NT$2,408 thousand. The Group has transferred it to the long-term accounts receivable and set aside an allowance for loss of a percentage of 100%. Also in Q2, 2023, the Group wrote of NT$25,584 thousand. Besides, the Consolidated Company filed an action for payment of the note against Hsiu-Mei Chou’s endorser, Dah Sing Network Technology Co., Ltd., on February 26, 2015. The action was dismissed by the court on February 3, 2016. The Consolidated Company filed an appeal against the dismissal on March 4, 2016 and the high court delivered its decision (2016 Chong-Shang-Zi No. 325) in favor of the Consolidated Company on May 9, 2017. However, Dah Sing Network Technology Co., Ltd. appealed the decision to the Supreme Court. On February 27, 2020, the Supreme Court ruled (2019 Tai-Shang-Zi No. 1237) that the original judgment, with the exception of the provisional execution, was abrogated and remanded the case to the Taiwan High Court for retrial. On December 22, 2020, the High Court ruled in favor of the Consolidated Company (2020 Zhong-Shang-Geng-Yi-Zi No. 38). Provided that it is pending for the trial of the Supreme Court. It is assessed that the possibility to recover the payment is minimal, and thus the Group has not reversed the recognized loss allowance.
3. The Consolidated Company considers the customer's past default record and current financial condition, as well as the possible outcome of future court decisions. If there is evidence that the counter-party is facing severe financial difficulties or the judgment may be unfavorable to the Consolidated Company, and the Consolidated Company cannot reasonably expect to recover the amount, the Consolidated Company will directly write off the related receivables, but shall continue to pursue debt recovery activities and recognize the amount recovered in profit or loss.

(XIV) Short-term Borrowings

	December 31, 2023		December 31, 2022	
Secured loans	NT$	130,000	NT$	130,000
Credit loans		41,271		110,640
Total	NT$	171,271	NT$	240,640
Interest Rate Range	2.15%～2.41%		1.90%～2.30%	

For the guarantee of assets provided as short-term loans, please refer to Note 8.

(XV) Long-term Borrowings

	December 31, 2023		December 31, 2022	
Secured loans	NT$	841,151	NT$	746,384
Less: Loan maturity classified as due within one year		(63,368)		(47,081)
Long-term borrowings	NT$	777,783	NT$	699,303
Interest Rate Range	2.15%～2.42%		2.05%～2.32%	

The above-mentioned bank loans shall mature successively before November 2027. Please refer to Note 8 for information on assets pledged as collateral for long-term borrowings.

(XVI) Notes and Accounts Payable

	December 31, 2023		December 31, 2022	
Notes payable (including to related parties)	NT$	9,524	NT$	2,027
Accounts payable (including to related parties)		84,232		99,540
Total	NT$	93,756	NT$	101,567

1. The average credit period for accounts payable is generally 30 to 60 days for customers, and for outsourced projects, payment is made according to the contract period agreed to between the two parties. The Group upholds a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit terms.
2. Please refer to Note 6(27) for disclosures of payables and other payables that are exposed to liquidity risk.

(XVII) Post-employment benefit plans

1. Defined contribution plan
   The Consolidated Company's pension plan under the Labor Pension Act is a government-administered defined contribution plan that contributes 6% of employees' monthly salaries to the individual accounts under the Bureau of Labor Insurance. The pension cost recognized as expense in the consolidated statements of income was NT$1,877 thousand and NT$1,568 thousand for FY2023 and FY2022, respectively.

(XVIII) Equity

1. Common share capital

	December 31, 2023		December 31, 2022	
Number of shares (in thousands)		600,000		600,000
Authorized share capital	NT$	6,000,000	NT$	6,000,000
Number of issued and fully paid shares (in thousands)		150,578		145,486
Publicly traded common stock	NT$	1,505,778	NT$	1,454,858

The issued common stock has a par value of $10 per share and each share has one vote and the right to receive dividends.
On May 24, 2023, the regular shareholders' meeting resolved to adopt the proposals of 2022 earnings distribution and the capital reserve capitalization, to distribute NT$41,463 thousand as share dividends and

capital reserve capitalization for NT$9,457 thousand. The share capital amounted to NT$1,505,778 thousand after the distribution.

At the regular shareholders' meeting held on June 21, 2022, for the dividend distribution for FY2021, the shareholders resolved to distribute NT$95,178 thousand in stock dividends at NT$0.7 per share, resulting in a capital stock of NT$1,454,858 thousand after the distribution.

2. Capital reserve

	December 31, 2023		December 31, 2022	
May be used to make up losses, to distribute cash or to increase capital				
Stock issuance in excess of par value	NT$	87,226	NT$	133,054

The capital surplus from the stock issuance premium may be used to offset losses or, when the Company has no losses, to distribute cash or to increase capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

In addition, as resolved by the Company's annual shareholders' meeting on May 24, 2023, the capital reserves shall be appropriated into share capital and distributed in cash as follows:

	FY2022	
Cash	NT$	36,371
Share capital	NT$	9,457

3. Policy on retained earnings and dividends

In accordance with the provisions of the Company's Articles of Incorporation on the earnings distribution policy, if having a profit in the final accounting of the year, the Company shall first pay taxes and make up any cumulative losses in accordance with laws, and then set aside 10% of the said earnings as legal reserves, unless such legal reserves reach the amount of the Company’s paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. If there is any residual balance, it shall be, together with the undistributed earnings carried from previous years, used as dividends for shareholders. The Board of Directors shall draft an earnings distribution proposal and submit it to the shareholders’ meeting for approval. Please refer to Note 6(22), for the policy on the distribution of employees and directors' remuneration under the amended Articles of Incorporation.

Legal reserve may be used to make up losses. If the Consolidated Company has no deficit, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to increasing capitalization.

At the annual general shareholders' meetings held on May 24, 2023 and June 21, 2022, the Company approved the following distribution of earnings for the FY2022 and FY2021, respectively:

	FY2022		FY2021	
Legal reserve	NT$	4,508	NT$	11,222
Special reserve	NT$	181	NT$	13
Cash dividend	NT$	-	NT$	27,193
Share dividends	NT$	41,463	NT$	95,178
Cash dividend per share (NT$)	NT$	-	NT$	0.2
Share dividends (NT$)	NT$	0.285	NT$	0.7

4. Non-controlling equity

	FY2023		FY2022	
Balance at the beginning of period	NT$	60,213	NT$	4,367
Cash capital decrease by subsidiary		(2,205)		-
Cash dividends of subsidiaries		(564)		-
Net profit for the period attributable to noncontrolling interests		6,932		1,354
Other comprehensive income or loss attributable to noncontrolling interests:				
Financial assets measured at fair value through other comprehensive income or loss		1,030		(176)
Exchange difference from conversion of financial statements of foreign operations		-		13
Decrease in non-controlling interests in subsidiaries due to disposals		-		(1,201)
Acquisition of additional non-controlling interests in subsidiaries		-		55,856
Balance at the end of period	NT$	65,406	NT$	60,213

(XIX) Earnings Per Share

1. Basic earnings per share

The weighted-average number of shares of common stock and earnings per share used in the calculation of earnings per share were as follows:

	FY2023		FY2022	
Net income attributable to owners of the parent company (NT$ ‘000)	NT$	138,023	NT$	45,080
Weighted-average number of common shares for basic earnings per share calculation (in thousands)		150,578		150,578
Basic earnings per share (NT$)	NT$	0.91	NT$	0.30

Earnings per share in the previous paragraph have been retroactively adjusted for the effect of share dividends, and the base date of which was set on August 4, 2023. The basic earnings per share was retroactively adjusted from NT$0.31 to NT$0.30 due to the retroactive adjustment to 2022 basic EPS.

2. Diluted earnings per share

The weighted-average number of shares of common stock and earnings used to calculate diluted earnings per share were as follows:

	FY2023		FY2022	
Net income attributable to owners of the parent company	NT$	138,023	NT$	45,080
Weighted-average number of common shares for basic earnings per share calculation (in thousands)		150,578		150,578
Impact of common stock with potential dilutive effects				
Employee remuneration		45		67

	FY2023		FY2022	
Weighted-average number of common shares for the purpose of calculating diluted earnings per share		150,623		150,645
Diluted earnings per share (NT$)	NT$	0.91	NT$	0.30

If the Consolidated Company has the option to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee remuneration will be paid in stock and is included in the weighted-average number of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is determined in the following year's shareholders' resolution.

As a result of the retroactive adjustment, the diluted earnings per share was retroactively adjusted from NT$0.31 to NT$0.30 for FY2022.

