

Stock Code: 6806



Shinfox Energy Co., Ltd.

2023 Annual Report

Published on April 12, 2024

Annual report access website: MOPS <http://mops.twse.com.tw>

Company website: <http://www.shinfox.com.tw>

I. Company spokesperson and acting spokesperson

Spokesperson: Hsin-Mei Li

Title: Chief Finance and Accounting Officer

Tel: (02) 2269-9888

Email: angellee@shinfox.com.tw

Acting Spokesperson: Yun-Shang Chen

Title: Manager of Public Relations Office

Tel: (02) 2269-9888

Email: yschen@shinfox.com.tw

II. Company address and TEL

Head Office

Address: No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City

Tel: (02) 2269-9888

Office in Southern Taiwan

Address: No. 27, Minsheng 6th Street, Guiren District, Tainan City

Tel: (06) 239-3399

III. Stock Transfer Agency

Name: Grand Fortune Securities Co., Ltd.

Address: 6F, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City

Website: www.gfortune.com.tw

Tel: (02) 2371-1658

IV. Name, firm, address, website and telephone number of the attesting CPA for the most recent annual financial statements

CPA names: Hsiao-Tzu Chou, Yi-Chang Liang

CPA firm: PwC Taiwan

Address: 27F, No. 333, Section 1, Keelung Road, Taipei City

Website: www.pwc.tw

Tel: (02) 2729-6666

V. The name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on the offshore securities:

As of the date of publication, the Company has no offshore securities listed for trading.

VI. Company Website: www.shinfox.com.tw

Table of Contents

One. Report to Shareholders	1
Two. Company Profile.....	5
I. Date of establishment.....	5
II. Company history	5
Three. Corporate Governance Report	10
I. Organizational system	10
II. Information on directors, general managers, deputy general managers, assistant general managers, and heads of departments and branches.....	12
III. Remuneration paid to directors, supervisors, general managers and deputy general managers for the most recent year	23
IV. The operation of corporate governance.....	29
V. Information on attesting CPAs' professional fee.....	86
VI. Information on replacement of CPAs	86
VII. Any of the Company's Chairperson, General Manager, or managerial officers involved in financial or accounting affairs being employed by the attesting CPAs' firm or any of its affiliated company within the recent year	87
VIII. Changes in transfer and pledge of shares by directors, managerial officers and shareholders with more than 10% shareholding	87
IX. Relationships among the Company's top ten shareholders including spouses, relative within the second degree of kinship.....	88
X. The total number of shares and the consolidated equity stake percentage held in any single investee enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company	89
Four. Funding Status.....	90
I. Capital and shares	90
II. Issuance of corporate bonds	95
III. Issuance of preferred shares	96
IV. Issuance of global depository receipts	96
V. Issuance of employee stock options	96
VI. Issuance of restricted stock awards (RSA).....	96
VII. Issuance of new shares in connection with mergers or acquisitions of shares of other companies.....	96
VIII. Progress on the use of funds.....	96
Five. Operation Overview	100
I. Business content.....	100
II. Overview of the market, production and sales.....	120
III. The number of employees for the most recent 2 years, and during the current year as of the date of publication of the annual report, their average years of service, average age, and education distribution	130
IV. Information on environmental protection expenditure	130
V. Labor relations	130
VI. Cyber security management.....	132
VII. Important contracts.....	134
Six. Financial Overview	137

I.	Condensed Balance Sheets and Statements of Comprehensive Income for the Last Five Years.....	137
II.	Financial analysis for the last five years	141
III.	Audit Committee’s report on the financial statements for the most recent year.....	146
IV.	Financial statements for the most recent year	147
V.	Standalone financial statements for the most recent year audited and attested by CPAs	148
VI.	If the Company and its affiliates have experienced financial difficulties in the most recent year and up to the date of publication of the annual report, please specify the impact on the Company’s financial position.....	322

Seven. Review and Analysis of the Financial Position and Financial Performance and Risks 323

I.	Review and analysis of financial position.....	323
II.	Review and analysis of financial performance	324
III.	Review and Analysis of Cash Flow	325
IV.	The impact of significant capital expenditures on finance and operations in the most recent year	325
V.	Reinvestment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year	326
VI.	Risks.....	328
VII.	Other important matters	335

Eight. Special Matters 336

I.	Information on affiliates.....	336
II.	Private placement of securities in the most recent year and up to the date of publication of this annual report	342
III.	Holding or disposal of the Company’s shares by subsidiaries in the most recent year and up to the date of publication of this annual report	342
IV.	Other matters that require additional explanation.....	342
V.	Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company’s securities, which has occurred during the most recent year or during the current year up to the date of publication of the annual report	342

One. Report to Shareholders

Dear Shareholders,

As a professional energy service company, the Company actively develops clean energy to protect the global environment in line with global energy conservation and emission reduction policies. In order to accelerate the pace of growth, we will spare no effort in the development and construction of solar power and onshore wind power plants, while continuing to strengthen the engineering strength of the technical team. In addition, we will also carry out market research and development of hydropower, geothermal energy, natural gas and other energy sources; With the amendments to the Electricity Act and the Renewable Energy Act, the market for free trading of green electricity has been officially opened. Through the establishment of a renewable energy trading platform, the Company has developed a complete service segment for green electricity trading.

The Company's consolidated net operating revenue in 2023 was NT\$11,249,582 thousand, which was 161.55% higher than the consolidated net operating revenue in 2022 of NT\$4,301,192 thousand; and the net profit after tax in 2023 was NT\$623,578 thousand, which was 157.11% higher than the net profit after tax in 2022 of NT\$242,532 thousand; the earnings per share also increased from NT\$1.14 in 2022 to NT\$2.94 in 2023, an increase of 157.89%.

The Company will focus its strategic growth on fields such as "clean energy" and "energy saving and carbon reduction". In order to deploy the green energy and carbon reduction industry, the Company has formulated the operational strategy centered on "light, wind, water, gas, and large platforms". The Company is devoted to the development, turnkey engineering, and operation and maintenance of wind and solar power plants, to provide comprehensive "one-stop integrated services", while its subsidiary Foxwell Energy Corporation Ltd. focuses on the investment and operation of wind and solar power plants, and subsidiary Shinfox Natural Gas Co., Ltd. has obtained the import permit for liquefied natural gas (LNG), to improve air pollution and provide cleaner alternative fuels, and subsidiary Foxwell Power Company has obtained a sales license for renewable energy electricity, to provide green power trading services, promote smart energy-saving systems, build energy storage systems and other electricity services, and connect the e-commerce business to build a comprehensive energy service platform. We aim to become an ESG company recognized by our shareholders, vendors, and customers for our achievements in the three operational benchmarks of environmental sustainability, social responsibility, and corporate governance. ESG allows us contribute to helping the earth while increasing our competitiveness in the new energy industry.

As we look to the future, we must build a stable foundation to grow and create greater profits for our shareholders as we face a rapidly changing industry and business environment. Therefore, we must be prepared to face challenges and solve problems to ensure the company's revenue and profit growth. Finally, I would like to ask for the continued support and encouragement from all of you and I wish you all the best.

