

Solid Year Co., Ltd and  
subsidiaries

Consolidated Financial Statements  
and Independent Auditor's Report  
For the Years Ended December 31, 2023  
and 2022

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## § Table of Contents §

		Financial Statements	
	<u>Item</u>	<u>Page</u>	<u>Note No.</u>
I.	Cover Page	1	-
II.	Table of Contents	2	-
III.	Statement of Consolidated Financial Statements of Affiliated Enterprises	3	-
IV.	Independent Auditors' Report	4 - 6	-
V.	Consolidated Balance Sheet	7	-
VI.	Consolidated Statement of Comprehensive Income	8-9	-
VII.	Consolidated Statement of Changes in Equity	10	-
VIII.	Consolidated Statements of Cash Flows	11 - 12	-
IX.	Notes to the consolidated financial statements		
(I)	Company History	13	1
(II)	Date and Procedure for Adopting Financial Statements	13	2
(III)	Applicability of New and Amended Standards and IFRS Interpretations	13 - 14	3
(IV)	Summary of Significant Accounting Policies	14 - 21	4
(V)	Disclosure of Significant Judgements and Key Sources of Estimation Uncertainty	21	5
(VI)	Description of Significant Accounting Items	26 - 49	6~27
(VII)	Related Party Transactions	46 - 49	28
(VIII)	Pledged Assets	49	29
(IX)	Significant Contingent Liabilities and Unrecognized Contractual Commitments	49	30
(X)	Losses From Major Disasters	-	-
(XI)	Material Events After the Reporting Period	-	-
(XII)	Others	53	31
(XIII)	Disclosures in Notes		
	1. Information on Significant Transactions	50 - 51	32
	2. Information on Investees		32
	3. Mainland China Investment Information	51	32
(XIV)	Departmental Information	51~53	33

## Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023), the companies required to be included in the consolidated financial statements under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to prepare consolidated financial statements for parent and subsidiary companies under IFRS 10. In addition, the relevant information required to be disclosed in the consolidated financial statements for affiliated enterprises has already been disclosed in the aforementioned consolidated financial statements for parent and subsidiary companies. Therefore, Solid Year Co., Ltd and subsidiaries do not prepare separate consolidated financial statements.

Company name: Solid Year Co., Ltd

Chairman: Liang Hui-Bin

March 29, 2024

## **Independent Auditors' Report**

To: Solid Year Co., Ltd

### **Audit Opinions**

We have audited the consolidated financial statements of Solid Year Co., Ltd and its subsidiaries (hereinafter referred to as "Solid Year Group" or the "Group"), which comprise the consolidated balance sheets as of the years ended Dec. 31, 2023 and 2022, and the consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows as of Jan. 1 to Dec.31 2023 and 2022, and the notes to consolidated financial statements (including summary of significant accounting policies).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Solid Year Group as of Dec.31, 2023and 2022, and the consolidated financial performance and consolidated cash flows as of Jan.1, to Dec. 31of 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), and the Standing Interpretations Committee ("SIC"), endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Audit Opinions**

We have duly conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing. The accountant's responsibilities under these standards will be further explained in the section of the accountant's responsibilities for checking consolidated financial statements. The staff of the accounting firm subject to the independence code have maintained their independence from Solid Year Group in accordance with the code of professional ethics for accountants and performed other responsibilities under the code. The accountant believes that sufficient and appropriate audit evidence has been obtained to form a basis for the audit opinion.

### **Key Audit Items**

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of Solid Year Group for the year ended December 31, 2023. These matters were addressed in the context of our audit of Solid Year Group as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

#### **Recognition of revenue**

Solid Year Group primarily engages in the manufacturing and sales of various electronic components and computer peripherals. Due to the significance of sales revenue affecting the overall financial statements, there is pressure to achieve the expected targets. Moreover, auditing standards presume a risk of revenue recognition fraud, hence we evaluate the authenticity of certain significant and significantly growing customer sales revenue as a key audit matter. For the accounting policy on income recognition, please refer to note 4 to the consolidated financial reports.

The audit procedures performed by the accountant for the above matters are summarized as follows:

1. Understand and test the design and effectiveness of internal control systems related to revenue recognition.
2. Select samples from the revenue ledger to perform transaction detail test, inspect orders, relevant shipping documents and payment collection, and confirm the authenticity of sales revenue.

### **Other matters**

Solid Year Co.,Ltd. has additionally prepared the parent company only financial statements for the years ended 2023 and 2022, on which we have issued an unqualified opinion.

### **The responsibility of the management level and the governing unit for consolidated financial statements**

It is the responsibility of management to prepare consolidated financial statements as may be expressed in accordance with the financial reporting standards of securities issuers and international Financial Reporting Standards, international accounting standards, interpretations and explanatory notices approved and issued by the Financial Supervisory Commission, and to maintain the necessary internal control related to the preparation of consolidated financial statements, To ensure that the consolidated financial statements are free from material misrepresentation due to fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes assessing Solid Year Group's ability to continue as a going concern, disclosure of relevant matters, and the adoption of a going concern accounting basis, unless management intends to liquidate Solid Year Group, or to cease business, or there is no practical alternative to liquidation or cessation of business.

The governance unit (including the audit committee) of Solid Year Group is responsible for supervising the financial reporting process.

### **Accountant's responsibility for checking individual financial statements**

The purpose of the accountant's examination of the consolidated financial statements is to obtain reasonable confidence as to whether there is any material misrepresentation due to fraud or error in the consolidated financial statements as a whole, and to issue an inspection report. Reasonable confidence is a high degree of confidence, but there is no guarantee that an audit conducted in accordance with the audit standards will detect material misrepresentations in consolidated financial statements. Misrepresentation may result from fraud or error. Misrepresented individual amounts or aggregate amounts are considered material if they can reasonably be expected to influence economic decisions made by users of consolidated financial statements.

The accountant shall use professional judgment and professional skepticism when checking in accordance with the auditing standards. The accountant also performs the following work:

1. Identify and assess the risk of material misrepresentation due to fraud or error in consolidated financial statements; Design and implement appropriate responses to the risks assessed; And obtain sufficient and appropriate inspection evidence to form a basis for the inspection opinion. Because fraud may involve collusion, forgery, willful omission, misrepresentation, or overstepping internal controls, the risk of failing to detect material misrepresentation due to fraud is higher than that due to error.
2. To obtain the necessary understanding of the internal controls relevant to the audit in order to design audit procedures appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Solid Year Group.
3. Evaluate the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the examined evidence obtained, draw a conclusion as to the appropriateness of management's use of a going concern accounting basis and whether there is material uncertainty in events or circumstances that may cast material doubt on Solid Year Group's ability to continue as a going concern. If the accountant considers that there is material uncertainty in such events or circumstances, it shall remind users of the consolidated financial statements in the audit report to pay attention to the relevant disclosures of the consolidated financial statements or revise the audit opinion if such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may cause Solid Year Group to no longer be able to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements allow the expression of relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within Solid Year Group to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit of Solid Year Group. We are also responsible for forming an audit opinion on Solid Year Group.

The matters communicated by the accountant with the governing body include the planned scope and timing of the audit and significant audit findings (including significant lack of internal control identified during the audit).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of Solid Year Group or the year ended December 31, 2023 and are therefore the key audit matters. The accountant states such matters in the audit report, unless public disclosure of a particular matter is prohibited by statute, or in very rare circumstances, the Accountant decides not to communicate a particular matter in the audit report because it can reasonably be expected that the negative impact of such communication will outweigh the public interest enhanced.

Deloitte&Touche United Accounting Firm

Accountant Su, Ting-Chien

Accountant Tseng ,Dong-Tung

Approval document No. of the Financial  
Supervisory Commission

Financial Management Certificate Audit Zi  
No. 1070323246

Securities and Futures Commission approval number

Taiwan Finance Certificate No. 0920123784

March 29, 2024

### Notice to Readers

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

Solid Year Co., LTD and subsidiaries  
Consolidated Balance Sheet  
Dec.31, 2023 and 2022

Unit: NT\$ 1,000

Code	Assets	Dec.31, 2023		Dec.31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 405,474	12	\$ 348,863	10
1136	Financial assets at amortized cost - current (Notes 4, 7, and 29)	3,071	-	3,071	-
1170	Notes and accounts receivable (Notes 4, 9, 22, and 28)	772,734	23	843,025	24
1200	Other receivables (Notes 4, 9, and 28)	8,531	-	8,407	-
1220	Current income tax assets (Notes IV and II. III)	40	-	-	-
130X	Inventory (Notes IV, V and X)	704,089	21	800,495	24
1410	Prepayments (Notes 16 and 28)	121,455	4	150,855	5
1470	Other current assets (Notes XVI )	941	-	2,228	-
11XX	Total current assets	<u>2,016,335</u>	<u>60</u>	<u>2,156,944</u>	<u>63</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income or loss - non-current (Notes IV and VIII)	10,378	-	13,375	-
1600	Property, plant and equipment (Notes 4, 12, 28, and 29)	930,003	28	874,624	26
1755	Right-of-use assets (Notes 4, 13, and 28)	120,373	4	119,273	4
1760	Investment property (Notes 4, 14, and 29)	148,943	5	154,241	5
1780	Intangible assets (Notes IV and XV)	13,115	-	14,771	-
1840	Deferred income tax assets (Notes IV and XXIII)	73,078	2	68,672	2
1915	Prepayment for equipment (Note XVI)	2,391	-	2,218	-
1920	Deposit margin (Note XVI)	28,390	1	13,918	-
1990	Other non-current assets (Notes XVI )	403	-	3,633	-
15XX	Total non-current assets	<u>1,327,074</u>	<u>40</u>	<u>1,264,725</u>	<u>37</u>
1XXX	Total assets	<u>\$ 3,343,409</u>	<u>100</u>	<u>\$ 3,421,669</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 17, 28, and 29)	\$ 135,000	4	\$ 284,000	8
2130	Contract liabilities - current (Notes 4, 22, and 28)	73,282	2	152,128	5
2170	Accounts payables (Notes 18 and 28)	584,358	18	577,233	17
2200	Other accounts payables (Notes 19 and 28)	266,876	8	287,820	8
2230	Current income tax liabilities (Notes IV and XXIII)	47,877	1	28,573	1
2250	Provisions- current (Notes XIX)	23,336	1	12,284	-
2280	Lease liabilities - current (Notes 4, 13 and 28)	10,976	-	9,322	-
2320	Long-term borrowings due within one year (Notes 17, 28, and 29)	23,128	1	20,089	1
2399	Other current liabilities (Note XIX)	2,991	-	2,965	-
21XX	Total current liabilities	<u>1,167,824</u>	<u>35</u>	<u>1,374,414</u>	<u>40</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 17, 28, and 29)	332,372	10	291,840	9
2570	Deferred income tax liabilities (Notes IV and XXIII)	241,808	7	230,161	7
2580	Lease liabilities - non-current (Notes 4, 13 and 28)	115,906	4	114,912	3
2645	Deposits to margin (Note XIX)	676	-	916	-
25XX	Total non-current liabilities	<u>690,762</u>	<u>21</u>	<u>637,829</u>	<u>19</u>
2XXX	Total liabilities	<u>1,858,586</u>	<u>56</u>	<u>2,012,243</u>	<u>59</u>
	Equity attributable to owners of the parent company				
3110	Ordinary share capital	600,504	18	600,504	17
3200	Capital fund	90,525	3	90,525	3
	Retained earnings				
3310	Legal reserve	187,449	6	168,555	5
3320	Special reserve	46,496	1	22,669	1
3350	Undistributed earnings	593,786	18	529,945	15
3400	Other equity	( 45,558 )	( 1 )	( 28,141 )	( 1 )
31XX	Total owner's equity of parent company	<u>1,473,202</u>	<u>45</u>	<u>1,384,057</u>	<u>40</u>
36XX	Non-controlling equity	<u>11,621</u>	<u>-</u>	<u>25,369</u>	<u>1</u>
3XXX	Total equity	<u>1,484,823</u>	<u>45</u>	<u>1,409,426</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 3,343,409</u>	<u>100</u>	<u>\$ 3,421,669</u>	<u>100</u>

The accompanying notes are part of this consolidated financial report.