(XX) Revenue from Customer Contracts

	FY2023		FY2022	
Revenue from Customer Contracts				
Construction and engineering revenue	NT$	122,773	NT$	83,617
Sales revenue		415,808		72,165
Electricity retailing revenue		153,330		119,012
Others		60,459		6,726
Total	NT$	752,370	NT$	281,520

1. Contract balance

	December 31, 2023		December 31, 2022	
Accounts receivable and notes receivable	NT$	59,202	NT$	67,897
Contract assets - current				
Construction of photovoltaic power station	NT$	8,376	NT$	41,990
Construction and engineering		5,698		25,878
Sales of electrical equipment		29,871		410
Total	NT$	43,945	NT$	68,278
Contract liabilities - current				
Construction of photovoltaic power station	NT$	2,790	NT$	6,224
Construction and engineering		3,647		178
Total	NT$	6,437	NT$	6,402

The variation of the contract assets and liabilities is the result of the difference in the time point when the Group fulfills the obligations and the customer makes the payment.

2. Breakdown of revenue from customer contracts

FY2023

	Reportable segments									
	Energy Business Group		Electrical Engineering Business Group		Construction Business Group		Others		Total	
Contract revenue type										
Construction and engineering revenue	NT$	22,518	NT$	-	NT$	100,255	NT$	-	NT$	122,773
Sales revenue		-		415,808		-		-		415,808
Electricity retailing revenue		153,330		-		-		-		153,330
Others		-		60,459		-		-		60,459

	Energy Business Group		Electrical Engineering Business Group		Construction Business Group		Others		Total	
Total	NT$	175,848	NT$	476,267	NT$	100,255	NT$	-	NT$	752,370
Point in time for revenue recognition:										
At a certain point in time	NT$	153,330	NT$	476,267	NT$	-	NT$	-	NT$	629,597
To be satisfied over time		22,518		-		100,255		-		122,773
Total	NT$	175,848	NT$	476,267	NT$	100,255	NT$	-	NT$	752,370

FY2022

	Reportable segments									
	Energy Business Group		Electrical Engineering Business Group		Construction Business Group		Others		Total	
Contract revenue type										
Construction and engineering revenue	NT$	39,525	NT$	25,179	NT$	18,913	NT$	-	NT$	83,617
Sales revenue		-		72,165		-		-		72,165
Electricity retailing revenue		119,012		-		-		-		119,012
Others		453		6,272		-		1		6,726
Total	NT$	158,990	NT$	103,616	NT$	18,913	NT$	1	NT$	281,520
Point in time for revenue recognition:										
At a certain point in time	NT$	119,465	NT$	78,437	NT$	-	NT$	1	NT$	197,903
To be satisfied over time		39,525		25,179		18,913		-		83,617
Total	NT$	158,990	NT$	103,616	NT$	18,913	NT$	1	NT$	281,520

(XXI) Non-operating Income and Expenses

1. Interest income

	FY2023		FY2022	
Bank deposits	NT$	3,489	NT$	1,237

2. Other revenue

	FY2023		FY2022	
Dividend income	NT$	1,281	NT$	622
Compensation income		2,990		-
Other revenue		2,444		1,598
Total	NT$	6,715	NT$	2,220

3. Other profits and losses

	FY2023		FY2022	
Gain (loss) on financial assets at fair value through profit or loss	NT$	76,939	NT$	(8,040)
Profit from lease changes		105		12
Loss from disposal of property, plant, and equipment		(84)		(307)
Disposal of investment interests		-		250
Others		(5,137)		(2,770)
Net amount	NT$	71,823	NT$	(10,855)

4. Financial cost

	FY2023		FY2022	
Interest on bank loans	NT$	24,323	NT$	14,826
Interest on lease liabilities		3,067		2,906
Less: Amounts of the qualified asset costs (included in property, plant and equipment and equipment prepayment)		(4,731)		(6,655)
Net amount	NT$	22,659	NT$	11,077

Information on interest capitalization is as follows:

	FY2023		FY2022	
Amount of interest capitalized	NT$	4,731	NT$	6,655
Rate of capitalized interest	1.95%~2.375%		1.86%~2.2%	

(XXII) Remuneration to Employees and Directors

In accordance with the Company's Articles of Incorporation, the Company contributes no less than 1% and no more than 1% of the pre-tax benefit to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees for FY2023 and FY2022 were as follows:

	FY2023	FY2022
Employee remuneration	1%	1%
Remuneration to directors	0%	0%

	FY2023		FY2022	
Cash				
Employee remuneration	NT$	1,393	NT$	458

If there is a change in the amount of the annual consolidated financial report after the date of its issuance, the change in accounting estimate is treated as an adjustment in the following year.

There was no difference between the actual amount of employees' remuneration and the amount recognized in the consolidated financial statements for FY2022.

For additional information on the remunerations to the employees and directors approved by the Board, visit the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(XXIII) Income Taxes

1. The major components of income tax expense recognized in profit or loss were as follows

	FY2023		FY2022	
Current income tax				
Generated in the current period	NT$	9,654	NT$	9,150
Additional taxes levied on undistributed earnings		100		209
Adjusted from the previous year		(183)		446
Deferred income tax				
Generated in the current period		(219)		20
Income tax expense recognized in profit or loss	NT$	9,352	NT$	9,825

2. The reconciliation of accounting income and income tax expense is as follows:

	FY2023		FY2022	
Income tax expense on net income before income tax at statutory tax rate	NT$	42,001	NT$	17,944
Tax-exempt income		(16,085)		(124)
Non-deductible expenses for tax purposes		21		1,767
Net domestic investments recognized under the equity method		(10,660)		(6,760)
Additional taxes levied on undistributed earnings		100		209
Unrecognized temporary differences		(44)		902
Unrecognized loss carryforwards offset against current period		(4,827)		(4,580)

Adjustment in the current year for the income tax expenses of the previous year	(183)	446
Adjustment of the deferred income tax expenses for the previous year during the current year	(31)	-
Others	(940)	21
Income tax expense recognized in profit or loss	NT$ 9,352	NT$ 9,825

3. Income tax assets and liabilities in the current period

	December 31, 2023	December 31, 2022
Income tax assets in current period		
Tax refund receivable	NT$ 166	NT$ 46
Income tax liabilities in current period		
Income taxes payable	NT$ 4,847	NT$ 8,940

4. The changes in deferred income tax assets and liabilities are as follows:

FY2023

	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax assets				
Loss of end-of-life assets	NT$ 1,142	NT$ 157	NT$ -	NT$ 1,299
Deferred income tax liabilities				
Unrealized valuation benefits	NT$ (62)	NT$ 62	NT$ -	NT$ -

FY2022

	Balance at the beginning of period	Recognized in gain (loss)	Recognized in other comprehensive income	Balance at the end of period
Deferred income tax assets				
Loss of end-of-life assets	NT$ 1,234	NT$ (92)	NT$ -	NT$ 1,142
Deferred income tax liabilities				
Investment income of subsidiaries	NT$ 134	NT$ (134)	NT$ -	NT$ -
Unrealized valuation benefits	-	(62)	-	(62)
	NT$ 134	NT$ (196)	NT$ -	NT$ (62)

5. The amount of deferred income tax assets not recognized in the consolidated balance sheet:

	December 31, 2023	December 31, 2022
Loss deductions	NT$ 127,631	NT$ 152,174
Temporary differences that can be deducted	96,537	99,400
Total	NT$ 224,168	NT$ 251,574

6. As of December 31, 2023, Information on individual unused tax losses and approved income tax returns within the Consolidated Company is summarized as follows:

Year of occurrence	Deductible amount		Final deduction year
The Company			
FY2014 (assessed)	NT$	14,378	2024
FY2015 (authorized)		86,597	2025
FY2017 (authorized)		24,752	2027
	NT$	125,727	
Subsidiary - Chun-Li			
2023 (estimates)	NT$	303	2033
Subsidiary - Le Yang			
FY2015 (authorized)	NT$	68	2025
FY2016 (authorized)		475	2026
FY2017 (authorized)		157	2027
FY2019 (authorized)		123	2029
FY2020 (authorized)		132	2030
FY2021 (assessed)		464	2031
FY2022 (declared)		171	2032
2023 (estimates)		53	2033
	NT$	1,643	

7. Status of assessed Income taxes
   The income tax returns of the Company and its subsidiaries for FY 2021 have been examined and approved by the tax authorities.