I. Business Results in 2023

(I) Implementation Results of Business Plans

Item	2023	2022	Growth rate
Operating revenue	11,249,582	4,301,192	161.55%
Operating costs	10,082,064	3,753,199	168.63%
Operating gross profit	1,167,518	547,993	113.05%
Operating expenses	496,251	295,606	67.88%
Other net gains and losses	118,111	0	-
Operating profit (loss)	789,378	252,387	212.76%
Non-operating income and expenses	(17,125)	56,749	(130.18%)
Net profit before tax	772,253	309,136	149.81%
Net profit (loss) for the period	623,578	242,532	157.11%
Net profit attributable to the Parent Company	636,385	225,212	182.57%

(II) Budget Implementation

The Company has not prepared its financial forecasts for 2023, therefore, it is not applicable.

(III) Financial Income and Expenditure

Item	2023	2022	Change ratio
Net cash inflow (outflow) from operating activities	(5,548,262)	(2,808,856)	97.53%
Net cash inflow (outflow) from investing activities	(276,744)	(5,543,261)	(95%)
Net cash inflow (outflow) from financing activities	7,924,117	8,899,905	(10.96%)

(IV) Profitability Analysis

Year		2023	2022
Return on assets (%)		2.77	1.86
Return on shareholders' equity (%)		5.45	2.89
As a percentage of paid-in capital (%)	Operating profit (loss)	36.52	11.68
	Net profit before tax	35.73	14.30
Net profit margin (%)		5.54	5.64
Basic earnings per share (NT\$) (Note)		2.94	1.14

Note: The above ratios are calculated based on the consolidated financial statements, and earnings per share is calculated based on the number of shares after retroactive adjustment.

(V) Research and Development

(A) Construction Business

The electromechanical system integration services of the Company involve many professional fields. It mainly integrates professional knowledge in various fields such as electricity, light current, instrument control, fire protection, water supply, drainage, air

conditioning and cooling, applies a variety of professional construction techniques, and combines various materials and main equipment, based on the industrial characteristics and design requirements of the owners, to create an electromechanical environment that meets the needs of the owners for its industry. The technology involved in the Company's business is mainly at the level of application of professional knowledge and construction technology, and the focus of research and development is to simplify the construction process and control costs. With the rapid growth of the Company's business and in response to the fiercely competitive environment, in order to improve the quality of construction and reduce costs, the Company continues to research and develop technology improvements by itself and introduce technologies, and takes active measures for automation, standardization, safety, and shortening of the construction period, i.e., reaching the goal of "completing the projects on schedule, as required, at an appropriate cost, and in a safe manner".

(B) Energy Services

The Company focuses on renewable energy engineering services, and its construction engineering technologies applied are mainly technologies or equipment that have been proven safe and cost-effective in the industry. Therefore, the engineering technologies are provided by the engineering equipment suppliers, and the Group does not have a dedicated research team or department for such technologies. In addition, the Company develops energy services, giving priority to energy conservation, energy storage, energy creation and green power trading, to build an ESG industry ecological pool, and to keep abreast of the latest energy technology development in the industry, such as hydrogen energy, nuclear fusion, etc. At the same time, the Company is planning to develop the latest types of energy and develop a feasible business model in response to the challenges brought about by energy transformation in the future.

II. Summary of the 2024 Business Plan

(I) Business Policy

The Company continues to invest in renewable energy power plants, including wind power, geothermal power, hydroelectric power, and biomass to develop a green energy circular economy and eco-chain. The Company also invests in energy saving services, energy storage services, electrical and mechanical engineering, and power plant maintenance and operation, and expands the green power free trading capacity for renewable energy trading platform, establishes liquefied natural gas supply and operation business, and will introduce containerized equipment as a demonstration station for mobile gas supply. In addition, the Company will develop ESG-related businesses to create an ecological chain for resource recycling and sustainable development in Taiwan, in order to provide customers with better, more efficient and comprehensive services, and to achieve the best operating performance and maximize profits for shareholders.

The Company has integrated its resources so that each segment can focus on its own business, while taking the flexibility and efficiency of independent operation and development into account, and enhancing the labor efficiency of the Company.

(II) Expected sales volume and the basis

The Company's main business includes engineering, power plant investment and energy services. As the growth trend of the renewable energy industry remains unchanged, and the Company actively acquires new customers and develops renewable energy, and all businesses are expected to show a stable growth trend.

(III) Important production and sales policies

The Company will improve its internal management capabilities to reduce costs, and continue to develop renewable energy projects, actively cultivate talents, strengthen

employee education and training, and make good use of the Group's business resources, to provide customers with the best services and technical resources and establish a good cooperative relationship with them, so as to seek win-win outcomes.

III. Future Development Strategies of the Company

The subsidiaries of the Company will strengthen and consolidate their respective expertise, share resources and fully collaborate with each other, integrate the resources from each company, take advantage of the customer integration and marketing, and vertically integrate the products from upstream and downstream, to expand the scope of business, increase economic efficiency, enhance the overall operational performance and competitiveness, and therefore provide more room for future growth between the subsidiaries. At the same time, we will be able to provide our customers with higher quality, more efficient and comprehensive services by achieving higher levels and providing new opportunities for the future development and sustainable operation in the renewable energy.

IV. Impacts from the External Competitive Environment, Regulatory Environment and Overall Business Environment

In response to rapid changes in the industry and operations, the Company will continue to improve its management and operational efficiency, and to respond to the Company's operational needs with more motivation and better services. In addition to constantly controlling the fixed costs, we also use the Company's related resources to develop and manufacture products and increase the competitiveness of product cost and time efficiency. We also develop forward-looking products by combining various technical guidelines to differentiate our products and enhance our competitiveness. Green energy is supported by current policies and laws, which will bring us a greater perspective in the future.

Two. Company Profile

I. Date of establishment: April 27, 2007

II. Company history:

Year	Month	Major Events
2007	April	Shinfox Energy Co., Ltd. (Formerly Shinfox Co., Ltd. and Longan Engineering Service Co., Ltd.) was established, mainly engaged in engineering services and equipment maintenance, with paid-in capital of NT\$2,000 thousand.
2009	August	Conducted a cash capital increase of NT\$8,000 thousand, with the cumulative paid-in capital of NT\$10,000 thousand.
2011	February	Conducted a cash capital increase of NT\$5,500 thousand, with the cumulative paid-in capital of NT\$15,500 thousand.
	April	Conducted a cash capital increase of NT\$34,500 thousand, with the cumulative paid-in capital of NT\$50,000 thousand.
	July	The Company's original name was Longan Engineering Service Co., Ltd., which was changed to Shinfox Co., Ltd.
2012	January	Launched a full range of professional energy services such as solar power plants and energy-saving service projects.
	February	The Company added an investment of CAD 500 thousand in Corvus Energy Ltd. (with 2.2% shareholding) and engaged in the production and sales of batteries) through World Wide Famous Corp. (a holding company established in Seychelles, with 100% shareholding).
2013	January	The Company's Board of Directors resolved to additionally invest NT\$2,000 thousand in Foxwell Energy Corporation Ltd., and the Company invested an additional NT\$70,000 thousand for the construction of a plant in October of the same year.
	August	Conducted a cash capital increase of NT\$133,660 thousand, with the cumulative paid-in capital of NT\$183,660 thousand.
	October	The Company won the tender for the contracting project of the overhead lines for sporadic transmission in the Pingtung Line Section in 2013 and 2014 of the Operation Office of Kaoping Power Supply Zone of Taiwan Power Co., Ltd.
2014	January	The Company won the tender for the project of the overhead line equipment for sporadic transmission in the Chiayi Line Section in 2014 of the Operation Office of Chianan Power Supply Zone of Taiwan Power Co., Ltd.
	February	The Board of Directors of the Company resolved to add a new investment of US\$2,400 thousand in Shinfox Energy International Inc. (engaged in the development of liquefied natural gas business and international oil trading) (actual capital investment of US\$1,200 thousand), and another investment of US\$350 thousand through World Wide Famous Corp. to set up Kunshan Shinfox Engineering Installation Co., Ltd. (with 100% shareholding and engaged in the sale of energy).
		The Company obtained the tender project for the water and electricity renovation of the "old school building and construction of an underground public parking lot" for the Bihua