Chairman: Liang, Hui-Pin

General Manager: Wu ,Chuan-Shih

Accounting Supervisor: Lai Yi-Han

Solid Year Co., LTD and subsidiaries  
Consolidated Statement of Comprehensive Income  
Jan.1 to Dec.31, 2023 and 2022

Unit: In NT\$'000, except earnings per share in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 22, and 28)	\$ 3,322,117	100	\$ 4,371,462	100
5000	Operating cost (Notes 4, 10, 22, and 28)	( <u>2,596,903</u> )	( <u>78</u> )	( <u>3,561,978</u> )	( <u>82</u> )
5900	Operating Gross Profit	<u>725,214</u>	<u>22</u>	<u>809,484</u>	<u>18</u>
	Operating expenses (Notes 9, 22, and 28)				
6100	Sales expense	( 152,234 )	( 5 )	( 161,892 )	( 4 )
6200	Management fee	( 250,191 )	( 7 )	( 246,943 )	( 6 )
6300	Research and development expenses	( 64,263 )	( 2 )	( 66,272 )	( 1 )
6450	Expected credit impairment loss	( <u>2,609</u> )	<u>-</u>	( <u>8,008</u> )	<u>-</u>
6000	Total operating expenses	( <u>469,297</u> )	( <u>14</u> )	( <u>483,115</u> )	( <u>11</u> )
6900	Net operating profit	<u>255,917</u>	<u>8</u>	<u>326,369</u>	<u>7</u>
	Non-operating income and expenses (Notes 22 and 28)				
7100	Interest income	10,883	-	1,973	-
7010	Other income	12,403	-	15,958	-
7020	Other benefits and losses	8,040	-	26,910	1
7050	Financial costs	( <u>12,669</u> )	<u>-</u>	( <u>14,363</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>18,657</u>	<u>-</u>	<u>30,478</u>	<u>1</u>
7900	Net income before tax	274,574	8	356,847	8
7950	Deferred income tax liabilities (Notes IV and XXIII)	( <u>67,664</u> )	( <u>2</u> )	( <u>90,513</u> )	( <u>2</u> )
8200	Net profit for the year	<u>206,910</u>	<u>6</u>	<u>266,334</u>	<u>6</u>

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income (Notes 23 and 27)				
	Items not reclassified to profit or loss				
8316	Unrealized evaluation gains and losses on equity instrument investments measured at fair value through other comprehensive gains and losses	( \$ 2,997 )	-	( \$ 8,625 )	-
8349	Income taxes related to items that are not reclassified	<u>578</u>	<u>-</u>	<u>1,725</u>	<u>-</u>
8310		( <u>2,419</u> )	<u>-</u>	( <u>6,900</u> )	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operating institutions	( 18,747 )	-	32,683	1
8399	Income taxes related to items that are reclassified	<u>3,749</u>	<u>-</u>	( <u>6,536</u> )	<u>-</u>
		( <u>14,998</u> )	<u>-</u>	<u>26,147</u>	<u>1</u>
8300	Other comprehensive profit or loss for the year (net after tax)	( <u>17,417</u> )	<u>-</u>	<u>19,247</u>	<u>1</u>
8500	Total consolidated profit or loss for the year	<u>\$ 189,493</u>	<u>6</u>	<u>\$ 285,581</u>	<u>7</u>
	Net profit (loss) is attributable to:				
8610	Owner of the parent company	\$ 220,658	7	\$ 276,166	6
8620	Non-controlling equity	( <u>13,748</u> )	( <u>1</u> )	( <u>9,832</u> )	<u>-</u>
8600		<u>\$ 206,910</u>	<u>6</u>	<u>\$ 266,334</u>	<u>6</u>
	Total consolidated profit or loss is attributable to:				
8710	Owner of the parent company	\$ 203,241	6	\$ 295,413	7
8720	Non-controlling equity	( <u>13,748</u> )	<u>-</u>	( <u>9,832</u> )	<u>-</u>
8700		<u>\$ 189,493</u>	<u>6</u>	<u>\$ 285,581</u>	<u>7</u>
	Earnings per share (Note XXIV)				
9750	Basic	<u>\$ 3.67</u>		<u>\$ 4.60</u>	
9850	Dilution	<u>\$ 3.65</u>		<u>\$ 4.57</u>	

The accompanying notes are part of this consolidated financial report.

Chairman: Liang, Hui-Pin

General Manager : Wu ,Chuan-Shih Accounting Supervisor: Lai Yi-Han

Solid Year Co., LTD and subsidiaries  
Consolidated Statement of Changes in Equity  
Jan.1 to Dec.31, 2023 and 2022

Unit: NT\$ 1,000

		Other equity									
Code		Ordinary share capital (Note XXI)	Capital fund (Note XXI)	Retained earnings (Note 21 )			Financial assets at fair value through other comprehensive income or loss	Exchange differences on translation of financial statements of foreign operating institutions	Parent company Total owners' equity	Non-controlling equity	Total equity
				Legal reserve	Special reserve	Undistributed earnings					
A1	Balance as of January 1, 2022	\$ 600,504	\$ 89,280	\$ 153,714	\$ 42,890	\$ 428,550	( \$ 28,800 )	( \$ 18,588 )	\$ 1,267,550	\$ 27,446	\$ 1,294,996
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	14,841	-	( 14,841 )	-	-	-	-	-
B3	Special reserve	-	-	-	( 20,221 )	20,221	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	( 180,151 )	-	-	( 180,151 )	-	( 180,151 )
M7	Changes in ownership interests in subsidiaries	-	1,245	-	-	-	-	-	1,245	7,755	9,000
D1	Net profit for 2022	-	-	-	-	276,166	-	-	276,166	( 9,832 )	266,334
D3	Other comprehensive profit or loss after tax for 2022	-	-	-	-	-	( 6,900 )	26,147	19,247	-	19,247
D5	Total consolidated profit or loss for 2022	-	-	-	-	276,166	( 6,900 )	26,147	295,413	( 9,832 )	285,581
Z1	Balance on Dec.31, 2022	600,504	90,525	168,555	22,669	529,945	( 35,700 )	7,559	1,384,057	25,369	1,409,426
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	18,894	-	( 18,894 )	-	-	-	-	-
B3	Special reserve	-	-	-	23,827	( 23,827 )	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	( 114,096 )	-	-	( 114,096 )	-	( 114,096 )
D1	Net income in 2023	-	-	-	-	220,658	-	-	220,658	( 13,748 )	206,910
D3	Other comprehensive income after tax in 2023	-	-	-	-	-	( 2,419 )	( 14,998 )	( 17,417 )	-	( 17,417 )
D5	Total comprehensive income in 2023	-	-	-	-	220,658	( 2,419 )	( 14,998 )	203,241	( 13,748 )	189,493
Z1	Balance as of December 31, 2023	\$ 600,504	\$ 90,525	\$ 187,449	\$ 46,496	\$ 593,786	( \$ 38,119 )	( \$ 7,439 )	\$ 1,473,202	\$ 11,621	\$ 1,484,823

The accompanying notes are part of this consolidated financial report.

Chairman: Liang, Hui-Pin

General Manager: Wu ,Chuan-Shih

Accounting Supervisor: Lai Yi-Han

Solid Year Co., LTD and subsidiaries  
Consolidated Statements of Cash Flows  
Jan.1 to Dec.31, 2023 and 2022

Unit: NT\$ 1,000

Code		2023	2022
	Cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 274,574	\$ 356,847
A20010	Income, expense and loss items:		
A20300	Expected credit impairment loss	2,609	8,008
A20100	Depreciation expense	64,725	61,655
A20200	Amortization expense	3,729	2,846
A20900	Financial costs	12,669	14,363
A21200	Interest income	( 10,883 )	( 1,973 )
A22500	Disposal of property, plant and equipment losses (gains)	1,314	( 124 )
A23700	Inventory depreciation and impairment losses	25,688	58,713
A24100	Net gain from foreign currency exchange	( 9,448 )	( 4,680 )
A30000	Net change in operating assets and liabilities		
A31150	Notes and accounts receivable	26,543	162,262
A31180	Other receivables	( 125 )	3,131
A31200	Inventory	70,548	( 91,336 )
A31230	Payment in advance	29,400	46,054
A31240	Other current assets	1,287	70,157
A32125	Contractual Liabilities - Current	( 78,846 )	119,673
A32150	Accounts payable	57,472	( 159,202 )
A32180	Other payables	15,744	( 65,550 )
A32200	Provisions- current	11,052	12,284
A32230	Other current liabilities	<u>26</u>	( <u>682</u> )
A33000	Cash generated from operations	498,078	592,446
A33100	Interest collected	10,879	1,973
A33300	Interest paid	( 9,676 )	( 11,322 )
A33500	Income tax paid	( <u>36,832</u> )	( <u>18,243</u> )
AAAA	Cash flow from operating activities	<u>462,449</u>	<u>564,854</u>
	Cash flows from investing activities		
B00010	Financial assets at fair value through other comprehensive income or loss	( 35,892 )	-
B00020	Disposal of financial assets at fair value through other comprehensive income	35,892	-
B02700	Purchase of property, plant and equipment	( 107,167 )	( 75,825 )

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Code		2023	2022
B02800	Disposal of real estate, plant and equipment	\$ 2,042	\$ 1,061
B03700	Deposit margin increased	( 14,472 )	( 10,644 )
B04500	Purchase of intangible assets	( 2,140 )	( 10,138 )
B06700	Other non-current assets increased	-	( 3,633 )
B06800	Decrease of other non-current assets	3,230	-
B07100	Prepayment for equipment increased	( 3,470 )	( 2,173 )
BBBB	Net cash outflow from investing activities	( 121,977 )	( 101,352 )
Cash flow from financing activities			
C00100	Increase in short-term borrowing	85,000	362,000
C00200	Decrease in short-term borrowings	( 234,000 )	( 458,000 )
C01600	Long-term loans	106,660	275,040
C01700	Repayment of long-term borrowings	( 63,089 )	( 383,501 )
C03000	Increase in guarantee for deposits received	-	10
C03100	Decrease in guarantee for deposits received	( 240 )	-
C04020	Repayment of principal of lease liabilities	( 14,823 )	( 7,013 )
C04500	Payment of dividends	( 150,125 )	( 208,148 )
CCCC	Net cash outflow from investing activities	( 270,617 )	( 419,612 )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 13,244 )	57,564
EEEE	Net increase in cash and cash equivalents	56,611	101,454
E00100	Cash and approximate cash balance at the beginning of the year	348,863	247,409
E00200	Cash and approximate cash balance at the end of the year	\$ 405,474	\$ 348,863

The accompanying notes are part of this consolidated financial report.

Chairman: Liang, Hui-Pin

General Manager: Wu ,Chuan-Shih

Accounting Supervisor: Lai Yi-Han

Solid Year Co., LTD and subsidiaries  
Notes to the consolidated financial statements  
Jan.1 to Dec.31, 2023 and 2022  
(In NT\$'000, unless stated otherwise)

I. Company History

Solid Year Co.,Ltd. (hereinafter referred to as the "Company") was founded in December 1978. It is engaged in the manufacturing and import and export of various electronic components and computer peripheral equipment.

The Company's shares were approved by Taipei Exchange (TPEX) in May 2019 for public offering, and approved by Taipei Exchange in December of the same year to trade on the emerging stock market.

The consolidated financial statements are presented in the Company's functional currency, NT\$.

II. Date and Procedure for Adopting Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 13, 2024.

III. Applicability of New and Amended Standards and IFRS Interpretations

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission ("FSC").

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on Solid Year Group's accounting policies.

- (II) IFRS accounting standards endorsed by the FSC and applicable in 2024

New/amended/revised standards and interpretations	Effective date announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classifying Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

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

Note 3: Partial exemption from disclosure requirements upon initial application of these amendments.

As of the publication date of these consolidated financial statements, Solid Year Group has assessed that the amendments to other standards and interpretations will not have a material impact on the financial position and financial performance.

- (III) FRS accounting standards issued by the International Accounting Standards Board (IASB)

but not yet endorsed and issued into effect by the FSC

New/amended/revised standards and interpretations	Effective date announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be 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 Convertibility"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or 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 Solid Year Group adopts a non-functional currency as the currency presented, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of these consolidated financial statements, Solid Year Group continues to evaluate the impact of other standards and amendments to interpretations on its financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

#### IV. Summary of significant accounting policies

##### (I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standard endorsed and issued into effect by the FSC.

##### (II) Basis of Preparation

Except for the financial instruments measured at fair value, this consolidated financial statement has been prepared in accordance with the historical cost basis.

The fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.
2. Level 2 inputs: Inputs, other than quoted prices in Level 1, that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices) for the asset or liability.
3. Level 3 inputs are unobservable inputs for the asset or liability.

##### (III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;

2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities for which the settlement period cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets or current liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

This consolidated financial statement contains the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The operating profit or loss of the subsidiary acquired or disposed of from the acquisition date to the date of disposal is included in the consolidated statement of comprehensive income. The financial statements of subsidiaries have been adjusted to make their accounting policies consistent with those of Solid Year Group. In preparing the consolidated financial statements, all intra-group transactions, account balances, income, and expenses have been eliminated. The total comprehensive income of the subsidiaries is attributable to the owners of the Company and the non-controlling interests, even if the non-controlling interests have a deficit balance.

Changes in Solid Year Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of Solid Year Group and its non-controlling interests have been adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11 and Appendix 5 and 6 for details of subsidiaries, shareholding ratio and main business.

(V) Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the current period.

The foreign currency non-monetary item measured at fair value is converted at the exchange rate on the date when the fair value is determined, and the exchange difference generated is recognized in the current profit or loss; however, for the change in fair value recognized in other comprehensive income, the exchange difference generated is recognized in the current profit or loss in other comprehensive income.

Non-monetary items in foreign currency measured at historical cost are translated at the exchange rate on the transaction date and will not be retranslated.

For the purpose of preparing the consolidated financial statements, the assets and liabilities of Solid Year Group's foreign operations (including subsidiaries that operate in countries or use currencies different from the Company) are translated into New Taiwan Dollars at the exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

(VI) Inventory

Inventories include raw materials, work-in-progress, semi-finished products, finished goods and merchandise. Inventories are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. The net realizable value refers to the balance of the estimated selling price under normal circumstances, less the estimated cost of completion and the estimated cost of sales. The cost of inventories is calculated using the weighted average

method.

(VII) Property, plant and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation.