(XXIV) Business Combinations

1. Acquisition of subsidiaries

Acquired companies	Main business scope	Date of acquisition	Shareholding ratio	Transfer consideration	
FY2022					
Wan Chuan Construction Co., Ltd.	Comprehensive Construction Activities	November 28, 2022	52.5%	NT$	63,000

2. Assets acquired and liabilities assumed at the date of acquisition

	November 28, 2022	
Current assets		
Cash	NT$	78,603
Other current assets		21,904
Non-current assets		
Property, plant and equipment		1,347
Other non-current assets		22,632
Current liabilities		(7,088)
Non-current liabilities		-
Net assets acquired	NT$	117,398

3. Net cash outflow from acquisition of subsidiaries

	November 28, 2022	
Consideration paid	NT$	(63,000)
Add: Cash acquired		78,603
Net Cash Inflow	NT$	15,603

4. Effect of business combinations on operating results

The results of operations from the investee company from the date of acquisition are as follows:

	Acquisition date to December 31, 2022
Operating revenue	NT$ 18,913
Net profit	NT$ 1,559
Other comprehensive income	NT$ (194)

(XXV) Additional information on the nature of the expenses:

1. Summary of employee benefits, depreciation, depletion and amortization expenses of the Group for the period by function as follows:

By function / By nature	FY2023			FY2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Wage expenses	NT$ 25,805	NT$ 25,945	NT$ 51,750	NT$ 15,873	NT$ 17,465	NT$ 33,338
Labor and health insurance expenses	2,845	1,740	4,585	3,510	1,394	4,904
Pension expense	993	884	1,877	858	710	1,568
Remuneration to directors	-	942	942	-	665	665
Other employee benefit expenses	1,134	2,306	3,440	588	1,669	2,257
Depreciation expense	85,496	5,013	90,509	48,156	3,675	51,831
Amortization expense	-	2,294	2,294	-	2,295	2,295

(XXVI) Capital Risk Management

The Consolidated Company is required to maintain sufficient capital to meet the concerns of going concern assumptions. Therefore, the Consolidated Company's capital is prudently managed to ensure that the necessary financial resources and operating plans are in place to support future needs for working capital, capital expenditures and debt servicing.

(XXVII) Financial Instruments

1. Fair value information - financial instruments not measured at fair value
   The carrying amounts of the Consolidated Company's financial instruments not carried at fair value, such as cash, financial assets carried at amortized cost, accounts receivable, other receivables, refundable deposits, long-term and short-term loans (including long-term loans due within one year), accounts payable, other payables and guarantee deposits received, are a reasonable approximation of fair value.
2. Fair value information - financial instruments measured at fair value on a recurring basis
   (1) Fair value hierarchy

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed (Over-the-Counter) stocks	NT$ 169,932	NT$ -	NT$ -	NT$ 169,932
Financial assets at fair value through other comprehensive income or loss - non-current				
Domestic TWSE (TPEx) unlisted stocks	-	-	28,397	28,397
	NT$ 169,932	NT$ -	NT$ 28,397	NT$ 198,329

	December 31, 2022							
	Level 1		Level 2		Level 3		Total	
Financial assets at fair value through profit or loss								
Domestic listed (Over-the-Counter) stocks	NT$	68,723	NT$	-	NT$	-	NT$	68,723
Financial assets at fair value through other comprehensive income or loss - non-current								
Domestic TWSE (TPEx) unlisted stocks		-		-		25,278		25,278
	NT$	68,723	NT$	-	$	25,278	NT$	94,001

There were no transfers between Level 1 and Level 2 fair value measurements from January 1 to December 31 2023 and 2022.

(2) Reconciliation of financial instruments measured at fair value on a Level 3 basis

	Financial assets at fair value through other comprehensive income or loss - non-current			
	December 31, 2023		December 31, 2022	
Balance at the beginning of period	NT$	25,278	NT$	-
Acquired during the period		951		25,472
Recognized in other comprehensive income		2,168		(194)
Balance at the end of period	NT$	28,397	NT$	25,278

(3) For equity instruments without quoted prices in active markets for Level 3 fair value measurements, the Company measures the fair value of the investee by taking into account the quoted prices not available in active and inactive markets, the net financial statements of the investee for the same period obtained by the Company, the changes in the investee's plans, performance, investment objectives, management, etc., and the Company's expected return on investment through the distribution of earnings of the investee.

3. Types of financial instruments

	December 31, 2023		December 31, 2022	
Financial Assets				
Financial assets at fair value through profit or loss	NT$	169,932	NT$	68,723
Financial assets carried at amortized cost (Note 1)		874,453		986,184
Financial assets measured at fair value through other comprehensive income or loss		28,397		25,278
Total	NT$	1,072,782	NT$	1,080,185
Financial liabilities				
Measured at amortized cost (Note 2)	NT$	1,154,952	NT$	1,130,646
Lease liabilities		138,943		129,606
Total	NT$	1,293,895	NT$	1,260,252

Note 1: The balance includes cash, financial assets carried at amortized cost, notes receivable, accounts receivable, other receivables, long-term notes and accounts receivable and refundable deposits, and other financial assets carried at amortized cost.

Note 2: The balance consists of financial liabilities measured at amortized cost, including long-term loans (including long-term borrowings due within one year), notes payable, accounts payable, other payables and guarantee deposits.

4. Financial risk management objectives and policies

The Group’s main financial instruments includes accounts receivable, accounts payable, and borrowings. The Consolidated Company's finance department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on the level and breadth of risk. These risks include market risk (including interest rate risk and other price risks), credit risk and liquidity risk.

(1) Market risk

A. Interest rate risk

The carrying amounts of the Consolidated Company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2023		December 31, 2022	
Fair value interest rate risk				
Financial Assets	NT$	157,345	NT$	210,114
Financial liabilities		310,214		370,246
Cash flow rate risk				
Financial Assets		367,294		448,891
Financial liabilities		841,151		746,384

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding for the period reported. The rate of change used in the Consolidated Company's internal reporting of interest rates to key management is a one-digit increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates were to increase or decrease by 0.25%, with all other variables held constant, the Consolidated Company's pre-tax income would increase/decrease by NT$1,613 thousand and NT$1,345 thousand for FY2023 and FY2022 respectively, due to the Company's exposure to interest rate risk on cash flows from variable rate deposits and borrowings.

B. Other price risk

The Consolidated Company has equity price risk due to its investment in domestic listed securities. The management of the Consolidated Company manages the risk by holding different risky investment portfolios.

Sensitivity analysis

The following sensitivity analysis was performed based on the equity price risk at the balance sheet date.

If equity prices increased/decreased by 1%, net income before income tax would have increased/decreased by NT$1,699 thousand and NT$687 from January 1 to December 31 2023 and 2022 respectively, due to the increase/decrease in the fair value of financial assets at fair value through profit or loss.

The increase in sensitivity of the Consolidated Company to equity investments was mainly due to the increase in equity investments.

(2) Credit risk

Credit risk refers to the risk of financial loss resulting from the counter-party's default on contractual obligations. Up to the balance sheet date, the Group’s potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations was mainly derived from the unlikelihood of collecting the receivables from the customer.

As of December 31, 2023 and 2022, the percentages of accounts receivable from the top ten customers to the Consolidated Company's accounts receivable were 69.82% and 70.10%, respectively, and the credit concentration risk of the remaining accounts receivable was relatively insignificant.

(3) Liquidity risk

A. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Consolidated Company could be required to make repayment. Accordingly, the Consolidated Company's bank loans that are repayable on demand are listed in the table below at the earliest possible date, without regard to the probability that the banks will enforce rights immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the borrowing rate at the balance sheet date.

	December 31, 2023				
	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	NT$ 131,487	NT$ -	NT$ -	NT$ 1,445	NT$ 132,932
Floating rate instruments	212,764	41,040	82,977	783,146	1,119,927
Lease liabilities	8,605	10,156	20,364	121,765	160,890
Total	NT$ 352,856	NT$ 51,196	NT$ 103,341	NT$ 906,356	NT$1,413,749

More information on the analysis of lease liabilities due:

	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
Lease liabilities	NT$ 18,761	NT$ 53,036	NT$ 42,089	NT$ 35,776	NT$ 11,228

	December 31, 2022				
	Less than 6 months	6 months to 1 year	1 to 2 years	More than 2 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	NT$ 136,772	NT$ -	NT$ -	NT$ 946	NT$ 137,718
Floating rate instruments	273,780	31,687	62,328	661,106	1,028,901
Lease liabilities	5,837	5,616	11,331	131,190	153,974
Total	NT$ 416,389	NT$ 37,303	NT$ 73,659	NT$ 793,242	NT$1,320,593

More information on the analysis of lease liabilities due:

	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
Lease liabilities	NT$ 11,453	NT$ 43,615	NT$ 43,484	NT$ 37,919	NT$ 17,503

B. Financing amount

	December 31, 2023		December 31, 2022	
Unsecured bank loan credit line				
- Amount utilized	NT$	59,611	NT$	110,640
- Unutilized amount		63,264		138,620
Total	NT$	122,875	NT$	249,260
Guaranteed Bank credit line				
- Amount utilized	NT$	1,088,640	NT$	876,384
- Unutilized amount		120,700		176,031
Total	NT$	1,209,340	NT$	1,052,415

(XXVIII) Disposal of Subsidiaries

On April 22, 2022, the Board of Directors resolved to dispose of Joy Ribbon Limited, of which the Company owned a 51% equity interest. On May 10, 2022, the Company entered into a share transaction agreement and lost control of Joy Ribbon Limited.