Year	Month	Major Events
		Elementary School in Sanchong District, New Taipei City.
	March	The Board of Directors of the Company resolved to add a new investment of NT\$5,000 thousand in Kinmen Natural Gas Co., Ltd. (engaged in the business of natural gas trading, with 100% shareholding).
	April	The Company was awarded the tender for the replacement of Optical Fiber Composite Overhead Ground Wire (OPGW) for the Yuli-Dongcheng line and Dongcheng-Luye line by the East Taiwan power supply district operation office of Taipower.
	May	The Company obtained the tender project for the denitrification catalyst block for the Taichung Unit #8 and SCR at Taichung Power Plant of Taipower.
	June	The Company obtained the power management system project by Chang Gung University of Science and Technology.
2017	February	The Company sold the investee companies of World Wide Famous Corp. and Kunshan Shinfox Engineering Installation Co., Ltd.
	May	The Board of Directors of the Company resolved to invest US\$50 thousand in Kunshan Jiuwell Information Technology Co., Ltd. (Engaged in supply chain financial energy service management, etc., with 100% shareholding)
2019	May	The Board of Directors of the Company resolved to add a new investment of NT\$10,000 thousand in Foxwell Power Co., Ltd. (engaged in the business of renewable energy and certificate trading platform, with 100% shareholding).
	June	The Company changed the name of its investee company, Kinmen Natural Gas Co., Ltd., to Shinfox Natural Gas Co., Ltd.
	August	Shinfox Natural Gas Co., Ltd. obtained a letter of approval from the Ministry of Economic Affairs to import natural gas.
	October	The Board of Directors of the Company resolved to dissolve and liquidate Shinfox Energy International Inc. an investee company.
	December	In order to integrate Foxlink Group's resources, Cheng Uei Precision Industry Co., Ltd. exchanged shares with Foxwell Energy Corporation Ltd. (hereafter referred to as "Foxwell Energy"), an affiliate of the Company, in December 2019. In accordance with the terms and conditions of the share exchange agreement, one newly issued common share of the Company was exchanged for one ordinary share of Foxwell Energy. Originally, 57.17% of the Company's shares were held by Foxwell International Investment Co. (hereinafter referred to as "Foxwell International" for short). After the completion of the share exchange, Power Quotient International Co., Ltd. (hereafter referred to as "Power Quotient") and Foxwell Investment hold 76.56% and 13.40% of the Company's shares, respectively. The Company holds 100% of Foxwell Energy's shares.
		Foxwell Power Co., Ltd. obtained the electricity sales license.
2020	March	The Company acquired Foxwell Energy Corporation Ltd. with a share conversion of NT\$600,000 thousand, resulting in an accumulated paid-in capital of NT\$783,660 thousand.
	June	The Company changed its name from Shinfox Co., Ltd. to

Year	Month	Major Events
		Shinfox Energy Co., Ltd.
		Subsidiary Foxwell Energy Corporation Ltd. was awarded the contract for the second phase of Taipower's offshore wind farm project and the first five years of maintenance and operation.
		The Board of Directors of the Company resolved to add a new investment of NT\$45,000 thousand in Shinfox Electricity Inc., with a 100% stake.
	September	Conducted a cash capital increase of NT\$216,340 thousand, with the cumulative paid-in capital of NT\$1,000,000 thousand.
		The public offering of the Company's shares was declared to be effective through TPEx.
		The Board of Directors of Foxwell Energy Corporation Ltd., a subsidiary of the Company, resolved to dispose of 100% of the equity of the investees, Changyuan Wind Power Ltd. and Beiyuan Wind Power Ltd.
	November	On November 10, 2020, the extraordinary meeting of the Company's Board of Directors approved the appointment for the first "Remuneration Committee members". The members of the first remuneration committee are Ms. Shu-Fen Wang, Mr. Wen-Shuai Liu and Mr. Chong-Xiong Weng.
		On November 10, 2020, the extraordinary shareholders' meeting of the Company re-elected the directors (including the election of independent directors) and established the first Audit Committee, whose members are Ms. Shu-Fen Wang, Mr. Wen-Shuai Liu and Mr. Chong-Xiong Weng.
	December	The Company's Board of Directors resolved to invest NT\$150,000 thousand in green energy-related companies, holding 25% of the shares.
		The Company was approved by the TPEx to register its issued shares on the Emerging Market.
		The Company obtained the Qigu solar photovoltaic power generation system turnkey project and the solar energy equipment warranty, maintenance and repair contracts of Shinfox Electricity Inc.
		The Company obtained the wind power equipment warranty, maintenance and repair contracts for the wind power plant premises of Changyuan Wind Power Ltd. and Beiyuan Wind Power Ltd.
2021	January	The Board of Directors of the Company resolved to invest NT\$134,000 thousand in a company whose main business is related to dredging and waste treatment and cleanup (Junezhe Co., Ltd.).
	May	The Company increased its capital by NT\$2,580,000 thousand in cash, resulting in an accumulated paid-in capital of NT\$1,300,000 thousand.
	August	The Company's Board of Directors resolved to increase the capital of its subsidiary, Foxwell Energy Corporation Ltd., by NT\$2,161,000 thousand.