The property, plant and equipment under construction is recognized at the amount of cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. Such assets are classified into the appropriate category of property, plant and equipment upon completion and reaching the status of intended use and the depreciation begins.

Except for the self-owned land, which is not depreciated, each significant component of the remaining property, plant and equipment is depreciated separately on a straight-line basis over their useful lives. Solid Year Group reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and applies the effects of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(VIII) Investment property

Investment property is held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Intangible assets

1. Separately acquired

Intangible assets with limited useful life acquired separately 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 the useful lives. Solid Year Group reviews the estimated useful life, residual value, and amortization methods at least at the end of each year, while applying the effects of changes in accounting estimates prospectively.

2. Derecognition

When intangible assets are derecognized, any difference between the net disposal proceeds and the carrying amount of the asset is recognized in the current period's income statement.

(X) Impairment of property, plant and equipment, right-of-use assets and intangible assets

Solid Year Group assesses at each balance sheet date whether there is any indication that the property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If there are indications of impairment, the estimated recoverable amount of the asset is determined. If the recoverable amount of an individual asset cannot be estimated, Solid Year Group 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 individual 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 an impairment loss is recognized in the income statement.



When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount. However, the increased carrying amount shall not exceed the amount that had The book value determined at the time of loss (less amortization or depreciation). Reversal of impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when Solid Year Group and becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are initially recognized, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at the fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

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

(1) Measurement type

The types of financial assets held by Solid Year Group are financial assets measured at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

Solid Year Group classifies financial assets as measured at amortized cost if they meet both of the following conditions:

- a. It is held under a certain business model, and the purpose of the model is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding at specified dates.

Financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable measured at amortized cost, other receivables, and refundable deposits) are initially measured at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses, with any foreign exchange gains or losses recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the carrying amount of the financial asset, except in the following two cases:

- a. For purchased or originated credit-impaired financial assets, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- b. For financial assets that are not acquired or originated credit-impaired but subsequently become credit impaired, interest revenue shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to those where the issuer or debtor has experienced significant financial difficulty, default, and it is probable that the debtor will enter bankruptcy or other financial restructuring, or the financial asset's active market has disappeared due to financial

difficulties.

Cash equivalents include highly liquid investments with maturities of three months or less from the acquisition date that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value, used to meet short-term cash commitments.

- B. Equity instrument investment measured at fair value through other comprehensive income

Solid Year Group may, at initial recognition, make an irrevocable election to present in other comprehensive income subsequent changes in fair value of an investment in equity instrument that is not held for trading nor contingent consideration recognized by an acquirer in a business combination.

Equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent fair value changes recognized in other comprehensive income and accumulated in other equity. When the investment is disposed, the accumulated profit or loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

Dividends of investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when Solid Year Group's right to receive payment is established, unless such dividend clearly represents the recovery of part of the investment cost.

## (2) Impairment of financial assets

Solid Year Group assesses the impairment loss of financial assets measured at amortized cost (including notes and accounts receivable) based on the expected credit loss at each balance sheet date.

For notes and accounts receivable, an allowance for loss is recognized based on the expected credit losses for the duration. For other financial assets, an assessment is made on whether there is a significant increase in credit risk since the original recognition. If there is no significant increase in the credit risk, the allowance for loss is recognized at an amount equal to expected credit losses over 12 months. If there has been a significant increase, expected credit losses are recognized based on the expected credit losses over the remaining period.

Expected credit losses are determined as the weighted average of credit losses considering the risk of default. Expected credit losses over 12 months represent the expected credit losses arising from default events within 12 months after the reporting date, while expected credit losses over the remaining period represent the expected credit losses arising from all possible default events during the expected remaining period.

For internal credit risk management purposes and without considering the collateral held, Solid Year Group determines that a financial asset has defaulted under the following conditions:

- A. There is internal or external information indicating that it is impossible for the debtor to pay off the debt.
- B. The asset is overdue by more than 365 days, unless there is reasonable and verifiable information indicating that a different default criterion is more appropriate.

All impairment losses on financial assets are recognized by adjusting their carrying amounts through an allowance account, except for impairment losses on equity instruments measured at fair value through other comprehensive income, which are recognized in other comprehensive income and do not reduce their

carrying amounts.

(3) Derecognition of financial assets

Solid Year Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss. When equity instruments measured at fair value through other comprehensive income are derecognized, accumulated gains or losses are directly transferred to retained earnings and are not reclassified to profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, any 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 provisions reflects the best estimate of the expenditure required to settle the obligation as of the balance sheet date, taking into account the risks and uncertainties associated with the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

(XIII) Recognition of revenue

Upon identification of performance obligations in customer contracts, Solid Year Group allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

Revenue from the sale of goods comes from the sale of electronic components and computer peripherals. Since the customer has control over the goods and assumes the risks and rewards of ownership upon delivery to the customer's specified location, with the price being fixed and the right to use the goods established, and assuming the primary responsibility for resale and the risk of obsolescence, Solid Year Group recognizes revenue and accounts receivable at that point in time. The advance receipts from sales of merchandise are recognized as contract liabilities before the products arrive at the locations designated by the customers.

When exporting materials for processing, the control of the ownership of the processed products has not been transferred, so materials are not recognized as income.

(XIV) Leases

Solid Year Group assesses whether the contract is (or contains) a lease on the date of establishment of the contract.

1. Solid Year Group as the lessor

When the lease terms transfer almost all the risks and rewards attached to the ownership of assets to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under a finance lease, lease payments include fixed payments and substantive fixed payments. The net lease investment is measured by the sum of the present value of

the lease payment receivable and the unguaranteed residual value plus the original direct cost, and is expressed as a finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return on Solid Year Group's unexpired net lease investment in each period.

Under operating leases, lease payments net of lease incentives are recognized as income on a straight-line basis over the relevant lease term.

2. Solid Year Group as the lessee

Except for low-value asset leases and short-term leases to which a recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease terms, all leases are recognized with a right-of-use asset and a lease liability on the lease commencement date.

The right-of-use asset is initially measured at cost (including the initial measured amount of the lease liability, lease payment paid before the lease commencement date, initial direct costs, and the estimated cost of restoring the underlying asset), and subsequently measured at cost less accumulated depreciation, and adjusted Remeasurement of lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments and substantive fixed payments). If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If a change in the lease term results in a change in future lease payments, Solid Year Group will remeasure the lease liability and adjust the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, the remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the gain or loss of the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XV) Cost of borrowings

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are treated as part of the cost of the asset until the asset is nearly ready for its intended use or sale.

All borrowing costs are recognized in profit or loss for the period in which they are incurred.

(XVI) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For the pension under the defined contribution plan, the amount of pension to be contributed is recognized as an expense during the service period of the employees.

(XVII) Income tax

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

1. Current income tax

Solid Year Group determines the income (loss) of the current period in accordance with the applicable laws and regulations of each jurisdiction area for income tax filings, and calculates the income tax payable (recoverable) accordingly.

In accordance with the Income Tax Act of the R.O.C., an additional tax on undistributed earnings is recognized in the year when a resolution is adopted at a shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for the extent that it is probable that taxable income will be available to deduct deductible temporary differences and losses.

All temporary taxable differences related to investments in subsidiary companies are recognized as deferred tax liabilities. However, Solid Year Group excludes those instances where it can control the timing of the reversal of temporary differences and where it is highly probable that these temporary differences will not reverse in the foreseeable future. Temporary differences related to such investments are only recognized as deferred tax assets if it is probable that there will be sufficient taxable income available against which the temporary differences can be realized, and within a foreseeable future period in which reversal is expected.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date, and the carrying amount is reduced if it is no longer probable that sufficient taxable income will be available to allow all or part of the recovery of the assets. Deferred income tax assets that were not recognized as deferred income tax assets are also reviewed at each balance sheet date, and it is probable that future taxable income will allow all or part of the assets to be recovered, the carrying amount is increased.

Deferred income tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets 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 that would arise from the manner in which Solid Year Group expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax is recognized in profit or loss, except for the current and deferred income tax related to the item that is recognized in other comprehensive income or directly in equity, respectively.

V. Disclosure of Significant Judgements and Key Sources of Estimation Uncertainty

When adopting accounting policies, Solid Year Group's management must make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

When Solid Year Group develops significant accounting estimates, it will incorporate the possible impact into the considerations of cash flow estimates, growth rates, discount rates, profitability, and other relevant major estimates. The management will continue to review the

estimates and basic assumptions.

The main source of estimation and assumption uncertainty - inventory impairment

The net realizable value of inventory is estimated by subtracting from the expected selling price during normal business operations the estimated costs still to be incurred to completion and the estimated costs to be incurred to sell, resulting in the residual estimate. These estimates are based on current market conditions and historical sales experience of similar products. Changes in market conditions may significantly affect these estimated results.

VI. Cash and cash equivalents

	Dec.31, 2023	Dec.31, 2022
Cash on hand and revolving funds	\$ 1,748	\$ 3,884
Checks and demand deposits	117,862	189,586
Cash equivalents		
Time deposits with original maturity date of less than 3 months	285,864	155,393
	<u>\$ 405,474</u>	<u>\$ 348,863</u>

VII. Financial assets measured at amortized cost

	Dec.31, 2023	Dec.31, 2022
<u>Current</u>		
Pledged certificate of deposit	<u>\$ 3,071</u>	<u>\$ 3,071</u>

The policy adopted by Solid Year Group is to invest only in debt instruments with investment grade or higher credit ratings and low credit risk in the impairment assessment. The pledged time deposit has been assessed to have no 12-month expected credit loss or duration expected credit loss in 2023 and 2022.

Financial assets at amortized cost - current (Note 29)

VIII. Financial assets at fair value through other comprehensive income or loss

	Dec.31, 2023	Dec.31, 2022
<u>Non-Current</u>		
Domestic investment		
Unlisted stocks	<u>\$ 10,378</u>	<u>\$ 13,375</u>

Solid Year Group makes investments according to its medium to long-term strategic objectives and anticipates profits through long-term investments. The management of Solid Year Group believes that recognizing short-term fair value fluctuations of these investments in the income statement would not align with the aforementioned long-term investment plan. Therefore, the decision is made to classify these investments as measured at fair value through other comprehensive income.

IX. Notes receivable, accounts receivable and other receivables

	Dec.31, 2023	Dec.31, 2022
<u>Notes and accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 775,237	\$ 843,228
Less: Loss allowance	( 2,503 )	( 203 )
	<u>\$ 772,734</u>	<u>\$ 843,025</u>

	Dec.31, 2023	Dec.31, 2022
<u>Other receivables</u>		
Tax refund receivable	\$ 6,916	\$ 6,925
Others	<u>1,615</u>	<u>1,482</u>
	<u>\$ 8,531</u>	<u>\$ 8,407</u>

Solid Year Group\ extends an average credit period of 30 to 90 days for its sales of goods, with no interest charged on accounts receivable.

In order to mitigate credit risk, Solid Year Group's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken in the recovery of overdue receivables. In addition, Solid Year Group reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the management believes that Solid Year Group's credit risk has been significantly reduced.

Solid Year Group recognizes the loss allowance for accounts receivable based on the lifetime expected credit loss. Expected credit losses are calculated using a provision matrix, taking into account the customer's past default history, current financial condition, industry economic conditions, as well as GDP forecasts and industry outlooks. As Solid Year Group's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups, and only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence indicating severe financial difficulties faced by the counterparty and Solid Year Group cannot reasonably expect to recover the amount, such as when the counterparty is undergoing liquidation or the debt is overdue for more than 365 days, Solid Year Group directly writes off the related accounts receivable. However, Solid Year Group shall continue its collection efforts, and any amounts recovered through collection activities are recognized in the income statement.

Solid Year Group measures the allowance loss for notes receivable and accounts receivable (including related parties) based on the provision matrix as follows:

	Not past due	Overdue 1 ~ 180 days	Overdue 181 ~ 365 days	Overdue over 365 days	Total
<u>Dec.31, 2023</u>					
Expected credit loss rate	0%~0.01%	0%~3.48%	0%~53.87%	100%	
Gross carrying amount	\$ 754,228	\$ 18,634	\$ 20	\$ 2,355	\$ 775,237
Allowance for losses (lifetime expected credit losses)	( <u>74</u> )	( <u>74</u> )	( <u>-</u> )	( <u>2,355</u> )	( <u>2,503</u> )
Amortized cost	<u>\$ 754,154</u>	<u>\$ 18,560</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 772,734</u>
<u>Dec.31, 2022</u>					
Expected credit loss rate	0%~0.01%	0%~4.43%	0%~94.59%	100%	
Gross carrying amount	\$ 814,350	\$ 25,932	\$ 2,930	\$ 16	\$ 843,228
Allowance for losses (lifetime expected credit losses)	( <u>76</u> )	( <u>107</u> )	( <u>4</u> )	( <u>16</u> )	( <u>203</u> )
Amortized cost	<u>\$ 814,274</u>	<u>\$ 25,825</u>	<u>\$ 2,926</u>	<u>\$ -</u>	<u>\$ 843,025</u>

The information on changes in the allowance for losses of notes receivable and accounts receivable (including related parties) is as follows:

	2023	2022
Opening balance	\$ 203	\$ 37,925
Impairment loss for the current year	2,609	8,008
Actual write-offs in the current year	( 309 )	( 45,740 )
Foreign exchange difference	-	10
Closing balance	<u>\$ 2,503</u>	<u>\$ 203</u>

X. Inventory

	Dec.31, 2023	Dec.31, 2022
Raw materials	\$ 350,980	\$ 489,621
Finished goods	154,935	51,465
Semi-finished goods	118,932	144,347
Commodities	79,221	114,012
Work in process	21	1,050
	<u>\$ 704,089</u>	<u>\$ 800,495</u>

The inventory-related cost of sales in 2023 and 2022 was NT\$ 2,596,903,000 and NT\$ 3,561,978,000, respectively. Cost of goods sold includes inventory valuation and obsolescence losses of NT\$ 25,688,000 and NT\$ 58,713,000, respectively.