1. Consideration received

	Amount	
Cash and cash equivalents	NT$	1,500
Receivable from disposal of investments		-
Total consideration received	NT$	1,500

2. Analysis of assets and liabilities subject to loss of control as at the date of loss of control

	Amount	
Current assets		
Cash and cash equivalents	NT$	2,646
Net assets disposed of	NT$	2,646

3. Interests from the disposal of subsidiaries

	Amount	
Consideration received	NT$	1,500
Net assets disposed of		(2,646)
Non-controlling equity		1,296
Cumulative translation difference between equity reclassification and profit or loss of a subsidiary's net assets due to loss of control over the subsidiary		100
Interests from the disposal	NT$	250

4. Net cash outflow from disposal of subsidiaries

	Amount	
Consideration received	NT$	1,500
Less: Balance of cash and cash equivalents from disposal		(2,646)
Net cash outflow	NT$	(1,146)

VII. Related Party Transactions

All transactions, account balances, revenues and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated upon consolidation and are therefore not disclosed in this note. Transactions between the Group and other related parties are described as follows:

(I) Names of related parties and their relationships

Name of related party	Relationship with the Company
Ching Tien Energy and System Co., Ltd. (hereinafter referred to as "Ching Tien Energy")	Other related party
Chao Hsing Energy Co.,Ltd. (hereinafter referred to as "Chao Hsing Energy")	Other related party
Sel Tech Co.,Ltd. (hereinafter referred to as "SEL Tech")	Other related party
Quintain Steel Co., Ltd. (hereinafter referred to as "Quintain")	Other related party
Chateau Rich Hotel Co.,Ltd. (hereinafter referred to as "Chateau Rich")	Other related party
Chateau International Development Co.,Ltd. (hereinafter referred to as "Chateau International")	Other related party
Castle Applied Inc. (hereinafter referred to as "Castle Applied")	Other related party
Gala Castle Co.,Ltd. (hereinafter referred to as "Gala Castle")	Other related party
Jing Hao Landscape Design Company Limited (hereinafter referred to as "Jing Hao Landscape Design")	Other related party
Mei Chi Interior Design and Engineering Co.,Ltd. (hereinafter referred to as "Mei Chi Interior Design")	Other related party
Wan-Hou Machinery and Electrical Engineering Co., Ltd. (hereinafter referred to as Wan-Hou Machinery and Electrical Engineering")	Other related party
Asahi Enterprises Corp. (hereinafter referred to as "Meiyu Industrial")	Other related party

(II) Operating revenue

	FY2023		FY2022	
Ching Tien Energy	NT$	472	NT$	28,679
Chao Hsing Energy Co., Ltd.		13,195		8,240
Quintain Steel Co., Ltd.		24,666		-
Sel Tech Co., Ltd.		7,288		-
Other related party		1,026		-
Total	NT$	46,647	NT$	36,919

1. Ching Tien Energy and System Co., Ltd. and Chao Hsing Energy Co., Ltd. subcontract photovoltaic equipment projects including installation services. These projects are subcontracted to Sel Tech Co.,Ltd. The financial statements of the Group present the construction revenue after deducting the cost of the outsourcing. Prices and payment terms are based on individual agreements between the parties for each project.

	Construction and engineering revenue		Construction and engineering cost		Net amount	
FY2023						
Ching Tien Energy	NT$	2,079	NT$	1,607	NT$	472
Chao Hsing Energy Co., Ltd.		20,795		16,240		4,555
Total	NT$	22,874	NT$	17,847	NT$	5,027
FY2022						
Ching Tien Energy	NT$	156,143	NT$	127,464	NT$	28,679
Other related party		37,534		29,294		8,240
Total	NT$	193,677	NT$	156,758	NT$	36,919

2. For the transactions between the Group and its related parties, the transaction prices and payment terms are agreed by both parties case by case.

(III) Purchases

	FY2023		FY2022	
Sel Tech Co., Ltd.	NT$	17,847	NT$	157,799
Other related party		4,711		1,661
Total	NT$	22,558	NT$	159,460

(IV) Contract Assets

	December 31, 2023		December 31, 2022	
Ching Tien Energy	NT$	-	NT$	24,914
Other related party		-		3,104
Total	NT$	-	NT$	28,018

(V) Contract liabilities

	December 31, 2023		December 31, 2022	
Other related party	NT$	3,350	NT$	-

(VI) Accounts Receivables From Related Parties

	December 31, 2023		December 31, 2022	
Accounts receivable				
Sel Tech Co., Ltd.	NT$	7,652	NT$	-
Other related party		94		5,060
Total	NT$	7,746	NT$	5,060
Other receivables				
Sel Tech Co., Ltd.	NT$	55,672	NT$	17,917

Tainan City Government terminated the contract for the solar power generation system around the detention basins of Water Resources Bureau, Tainan City Government. The construction has not yet started, thus the Company will apply to the contractor, Sel Tech Co., Ltd., for a refund of the prepayment amounted to NT$50,906 thousand.

(VII) Accounts Payable to Related Parties

	December 31, 2023		December 31, 2022	
Notes payable				
Castle Applied Inc.	NT$	357	NT$	104
Accounts payable				
Mei-Chi	NT$	66	NT$	-
Castle Applied Inc.		62		-
Jing-Hao		59		-
Sel Tech Co., Ltd.		34		19,555
Other related party		-		827
Total	NT$	221	NT$	20,382
Other payables				
Quintain Steel Co., Ltd.	NT$	845	NT$	-
Wan-Hou Machinery and Electrical Engineering		573		-
Sel Tech Co., Ltd.		153		19,393
Other related party		47		38
Total	NT$	1,618	NT$	19,431

(VIII) Prepayment for Equipment

	December 31, 2023		December 31, 2022	
Sel Tech Co., Ltd.	NT$	70,296	NT$	686,494

The total purchase price of NT$937,911 thousand and NT$2,392,207 respectively as of December 31, 2023 and 2022 was for the purchase of solar power equipment and installation, which will be paid according to the progress of the project. Prices and payment terms are based on individual agreements between the parties for each project.

The amounts transferred to property, plant and equipment for 2023 and 2022 were NT$437,869 thousand and NT$85,751 thousand, respectively.

(IX) Lease Agreements

	December 31, 2023		December 31, 2022	
Right-of-use assets				
Meiyu Industrial Co., Ltd.	NT$	17,339	NT$	-
Other related party		-		4,386
Total	NT$	17,339	NT$	4,386
Lease liabilities - current				
Meiyu Industrial Co., Ltd.	NT$	6,718	NT$	-
Other related party		-		603
Total	NT$	6,718	NT$	603
Lease liabilities - non-current				
Meiyu Industrial Co., Ltd.	NT$	12,456	NT$	-
Other related party		-		3,884
Total	NT$	12,456	NT$	3,884
Interest expense				
Meiyu Industrial Co., Ltd.	NT$	250	NT$	-
Other related party		-		76
Total	NT$	250	NT$	76

The Company leases office space and plants from a related party, and the terms of the transaction are monthly lease payments.

(X) Acquisition of property, plant, and equipment

The prices for the Company's acquisition of property, plant and equipment from related parties are summarized as follows:

	December 31, 2023		December 31, 2022	
Chateau-Fulang	NT$	18,957	NT$	-
Other related party		126		-
Total	NT$	19,083	NT$	-

(XI) Incentives to senior management

	FY2023		FY2022	
Short-term employee benefits	NT$	8,349	NT$	9,142
Postemployment benefits		173		189
Total	NT$	8,522	NT$	9,331

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee based on individual performance and market trends.

VIII. Assets Pledged as Collateral

The following assets have been provided as collateral for performance bonds and financing facilities:

	December 31, 2023		December 31, 2022	
Financial assets measured at amortized cost - current and non-current (reserve account)	NT$	68,855	NT$	23,105
Financial assets measured at amortized cost - current and non-current (pledged time deposits)		88,490		80,711
Property, plant and equipment		1,348,930		612,207
Total	NT$	1,506,275	NT$	716,023

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other notes, the Consolidated Company's material commitments and contingencies as of the balance sheet date are as follows:

(I) The details of the Consolidated Company's guaranteed notes payable and bank guarantee letters are as follows:

	December 31, 2023		December 31, 2022	
Performance guarantee	NT$	83,490	NT$	87,009
Performance guarantee letter		23,003		46,006
Guarantee notes for construction projects		19,915		19,915
Total	NT$	126,408	NT$	152,930

(II) The Consolidated Company and Aircom Pacific Inc. jointly developed an in-flight connection system for use in the passenger cabin of an aircraft for a total contract price of NT$28,750 thousand (US$909,000), of which NT$23,918 thousand (US$762,000) had been paid as of December 31, 2023. The Company has no plan to continue the operation of the business, and no manpower is currently committed to the venture; therefore, a total impairment loss of NT$23,918 thousand was recorded in 2015 for the prepaid equipment.