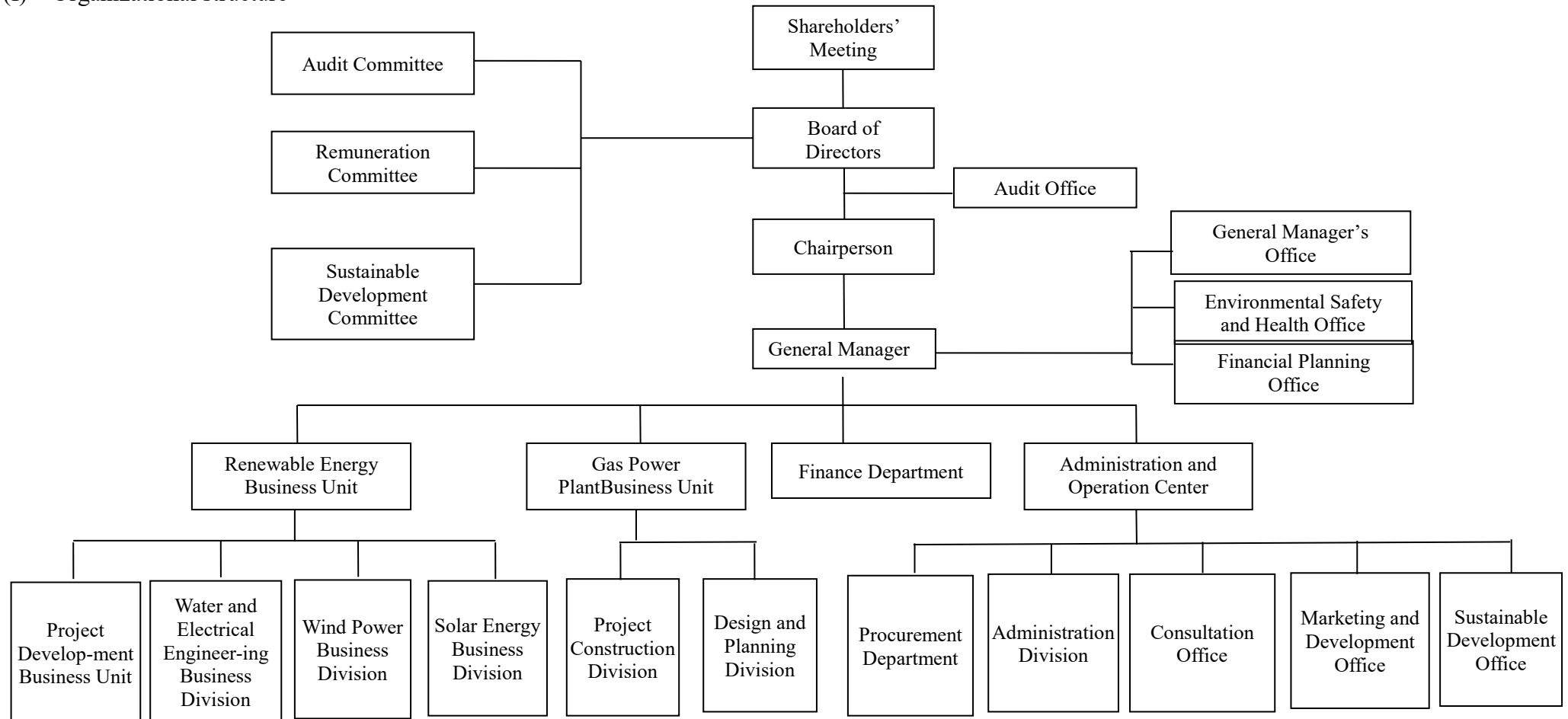
Year	Month	Major Events
		The Company's Board of Directors resolved to increase investment of NT\$180,000 thousand in Chung Chia Power Co. Ltd.
	November	On November 10, 2021, the Company's Board of Directors resolved to increase the capital of the subsidiary Foxwell Power Co., Ltd. by NT\$637,500 thousand.
		On November 10, 2021, the Company's Board of Directors approved the appointment for the first "Sustainable Development Committee members". The members of the first Sustainable Development Committee are Ms. Shu-Fen Wang, Mr. Wen-Shuai Liu, Mr. Chong-Xiong Weng, Mr. Zi-Jun Du and Mr. Hui-Sen Hu.
		The Company was officially listed on Taiwan Exchange on November 15, 2021.
2022	March	On March 7, 2022, the Board of Directors of the Company resolved to increase the capital of the Company's subsidiary, Jiuwell Power Co., Ltd., by NT\$500,000 thousand.
		On March 7, 2022, the Board of Directors of the Company resolved to increase the capital by NT\$4,200,000 thousand in cash, resulting in an accumulated paid-in capital of NT\$1,965,000 thousand.
	May	On May 4, 2022, the Board of Directors of the Company resolved to subscribe to the issuance of new shares for the cash capital increase of the Company's subsidiary, Foxwell Energy Corporation Ltd., by NT\$3 billion.
		On May 4, 2022, the Board of Directors resolved to appoint Mr. Kun-Huang Lin as the Corporate Governance Officer.
	November	The Company received the Platinum Award in Energy Industry Category 2 in the "2022 Taiwan Corporate Sustainability Awards"(TCSA)".
		On November 10, 2022, the Board of Directors of the Company resolved to increase the capital of the Company's subsidiary, Jiuwell Power Co., Ltd., by NT\$1.05 billion.
		On November 10, 2022, the Board of Directors of the Company resolved to invest and establish "Shinfox Far East Company Pte Ltd", a marine engineering company in Singapore, with a total investment of US\$32,000,000.
	December	On December 27, 2022, the Board of Directors of the Company resolved to increase the capital of the Company's subsidiary, Shinfox Natural Gas Co., Ltd., by NT\$240 million.
2023	February	On February 24, 2023, the Board of Directors of the Company resolved to increase the capital of the Company's subsidiary, Foxwell Energy Corporation Ltd., by NT\$1.2 billion.
		On February 24, 2023, the Board of Directors of the Company resolved to overseas convertible corporate bonds.
	April	On April 7, 2023, the Company's Board of Directors resolved to sign a contract on the turnkey project for the wind power plant and its maintenance and operation with the affiliate Changpin Wind Power Co., Ltd.

Year	Month	Major Events
	August	On August 8, 2023, the Company's Board of Directors resolved to issue the first domestic secured convertible corporate bonds.
		The Company cooperated with National Chin-Yi University of Technology to promote PLC intelligent automatic monitoring.
	September	On September 25, 2023, the Company's Board of Directors resolved to acquire the equity of Shinfox Far East Company Pte Ltd, an overseas reinvestee, resulting in the ownership of 67% of its equity in total.
		On September 25, 2023, the Company's Board of Directors resolved to invest in a renewable energy power plant in Vietnam.
	October	The Company was ranked among the top 6% - 20% of the 9th Corporate Governance Evaluation of Listed Companies.
	November	The Company won the Platinum Award in the Energy Category of the "2023 Taiwan Corporate Sustainability Awards (TCSA)"
		The Company signed a global strategic cooperation memorandum with Chugoku Power Company from Japan, joining hands with it to march into overseas clean energy project sites and launch a comprehensive strategic alliance featuring global strategic layout.
	December	On December 28, 2023, the Board of Directors of the Company resolved to increase the capital of the Company's subsidiary, Foxwell Energy Corporation Ltd., by NT\$1.2 billion.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure



(II) Businesses of major departments

Department	Main duties and responsibilities
Audit Office	Planning, execution and tracking of matters in relation to internal audit such as the internal control system and abnormal events; auditing of systems, regulations, and procedures.
General Manager's Office	Corporate business planning, business analysis, integrated planning of management systems, business performance management, investment analysis, and integration of corporate resources.
Environmental Safety and Health Office	Responsible for planning, management, execution, and supervision, as well as handling affairs in relation to labor safety and health.
Financial Planning Office	Planning of the financing channels for the funds for development projects and the return of overseas investments and other related matters.
Project Development Business Unit	Estimation of the budget of solar energy projects, site supervision and management, project evaluation and maintenance and operation, and other related matters.
Water and Electrical Engineering Business Division	Estimation of the budget of hydraulic, mechanical and electrical engineering projects, site supervision and management, project evaluation and maintenance and operation, and other related matters.
Wind Power Business Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of wind power generation.
Solar Energy Business Division	Construction budget estimation, construction site supervision and management, construction evaluation and maintenance of solar energy power generation.
Design and Planning Division	Construction site supervision and management, construction evaluation and maintenance of gas-fired power plants.
Project Construction Division	Construction budget estimation, development, design, and planning of gas-fired power plants.
Procurement Department	Various construction project contracting and equipment procurement.
Finance Department	1. Planning of capital sources and utilization, annual budgeting and stock affairs operations. 2. Bookkeeping, taxation, and financial reporting, etc.
Administration Division	1. Administration and general affairs of the Company. 2. Maintenance and management of information system. 3. Establishment of HR rules and regulations, employee evaluation, training, salary and benefits, and other related business.
Marketing and Development Office	Planning and evaluation of new business development, and other related matters.
Sustainable Development Office	Promote the Company's sustainability from environmental, social, and corporate governance aspects, to enhance its commitment to sustainable development, green energy and carbon reduction, and clean energy.
Consultation Office	Business consultancy, consulting, and other related services for the Group