XI. Subsidiaries

Subsidiaries included in the consolidated financial statements

The entities in the consolidated financial statements are as follows:

Name of investment company	Name of subsidiary	Business scope	Percentage of equity held		Description
			Dec.31, 2023	Dec.31, 2022	
Solid Year Co., Ltd	LONG WIN LIMITED	Mainly engaged in the import and export of various electronic components and computer peripheral equipment	100%	100%	-
	GOODTEK LIMITED	Primarily engaged in international investment	100%	100%	-
	UGREAT MARKETING LIMITED	Primarily engaged in international investment	100%	100%	-
	Ugreat Technology Electronic Co., Ltd.	Retail sale of automobile and electronic materials	66.67%	66.67%	-
	Lysine New Energy Technology Co., Ltd.	Mainly engaged in energy technology services	70%	70%	(1)
GOODTEK LIMITED	Wonder Top Co., Ltd.	Mainly engaged in the import and export of various electronic components and computer peripheral equipment	100%	100%	-
Wonder Top Co., Ltd.	Dongguan Chi Lian Electronics Co., Ltd.	Mainly engaged in the processing and manufacturing of various electronic components and computer peripheral	100%	100%	-



Name of investment company	Name of subsidiary	Business scope	Percentage of equity held		Description
			Dec.31, 2023	Dec.31, 2022	
UGREAT MARKETING LIMITED	Yu Hong Electronic (Shenzhen) Co., Ltd.	equipment Retail sale of electronic materials	100%	100%	(2) and (3)

- (1) Lysine New Energy Technology Co., Ltd. was established on January 5, 2022 with the invested capital of NT\$ 21,000,000, and then on March 28, 2022, it issued a capital increase of NT\$ 9,000,000 in cash. The Company did not participate in the cash capital increase.
- (2) On August 11, 2022, the Board of Directors of the Company resolved to conduct a cash capital increase for its subsidiary UGREAT MARKETING LIMITED. Subsequently, UGREAT MARKETING LIMITED further injected USD 1,425,000 into the Company's second-tier subsidiary, Yu Hong Electronic (Shenzhen) Co., Ltd. The entire capital increase process was completed on November 14, 2022.
- (3) On December 15, 2023, the Board of Directors of the Company resolved to conduct a cash capital increase for its subsidiary UGREAT MARKETING LIMITED. Subsequently, UGREAT MARKETING LIMITED further injected USD 572,000 into the Company's second-tier subsidiary, Yu Hong Electronic (Shenzhen) Co., Ltd. The entire capital increase process was completed on March 17, 2024.

## XII. Property, plant and equipment

	Dec.31, 2023	Dec.31, 2022
Self-use	\$ 927,168	\$ 871,312
Operating lease	<u>2,835</u>	<u>3,312</u>
	<u>\$ 930,003</u>	<u>\$ 874,624</u>

### (I) Self-use

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
<u>Cost</u>						
Balance as of January 1, 2023	\$441,228	\$385,401	\$301,675	\$161,158	\$ 25,575	\$1,315,037
Assets leased out from operating leases transferred to assets for own use	477	-	-	-	-	477
Transferred from investment property to assets for own use	1,405	1,904	-	-	-	3,309
Addition	-	2,041	4,349	19,184	81,593	107,167
Reclassification	-	-	1,790	1,677	( 2,257)	1,210
Disposition	-	( 60)	( 4,093)	( 10,632)	-	( 14,785)
Exchange difference, net	-	( 3,575)	( 4,961)	( 1,745)	1	( 10,280)
Balance as of December 31, 2023	<u>\$443,110</u>	<u>\$385,711</u>	<u>\$298,760</u>	<u>\$169,642</u>	<u>\$104,912</u>	<u>\$1,402,135</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2023	\$ -	\$172,751	\$174,873	\$ 96,101	\$ -	\$443,725
Transferred from	-	280	-	-	-	280

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
investment property to assets for own use						
Disposition	-	( 4)	( 3,619)	( 7,806)	-	( 11,429)
Depreciation expense	-	9,246	20,397	19,793	-	49,436
Exchange difference, net	-	( 2,589)	( 3,216)	( 1,240)	-	( 7,045)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$179,684</u>	<u>\$188,435</u>	<u>\$106,848</u>	<u>\$ -</u>	<u>\$474,967</u>
Net as of December 31, 2023	<u>\$443,110</u>	<u>\$206,027</u>	<u>\$110,325</u>	<u>\$ 62,794</u>	<u>\$104,912</u>	<u>\$927,168</u>
<u>Cost</u>						
Balance as of January 1, 2022	\$442,169	\$376,041	\$277,851	\$134,090	\$ 8,788	\$1,238,939
Reclassified to investment property	-	( 1,904)	-	-	-	( 1,904)
Assets transferred to operating lease	( 941)	-	-	-	-	( 941)
Addition	-	6,072	16,709	29,365	24,550	76,696
Reclassification	-	2,119	4,273	2,150	( 7,931)	611
Disposition	-	-	( 1,366)	( 5,812)	-	( 7,178)
Exchange difference, net	-	3,073	4,208	1,365	168	8,814
Balance on Dec.31, 2022	<u>\$441,228</u>	<u>\$385,401</u>	<u>\$301,675</u>	<u>\$161,158</u>	<u>\$ 25,575</u>	<u>\$1,315,037</u>
<u>Cost</u>						
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2022	\$ -	\$161,570	\$150,737	\$ 86,075	\$ -	\$398,382
Reclassified to investment property	-	( 203)	-	-	-	( 203)
Reclassification	-	-	-	( 2,651)	-	( 2,651)
Disposition	-	-	( 1,192)	( 5,049)	-	( 6,241)
Depreciation expense	-	9,210	23,136	16,955	-	49,301
Exchange difference, net	-	2,174	2,192	771	-	5,137
Balance on Dec.31, 2022	<u>\$ -</u>	<u>\$172,751</u>	<u>\$174,873</u>	<u>\$ 96,101</u>	<u>\$ -</u>	<u>\$443,725</u>
Net as of December 31, 2022	<u>\$441,228</u>	<u>\$212,650</u>	<u>\$126,802</u>	<u>\$ 65,057</u>	<u>\$ 25,575</u>	<u>\$871,312</u>

As there was no indication of impairment for 2023 and 2022, Solid Year Group did not conduct impairment assessment.

Depreciation expenses are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main structure	5 to 50 years
Others	5 to 20 years
Machinery and equipment	3 to 10 years
Other equipment	
Transportation equipment	3 to 10 years
Office equipment	5 to 10 years
Others	2 to 12 years

For the amount of self-use property, plant and equipment pledged as collateral for borrowings, please refer to Note 29.

(II) Operating lease

	<u>Land</u>
<u>Cost</u>	
Balance as of January 1, 2023	\$ 3,312
Reclassified to self-use assets	( <u>477</u> )
Balance as of December 31, 2023	<u>\$ 2,835</u>
<u>Cost</u>	
Balance as of January 1, 2022	\$ 2,371
Reclassified from self-use assets	<u>941</u>
Balance on Dec.31, 2022	<u>\$ 3,312</u>

Solid Year Group leases its parking spaces to employees under operating leases for a period of 1 year. All operating lease contracts contain clauses that require the rent to be adjusted in accordance with the market rent when the lessee exercises the right to renew the lease. At the end of the lease term, the lessee has no preferential right to purchase the equipment.

The total amount of lease payments to be received in the future for operating leases is as follows:

	<u>Dec.31, 2023</u>	<u>Dec.31, 2022</u>
Year 1	<u>\$ 240</u>	<u>\$ 280</u>

Please refer to Note 29 for the amount of property, plant and equipment leased under operating leases that were pledged as collateral for borrowings.

XIII. Lease agreements

(I) Right-of-use assets

	<u>Dec.31, 2023</u>	<u>Dec.31, 2022</u>
Book value of right-of-use assets		
Land	\$ 38,704	\$ 40,973
Buildings	<u>81,669</u>	<u>78,300</u>
	<u>\$ 120,373</u>	<u>\$ 119,273</u>
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets	<u>\$ 15,139</u>	<u>\$ 86,685</u>
Depreciation expense of right-of-use assets		
Land	\$ 2,159	\$ 1,558
Buildings	<u>10,861</u>	<u>8,527</u>
	<u>\$ 13,020</u>	<u>\$ 10,085</u>

	Dec.31, 2023	Dec.31, 2022
Book value of lease liabilities		
Current	\$ 10,976	\$ 9,322
Non-current	\$ 115,906	\$ 114,912

Discount rate interval (%) of lease liabilities is as follows:

	Dec.31, 2023	Dec.31, 2022
Land	2.25-4.75	1.3-4.75
Buildings	1.3-2.25	1.3

(II) Important leasing activities and terms and conditions

Solid Year Group leases land, offices, parking spaces and staff dormitories for a period of 1 to 50 years. At the end of the lease term, Solid Year Group does not have preferential rights to acquire the leased land, offices, parking spaces and staff dormitories.

(III) Other lease information

	2023	2022
Short-term lease expense	\$ 4,370	\$ 5,351
Low-value asset lease expense	\$ 502	\$ 583
Total cash outflow for leases	( \$ 19,695 )	( \$ 12,947 )

Solid Year Group has elected to apply an exemption for the recognition of leases for office spaces, parking spaces, warehouses classified as short-term leases, and certain photocopying equipment classified as leases of low-value assets. Therefore, no recognition of related right-of-use assets and lease liabilities is made for these leases.

XIV. Investment property

	Completed investment property
<u>Cost</u>	
January 1, 2023	\$ 168,610
Reclassification	( 3,309 )
Balance as of December 31, 2023	\$ 165,301
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2023	\$ 14,369
Reclassification	( 280 )
Depreciation expense	2,269
Balance as of December 31, 2023	\$ 16,358
Net as of December 31, 2023	\$ 148,943
<u>Cost</u>	
January 1, 2022	\$ 166,706
Reclassification	1,904
Balance on Dec.31, 2022	\$ 168,610

	<u>Completed investment property</u>
<u>Accumulated depreciation and impairment</u>	
Balance as of January 1, 2022	\$ 11,897
Reclassification	203
Depreciation expense	<u>2,269</u>
Balance on Dec.31, 2022	<u>\$ 14,369</u>
Net as of December 31, 2022	<u>\$ 154,241</u>

The lease term of the investment property is 3 to 5 years. When the lessee exercises the right to renew the lease, it is agreed that the rent will be adjusted according to the market price. The lessee does not have the preferential right to acquire the investment property at the end of the lease term.

The total amount of lease payments to be received in the future for leasing out investment properties under operating leases is as follows:

	<u>Dec.31, 2023</u>	<u>Dec.31, 2022</u>
Year 1	\$ 5,334	\$ 3,620
Year 2	4,510	1,099
Year 3	<u>2,469</u>	<u>275</u>
	<u>\$ 12,313</u>	<u>\$ 4,994</u>

Investment property is depreciated on a straight-line basis over the following useful lives:

Main office building	50 years
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The fair value of investment property is not evaluated by an independent evaluator, but is measured by Solid Year Group's management using the Level 3 input value using the evaluation model commonly used by market participants. This valuation is based on market evidence resembling transaction prices of similar real estate properties. The fair value obtained from the valuation is as follows:

	<u>Dec.31, 2023</u>	<u>Dec.31, 2022</u>
Fair value	<u>\$ 344,309</u>	<u>\$ 304,620</u>

Please refer to Note 29 for the amount of investment property pledged for loans.