(III) As for the wind power projects contracted by the Group for Taiwan Power

Company in its Taichung Power Plant and Taichung Port area. Many factors that were beyond the control of the Group, such as delayed provision of land, frequent change of the wind turbine sites, and changes in design and construction methods on the side of Taipower as well as the bankruptcy of a subcontractor, the Dutch wind generator supplier, typhoons and severe weather, occurred after the commencement of the works and resulted in a significant increase of the required construction period for the project. For this, the Group asked for extension of the construction period according to the contract and, thus, run into contractual disputes with Taipower. The Chinese Construction Industry Arbitration Association made the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) on January 19, 2010 with the text described below:

1. Taipower shall extend the construction period for each wind turbine (#1, #2, #3 and #4 turbines) of Taichung Power Plant by 290 calendar days.
2. Taipower shall extend the work period of 563 calendar days for each wind turbine (#1-#4) of the first group of wind turbines in the Taichung Harbor Area; 756 calendar days for each wind turbine (#5-#8) of the second group; 773 calendar days for each wind turbine (#9-#12) of the third group; 663 calendar days for each wind turbine (#13-#18) of the fourth group.
3. Taipower shall calculate the completion date of the sub-projects of Taichung Power Plant and Taichung Harbor Area by adding 120 calendar days to the last date of completion of the commercial transfer of each site (#3 wind turbine of Taichung Power Plant; #11 wind turbine of Taichung Port Area) as the last completion date of the site.
4. Taipower shall pay the Consolidated Company NT$13,740 thousand and interest at 5% per annum from September 28, 2007 to the date of settlement.

Taipower filed an action against the arbitral award and requested for its revocation. For this, Taiwan Taipei District Court made a decision to dismiss the action (Zhong-Su-Zi No. 11, 2010) and Taipower filed an appeal against the decision. On May 31, 2011, the high court delivered its decision (Chong-Shang-Zi No. 501, 2010) to reserve the dismissal of Taipower's action and the determination on the litigation expenses as declared in the original judgment. As for the text of the arbitral award (Gong-Zhong-Xie-(Jing)-Zi No. 019, 2008) made by the Chinese Construction Industry Arbitration Association, the decision of the high court found that Point (3) exceeded the scope of the arbitration agreement and should be revoked, and the appeal should be dismissed with regard to Points (1), (2) and (4). The two parties had negotiated on the settlement amount, but no consensus could be reached. As a result, Taipower has still not paid the Consolidated Company the amount due.

The Consolidated Company filed a lawsuit with the Taipei District Court on September 5, 2013, requesting Taipower to pay the Company NT$401,631 thousand and on August 25, 2016, the Taipei District Court ruled (2013 Jian-Zi No. 274) that Taipower should pay the Company NT$309,690 thousand, plus interest at 5% per annum from April 14, 2012 to the date of full settlement. Taipower appealed against the judgment and filed an appeal. On May 29, 2020, the Taiwan High Court ruled in (2016 Jian-Shang-Zi No.74) that Taipower should pay the Group NT$301,955 thousand, including NT$250,070 thousand from April 14, 2012, and the remaining NT$51,885 thousand with interest at 5% per annum from the day after the judgment was finalized until the date of settlement. Based on the above judgement, the Group filed an appeal with the Supreme Court in which Taipower was required to pay the Group NT$16,045 thousand and interest at 5% per annum from April 14, 2012 to the date of settlement. Taipower objected the judgment and re-appealed again. On August 16, 2023, the Taiwan Supreme Court ruled (2021 Tai-Shang-Zi No. 690) that Taipower should pay the Group NT$318,001 thousand, of which, the interest of NT$266,116 thousand shall be accrued from April 14, 2012, and the for the remaining NT$51,885 thousand shall be accrued from the next day of the judgment determination date, at the rate of 5% per annum, until the settlement date.

In addition, in February 2015, the Consolidated Company obtained an execution decree from the Taipei District Court of Taiwan in accordance with the above-mentioned arbitration judgment on Item 4 seeking NT$13,740 thousand in outstanding payments due. Taipower filed a debtor's dispute lawsuit seeking a stay of execution. On December 9, 2016, the Taipei District Court ruled against Taipower (2015 Zhong-Shu-Zi No.195). Taipower has filed an appeal, which is currently pending before the Taiwan High Court, and the verdict has not yet been determined.

(IV) The Group placed an order of 54 blades to Umoe (a Dutch company) on June 22, 2005 and authorized it to deal with their transport. Umoe (a Dutch company) authorized another company for this transport matter. A batch of the blades was affected by severe weather during the transport and 15 blades were damaged as a result. Umoe (a Dutch company) found that the procurement agreement was entered into based on the FOB conditions and, thus, asked the Group to reimburse the freight paid on behalf of the Group. On August 16, 2010, the Group received a notice from Taiwan Banqiao District Court about the suit at Oslo District Court, Norway. The JuridiskByra law firm in Norway was authorized for the suit. Oslo District Court made a decision against the Group on April 11, 2011 and required that the Group should pay a compensation of EUR 222 thousand (ca. NT$7,359 thousand) and a sum of legal expenses of NOK 404 thousand (ca. NT$1,258 thousand) with delay interest. As there is no mutual recognition of judicial decisions based on treaties or agreements between Taiwan and Norway, the Company has not received any notice from the court to enforce the above compensation as of December 31, 2023.

(V) As of December 31, 2023 and 2022, the Consolidated Company had entered into contracts for solar power generation equipment, and the total amount due, less the amount paid, was NT$290,455 thousand and NT$1,885,091, respectively.

X. Catastrophic Losses: None.

XI. Significant Post-Term Events: None.

XII. Other Matters:

The Company's Board of Directors resolved on April 22, 2022 that in order to focus on the Company's core business, it is intended to fully dispose the subsidiary, Kaishi Energy Co., Ltd. at the original amount invested. Kai Shih Energy Co., Ltd.

The Company's shareholders' meeting resolved on June 26, 2023 for the dissolution, and dissolution registration was completed on June 29, 2023; on January 16, 2024, the liquidation process was completed.

XIII. Notes for Disclosures

(I) Information on Material Transactions:

1. Loan of funds to others: None.
2. Endorsement and guarantees for others: see Schedule 1.

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): see Schedule 2.
4. Cumulative purchases or sales of marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: none.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: None.
10. Other: Business relationships and material transactions between parents and subsidiaries: see Schedule 4.

(II) Information on investment in other businesses: see Schedule 3.

(III) Information on investment in Mainland China: None.

(IV) Information on major shareholders: Name, amount and percentage of shares held by shareholders with a 5% or more ownership: see Schedule 5.

XIV. Department Information

The Company and its subsidiaries assess the performance of the operating segments based on the profit or loss of each operating segment. Information on segment assets and liabilities of the Consolidated Company is not provided to key management for reference or decision making purposes, therefore, disclosure of segment assets and liabilities is not required.
Energy Business Group - Installation of wind power and solar power projects.
Electrical Engineering Group - Design, manufacture, installation and sale of power distribution panels.

(I) Segment Revenue and Operating Results

The revenue and operating results of the Consolidated Company's continuing business units are analyzed by reportable segments as follows:

	January 1 to December 31, 2023				
	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Segment operating revenue	NT$ 175,848	NT$ 476,267	NT$ 100,255	NT$ -	NT$ 752,370
Segment operating profit or loss	NT$ 65,138	NT$ 61,089	NT$ 7,860	NT$ (39,585)	NT$ 94,502
Interest income					3,489
Other revenue					6,715
Other profits and losses					71,823
Share of profit or loss of subsidiaries recognized under the equity method					437
Financial cost					(22,659)
Pre-tax net profit in current period					NT$ 154,307

	January 1 to December 31, 2022				
	Energy Business Group	Electrical Engineering Business Group	Construction Business Group	Others	Total
Segment operating revenue	NT$ 158,990	NT$ 103,616	NT$ 18,913	NT$ 1	NT$ 281,520
Segment operating profit or loss	NT$ 92,454	NT$ 11,882	NT$ 2,853	NT$ (32,197)	NT$ 74,992

Interest income	1,237
Other revenue	2,220
Other profits and losses	(10,855)
Share of profit or loss of subsidiaries recognized under the equity method	1
Loss from expected credit impairment	(259)
Financial cost	(11,077)
Pre-tax net profit in current period	NT$ 56,259

(II) Revenue from major products: Please refer to Note 6(20).