II. Information on directors, general managers, deputy general managers, assistant general managers, and heads of departments and branches

(I) Information of directors

Number of shares on March 23, 2024 Unit: Shares

Title	Nationality or place of registration	Name	Gender/ Age	Date of election	Term of office	Date of initial election	Shareholding at the time of election		Current shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience/academic qualifications	Positions in the Company and other companies	Other officers, directors, or supervisors who are spouses or relatives within second degree kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Chairperson (Note 1)	R.O.C.	Power Quotient International Co., Ltd.	—	112.5.24	3 years	109.06.11	102,951,145	47.63%	102,951,145	46.62%	0	0%	0	0%	None	None	None	None	None	None
	R.O.C.	Representative: Tai-Ciang Guo	Male 61-70			100.04.08	0	0%	0	0%	0	0%	0	0%	Department of Law, Chung Hsing University General Manager, Hon Hai Precision Industry Co., Ltd.	(Note 5)	None	None	None	None
Director	R.O.C.	Power Quotient International Co., Ltd.	—	112.5.24	3 years	109.06.11	102,951,145	47.63%	102,951,145	46.62%	0	0%	0	0%	None	None	None	None	None	None
	R.O.C.	Representative: Kun-Huang Lin	Male 51-60			101.09.28	279,205	0.13%	279,205	0.13%	0	0%	0	0%	Department of Accounting, Fu Jen Catholic University Special Assistant of the Board of Directors' Office, Cheng Uei Precision Industry Co., Ltd.	(Note 5)	None	None	None	None
Director	R.O.C.	Hui-Sen Hu	Male 51-60	112.5.24	3 years	98.08.31	1,436,446	0.66%	1,436,446	0.65%	666	0%	0	0%	Master of Information Management, National Taiwan University General Manager and Director, Shinfox Energy Co., Ltd. Chairperson, Foxwell Energy Corporation Ltd. Managing Supervisor, Taiwan Electrical and Electronic Manufacturers' Association Chairperson, Energy Management Service Committee Managing director, Tsinghua University Taiwan Alumni Headquarters Director, Friends of the Police Association of the Republic of China Managing Director, Sino-Indonesia Cultural and Economic Association	(Note 5)	Assistant GM of Administration Division	Hui-Yun Hu (Note 4)	Brother	None
Director	R.O.C.	Zi-Jun Du (Note 2)	Male 61-70	112.5.24	3 years	109.11.10	0	0%	0	0%	0	0%	0	0%	PhD, Institute of Forestry, National Taiwan University Director, Department of Commerce, MOEA of the R.O.C. Director General, Industrial Development Bureau, MOEA of the R.O.C. Minister, MOEA of the R.O.C. Chairperson, National Development Council of the R.O.C. Member and Chief Executive Officer, Industrial Development and Investment Promotion Committee, Taoyuan City.	(Note 5)	None	None	None	None
Director	R.O.C.	Chia-jui Ou (Note 3)	Male 61-70	112.5.24	3 years	112.5.24	0	0%	0	0%	0	0%	0	0%	PhD, Graduate Institute of Transportation and Communications, National Chiao Tung University Chairperson, CPC Corporation, Taiwan	(Note 5)	None	None	None	None

Title	Nationality or place of registration	Name	Gender/ Age	Date of election	Term of office	Date of initial election	Shareholding at the time of election		Current shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience/academic qualifications	Positions in the Company and other companies	Other officers, directors, or supervisors who are spouses or relatives within second degree kinship			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
														Director-General, Energy Administration, Ministry of Economic Affairs Secretary General, Ministry of Economic Affairs Deputy Director-General, Industrial Development Bureau, Ministry of Economic Affairs Deputy Director-General, International Trade Administration, Ministry of Economic Affairs President, Da-Yeh University CEO, Sinotech Engineering Consultants Co., Ltd. Chairperson, Taiwan Wind Energy Association Chairperson, Industrial Technology Development Association of the Republic of China Chairperson, Sustainable & Circular Economy Development Association						
Independent Director	R.O.C.	Chong-Xiong Weng	Male 61-70	112.5.24	3 years	109.11.10	0	0%	0	0%	0	0%	0	0%	Doctor of Commerce, National Taiwan University Professor, Department of Information Management, National Taiwan University Associate Dean, School of Management, National Taiwan University Adjunct Professor, Department of Information Management, School of Management, National Taiwan University Director, eCloudvalley Digital Technology Co., Ltd. Independent director, Study King Co., Ltd. Independent Director, Hwacom Systems Inc.	(Note 5)	None	None	None	None
Independent Director	R.O.C.	Shu-Fen Wang	Female 51-60	112.5.24	3 years	109.11.10	0	0%	0	0%	0	0%	0	0%	Master of Accounting, National Taiwan University Adjunct Lecturer, Department of Accounting and Information, National Taipei University of Business Partner CPA, Yongsheng Certified Public Accountants Firm Independent Director, Techman Robot Inc. Independent Director, Foxwell Energy Corporation Ltd.	(Note 5)	None	None	None	None
Independent Director	R.O.C.	Wen-Shuai Liu	Male 51-60	112.5.24	3 years	109.11.10	0	0%	0	0%	0	0%	0	0%	Master of Accounting, National Taiwan University Co-founder, Moxa Networking Co., Ltd. Global operations committee member, Moxa Inc. General manager, Ai Lei Technology Co., Ltd. Chairperson, Yuanxiang Investment Consulting Co., Ltd. Chairperson, CircuPlus Ltd. Director, Rubasse Co., Ltd. Independent Director, Foxwell Energy Corporation Ltd.	(Note 5)	None	None	None	None

- Note: 1. The Company's Chairperson and General Manager are not the same person.
2. Director Zi-Jun Du resigned after the re-election at the shareholders' meeting on May 24, 2023. Therefore, the information about him disclosed in this table is the information during his term of office.
3. Chia-Jui Ou took office after the re-election at the shareholders' meeting on May 24, 2023. Therefore, the information about him disclosed in this table is the information during his term of office.
4. Hui-Yun Hu, Senior Assistant General Manager of Administration Department, resigned on January 1, 2024.