XV. Intangible assets

	Patent rights	Trademark rights	Cost of computer software	Total
<u>Cost</u>				
Balance as of January 1, 2023	\$ -	\$ 656	\$ 30,117	\$ 30,773
Separately acquired	-	-	2,140	2,140
Exchange difference, net	-	-	( 130 )	( 130 )
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 656</u>	<u>\$ 32,127</u>	<u>\$ 32,783</u>
<u>Accumulated amortization and impairment</u>				
Balance as of January 1, 2023	\$ -	\$ 601	\$ 15,400	\$ 16,001
Amortization expense	-	20	3,709	3,729
Exchange difference, net	-	-	( 62 )	( 62 )
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 19,047</u>	<u>\$ 19,668</u>
Net as of December 31, 2023	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 13,080</u>	<u>\$ 13,115</u>
<u>Cost</u>				
Balance as of January 1, 2022	\$ 3,565	\$ 656	\$ 19,954	\$ 24,175
Separately acquired	-	-	10,070	10,070
Derecognition	( 3,565 )	-	-	( 3,565 )
Exchange difference, net	-	-	93	93
Balance on Dec.31, 2022	<u>\$ -</u>	<u>\$ 656</u>	<u>\$ 30,117</u>	<u>\$ 30,773</u>
<u>Accumulated amortization and impairment</u>				
Balance as of January 1, 2022	\$ 3,565	\$ 576	\$ 12,555	\$ 16,696
Amortization expense	-	26	2,820	2,846
Derecognition	( 3,565 )	-	-	( 3,565 )
Exchange difference, net	-	-	25	25
Balance on Dec.31, 2022	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ 15,400</u>	<u>\$ 16,002</u>
Net as of December 31, 2022	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 14,717</u>	<u>\$ 14,771</u>

Amortization expenses are accrued on a straight-line basis over the following useful lives:

Trademark rights	7 - 10 years
Cost of computer software	1 - 10 years

	2023	2022
Amortization expenses by function		
Operating cost	\$ 508	\$ 490
Sales expense	1,563	820
Management fee	933	716
Research and development expenses	725	820
	<u>\$ 3,729</u>	<u>\$ 2,846</u>
XVI. <u>Other assets</u>		
	Dec.31, 2023	Dec.31, 2022
<u>Current</u>		
Payment in advance		
Prepayment for purchases	\$ 51,013	\$ 76,169
Input tax	37,010	39,876
Prepaid expenses	10,550	25,787
Residual tax credit	22,882	9,023
Others	941	2,228
	<u>\$ 122,396</u>	<u>\$ 153,083</u>
<u>Non-current</u>		
Refundable deposits	\$ 28,390	\$ 13,918
Prepaid equipment payment	2,391	2,218
Others	403	3,633
	<u>\$ 31,184</u>	<u>\$ 19,769</u>
XVII. <u>Borrowings</u>		
(I) Sort-term borrowings		
	Dec.31, 2023	Dec.31, 2022
<u>Secured borrowings</u> (Note 29)		
Bank borrowings	\$ 100,000	\$ 186,000
<u>Unsecured borrowings</u>		
Bank borrowings	35,000	98,000
	<u>\$ 135,000</u>	<u>\$ 284,000</u>
<u>Interest rate per annum (%)</u>		
Secured borrowings	1.86-2.16	1.735-2.007
Unsecured borrowings	0.5	1.60-1.84

## (II) Long-term borrowings

	Dec.31, 2023	Dec.31, 2022
<u>Secured borrowings</u> (Note 29)		
Bank borrowings	\$ 331,980	\$ 288,409
<u>Unsecured borrowings</u>		
Bank borrowings	23,520	23,520
Subtotal	355,500	311,929
Less: maturity due within 1 year	( 23,128 )	( 20,089 )
Long-term borrowings	<u>\$ 332,372</u>	<u>\$ 291,840</u>
<u>Interest rate per annum (%)</u>		
Secured borrowings	0.5-2.17	0.761-1.887
Unsecured borrowings	0.9	0.775

XVIII. Notes payable and accounts payable

	Dec.31, 2023	Dec.31, 2022
<u>Accounts payable</u>		
From operations	<u>\$ 562,265</u>	<u>\$ 537,818</u>
<u>Accounts receivable - related parties</u>		
From operations	<u>\$ 22,093</u>	<u>\$ 39,415</u>

Accounts payable are paid at the agreed time in contracts. The Company has financial risk management policies in place to ensure that all accounts payable are repaid within the pre-agreed credit terms.

XIX. Other liabilities - current

	Dec.31, 2023	Dec.31, 2022
<u>Current</u>		
Other payables		
Dividends payable	\$ 54,046	\$ 90,075
Insurance payable	64,877	67,385
Salaries and bonuses payable	48,606	59,194
Others	99,347	71,166
	<u>\$ 266,876</u>	<u>\$ 287,820</u>
Provisions- current		
sales discounts and allowances	<u>\$ 23,336</u>	<u>\$ 12,284</u>
Other liabilities		
Payments on behalf of others	\$ 2,491	\$ 2,617
Others	500	348
	<u>\$ 2,991</u>	<u>\$ 2,965</u>



Provisions for sales discounts are based on historical experience, management judgment and other known reasons to estimate possible product discounts, and are recognized as sales revenue deductions in the year when the relevant products are sold.

	Dec.31, 2023	Dec.31, 2022
<u>Non-current</u>		
Guarantee deposits received	\$ <u>676</u>	\$ <u>916</u>

XX. Post-employment benefit plan

Defined contribution plan

The pension system under the Labor Pension Act applicable to Solid Year Co.,Ltd., Ugreat Technology Electronic Co., Ltd, and Lysine New Energy Technology Co., Ltd, is a government-managed defined contribution plan. Solid Year Group contributes 6% of monthly salary to the personal account at the Bureau of Labor Insurance.

The employees of Solid Year Group's subsidiary in Mainland China are members of the retirement benefit plan operated by the PRC government. The subsidiary is required to contribute a specific percentage of the salary cost to the pension benefit plan to provide funds for the plan. The obligation of Solid Year Group for this government-operated pension plan is only to contribute a specific amount.

XXI. Equity

(I) Share capital

Common stock

	Dec.31, 2023	Dec.31, 2022
Authorized shares (in thousands)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>
Issued and paid shares (in thousands)	<u>60,050</u>	<u>60,050</u>
Issued share capital	\$ <u>600,504</u>	\$ <u>600,504</u>

(II) Capital fund

	Dec.31, 2023	Dec.31, 2022
<u>May be used to offset losses, distribute cash or capitalize on share capital (1)</u>		
Premium from stock issuance	\$ 83,112	\$ 83,112
Issuance premium	3,535	3,535
<u>Can only be used to offset losses (2)</u>		
Changes in ownership interests in subsidiaries	3,366	3,366
<u>Not to be used for any purpose (3)</u>		
Gain on disposal of assets	<u>512</u>	<u>512</u>
	\$ <u>90,525</u>	\$ <u>90,525</u>

1. Such capital reserves may be used to make up for deficits, and may be used to distribute cash or capitalize on share capital when the Company has no losses. However, the capital reserves shall be limited to a certain percentage of the Company's paid-in capital each year.
2. Such capital reserve is the effect of equity transactions recognized due to changes in the company's equity when the Company has not actually acquired or disposed of the equity of the subsidiary, or the adjusted capital reserve of the subsidiary recognized by the Company under the equity method.
3. Such capital reserve shall not be used for any purpose.

(III) Retained earnings and dividend policy

According to the dividend distribution policy stipulated in the Company's Articles of Incorporation, the distribution of profits or offsetting of losses may be carried out at the end of each semi-annual accounting period. If there are profits in each semi-annual accounting period, they shall be subject to legal tax payments. After offsetting accumulated losses, an estimated provision for employee compensation shall be made, followed by setting aside 10% as a legal reserve. However, if the legal reserve has reached the total amount of paid-in capital, further provision is not required. For the remaining balance, the special reserve shall be set aside or reversed in accordance with the laws and regulations; if there is any remaining balance, the remaining balance shall be added to the accumulated undistributed earnings in the first half of the fiscal year, and the Board of Directors shall prepare a proposal for the distribution of earnings by issuing new shares to the shareholders if the payment is in cash, the resolution of the board of directors is required.

The legal reserve shall be appropriated until the balance reaches the paid-in capital of the Company. Legal reserves may be used to offset losses. If the legal reserve exceeds 25% of the paid-in capital, if the Company has no losses, it can be used as capital and distributed in cash.

The Company provided and reversed the special reserve in accordance with the FSC Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 and the "Questions and Answers Concerning the Application of Special Reserves after the Adoption of International Financial Reporting Standards (IFRS)".

The profit distribution proposals of the Company for 2022 and 2021 are as follows:

	2022	2021
Legal reserve	\$ 27,617	\$ 30,843
Appropriation (reversal) of special reserve	( 19,247 )	10,351
Cash dividends	150,125	210,177
Cash dividend per share (NT\$)	2.5	3.5

The 2022 cash dividends mentioned above were distributed by resolution of the Board of Directors on March 28, 2023 and December 7, 2022, respectively. The remaining distribution items for 2022 were resolved by the annual general shareholders' meeting on June 19, 2023. The 2021 cash dividends were distributed by resolution of the Board of Directors on March 25, 2022 and November 9, 2021, respectively. The remaining distribution items for 2021 were resolved in the annual general shareholders' meeting on June 17, 2022.

The Company's board of directors resolved the appropriations of earnings for 2023 and 2022 as follows:

	Jul. 1 to Dec.31, 2023	Jan.1 to Jun.30, 2023
Resolution date of the Board of Directors	March 13, 2024	December 15, 2023
Legal reserve	\$ 16,289	\$ 5,777

Special reserve	( 938 )	18,355
Cash dividends	72,060	54,046
Cash dividend per share (NT\$)	1.2	0.9

	Jul. 1 to Dec.31, 2022	Jan.1 to Jun.30, 2022
Resolution date of the Board of Directors	March 28, 2023	December 7, 2022
Legal reserve	\$ 13,117	\$ 14,499
Special reserve	5,472	( 24,719 )
Cash dividends	60,050	90,075
Cash dividend per share (NT\$)	1	1.5

The 2023 earnings appropriation was proposed by the Board of Directors on March 13, 2024 as follows:

	2023
Legal reserve	\$ 22,066
Special reserve	17,417
Cash dividends	126,106
Cash dividend per share (NT\$)	2.1

The above cash dividends have been distributed by resolution of the board of directors, and the rest are yet to be resolved by the shareholders' meeting expected to be held on May 30, 2024.

(IV) Special reserve

	Dec.31, 2023	Dec.31, 2022
Opening balance	\$ 22,669	\$ 42,890
Appropriation (reversal) of special reserve		
Amounts debited (reversed) of other equity items	23,827	( 20,221 )
Closing balance	\$ 46,496	\$ 22,669

XXII. Net income before tax

(I) Operating revenue

	2023	2022
Revenue from contracts with customers	\$ 3,322,117	\$ 4,371,462

Contract balance

	Dec.31, 2023	Dec.31, 2022	January 1, 2022
Notes and accounts receivable	\$ 772,734	\$ 843,025	\$ 1,013,295
Contractual Liabilities - Current	\$ 73,282	\$ 152,128	\$ 32,455

Please refer to Note 33 for the breakdown of revenue.

(II) Interest income

	2023	2022
Bank deposits	\$ 10,882	\$ 1,972
Imputed interest on deposits	<u>1</u>	<u>1</u>
	<u>\$ 10,883</u>	<u>\$ 1,973</u>

(III) Other income

	2023	2022
Rental income	\$ 5,392	\$ 5,667
Others	<u>7,011</u>	<u>10,291</u>
	<u>\$ 12,403</u>	<u>\$ 15,958</u>

(IV) Other benefits and losses

	2023	2022
Gains (losses) from the disposal of property, plant and equipment	( \$ 1,314 )	\$ 124
Foreign exchange gain, net	12,794	61,680
Others	( <u>3,440</u> )	( <u>34,894</u> )
	<u>\$ 8,040</u>	<u>\$ 26,910</u>

(V) Financial costs

	2023	2022
Interest on bank borrowings	\$ 9,267	\$ 11,335
Interest on lease liabilities	3,391	3,028
Other interest expenses	<u>11</u>	<u>-</u>
	<u>\$ 12,669</u>	<u>\$ 14,363</u>

Information on interest capitalization is as follows:

	2023	2022
Amount of capitalized interest	\$ 426	\$ -
Interest capitalized interest rate (%)	0.893	-

(VI) Depreciation and amortization

	2023	2022
Depreciation expenses by function		
Operating cost	\$ 25,108	\$ 28,698
Operating expenses	<u>39,617</u>	<u>32,957</u>
	<u>\$ 64,725</u>	<u>\$ 61,655</u>

		2023	2022
	Amortization expenses by function		
	Operating cost	\$ 508	\$ 490
	Operating expenses	<u>3,221</u>	<u>2,356</u>
		<u>\$ 3,729</u>	<u>\$ 2,846</u>
(VII)	Employee benefit expense		
		2023	2022
	Short-term employee benefits		
	Salary expenses	\$ 423,855	\$ 444,507
	Employee insurance premium	<u>49,618</u>	<u>54,866</u>
		<u>473,473</u>	<u>499,373</u>
	Post-employment benefits		
	Defined contribution plan	<u>6,698</u>	<u>6,187</u>
	Other employee benefits	<u>12,957</u>	<u>12,198</u>
	Total employee benefit expenses	<u>\$ 493,128</u>	<u>\$ 517,758</u>
	Summary by function		
	Operating cost	\$ 268,194	\$ 294,807
	Operating expenses	<u>224,934</u>	<u>222,951</u>
		<u>\$ 493,128</u>	<u>\$ 517,758</u>

(VIII) Remuneration to employees and directors/supervisors

In accordance with the Company's Articles of Incorporation, the Company allocates remuneration to employees and directors based on the pre-tax profits before deducting such remuneration. Specifically, employee remuneration is allocated at a rate ranging from 3% to 10%, while director remuneration is allocated at a rate ranging from 1% to 5%. The 2023 and 2022 employees' and directors' remuneration were approved by the Board of Directors on March 13, 2024 and March 28, 2023, respectively, as follows:

Estimated ratio

	2023	2022
Remuneration to employees	3%	3%
Remuneration to directors	1%	1%

Amount

	2023	2022
	Cash	Cash
Remuneration to employees	\$ 9,023	\$ 11,228
Remuneration to directors	3,008	3,742

If there is still a change in the amount of the annual consolidated financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

There is no difference between the actual amount of employees' and directors' remuneration paid for 2022 and 2021 and the amount recognized in the consolidated financial statements for 2022 and 2021.