(III) Geographical information: The Consolidated Company has no operating income from foreign countries.

(IV) Key Customer Information

The Consolidated Company's revenues from a single customer amounting to 10% or more of the Consolidated Company's total revenues are as follows:

	FY2023		FY2022	
	Amount	%	Amount	%
Customer A	NT$ 524,019	70	NT$ 188,955	67
Customer B	472	-	28,680	10
Total	NT$ 524,491	70	NT$ 217,635	77

Schedule 1

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Endorsement and guarantees for others:

January 1 to December 31, 2023

Unit: NT$ '000

Number (Note 1)	Company name of the guarantor	Target of endorsement and guarantee		Endorsement and guarantee limit for a single company (Note 3)	Maximum endorsement and guarantee balance for the period	Ending balance of endorsement and guarantee	Actual amount	Endorsement and guarantee amount secured by assets	Ratio of cumulative guarantee amount to net worth of the most recent financial statements (%)	Maximum amount of endorsement and guarantee (Note 3)	Endorsement and guarantee from parent to subsidiary (Note 4)	Endorsement and guarantee from subsidiary to parent company (Note 4)	Endorsement and guarantee for Mainland China (Note 4)
		Company name	Relationship (Note 2)										
0	The Company	Sen-Hsin Energy Co., Ltd.	2	NT$ 881,405	NT$ 450,000	NT$ 450,000	NT$ 324,582	NT$ -	25.53	NT$ 1,762,810	Y	N	N
0	The Company	Chin Lai International Development Co., Ltd.	2	NT$ 881,405	NT$ 450,000	NT$ 150,000	NT$ 82,400	NT$ -	8.51	NT$ 1,762,810	Y	N	N

Note 1: The description of the number column is as follows:
(1) The issuer is entered as 0.
(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are two types of relationships between the guarantor and the target of the endorsement, which can be indicated as follows:
(1) Companies with business relationship.
(2) Subsidiaries where the guarantor directly holds more than 50% of the common stock.

Note 3: In accordance with the Company's operating procedures, the total amount of endorsement and guarantee shall not exceed 100% of the Company's latest net financial statements. The individual limits of the Company's external endorsement or guarantee shall not exceed 50% of the Company's net worth, and the same applies to the individual limits of the Company's endorsement and guarantee for subsidiaries directly or indirectly holding 100% of the voting shares.

Note 4: Endorsement and guarantee by a listed parent company to its subsidiary, the endorsement and guarantee by the subsidiary to the listed parent company, and the endorsement and guarantees in Mainland China are required to fill in line item Y.

<u>Luxe Green Energy Technology Co.,Ltd. and its subsidiaries</u>

<u>(Originally: Luxe Electric Co., Ltd)</u>

<u>Breakdown of marketable securities held at the end of the period</u>

December 31, 2023

Unit: NT$ ‘000

Company held	Type and Name of Marketable Securities	Relationship between the issuer of the securities and the Company	Accounting Item	End of period				Remarks
				Shares	Total carrying amount	Shareholding ratio (%)	Market price or equity net value	
The Company	Shares - Chateau International Development Co.,Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	1,756,420	111,694	1.49	111,694	
	Shares - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	88,002	1,630	0.03	1,630	
Le Hua Investment Co., Ltd.	Shares - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	1,180,857	20,488	0.38	20,488	
	Shares - Chateau International Development Co.,Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	54,060	3,405	0.05	3,405	
Luxe Solar Energy Co., Ltd.	Shares - Chateau International Development Co.,Ltd.	Other related party	Financial assets measured at fair value through profit or loss - current	63,600	4,007	0.05	4,007	
Wan Chuan Construction Co., Ltd.	Castle Applied Inc.	Other related party	Financial assets measured at fair value through other comprehensive income - current	2,358,333	27,100	9.43	27,100	
	Wan-Hou Machinery and Electrical Engineering Co., Ltd.	Other related party	Financial assets measured at fair value through other comprehensive income - current	95,000	1,297	19	1,297	
	Shares - Concord International Securities Co., Ltd.	None	Financial assets measured at fair value through profit or loss - current	1,654,658	28,708	0.54	28,708	

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 9, "Financial Instruments".

Note 2: Please refer to Table 3 for information on investments in subsidiaries and affiliates.

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Information about the investee company, its location, ..., etc.

January 1 to December 31, 2023

Unit: NT$ ’000/thousand shares

Name of the investment company	Name of investee company	Location	Main business scope	Investment amount		Held at the end of the period			Income (loss) of the investee for the period	Gain (loss) on investment recognized in the period	Notes
				End of period	End of last year	Shares	Ratio (%)	Par value			
The Company	Le Hua Investment Co., Ltd.	Taiwan	Reinvestment business	NT$ 20,000	NT$ 20,000	2,000	100	NT$ 24,215	NT$ 10,412	NT$ 10,412	
	Luxe Solar Energy Co., Ltd.	Taiwan	Energy Technical Services	4,826	4,826	500	100	5,512	1,975	1,975	
	Sen-Hsin Energy Co., Ltd.	Taiwan	Energy Technical Services	813,000	660,000	81,300	100	839,373	22,094	22,094	
	Chin Lai International Development Co., Ltd.	Taiwan	Energy Technical Services	202,320	202,320	18,000	100	218,454	13,047	10,886	(Note 1)
	Kai Shih Energy Co., Ltd.	Taiwan	Energy Technical Services	255	2,550	25	51	29	(667)	(339)	
	Wan Chuan Construction Co., Ltd.	Taiwan	Comprehensive Construction Activities	63,000	63,000	6,300	52.5	73,524	15,280	8,022	
Chin Lai International Development Co., Ltd.	Qun Li Energy Co., Ltd.	Taiwan	Energy Technical Services	32,889	32,889	2,900	100	29,644	(184)	(184)	
Wan Chuan Construction Co., Ltd.	Park Ave Coworking Space Co.,Ltd.	Taiwan	Indoor Decoration	2,250	2,250	225	22.5	1,852	1,943	437	

Note 1: The investment gain or loss recognized in the current period includes a gain of NT$13,047 thousand less amortization of operating rights of NT$2,161 thousand.Schedule 4

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries
(Originally: Luxe Electric Co., Ltd)
Business relationships and material transactions between parent and subsidiary
January 1 to December 31, 2023

Unit: NT$ '000

Number (Note 1)	Name of the transactional party	Counterparty	Relationship with the counterparty (Note 2)	Transactions (Note 6)			
				Accounting item	Amount	Transactional terms and conditions	As a percentage to consolidated total revenue or total assets (%)
0	The Company	Wan Chuan Construction Co., Ltd.	1	Prepayment	NT$ 4,057	(Note 4)	-
				Prepayment for equipment purchase	34,429	(Note 4)	1
1	Wan Chuan Construction Co., Ltd.	Luxe Green Energy Technology Co.,Ltd.	2	Construction and engineering revenue	45,738	(Note 4)	6
				Unearned sales revenue	48,333	(Note 4)	2
		Sen-Hsin Energy Co., Ltd.	3	Construction and engineering revenue	8,355	(Note 4)	1
				Unearned sales revenue	1,885	(Note 4)	-
		Chin Lai International Development Co., Ltd.	3	Construction and engineering revenue	4,091	(Note 4)	1
				Unearned sales revenue	3,964	(Note 4)	-
		Qun Li Energy Co., Ltd.	3	Construction and engineering revenue	4,932	(Note 4)	1
				Unearned sales revenue	514	(Note 4)	-

Note 1: The description of the numbering column is as follows:
1. The issuer is entered as 0.
2. The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are three types of relationship with the transactional party, and the types are indicated as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary company.

Note 3: For the calculation of the percentage of the transaction amount to the total consolidated revenue or total assets, if it is an item under assets and liabilities, it is calculated as the ratio of the ending balance to the total consolidated assets; if it is an item under profit or loss, it is calculated as the ratio of the accumulated amount to the total consolidated revenue at the period to be calculated.

Note 4: Pricing is based on the price negotiated by both parties, and credit terms are determined case by case.

Note 5: The Company may decide whether to list the material transactions in this table based on the principle of materiality.

Note 6: Written-off in the preparation of the consolidated statements.