5. Positions in the Company and other companies:

Title	Name	Positions in the Company and other companies
Chairperson	Power Quotient International Co., Ltd. Representative: Tai-Ciang Guo	Chairperson: Deepwaters Digital Support Inc.; Du Precision Industry Co., Ltd.; Central Motion Picture Industry Corporation; Central Motion Picture Bade Corporation; Central Motion Picture Cultural City Corporation; Central Motion Picture Cultural and Creative Industries Corporation, Central Motion Picture International Corporation, Central Motion Picture Corporation, Cheng Uei Precision Industry Co., Ltd., FIT Holding Co., Ltd., Glory Science Co., Ltd., Power Quotient International Co., Ltd., Microlink Communications Inc., Foxlink International Investment Co., Ltd., Foxlink Image Co., Ltd., Studio A Inc, and Hsin Hung International Investment Co., Ltd. Directors: Central Motion Picture USA Corp, Luminys Systems Corp, WELL BENEFIT LTD, PILOT TIME LTD, and REMARKABLE FIRST LIMITED
Director	Power Quotient International Co., Ltd. Representative: Kun-Huang Lin	Special Assistant of the Board of Directors' Office: Cheng Uei Precision Industry Co., Ltd. Chairperson: Deepwaters Hyun-Shiu Creative Entertainment Co., Ltd.; Glory Tech (Suzhou) Co., Ltd.; Foxwell International Investment Co., Ltd.; Central Motion Picture Management Consultancy Co., Ltd.; Fresh Air Corporation; Yaowei Optoelectronics (Yancheng) Co., Ltd. Vice Chairperson: Fugang Electronics (Dongguan) Co., Ltd. Directors: ACCU-IMAGE TECHNOLOGY LIMITED, ASHOP CO., LTD., BENEFIT RIGHT LTD., CAPITAL GUARDIAN LIMITED, Fugang Industrial (BVI) Limited, CULINK INTERNATIONAL LTD., Dahua Technology USA Inc., FOXLINK DA NANG ELECTRONICS CO., LTD., FOXLINK INDIA ELECTRIC PRIVATE LIMITED, FOXLINK MYANMAR COMPANY LIMITED, FOXLINK TECHNICAL INDIA PRIVATE LIMITED, FOXLINK TECHNOLOGY LIMITED, GLORY OPTICS (BVT) CO., LTD., GLORY TEK (BVI) CO., LTD., GLORY TEK (SAMOA) CO., LTD., NEW START INDUSTRIES LTD., SHINFOX FAR EAST COMPANY PTE LTD., STUDIO A HONGKONG LIMITED, VALUE SUCCESS LIMITED, WORLD CIRCUIT TECHNOLOGY (HONG KONG) LIMITED, SINOBEST BROTHERS LIMITED, Guangyao Optics (Yancheng) Co., Ltd., Central Motion Picture Cultural and Creative Industries Corporation, Central Motion Picture Corporation, Central Motion Picture International Corporation, Kunshan Foxlink Electronics Co., Ltd., Suzhou Kenarui Automobile Technology Co., Ltd., Microlink Communications Inc., Dachih Technology Co., Ltd., Fu Shih Hsiang R&D Center (Kunshan) Co., Ltd., FIT Holding Co., Ltd., SHIH FONG POWER CO., LTD., Yancheng Yaowei Technology Co., Ltd., GLORYTEK SCIENCE INDIA PRIVATE LIMITED, Well Shin Technology Co., Ltd., Tai Fu International Investment Co., Ltd., Fu Lian International Investment Co., Ltd., Fu Lin International Investment Co., Ltd., Taiwan Fu-Lin Investment Co., Ltd., Straight A Technology Co., Ltd., Jing-jing Technology Co., Ltd., Studio A Technology Co., Ltd., VA Product Inc., Shanghai Fugang Electronic Trading Co., Ltd., Shinfox Natural Gas Co., Ltd., Foxwell Energy Corporation Ltd., Foxwell Power Co., Ltd., Changpin Wind Power Ltd., Eastern Rainbow Green Energy Environmental Technology Co., Ltd., Sharetronic Data Technology Co., Ltd., Fugang Electronics (Nanchang) Co., Ltd., Deepwaters Digital Support Inc., POWER CHANNEL LIMITED, and Trinity Investment Corporation Supervisor: Fugang Electronics (Xuzhou) Co., Ltd., CYNIC DESIGN CO., LTD. Director/General Manager: Fushineng Electronics (Kunshan) Co., Ltd. Legal Representative: Kunshan Fugang Investment Co., Ltd., Fushilin Industry (Tianjin) Co., Ltd., Fushiwan Electric Energy (Tianjin) Co., Ltd., Dongguan Fuwei Electronics Co., Ltd., Weihai Fukang Electronics Co., Ltd., Dongguan Fuzhang Precision Industry Co., Ltd., and Dongguan Hanyang Computer Co., Ltd. Legal Representative/Director: Fugang Electronics (Kunshan) Co., Ltd., Fuqiang Electronics (Yancheng) Co., Ltd., Kunshan Fugang Electronics Trading Co., Ltd., and Fugang Electronics (Yancheng) Co., Ltd. Legal Representative/General Manager: Dongguan Fuqiang Electronics Co., Ltd. Legal Representative/Director/General Manager: Fuqiang Electronics (Ma'an Shan) Co., Ltd. and Fugang Electronics (Ma'an Shan) Co., Ltd.
Director	Hui-Sen Hu	General Manager: Shinfox Energy Co., Ltd. and FIT Holding Co., Ltd. Chairperson: Foxwell Energy Corporation Ltd.; Foxwell Power Co., Ltd.; Shinfox Natural Gas Co., Ltd.; Jiuwell Power Co., Ltd.; Changpin Wind Power Ltd.; Yuanshan Forest Natural Resource Co., Ltd., Elegant Energy Tech Co., Ltd., Guanwei Power Co., Ltd., Xinwei Power Co., Ltd., Chunwei Power Co., Ltd., Shih Fong Power Co., Ltd., and SHIINOX FAR EAST COMPANY PET LTD Director: SFI Electronics Technology Inc., FIT Holding Co., Ltd., Unicon Optics Co., Ltd., and APEX Wind Power Equipment Manufacturing Co., Ltd. Legal Representative: Kunshan Jiuwell Information Technology Co., Ltd. Independent Director: EBM Technologies Incorporated and Gudeng Precision Industrial Co., Ltd.
Director	Zi-Jun Du	Independent Director: USI Corporation, China Development Financial Holding Corporation and CDIB Capital Group, and Macronix International Co., Ltd. Member and CEO: Industrial Development and Investment Promotion Committee, Taoyuan City.
Director	Chia-jui Ou	Independent Director: Chang Wah Technology Co., Ltd.
Independent Director	Chong-Xiong Weng	Director: eCloudvalley Digital Technology Co., Ltd. Independent Director: HwaCom Systems Inc.
Independent Director	Shu-Fen Wang	Independent Director: Foxwell Energy Corporation Ltd., and Techman Robot Inc.
Independent Director	Wen-Shuai Liu	Chairperson: Yuanxiang Investment Consulting Co., Ltd. Director: Rubasse Co., Ltd. Independent Director: Foxwell Energy Corporation Ltd.