For information on employees' remuneration and remuneration of directors resolved by the Company's board of directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

(IX) Foreign exchange gain or loss

	2023	2022
Total gains on foreign currency exchange	\$ 148,347	\$ 258,914
Total losses on foreign currency exchange	( 135,553 )	( 197,234 )
Net profit	<u>\$ 12,794</u>	<u>\$ 61,680</u>

XXIII. Income tax

(I) Main components of income tax expenses recognized in profit or loss

	2023	2022
Current income tax		
Incurred in the current year	\$ 45,129	\$ 54,525
Imposition on undistributed earnings	5,884	2,853
Adjustments from previous years	<u>4,497</u>	( 1,761 )
	<u>55,510</u>	<u>55,617</u>
Deferred income tax		
Incurred in the current year	<u>12,154</u>	<u>34,896</u>
Income tax expense recognized in profit or loss	<u>\$ 67,664</u>	<u>\$ 90,513</u>

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Net income before tax	<u>\$ 274,574</u>	<u>\$ 356,847</u>
Income tax expense with net profit before tax calculated at statutory tax rate	\$ 91,533	\$ 106,764
Unrecognizable profit or loss for taxation	5,286	10,019
Investment tax credit	( 28,586 )	( 31,105 )
Imposition on undistributed earnings	5,884	2,853
Unrecognized deductible temporary differences	( 10,950 )	3,743
The current income tax expenses of prior years are adjusted in the current year	<u>4,497</u>	( 1,761 )
Income tax expense recognized in profit or loss	<u>\$ 67,664</u>	<u>\$ 90,513</u>

(II) Income tax recognized in other comprehensive income

	2023	2022
<u>Deferred income tax</u>		
Incurring in the current year		
— Translation of foreign operations	\$ 3,749	( \$ 6,536 )
— Unrealized gains and losses on investment in equity instruments	\$ 578	\$ 1,725

(III) Current income tax assets and liabilities

	Dec.31, 2023	Dec.31, 2022
Current income tax assets		
Tax refund receivable	\$ 40	\$ -
Current income tax liabilities		
Income tax payable	\$ 47,877	\$ 28,573

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Closing balance
<u>Deferred income tax assets</u>					
Temporary difference					
Allowance for inventory valuation losses	\$ 55,133	( \$ 167 )	\$ -	( \$ 674 )	\$ 54,292
Unrealized gains and losses on investment in equity instruments	8,925	-	578	-	9,503
Others	4,614	2,841	1,860	( 32 )	9,283
	<u>\$ 68,672</u>	<u>\$ 2,674</u>	<u>\$ 2,438</u>	<u>( \$ 706 )</u>	<u>\$ 73,078</u>

2023	Opening balance	Recognized in profit or loss	Recognized in other comprehen sive income	Exchange differences	Closing balance
<u>Deferred income tax liabilities</u>					
Temporary difference					
Undistributed earnings of subsidiaries	\$133,921	\$ 26,682	\$ -	\$ -	\$160,603
Unrealized operating gains	92,617	( 13,320)	-	( 1,292)	78,005
Others	<u>3,623</u>	<u>1,466</u>	<u>( 1,889)</u>	<u>-</u>	<u>3,200</u>
	<u>\$230,161</u>	<u>\$ 14,828</u>	<u>(\$ 1,889)</u>	<u>(\$ 1,292)</u>	<u>\$241,808</u>
2022					
<u>Deferred income tax assets</u>					
Temporary difference					
Allowance for inventory valuation losses	\$ 42,996	\$ 11,664	\$ -	\$ 473	\$ 55,133
Unrealized gains and losses on investment in equity instruments	7,200	-	1,725	-	8,925
Others	<u>16,646</u>	<u>( 7,385)</u>	<u>( 4,647)</u>	<u>-</u>	<u>4,614</u>
	<u>\$ 66,842</u>	<u>\$ 4,279</u>	<u>(\$ 2,922)</u>	<u>\$ 473</u>	<u>\$ 68,672</u>
<u>Deferred income tax liabilities</u>					
Temporary difference					
Undistributed earnings of subsidiaries	\$111,748	\$ 22,173	\$ -	\$ -	\$133,921
Unrealized operating gains	75,504	15,932	-	1,181	92,617
Others	<u>655</u>	<u>1,070</u>	<u>1,889</u>	<u>9</u>	<u>3,623</u>
	<u>\$187,907</u>	<u>\$ 39,175</u>	<u>\$ 1,889</u>	<u>\$ 1,190</u>	<u>\$230,161</u>

- (V) Deductible temporary differences and unused loss carryforwards of deferred income tax assets not recognized in the consolidated balance sheets



	Dec.31, 2023	Dec.31, 2022
Loss carryforwards		
Due in 2031 to 2033	\$ <u>18,717</u>	\$ <u>11,395</u>
Deductible temporary difference		
Allowance for inventory valuation losses	\$ 6,253	\$ 6,205
Others	<u>2,356</u>	<u>2,539</u>
	<u>\$ 8,609</u>	<u>\$ 8,744</u>

(VI) Authorization of income tax

The income tax filings for the Company's profit-making activities up to FY2021 have been audited and verified by the tax authorities.

XXIV. Earnings per share

	2023	Unit: NT\$ per share 2022
Basic EPS	\$ <u>3.67</u>	\$ <u>4.60</u>
Diluted EPS	\$ <u>3.65</u>	\$ <u>4.57</u>

The earnings and the weighted average number of common shares used in the computation of earnings per share are as follows:

Net profit for the year

	2023	2022
Net income used to calculate basic and diluted earnings per share	\$ <u>220,658</u>	\$ <u>276,166</u>

Number of shares

	2023	Unit: Thousand Shares 2022
Weighted average number of ordinary shares used to calculate basic EPS	60,050	60,050
Effect of dilutive potential ordinary shares:		
Remuneration to employees	<u>348</u>	<u>338</u>
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>60,398</u>	<u>60,388</u>

If Solid Year Group chooses to pay employees' remuneration in stock or cash, when calculating the diluted earnings per share, it is assumed that the employees' remuneration will be paid in stock, and when the potential dilutive effect of the common shares, it will be included in the weighted average number of outstanding shares to calculate diluted EPS. The dilutive effect of these potential ordinary shares will also be taken into account when calculating the diluted earnings per share before the number of shares to be distributed to employees in the following year.

XXV. Equity transactions with non-controlling interests

On March 28, 2022, Solid Year Group failed to subscribe for the cash capital increase of Lysine

New Energy Technology Co., Ltd. in proportion to its shareholding, resulting in a decrease of shareholding from 100% to 70%.

Since the above transactions did not change Solid Year Group's control over these subsidiaries, Solid Year Group treated them as equity transactions.

	Lysine New Energy Technology Co., Ltd.
Consideration received	\$ 9,000
The carrying amount of the subsidiary's net assets is calculated based on the relative changes in equity to the amount to be transferred out of the non-controlling interests	( <u>7,755</u> )
Equity transaction difference	<u>\$ 1,245</u>

Equity transaction difference adjustment account

Capital reserves - recognition of changes in ownership interests in subsidiaries	<u>\$ 1,245</u>
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XXVI. Capital risk management

Solid Year Group conducts capital management to ensure that the Group can maximize shareholder returns by optimizing the balance of debt and equity under the premise of continuing to operate as a going concern.

Solid Year Group adopts a prudent risk management strategy with regular reviews, and makes holistic plans based on business development strategies and operational needs to determine an appropriate capital structure for Solid Year Group.

Solid Year Group's capital structure consists of its net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital reserve, retained earnings, other equity, and non-controlling interests).

Solid Year Group is not subject to other external capital requirements.

XXVII. Financial instruments

(I) Fair value - financial instruments not at fair value

Solid Year Group's management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values or their fair values cannot be reliably measured.

(II) Fair value - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>Dec.31, 2023</u>				
Financial assets measured at fair value through other comprehensive income				
Domestic unlisted company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,378</u>	<u>\$ 10,378</u>
<u>Dec.31, 2022</u>				
Financial assets at fair value through other comprehensive income or loss				
Domestic unlisted company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,375</u>	<u>\$ 13,375</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Adjustment of Level 3 fair value measurements of financial instruments

Financial assets measured at fair value through other comprehensive income - equity instruments

	Jan.1 to Dec.31, 2023	Jan.1 to Dec. 31, 2022
Opening balance	\$ 13,375	\$ 22,000
Recognized in other comprehensive income	( 2,997 )	( 8,625 )
Closing balance	<u>\$ 10,378</u>	<u>\$ 13,375</u>

3. Valuation techniques and inputs applied for Level 3 fair value measurement

Equity investment in domestic unlisted companies measured at fair value through other comprehensive income is valued at Level 3. The fair value is determined using the price-to-book ratio, calculating the book value per share based on the Company's financial data, comparing it with the price-to-book ratio of similar listed companies or industry peers to estimate the stock price. This calculation helps determine the present value of expected gains or losses from holding this investment.

(III) Type of financial instruments

	Dec.31, 2023	Dec.31, 2022
<u>Financial assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 1,218,200	\$ 1,203,366
Financial assets measured at fair value through other comprehensive income - investment in equity instruments	10,378	13,375
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,342,410	1,460,982

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost - current, notes and accounts receivable (including related parties), other receivables (including related parties), and refundable deposits and financial assets measured at subsequent cost.

Note 2: The balances include financial liabilities measured at amortized cost, including short-term borrowings, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including those due within one year), and guarantee deposits received.

(IV) Financial risk management objectives and policies

Solid Year Group's main financial instruments include cash and cash equivalents, financial assets measured at amortized cost - current, notes and accounts receivable (including related parties), other payables (including related parties), long-term borrowings (including those due within one year) and lease liabilities. Solid Year Group's financial management department provides services for each business unit, coordinating operations in the domestic and international financial markets, and supervising and managing the financial risks related to Solid Year Group's operations through internal risk reports that analyze exposures based on

the level and breadth of risks. Such risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

# 1. Market risk

The main financial risks to which Solid Year Group is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

## (1) Exchange rate risks

Solid Year Group engages in sales and purchase transactions denominated in foreign currencies, which expose Solid Year Group to the risk of exchange rate fluctuations.

For the carrying amounts of Solid Year Group's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date, please refer to Note 31.

### Sensitivity analysis

Solid Year Group is mainly affected by fluctuations in the exchange rates of USD, HKD and RMB.

The sensitivity analysis includes only the outstanding monetary items in foreign currencies, and the translation at the end of the year is adjusted based on a 1% change in exchange rates. An appreciation of 1% of the New Taiwan Dollar against the relevant currencies would decrease Solid Year Group's net income before tax in 2023 and 2022 by NT\$ 4,951,000 and decrease by NT\$ 4,491,000, respectively; When the New Taiwan Dollar depreciates by 1% relative to various relevant foreign currencies, the impact on pre-tax net profit will be the same amount but negative.

## (2) Interest rate risk

Because the entities in Solid Year Group borrow funds at fixed and floating interest rates at the same time, it will result in interest rate risk exposure.

The carrying amounts of Solid Year Group's financial assets and financial liabilities with exposure to the interest rate risk at the balance sheet date are as follows:

	Dec.31, 2023	Dec.31, 2022
Fair value interest rate risk		
– Financial assets	\$ 288,935	\$ 158,464
– Financial liabilities	35,000	-
Cash flow interest rate risk		
– Financial assets	\$ 117,862	\$ 189,586
– Financial liabilities	455,500	595,929

### Sensitivity analysis

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating-rate liabilities, the analytical approach assumes that the amount of liabilities outstanding at the balance sheet date remains outstanding throughout the reporting period. The rate of change used in reporting interest rates to key management within Solid Year Group is an increase or decrease of 1%, which also represents management's assessment of the reasonably possible range of interest rates.

If the interest rate increases/decreases by 1%, with all other variables held constant, the pre-tax net profit for Solid Year Group for the years 2023 and 2022 will decrease/increase by NT\$3,376,000 and NT\$4,063,000, respectively.

## 2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Solid Year Group. As of the balance sheet date, Solid Year Group's maximum credit risk exposure, which may cause a financial loss due to a counterparty's failure to perform its obligations, is mainly derived from the carrying amount of the financial assets recognized in the consolidated balance sheet.

Solid Year Group's credit risk is mainly concentrated in Solid Year Group's largest customer. As of December 31, 2023 and 2022, the percentage of accounts receivable from the aforementioned customer was 79% and 68%, respectively.

## 3. Liquidity risk

Solid Year Group manages and maintains a sufficient position of cash and cash equivalents to support Group operations and mitigate the impact of cash flow fluctuations. Solid Year Group's management supervises the use of the bank's financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for Solid Year Group. For Solid Year Group's unused financing facilities as of December 31, 2023 and 2022, please refer to the description of (2) Financing facilities below.

### (1) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which Solid Year Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings that Solid Year Group could be required to repay immediately are listed within the earliest period in the table below, without considering the probability of the bank exercising that right immediately; other non-derivative financial liabilities are analyzed based on the agreed repayment dates.