Luxe Green Energy Technology Co.,Ltd. and its subsidiaries

(Originally: Luxe Electric Co., Ltd)

Name of Major Shareholders

December 31, 2023

Name of major shareholders	Shares	
	Shares held	Shareholding ratio (%)
Quintain Steel Co., Ltd.	15,115,091	10.03%
Concord International Securities Co., Ltd.	14,284,314	9.48%
Asahi Enterprises Corp.	8,780,020	5.83%
Pao Li Tou Investment Co., Ltd.	8,592,130	5.70%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common and preferred shares in dematerialized format. The number of shares recorded in the consolidated financial statements and the actual number of shares in dematerialized format may differ depending on the basis of calculation.

Note 2: The above information is disclosed by the trustee's opening of a trust account with individual subaccounts of the trustee if the shareholders have entrusted their shares to the trust. As for the shareholder's shareholding of more than 10% of the shares of insiders reported under the Securities and Exchange Act, the shareholding includes the shareholding of the shareholder plus the shareholding of the shareholder who entrusted shares held to the trust and has the right to decide the use of the trust property.

Seven. Review and Analysis of Financial Status and Financial Performance and Risks

I. Financial status

(I) Financial status comparison and analysis table

Unit: NT$ '000

Item \ Year	FY2023	FY2022	Deviation	
			Amount	%
Current assets	947,406	1,016,402	(68,996)	-6
Non-current assets	2,190,228	1,982,726	207,502	10
Total assets	3,137,634	2,999,128	138,506	5
Current liabilities	405,349	455,473	(50,124)	-11
Non-current liabilities	904,069	823,422	80,647	10
Total liabilities	1,309,418	1,278,895	30,523	2
Capital stock	1,505,778	1,454,858	50,920	3
Capital reserve	87,226	133,054	(45,828)	-34
Retained earnings	168,862	72,302	96,560	133
Total equity	1,828,216	1,720,233	107,983	6
Total liabilities and equity	3,137,634	2,999,128	138,506	5

The reasons for the variation over 20% are described below:

1. Capital reserve: the decrease compared to last year is mainly due to the distribution of dividends from capital reserve and capitalization of capital reserve by issuing new shares in 2023.
2. Retained earnings: The increase in this year's earnings is mainly due to the increase in profit obtained from the tender of Taipower Kiosk Transformer.

II. Financial performance

(I) Operational results comparison and analysis table

Unit: NT$ ‘000

Item	FY2023 Amount	FY2022 Amount	Variation in amount	Ratio of variation %
Net operating revenue	752,370	281,520	470,850	167
Operating costs	594,337	161,798	432,539	267
Operating gross profit	158,033	119,722	38,311	32
Operating expenses	63,531	44,730	18,801	42
Operating income	94,502	74,992	19,510	26
Non-operating revenue and expenses	59,805	(18,733)	NA	NA
Net profit before tax	154,307	56,259	98,048	174
Income tax (expense)	(9,352)	(9,825)	NA	NA
Total comprehensive income	144,955	46,090	98,865	214

The reasons for the variation over 20% are described below:

1. Operating revenue, cost, and gross profit: The increase in current period compared to last year is mainly due to the increase in revenue, cost, and gross profit of Taipower's booth-type transformer delivered in 2023.
2. Operating expenses: The increase in current year is mainly due to the purchase of the Tainan Office in 2023 and the start of depreciation. The acquisition of subsidiary Wanquan at the end of 2022 was included in the annual expenses in 2023.
3. Non-operating income and expense: The non-operating income is a net income in this year, mainly due to the valuation gain due to the increase in the stock price of the securities held.

2. Possible impact of the expected sales volume and its basis on the future finance and business of the Company and countermeasures

   In recent years, our company's business development has mainly focused on core businesses related to electric motors and power, while our subsidiaries have continued to develop solar photovoltaic technology. In addition to investing in the construction of solar electric fields, we have also contracted solar engineering projects. However, the number of projects is not significantly related to the amount of business due to the varying power generation capacity.

III. Consolidated cash flow

1. Analysis of cash flow changes in the most recent (2023) year

Unit: NT$ ‘000

Item / Year	FY2023	FY2022	Increase (decrease)
			Amount
Operating activities	150,688	(73,015)	223,703
Investing activities	(206,327)	(540,498)	334,171
Financing activities	(24,371)	424,410	-448,781

Analysis of changes in cash flow:
1. Operating activities: The net cash inflow from operating activities for the current year is mainly due to the increase in net profit for 2023.
2. Investing activities: The net cash outflow from investing activities this year is mainly due to the increase in funds invested in the self-built solar power plant and the purchase of the Tainan office.
3. Financing activities: The net cash outflow from financing activities this year is mainly due to the repayment of short-term loans and the payment of cash dividends.

2. Improvement plan for insufficient liquidity
The Company has had net cash outflow in recent years, but there is no cash flow problem. There is good interaction with the bank. If there is a shortage of working capital, the bank will provide financing. Therefore, there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.
3. Cash flow analysis for the next year (213)

Unit: NT$ ‘000

Cash balance at the beginning of the year (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash inflow (outflow) (3)	Expected cash surplus (deficit) amount (1)＋(2)＋(3)	Remedies for expected cash deficits	
				Investment plan	Financial management plan
370,312	300,000	(460,000)	210,312	-	-

Financial basis of Lay's Green Energy:
1. Analysis of variations in cash flow for the next fiscal year:
   A. Operating activities: NTD 300,000 thousand is due to net cash inflow from operating activities due to increased sales.
   B. Investing and financing activities: mainly the expected cash outflow of NTD 300,000 thousand for self-built solar power plant and expansion (including equipment investment) and net bank repayment of NTD 160,000 thousand.
   C. Summarizing the above, the cash balance of the year was NTD 210,312 thousand.
2. Remedies for expected cash deficits and liquidity analysis: Not applicable.

IV. The impact of material capital expenditures in the most recent year on financial operations Response: None.

V. The policy on investments in the most recent year, the main reason for profit or loss, improvement plans, and investment plans for the year ahead Drawing

The Company's reinvestment policy in the most recent year has taken into consideration the industry related to the Company's business and the improvement of operational synergies. The solar power plants owned by Sen-Shin Energy, Jinlai International and Qunli Power have been stable and profitable. However, some power plants may suffer Due to natural disasters, the scaffolding needs to be reinforced and the repair cost is high; in addition, Wanquan Construction has also applied for a Grade-A comprehensive construction operator, in order to contract more projects in the future.

Unit: NT$ ‘000

Investee	Business item	2023 Current period profit (loss)
Le Hua Investment Co., Ltd.	Reinvestment business	10,412
Luxe Solar Energy Co., Ltd.	Solar power generation and relevant equipment installation	1,975
Sen-Hsin Energy Co., Ltd.	Solar power engineering and self-construction business	22,094
Chin Lai International Development Co., Ltd.	Solar power generation.	13,047
Qun Li Energy Co., Ltd.	Solar power generation.	(184)
Kaishi Energy Corporation	Solar power generation and maintenance.	(667)
Wanquanying Co., Ltd.	Comprehensive construction	15,280

Note: The profit (loss) of Jinlai International Development Co., Ltd. includes profit or loss recognized on investment by its subsidiary, Philharmonic Energy Co., Ltd.

VI. Risk and assessment

(I) Effect of changes in interest rates, exchange rates and inflation on the Company's profit and loss, and future countermeasures

1. The profit and loss from interest and exchange in the most recent year are listed below

Unit: NT$ ‘000

Item \ Year	FY2023	FY2022
Net interest income (expense)	(19,170)	(9,840)
Net exchange profit (loss)	1	26
Operating revenue	752,370	281,520
Profit or loss before tax	154,307	56,259
Ratio of net interest income/expense to operating revenue (%)	-2.55	-3.49
Ratio of net interest income/expense to profit/loss before tax (%)	-12.42	-17.49
Ratio of net exchange profit/loss to operating revenue (%)	0.00	0.00
Ratio of net exchange profit/loss to profit/loss before tax (%)	0.00	0.00

2. Measures taken by the Company in response to exchange rate fluctuation
   (1) The Company adopted the principle of pricing in multiple currencies when discussing about prices with importers to control the cost and reduce the risk.
   (2) We kept close communication with foreign exchange departments of financial institutions, observed the fluctuation of the exchange rate in a real-time manner, and took appropriate measures promptly.
3. In terms of the inflation, the importing costs of material needed for manufacturing rose as the oil price surged and the price of the natural resources stayed high. The Company would reflect the costs and find other sources of materials as a response approach to reduce the impact on the profit/loss if possible.

(II) The policy of engaging in high-risk and highly leveraged investments, loans to others, endorsements and guarantees, and derivative transactions, the main reasons for profit or loss, and future countermeasures

The Company did not make any high-risk and high-leverage investment. We loaned funds to others and made endorsement and guarantee in accordance with the policies established in the Company's "Procedure for Acquisition or Disposal of Assets," "Procedures for Loaning Funds to Others, Endorsements and Guarantees," and "Procedures for Derivative Transactions."