Major shareholders of corporate shareholders

March 23, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding percentage
Power Quotient International Co., Ltd.	FIT Holding Co., Ltd.	100%
Foxwell International Investment Co., Ltd.	Cheng Uei Precision Industry Co., Ltd	100%

The major shareholders of corporate shareholders who are corporations

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding percentage
FIT Holding Co., Ltd.	Fushilin International Investment Co., Ltd.	24%
	Zhide International Investment Co., Ltd.	9%
	Foxwell International Investment Co., Ltd.	6%
	Hsin Hung International Investment Co., Ltd.	2%
	Fulian International Investment Co., Ltd.	2%
	Chao Sung Investment Co., Ltd.	2%
	Yi-Ching Chuang	1%
	Foxlink Taiwan Industry Co., Ltd.	1%
	HSBC (Taiwan) Commercial Bank Co., Ltd.	1%
	Zhengfa International Investment Co., Ltd.	1%
	Hsin Hung International Investment Co., Ltd.	19.62%
	Foxlink Image Technology Co., Ltd.	9.66%
Cheng Uei Precision Industry Co., Ltd	Central Motion Picture Corp.	6.36%
	Citi custodian investment account of the Central Bank of Norway	1.42%
	Tai-Ciang Guo	1.17%
	Chase custodian PGIA Starlight Total International Equity Index	1.09%
	Chase custodian investment account of Vanguard Group Emerging Markets Fund	1.06%
	Standard Chartered Bank custodian Standard Chartered Hong Kong - with JPMorgan Chase & Co. as the external manager	0.82%
	Standard Chartered custodian investment account of iShares Emerging Market ETF	0.80%
	JPMorgan Chase custodian investment account of J.P. Morgan Asset Management Co., Ltd.	0.66%

Note: This is the information on March 29, 2024, the date of stock transfer suspension of FIT Holding Co., Ltd. and April 1, 2024, the date of stock transfer suspension of Cheng Uei Precision Industry Co., Ltd.

(II) Directors' professional knowledge and independence

March 23, 2024

I. Disclosure of directors' professional qualifications and independence of independent directors:

Conditions Name	Professional qualifications	Experience	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Chairperson Tai-Ciang Guo (Note 1)	Work experience in commerce, law, finance, accounting, or corporate operations	Mr. Tai-Ciang Guo has obtained a degree in Law from National Chung Hsing University. He once served as the General Manager of Hon Hai Precision Industry Co., Ltd., and is currently the Chairperson of several companies including Cheng Uei Precision Industry Co., Ltd. and Shinfox Energy Co., Ltd.	No spouse or relative within the second degree kinship of Mr. Guo serves as a Director of the Company, which complies with the provisions of Article 26-3 of the Securities and Exchange Act.	0
Director Kun-Huang Lin (Note 1)	Work experience in commerce, law, finance, accounting, or corporate operations	Mr. Kun-Huang Lin has a degree from the Department of Accounting, Fu Jen Catholic University. He currently serves as the special assistant of chairperson's office, Cheng Uei Precision Industry Co., Ltd., the director of Foxwell Energy Corporation Ltd., Shinfox Energy Co., Ltd., and the director or general manager of several other companies.	No spouse or relative within the second degree kinship of Mr. Guo serves as a Director of the Company, which complies with the provisions of Article 26-3 of the Securities and Exchange Act.	0
Director Hui-Sen Hu	Work experience in commerce, law, finance, accounting, or corporate operations	Mr. Hui-Sen Hu has a Master's Degree in Information Management, National Taiwan University. He currently serves as the general manager and director of Shinfox Energy Co., Ltd. and Chairperson of Foxwell Energy Corporation Ltd. He serves concurrently as the independent director of EBM Technologies Incorporated and Gudeng Precision Industrial Co., Ltd. He also served as the managing supervisor and Chairperson of the Energy Management Service Committee of Taiwan Electrical and Electronic Manufacturers' Association, managing director of Tsinghua University Taiwan Alumni Headquarters, director of the Friends of the Police Association of the Republic of China, and managing director of the Sino-Indonesia Cultural and Economic Association.	No spouse or relative within the second degree kinship of Mr. Guo serves as a Director of the Company, which complies with the provisions of Article 26-3 of the Securities and Exchange Act.	2

Conditions Name	Professional qualifications	Experience	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Director Chia-jui Ou	Work experience in commerce, law, finance, accounting, or corporate operations	Mr. Chia-Jui Ou has obtained a doctorate in engineering from the Graduate Institute of Transportation and Communications of National Chiao Tung University. He serves as the Chairperson of CPC Corporation, Taiwan, Director-General of the Energy Administration of the Ministry of Economic Affairs, Secretary General of the Ministry of Economic Affairs, Deputy Director-General of the Industrial Development Administration of the Ministry of Economic Affairs, President of Dayeh University, CEO of Sinotech Engineering Consultants Co., Ltd., and Chairperson of Taiwan Wind Energy Association. He now concurrently serves as the Independent Director of Chang Wah Technology Co., Ltd.	No spouse or relative within the second degree kinship of Mr. Guo serves as a Director of the Company, which complies with the provisions of Article 26-3 of the Securities and Exchange Act.	1
Independent Director Chong-Xiong Weng	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	Mr. Chong-Xiong Weng has obtained a doctorate in commerce from National Taiwan University. In addition, he has been a professor at the Department of Asset Management of National Taiwan University for more than 20 years, and is currently an adjunct professor at the Department of Information Management of the College of Management of National Taiwan University. He also serves as the Director of eCloudvalley Digital Technology Co., Ltd. and Independent Director of HwaCom Systems Inc.	There are no instances where a spouse or a relative within the second degree of kinship serves as a director of the Company, or instances where an individual or spouse holds securities issued by the Company in the name of a third party, provided the Company with audit services or commercial, legal, financial, accounting or related services and received related compensation, which meets the requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1

Conditions Name	Professional qualifications	Experience	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director Shu-Fen Wang	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Work experience in commerce, law, finance, accounting, or corporate operations	Ms. Shu-Fen Wang has a Master's degree from the Department of Accounting, National Taiwan University. She has served as a Partner CPA of Yongsheng Certified Public Accountants Firm for more than 20 years. She also served as an Adjunct Lecturer of the Department of Accounting and Information, National Taipei University of Business, and serves concurrently as an Independent Director of Techman Robot Inc. and Foxwell Energy Corporation Ltd.	There are no instances where a spouse or a relative within the second degree of kinship serves as a director of the Company, or instances where an individual or spouse holds securities issued by the Company in the name of a third party, provided the Company with audit services or commercial, legal, financial, accounting or related services and received related compensation, which meets the requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Independent Director Wen-Shuai Liu	Work experience in commerce, law, finance, accounting, or corporate operations	Mr. Wen-Shuai Liu has a Master's degree from the Department of Accounting, National Taiwan University. He was a co-founder of Moxa Networking Co., Ltd., global operations committee member of Moxa Inc., Chairperson of Chairperson, CircuPlus Ltd., and General Manager of Ai Lei Technology Co., Ltd. He is concurrently the Chairperson of Yuanxiang Investment Consulting Co., Ltd., director of Rubasse Co. Ltd., and Independent Director of Foxwell Energy Corporation Ltd.	There are no instances where a spouse or a relative within the second degree of kinship serves as a director of the Company, or instances where an individual or spouse holds securities issued by the Company in the name of a third party, provided the Company with audit services or commercial, legal, financial, accounting or related services and received related compensation, which meets the requirements in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0

Note 1: Legal representative of Power Quotient International Co., Ltd.

Note 2: The above Directors and Independent Directors are not involved in any of the circumstances described in Article 30 of the Company Act.

II. Diversity and Independence of the Board of Directors

(I) Diversity of Directors:

The Company's "Corporate Governance Best Practice Principles" stipulate that the Board of Directors should be composed by considering diversity and an appropriate diversity policy should be formulated with respect to the Company's own operations, business model and development needs, with two major aspects including diversity in basic criteria as well as professional knowledge and skills.