#### Dec.31, 2023

	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 708,375	\$ 77,779	\$ 800	\$ -	\$ 786,954
Lease liabilities	3,618	10,514	51,579	97,857	163,568
Instruments with floating interest rates	3,103	127,246	336,551	8,627	475,527
Fixed interest rate instruments	44	35,082	-	-	35,126
	<u>\$ 715,140</u>	<u>\$ 250,621</u>	<u>\$ 388,930</u>	<u>\$ 106,484</u>	<u>\$1,461,175</u>

#### Dec.31, 2022

	1 to 3 months	3 months to 1 year	1 - 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Non-interest-bearing liabilities	\$ 757,754	\$ 71,642	\$ -	\$ -	\$ 829,396
Lease liabilities	3,093	9,278	66,510	84,892	163,773
Instruments with floating interest rates	<u>183,008</u>	<u>305,034</u>	<u>245,466</u>	<u>56,699</u>	<u>790,207</u>
	<u>\$ 943,855</u>	<u>\$ 385,954</u>	<u>\$ 311,976</u>	<u>\$ 141,591</u>	<u>\$1,783,376</u>

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 - 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
<u>Dec.31, 2023</u>						
Lease liabilities	<u>\$ 14,132</u>	<u>\$ 51,579</u>	<u>\$ 52,601</u>	<u>\$ 14,833</u>	<u>\$ 14,181</u>	<u>\$ 16,242</u>
<u>Dec.31, 2022</u>						
Lease liabilities	<u>\$ 12,371</u>	<u>\$ 42,226</u>	<u>\$ 52,448</u>	<u>\$ 22,900</u>	<u>\$ 14,424</u>	<u>\$ 19,404</u>

(2) Financing limit

	Dec.31, 2023	Dec.31, 2022
Unsecured bank borrowings facility		
- Amount used	\$ 78,520	\$ 121,520
- Undrawn amount	<u>804,633</u>	<u>793,805</u>
	<u>\$ 883,153</u>	<u>\$ 915,325</u>
	Dec.31, 2023	Dec.31, 2022
Secured bank borrowings facility		
- Amount used	\$ 411,980	\$ 474,409
- Undrawn amount	<u>993,950</u>	<u>944,700</u>
	<u>\$ 1,405,930</u>	<u>\$ 1,419,109</u>

XXVIII.Related Party Transactions

Transactions, account balances, income, and expenses between the Company and its subsidiaries (related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, the transactions between Solid Year Group and other related parties are as follows.

(I) Names of related parties and their relationships

Name of related party	Relationship with the Company
Dongguan Chuanyue Hardware Products Co., Ltd. (Dongguan Chuanyue)	Substantive related party
Lingda Co., Ltd. (Linda)	Substantive related party
Goldtek Technology Co., Ltd (Goldtek)	Substantive related party
Xuhui Electronics Co., Ltd. (Xuhui Electronics)	Substantive related party
Dongguan Xuhui Plastic Electronics Co., Ltd. (Dongguan Xuhui)	Substantive related party
Increasingly Digital Technology Co., Ltd. (Increasingly) (formerly "Riyi Digital Technology Co., Ltd." in Dec 2023)	Substantive related party
Liang, Hui-Bin	Chairman
Liang, Hui-Hu	Substantive related party
Liang, Hui-Chung	Substantive related party
Liang, Wei-Lin	Substantive related party
Liang, Wei-Jen	Substantive related party
Liang, Yung-Tsung	Substantive related party
Liang, Che-Wei	Substantive related party

(II) Operating revenue

Item	Related party type	2023	2022
Sales revenue	Substantive related party	<u>\$ 577</u>	<u>\$ 2,595</u>

The terms and conditions of Solid Year Group's transactions with related parties are equivalent to those of ordinary customers.

(III) Purchase of goods

Related party type	2023	2022
Substantive related party		
Linda Technology Co., Ltd.	\$ 45,544	\$ 82,477
Xuhui Electronics	25,337	133,611
Others	<u>94</u>	<u>390</u>
	<u>\$ 70,975</u>	<u>\$ 216,478</u>

Purchases are based on the market price less discounts to reflect the quantity purchased and the relationship with the related party.

(IV) Operating expenses

Related party type	2023	2022
Substantive related party	<u>\$ 34</u>	<u>\$ 37</u>

The operating expenses recognized are mainly for repairs and other expenses.

(V) Contract liabilities

	Item	Related party type	2023	2022
	Contractual Liabilities - Current	Substantive related party	<u>\$ 11</u>	<u>\$ -</u>
(VI)	Accounts receivable from related parties (excluding loans to related parties)			
	Item	Category/Name of related party	Dec.31, 2023	Dec.31, 2022
	Accounts receivable	Substantive related party	<u>\$ 144</u>	<u>\$ 1,648</u>
	Other receivables	Substantive related party	<u>\$ 1,017</u>	<u>\$ -</u>
	Accounts receivable from related parties that are outstanding are not secured.			
(VII)	Payables to related parties (excluding loans from related parties)			
	Item	Category/Name of related party	Dec.31, 2023	Dec.31, 2022
	Accounts payable	Substantive related party	<u>\$ 22,093</u>	<u>\$ 39,415</u>
	Other payables	Substantive related party	<u>\$ 2</u>	<u>\$ 175</u>
	The balance of accounts payable to related parties outstanding is unsecured.			
(VIII)	Prepayments - current			
	Related party type		Dec.31, 2023	Dec.31, 2022
	Substantive related party		<u>\$ -</u>	<u>\$ 2,300</u>
(IX)	Acquisition of property, plant and equipment			
	Category/Name of related party	Cost of acquisition		
		2023	2022	
	Substantive related party	<u>\$ -</u>	<u>\$ 267</u>	
(X)	Other related party transactions			
	Item	Category/Name of related party	2023	2022
	Other income	Substantive related party		
		Shang Lin	<u>\$ 1,524</u>	<u>\$ -</u>
	Item	Category/Name of related party	2023	2022
	Other losses	Substantive related party		
		Linda Technology Co., Ltd.	<u>\$ -</u>	<u>\$ 14,082</u>
(XI)	Endorsements and guarantees - refer to Appendix 1 and the description below.			



Mr. Liang Hui-Bin, the Chairman of the Company, and the Company jointly provided guarantee facilities for Long Win and Lysine New Energy for materials purchase loans and operating working capital loans, respectively. As of December 31, 2023 and 2022, the guaranteed amounts were NT\$ 760,510,000 and 767,750,000 respectively. The actual drawn amounts were NT\$ 20,000,000 and NT\$ 20,000,000, respectively.

(XII) Lease agreement

Category/Name of related party	2023	2022
<u>Acquisition of right-of-use assets</u>		
Chairman and other related parties	\$ 15,138	\$ -

Item	Category/Name of related party	Dec.31, 2023	Dec.31, 2022
Lease liabilities	Chairman and other related parties	\$ 12,885	\$ -

Category/Name of related party	2023	2022
<u>Interest expenses</u>		
Chairman and other related parties	\$ 317	\$ -

Solid Year Group leases offices from related parties (the Chairman and other related parties) with a lease term of 6 years. Rent expenses for office spaces leased from related parties are determined based on the rental levels of similar assets. Payments are made monthly according to the terms of the lease agreement, with adjustments based on a certain percentage starting from 2026.

(XIII) Remuneration of key management personnel

	2023	2022
Short-term employee benefits	\$ 39,230	\$ 34,017

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

XXIX. Pledged Assets

The following assets have been provided as collateral for bank loans:

	Dec.31, 2023	Dec.31, 2022
Property, plant and equipment	\$ 593,837	\$ 595,071
Investment property	148,943	154,241
Pledged certificate of deposit - current (recorded as financial assets at amortized cost - current)	3,071	3,071
	\$ 745,851	\$ 752,383

XXX. Significant unrecognized contractual commitments

In addition to those described in other notes, Solid Year Group has committed to purchase property, plant and equipment in an amount of NT\$19,120,000 that has yet to be paid.

XXXI. Significant assets and liabilities denominated in foreign currencies

The information below is aggregated and expressed in foreign currencies other than the functional currencies of each entity in Solid Year Group. The exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted into the functional currency. The significant assets and liabilities denominated in foreign currencies are as follows:

Dec.31, 2023			
Assets denominated in foreign currencies	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 35,966	30.705 (USD: NT\$)	\$ 1,104,322
USD	29,033	7.0961 (USD: RMB)	891,444
			<u>\$ 1,995,766</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	\$ 40,065	30.705 (USD: NT\$)	\$ 1,230,186
HKD	1,611	3.929 (HKD:NT\$)	6,331
USD	8,602	7.0961 (USD: RMB)	264,126
			<u>\$ 1,500,643</u>
Dec.31, 2022			
Assets denominated in foreign currencies	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 34,510	30.71 (USD: NT\$)	\$ 1,059,804
USD	15,394	6.9669 (USD: RMB)	472,751
			<u>\$ 1,532,555</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	27,801	30.71 (USD: NT\$)	\$ 853,780
USD	7,318	6.9669 (USD: RMB)	224,736
HKD	1,249	3.9380 (HKD:NT\$)	4,920
			<u>\$ 1,083,436</u>

Solid Year Group's foreign currency exchange gains and losses (realized and unrealized) were NT\$ 12,794,000 and NTD 61,680,000 for 2023 and 2022, respectively. Due to the wide variety of foreign currency transactions, it is not feasible to disclose the exchange gains and losses by each significant currency separately.

XXXII. Disclosures in Notes

- (I) Information on significant transactions and (2) investees:
1. Loaning of funds to others. (None)
  2. Making endorsements/guarantees for others. (Appendix 1)
  3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures). (Appendix 2)
  4. The cumulative purchase or sale of marketable securities amounting to at least NT\$300

million or 20% of the paid-in capital. (None)

5. Acquisition of real estate at costs of at least NT\$ 300 million or 20% of the paid-in capital. (None)
6. Disposition of real estate at costs of at least NT\$ 300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital. (Appendix 3)
8. Receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital. (Appendix 4)
9. Trading of derivatives. (None)
10. Others: Business relationships and significant transactions between the parent company and its subsidiaries and between the subsidiaries and the amounts. (Appendix 7)
11. Information on investees. (Appendix 5)

(II) Mainland China Investment Information:

1. The name of the investee in Mainland China, principal business activities, paid-in capital, investment method, capital outward and inward remittances, shareholding, current profit or loss and investment profit and loss recognized, and investment quota limits in Mainland China. (Appendix 6)
2. Any of the following significant transactions with investee companies in Mainland China, occurring either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
  - (1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the period. (Appendix 3 and 7)
  - (2) Amount and percentage of sales and related receivables at the end of the period. (Appendix 3 and 7)
  - (3) The amount of property transactions and the amount of gain or loss arising therefrom. (None)
  - (4) Balance and purpose of endorsements/guarantees or collateral provided at the end of the term. (None)
  - (5) The highest balance, ending balance, interest rate range, and total interest for the current period of the capital financing. (None)
  - (6) Other transactions that have a significant impact on the current profit or loss or financial position, such as the rendering or receipt of services. (None)

XXXIII. Departmental Information

(I) Revenues and operating results by segment

The following is a breakdown of Solid Year Group's operating revenue and results by reportable segment:

## 2023

	Manufacturing Service Department	Other departments	Adjustments and write-offs	Consolidated
Revenue from external customers	\$ 3,253,332	\$ 73,111	( \$ 4,326 )	\$ 3,322,117
Inter-segment revenue	<u>6,486,482</u>	<u>3,667</u>	( <u>6,490,149</u> )	<u>-</u>
	<u>\$ 9,739,814</u>	<u>\$ 76,778</u>	( <u>\$ 6,494,475</u> )	<u>\$ 3,322,117</u>
Segment income	<u>\$ 739,568</u>	( <u>\$ 9,358</u> )	( <u>\$ 4,996</u> )	\$ 725,214
Interest income				10,883
Other income				20,443
Financial costs				( 12,669 )
Operating expenses				( <u>469,297</u> )
Net profit before tax for the year				<u>\$ 274,574</u>
Total assets				<u>\$ 3,310,266</u>
Depreciation expense	<u>\$ 51,723</u>	<u>\$ 13,002</u>		
Amount of capital expenditure	<u>\$ 106,176</u>	<u>\$ 991</u>		

## 2022

	Manufacturing Service Department	Other departments	Adjustments and write-offs	Consolidated
Revenue from external customers	\$ 4,417,187	\$ 6,242	( \$ 51,967 )	\$ 4,371,462
Inter-segment revenue	<u>9,803,522</u>	<u>16,887</u>	( <u>9,820,409</u> )	<u>-</u>
	<u>\$ 14,220,709</u>	<u>\$ 23,129</u>	( <u>\$ 9,872,376</u> )	<u>\$ 4,371,462</u>
Segment income	<u>\$ 843,960</u>	( <u>\$ 9,436</u> )	( <u>\$ 25,040</u> )	\$ 809,484
Interest income				1,973
Other income				42,868
Financial costs				( 14,363 )
Operating expenses				( <u>483,115</u> )
Net profit before tax for the year				<u>\$ 356,847</u>
Total assets				<u>\$ 3,409,385</u>
Depreciation expense	<u>\$ 50,372</u>	<u>\$ 11,283</u>		
Amount of capital expenditure	<u>\$ 58,588</u>	<u>\$ 18,108</u>		

Solid Year Group is mainly engaged in computer peripheral equipment and other electronic equipment manufacturing OEM services (Manufacturing Service Department) and other production and sales (other segments), and there are no inter-segment payments or loans.