(III) Future R&D plans and R&D expenses expected to be invested: NTD 3,000 thousand.

(IV) Impact of the variations in important domestic/foreign policies and laws on the finance and business of the Company and countermeasures: None.

(V) Impacts of technological changes (including IT security risks) and industry changes on the Company's financial operations, and responsive measures: None.

(VI) Impacts on crisis management and response measures in the event of variations in the corporate image: None.

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

(VIII) Expected benefits and possible risks with regard to any plant expansion and countermeasures: None.

(IX) Risks associated with any concentration of purchases or sales and countermeasures

1. Purchases

The characteristics of the industry to which the Company belongs is different from other manufacturing industries. We choose suppliers and purchase components from them according to the projects we contract and use different upstream materials in each project. Particular components and parts are specified in some contracts and the rest is provided by the suppliers that have collaborated with us for a long time. The Company has joyous collaboration with the suppliers.

2. Sales

The buyers of our products are mainly customers related to electricity or electrical engineering, such as solar power generation companies and Taiwan Power Company. In the most recent 3 years, the Company has worked with Chailease Finance Co., Ltd. and solar companies to construct solar power systems for them. In recent years, the government's strong promotion of policies has stimulated investment of relevant domestic and foreign companies and investors in the solar power industry. In line with the long-term national economic development, Taiwan Power Company has established long-term construction plans and executed procurement accordingly. Thus, the Company has maintained a stable development for a long time in terms of the operation status.

Moreover, the Company has been actively dedicated to solar photovoltaics and complied to the trend in the industry as well as national policy development. We have offered eco-friendly energy to increase the sources of our business revenue.

(X) Impacts and risks from large transfers of shares held by the Company’s directors, supervisors, and large shareholders holding more than 10% of the shares and countermeasures: None.

(XI) Impacts and risks from variations in the Company’s management rights and countermeasures: None.

(XII) Litigation and non-litigation events:

The Company had a dispute over accounts with Taiwan Power Company. The case was filed and is currently pending in the court proceedings. Please refer to the notes in the financial statements for other cases.

(XIII) Other important risks: None.

VII. Other important matters: None.

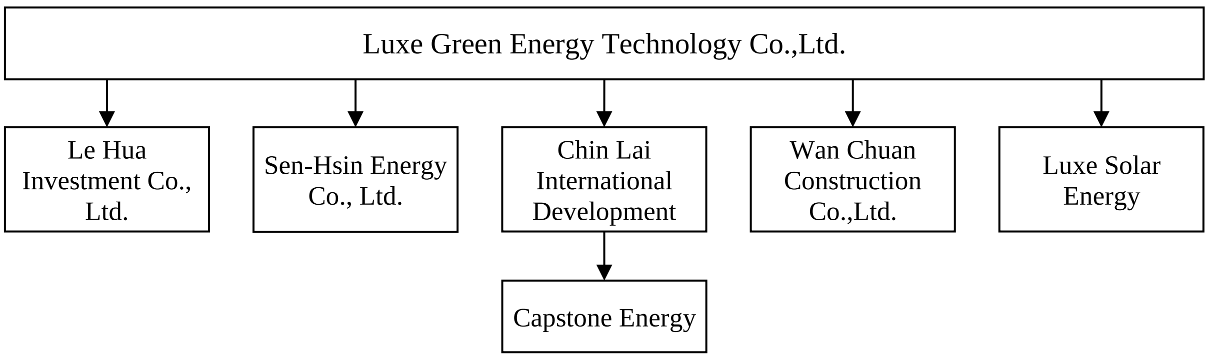
Eight. Special Notes

I. Information on affiliated companies

(I) Organizational chart of affiliated companies

March 31, 2024; unit: NTD thousands; shares

Name of affiliated company	Relationship with the Company	Shares held by the Company and shareholding ratio		Actual amount of investment	Shares of the Company held and shareholding ratio	
		Shares	Ratio		Shares	Ratio
Le Hua Investment Co., Ltd.	Subsidiary	2,000,000	100%	20,000	—	—
Luxe Solar Energy Co., Ltd.	Subsidiary	500,000	100%	4,826	—	—
Sen-Hsin Energy Co., Ltd.	Subsidiary	66,900,000	100%	660,000	—	—
Chin Lai International Development Co., Ltd.	Subsidiary	18,000,000	100%	202,320	—	—
Qun Li Energy Co., Ltd.	Sub-subsidiary	2,900,000	100%	32,899	—	—
Wan Chuan Construction Co., Ltd.	Subsidiary	6,300	52.5%	63,000	—	—



(II) Basic information on affiliated companies

Unit: NT$ ‘000

Name of company	Establishment date	Address	Paid-in capital	Primary business or production item
Le Hua Investment Co., Ltd.	1999.01.15	7F.-1, No. 114, Chenggong Rd., North Dist., Tainan City	20,000	Investment
Luxe Solar Energy Co., Ltd.	2015.07.21	Same as the above.	5,000	Self-usage power generation equipment utilizing renewable energy
Sen-Hsin Energy Co., Ltd.	2016.07.25	Same as the above.	813,000	Self-usage power generation equipment utilizing renewable energy
Chin Lai International Development Co., Ltd.	2014.01.02	Same as the above.	180,000	Self-usage power generation equipment utilizing renewable energy
Qun Li Energy Co., Ltd.	2013.01.08	Same as the above.	29,000	Self-usage power generation equipment utilizing renewable energy
Wan Chuan Construction Co., Ltd.	2015.10.16	Same as the above.	120,000	Comprehensive Construction Activities

(III) Information on the directors, supervisors, and presidents of the affiliated companies

Name of company	Title	Name or representative	Shares held	
			Shares	Shareholding ratio
Le Hua Investment Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	2,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	2,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Shih-Chang Chien	2,000,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	2,000,000	100%
Luxe Solar Energy Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	500,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	500,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	500,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	500,000	100%
Sen-Hsin Energy Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	81,300,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Te-Cheng Wang	81,300,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	81,300,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	81,300,000	100%
Chin Lai International Development Co., Ltd.	Chairman	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	18,000,000	100%

	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	18,000,000	100%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chun-Hsiang Teng	18,000,000	100%
	Supervisor	Luxe Green Energy Technology Co., Ltd. Representative: Lung-Fa Chen	18,000,000	100%
Qun Li Energy Co., Ltd.	Chairman	Chin Lai International Development Co., Ltd. Representative: Chieh-Jen Chen	2,900,000	100%
	Director	Chin Lai International Development Co., Ltd. Representative: Pin-Chun Chen	2,900,000	100%
	Director	Chin Lai International Development Co., Ltd. Representative: Chun-Hsiang Teng	2,900,000	100%
	Supervisor	Chin Lai International Development Co., Ltd. Representative: Lung-Fa Chen	2,900,000	100%
Wan Chuan Construction Co., Ltd.	Chairman	Mei Chi Interior Decoration Engineering Co., Ltd. Representative: Chang Yu-Han	1,350,000	11.25%
	Director	Golden Castle Construction Materials Co., Ltd.	900,000	7.5%
	Director	Jinghao Landscape Design Co., Ltd.	1,350,000	11.25%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Chieh-Jen Chen	6,300,000	52.5%
	Director	Luxe Green Energy Technology Co., Ltd. Representative: Pin-Chun Chen	6,300,000	52.5%
	Supervisor	SpeedDating International Co., Ltd.	900,000	7.5%

(IV) Operation overview of affiliated companies

As of December 31, 2023; Unit: NTD thousands

Name of company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Income in current period (after tax)	Earnings per share (NTD) (after tax)
Le Hua Investment Co., Ltd.	20,000	24,285	70	24,215	0	-114	10,412	5.21
Luxe Solar Energy Co., Ltd.	5,000	5,602	90	5,512	0	-134	1,975	3.95
Sen-Hsin Energy Co., Ltd.	813,000	1,587,996	748,623	839,373	105,269	41,105	22,094	0.27
Chin Lai International Development Co., Ltd.	180,000	294,901	99,254	195,648	44,309	18,894	13,047	0.72
Qun Li Energy Co., Ltd.	29,000	34,018	4,374	29,644	3,368	-172	-184	-0.06
Wan Chuan Construction Co., Ltd.	120,000	173,944	36,306	137,638	163,372	7,860	15,280	1.27

II. Any private placement of securities in the most recent year and up to the publication date of this annual report: None.

III. Any holding and disposal of the Company's shares by subsidiaries in the most recent year and up to the publication date of this annual report: None.

IV. Other required supplementary information: None.

V. Any occurrences of events defined under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and up till the publication date of this annual report that significantly impacted shareholders' equity or the price of the Company's securities: None.

Luxe Green Energy Technology Co., Ltd.

Chairman

Chieh-Jen Chen