Segment profit or loss is the profit earned by each segment, excluding general and administrative expenses, interest income, rental income, gains and losses on disposal of property, plant and equipment, exchange gains and losses, other income and expenses and income tax expenses unrelated to the segment.

(II) Inter-segment total assets and liabilities

Since the measured amount of inter-segment total assets and total liabilities of each department is not provided to the operational decision-making, the measured amount of assets and liabilities should be disclosed as zero.

(III) Main products and labor service income

Solid Year Group's main product revenue is analyzed as follows:

	2023	2022
Consumer electronics products	<u>\$ 3,322,117</u>	<u>\$ 4,371,462</u>

(IV) Financial information by location

Solid Year Group mainly operates in Taiwan.

(V) Information on major customers

The customers whose operating revenues accounted for more than 10% of the operating revenues on the Consolidated Statement of Comprehensive Income of Solid Year Group for 2023 and 2022 are as follows:

Customer name	2023	2022
Customer A	\$ 2,247,193	\$ 2,918,413
Customer B	336,615	NA (Note)
Customer C	NA (Note)	887,372

Note: The amount of revenue did not reach 10% of Solid Year Group's total revenue.

Solid Year Co., Ltd and subsidiaries  
Endorsements/guarantees for others  
Jan.1 to Dec.31, 2023

Appendix 1Unit: Unless otherwise indicated, amounts are in NT\$’000, or in thousands of foreign currency units.

No. (Note 1)	Endorsing/guaranteeing company name	Counterparty of endorsements/guarantees		Endorsement and guarantee limit for a single enterprise (Note 3)	The maximum balance of endorsements/ guarantees in the current year	Balance of endorsements/ guarantees at the end of the year	The actual amount drawn	Endorsement/ guarantee amount secured by property assets	Ratio of accumulated endorsement/ guarantee amount to net worth as stated in the latest financial statement (%)	Maximum endorsements/ guarantees (Note 3)	Endorsements/ guarantees made by the parent company to subsidiaries	Endorsement/ guarantee provided by the subsidiary to the parent company	Endorsements and guarantees in Mainland China	Remarks
		Company Name	Relationship (Note 2)											
0	Solid Year Co., Ltd	LONG WIN LIMITED	(1)	\$ 1,473,202	\$ 1,000,676 ( USD 31,950 ) ( HKD 5,000 )	\$ 856,670 ( USD 27,900 )	\$ 81,011 ( USD 2,638 )	\$ 149,461	58.15%	\$ 2,946,404	Y	N	N	
		Lysine New Energy Technology Co., Ltd.	(1)	1,473,202	177,106 ( USD 3,000 ) ( NTD 85,000 )	85,000	20,000	-	5.77%	2,946,404	Y	N	N	

Note 1: The description of the number column is as follows:  
(1) Fill in "0" for the issuer.  
(2) The investees are numbered sequentially starting from 1 by each company.

Note 2: The relationship between the endorsing guarantor and the endorsee is as follows:  
(1) Subsidiaries in which the Company directly holds more than 50% of the common shares.  
(2) An investee in which the parent company and its subsidiaries hold more than 50% of common stock equity combined.

Note 3: The total amount of endorsements/guarantees by the Company shall not exceed 200% of the net worth of the Company's most recent financial statements audited by CPAs, and the cumulative amount of endorsements/guarantees for a single enterprise shall not exceed 100% of the Company's net worth in the most recent financial statements audited by the Company.

Solid Year Co., Ltd and subsidiaries  
Marketable securities held at the end of the year  
January 1 to December 31, 2023

Appendix 2

Unit: NT\$ 1,000

Companies owned	Type and name of marketable securities	Relationship with the securities issuer	Accounting Item	Year-end				Remarks
				Shares/Units	Carrying amount	Shareholding ratio (%)	Market price	
Solid Year Co., Ltd	<u>Common stock</u> Oomii Inc.	—	Financial assets measured at fair value through other comprehensive income - non-current	1,319,454	\$ -	3.04	\$ -	-
	<u>Common stock</u> Clockwork Orange Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income - non-current	628,571	10,378	10.70	10,378	-

Solid Year Co., Ltd and subsidiaries

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital.

Jan.1 to Dec.31, 2023

Appendix 3

Unit: In NT\$'000 unless stated otherwise

Companies engaged in purchase (sales)	Name of counterparty	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (sale) of goods	Amount	Percentage of total purchase (sale) (%)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable) (%)	
Solid Year Co., Ltd	LONG WIN LIMITED	Subsidiary of the Company	Purchase of goods	\$ 2,618,225	89	Note 1	Note 2	Note 2	( \$ 1,194,074 )	( 94 )	
LONG WIN LIMITED	Solid Year Co., Ltd	The Company	Sales revenue	( 2,623,476 )	( 100 )	Note 1	Note 2	Note 2	1,194,427	81	
	Dongguan Chi Lian Electronics Co., Ltd.	Third-tier subsidiary of the Company	Purchase of goods	1,419,995	55	Note 1	Note 2	Note 2	( 890,380 )	( 70 )	
Dongguan Chi Lian Electronics Co., Ltd.	LONG WIN LIMITED	Subsidiary of the Company	Revenue from processing	( 1,419,995 )	( 100 )	Note 1	Note 2	Note 2	890,380	98	

Note 1: In principle, the receivable and payment terms are net 60 days, subject to adjustment depending on the actual financial position of Solid Year Group.

Note 2: No other similar transactions available for comparison.

Note 3: The transaction has been written off.



Solid Year Co., Ltd and subsidiaries  
Receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital.  
Jan.1 to Dec.31, 2023

Appendix 4

Unit: In NT\$'000 unless stated otherwise

Company with accounts receivables booked	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Amount of Allowance for Losses
					Amount	Handling method		
LONG WIN LIMITED  Dongguan Chi Lian Electronics Co., Ltd.	Solid Year Co., Ltd	The Company	\$ 1,194,427	2.64	\$ -	—	\$ 451,671	\$ -
	Dongguan Chi Lian Electronics Co., Ltd.	Third-tier subsidiary of the Company	263,765	Note 1	-	—	-	-
	LONG WIN LIMITED	Subsidiary of the Company	890,380	2.1	-	—	230,151	-

Note 1: It is an amount receivable from related parties arising from the procurement on behalf of others, so it is not applicable to the calculation of turnover rate.

Note 2: The transaction has been written off.

Solid Year Co., Ltd and subsidiaries  
Information on investees, location, etc.  
Jan.1 to Dec.31, 2023

Appendix 5

Unit: In NT\$’000, unless stated otherwise,  
foreign currency in thousands

Name of Investment Company	Name of Investee Company	Location	Main Business Scope	Initial investment amount		Held at the end of the year			Profit or loss of the investee for the current year	Investment gains and losses recognized in the current year	Remarks
				End of the year	End of previous year	Number of shares	Percentage (%)	Carrying amount			
Solid Year Co., Ltd	Ugreat Technology Electronic Co., Ltd.	Taiwan	Retail sale of automobile and electronic materials	\$ 60,000	\$ 60,000	6,000,000	67	\$ 14,991	( \$ 41,988 )	( \$ 27,991 )	Subsidiary
	Lysine New Energy Technology Co., Ltd.	Taiwan	Mainly engaged in Energy Technical Services	21,000	21,000	2,100,000	70	9,627	827	579	Subsidiary
	GOODTEK LIMITED	Samoa	Primarily engaged in international investment	372,032 ( USD 12,400 )	372,032 ( USD 12,400 )	12,400,000	100	1,028,544	143,035	143,035	Subsidiary
	LONG WIN LIMITED	Samoa	Mainly engaged in the import and export of various electronic components and computer peripheral equipment	30,656 ( USD 1,000 )	30,656 ( USD 1,000 )	1,000,000	100	218,177	2,643	2,643	Subsidiary
	UGREAT MARKETING LIMITED	Samoa	Primarily engaged in international investment	56,666 ( USD 1,835 )	56,666 ( USD 1,835 )	2,085,000	100	42,216	( 12,268 )	( 12,268 )	Subsidiary
GOODTEK LIMITED	Wonder Top Co., Ltd.	Samoa	Primarily engaged in international investment	371,278 ( USD 12,357 )	371,278 ( USD 12,357 )	12,180,000	100	1,027,661	143,061	143,061	Second-tier subsidiary

Note 1: Investment gains and losses recognized in the financial statements of the investee company that has been audited by the attesting CPA.

Note 2: Please refer to Appendix 6 for information on investees in Mainland China.

Note 3: The related amount has been written off.

Solid Year Co., Ltd and subsidiaries  
Mainland China Investment Information  
Jan.1 to Dec.31, 2023

Appendix 6

Unit: Unless otherwise indicated, amounts are in NT\$'000, or in thousands of foreign currency units.

Name of investee company in Mainland China	Main Business Scope	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or repatriated in the current year		Accumulated investment amount remitted from Taiwan at the end of the year	Profit or loss of the investee for the current year (Note 1)	The Company's shareholding ratio directly or indirectly invested (%)	Investment gains and losses recognized in the current year (Note 1)	Book value of investments at the end of the year (Note 1)	Repatriated investment income by the end of the current year
					Remitted	Repatriated						
Dongguan Chi Lian Electronics Co., Ltd.	Mainly engaged in the processing and manufacturing of various electronic components and computer peripheral equipment	\$ 142,709 ( USD 4,567 )	Reinvestment in Mainland China companies through companies set up in third regions	\$ 148,813 ( USD 4,758 )	None	None	\$ 148,813 ( USD 4,758 )	\$ 143,046	100	\$ 143,046	\$ 1,024,325	None
Yu Hong Electronic (Shenzhen) Co.,Ltd	Retail sale of electronic materials	61,168 ( USD 2,014 )	Reinvestment in Mainland China companies through companies set up in third regions	62,611 ( USD 2,036 )	None	None	62,611 ( USD 2,036 )	( 12,163 )	100	( 12,163 )	41,178	None

Cumulative Amount of Outward Remittance for Investment in Mainland China by the End of the Year	Amount of Investment Approved by the Investment Commission of the Ministry of Economic Affairs	Limits on Investment in Mainland China Stipulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
\$208,610 ( USD6,794 )	\$208,610 ( USD6,794 )	\$883,921

Note 1: Calculated based on the investee company's 2023 financial statements audited by an attesting CPA.

Note 2: The investment limit is 60% of the net value or NT\$ 80,000,000, whichever is higher.

Note 3: The transaction has been written off.

Solid Year Co., Ltd and subsidiaries  
Business relationships and significant transactions between the parent company and its subsidiaries  
Jan.1 to Dec.31, 2023

Appendix 7

Unit: In NT\$'000,  
unless stated otherwise

No. (Note 1)	Name of transacting party	Counterparty	Relationship with the counterparty (Note 2)	Status of transactions			
				Accounting item	Amount	Transaction terms and conditions	As a percentage of consolidated total revenue or total assets (Note 3)
0	Solid Year Co., Ltd	LONG WIN LIMITED	1	Purchase of goods	\$ 2,618,225	Note 5	79
1	LONG WIN LIMITED	LONG WIN LIMITED	1	Accounts receivable - related parties	1,194,074	Note 4	36
		Solid Year Co., Ltd	2	Sales revenue	2,623,476	Note 5	79
		Solid Year Co., Ltd	2	Accounts receivable - related parties	11,018	Note 4	-
		Solid Year Co., Ltd	2	Accounts receivable - related parties	1,194,427	Note 4	36
		Dongguan Chi Lian Electronics Co., Ltd.	3	Purchase of goods	1,419,995	Note 5	43
		Dongguan Chi Lian Electronics Co., Ltd.	3	Accounts receivable - related parties	890,380	Note 4	27
		Dongguan Chi Lian Electronics Co., Ltd.	3	Accounts receivable - related parties	263,765	Note 4	8
2	Dongguan Chi Lian Electronics Co., Ltd.	LONG WIN LIMITED	3	Accounts receivable - related parties	263,831	Note 4	8
		LONG WIN LIMITED	3	Revenue from processing	1,419,995	Note 5	43
		LONG WIN LIMITED	3	Accounts receivable - related parties	890,380	Note 4	27
		Yu Hong Electronic (Shenzhen) Co., Ltd.	3	Accounts receivable - related parties	16,697	Note 4	1

Note 1: Information on business transactions between the parent company and its subsidiaries should be marked in the numbered column. The number should be filled in as follows:

1. Fill in "0" for parent company.
2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: The relationship with the transaction party is divided into the following three types, and indicating the type is sufficient:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The calculation of the ratio of transaction amounts to total consolidated revenue or total assets involves different methods based on whether the items belong to asset or liability accounts: For items classified under asset or liability accounts, the calculation is based on the year-end balance as a percentage of total consolidated assets. For items classified under income or expense accounts, the calculation is based on the cumulative amount for the period as a percentage of total consolidated revenue.

Note 4: In principle, the payment terms are net 60 days, but adjustments may be made based on the actual financial condition of Solid Year Group.

Note 5: There are no other similar transactions available for comparison.

Note 6: The transaction has been written off.