Management Objectives of the Diversity Policy for Directors and Achievements after Reaching such Objectives:

- (1) Diversity in basic criteria: The composition of the Board of Directors shall be diverse in gender and age, and the membership shall include different genders, reduce the difference in gender ratio, and include at least one female; there are 7 directors on the current Board of Directors, including 1 female director, accounting for 14%; due to the Company's industrial attributes, there are fewer female members in the field of energy services. In the future, we will continue to reduce the difference in gender ratio in the Board of Directors and aim to add one more female director. As for the age diversity of the Board of Directors, there are 4 Board members aged 50 to 60 and 3 Board members aged 60 or above in the current term.
- (2) Diversity of professional knowledge and skills: The Board of Directors should include directors with different expertise, and the relevant diversity items are listed in the table below

Name of director	Diversified Items	Gender	Age	Term of Office of Independent Director		Experience				Professional capabilities		
				Less than 3 years	More than 3 years	Operation and management	Financial accounting	Industry experience	Professional knowledge	Financial accounting	Leadership and decision-making ability	Operation and management
Representative of Power Quotient International Co., Ltd.: Tai-Ciang Kuo		Male	61-70			V		V			V	V
Representative of Power Quotient International Co., Ltd.: Kun-Huang Lin		Male	51-60			V	V	V		V	V	V
Hui-Sen Hu		Male	51-60			V		V	V		V	V
Chia-jui Ou		Male	61-70			V		V	V		V	V
Chong-Xiong Weng		Male	61-70	V					V			V
Wen-Shuai Liu		Male	51-60	V		V		V			V	V
Shu-Fen Wang		Female	51-60	V			V		V	V		

(II) Independence of the Board of Directors:

- (1) Board structure: The Company has established a system for the election of directors, and the procedures for the election of all directors are open and fair, in compliance with the Company's "Articles of Incorporation", the "Regulations Governing the Election of Directors" and the "Corporate Governance Best Practice Principles", and in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and "Article 14-2 of the Securities and Exchange Act". The current composition of the Board of Directors are 3 independent directors (42.9%) and 4 non-independent directors (57.1%), of which 1 director with

managerial officer status, which is less than one-third of the total number of directors, and none of the directors are related to each other as spouses or relatives within the second degree of kinship. Therefore, there are no circumstances as provided in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

- (2) The Board of Directors is independent: The Board of Directors directs the Company's strategy, supervises the management, and is responsible to the Company and its shareholders. The Board of Directors exercises its authority in accordance with the laws and regulations, the Company's Articles of Incorporation, or the resolutions of the shareholders' meetings in all operations and arrangements of the corporate governance system. The Board of Directors emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their duties and responsibilities independently. The three independent directors, in accordance with relevant laws and regulations, together with the authority of the Audit Committee, examine the control of the Company's existing or potential risks, in order to ensure the effective implementation of the Company's internal controls, the selection (dismissal) and independence of the attesting CPAs, and proper preparation of the financial statements. In addition, in accordance with the Company's "Regulations Governing the Election of Directors", a cumulative voting system and a candidate nomination system are adopted for the election of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold more than a certain number of shares may propose a list of candidates, and the examination of the qualifications of such candidates and the confirmation of whether there is any violation of the provisions listed in Article 30 of the Company Act are conducted and announced in accordance with the law to protect the shareholders' rights and interests so as to avoid unilateralism of the nomination right or excessive list, and to maintain independence.

(2) General managers, deputy general managers, assistant general managers, and heads of departments and branches

March 23, 2024 Unit: Shares

Title	Nationality	Name	Gender	Date elected	Shareholding percentage		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience/academic qualifications	Concurrent positions in other companies now	Managerial officers as spouses or relatives with second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
General Manager (Note 1)	R.O.C.	Hui-Sen Hu	Male	101.12.24	1,436,446	0.65%	666	0%	0	0%	Master of Information Management, National Taiwan University General Manager and Director, Shinfox Energy Co., Ltd. Chairperson, Foxwell Energy Corporation Ltd. Managing Supervisor, Taiwan Electrical and Electronic Manufacturers' Association Chairperson, Energy Management Service Committee Managing director, Tsinghua University Taiwan Alumni Headquarters Director, Friends of the Police Association of the Republic of China Managing Director, Sino-Indonesia Cultural and Economic Association	General Manager of Shinfox Energy Co., Ltd. and FIT Holding Co., Ltd. Chairperson, Foxwell Energy, Foxwell Power, Shinfox Natural Gas, Jiuwell Power, Changpin Wind Power, Yuanshan Forest, Elegant Energy, Guanwei Power, Xinwei Power, Chunwei Power, Shih Fong Power, and SHINOX FAR EAST COMPANY PET LTD Director, SFI Electronics Technology Inc., FIT Holding Co., Ltd., Unicon Optics Co., Ltd., and APEX Wind Power Equipment Manufacturing Co., Ltd. Legal Representative, Kunshan Jiuwell Information Technology Co., Ltd. Independent Director, EBM Technologies Incorporated and Gudeng Precision Industrial Co., Ltd.	Assistant GM of Administration Division	Hui-Yun Hu (Note 4)	Brother	None
Deputy General Manager	R.O.C.	Ming-Hong Wu	Male	110.11.10	2,200	0%	0	0%	0	0%	Graduate Institute of the Marine Resources Engineering, Chinese Culture University Taiwan Power Company Director-General, Power Development Division Vice Director, General Research Institute Research Fellow, Nuclear and Thermal Power Engineering Division Chief Engineer, Engineering System of Taipower Consultant, Taiwan Electrical and Mechanical Engineering Services Inc.	None	None	None	None	None
Deputy General Manager (Note 2)	R.O.C.	Mei-Zhi Tsai	Female	109.09.01	143,555	0.07%	0	0%	0	0%	Department of the Accounting, Chinese Culture University Graduate Institute, Accounting of Soochow University Auditor, KPMG Taiwan Chief Auditor, Hsin Yi Fibers Co., Ltd. Audit Team Leader, Ernst & Young Global Limited Senior Accounting Professional, Mao Bao Inc. Finance Manager, SFI Electronics	Director, Shinfox Natural Gas Co., Ltd., Guanwei Power Co., Ltd., and SHINOX FAR EAST COMPANY PET LTD Supervisor, Changpin Wind Power	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shareholding percentage		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience/academic qualifications	Concurrent positions in other companies now	Managerial officers as spouses or relatives with second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
											Technology Inc. Deputy General Manager and Chief Finance and Accounting Officer, Shinfox Energy Co., Ltd.					
Chief Finance and Accounting Officer (Note 3)	R.O.C.	Hsin-Mei Li	Female	113.01.01	21,027	0.01%	0	0%	0	0%	Department of Accounting, Soochow University Assistant Accounting Manager, Tsai Yang Co., Ltd. Deputy Accounting Director, Ling Jiou Mountain Buddhist Society Accountant, Moxa Inc.	Director, SHIINOX FAR EAST COMPANY PET LTD	None	None	None	None
Assistant GM of Administration Division (Note 4)	R.O.C.	Hui-Yun Hu	Male	102.03.01	52,163	0.02%	0	0%	0	0%	Department of Communication Electronics, R.O.C. Naval Academy Joint Forces Staff College, National Defense University Department of Law, Shih Hsin University Administrative Supervisor, Delin Institute of Technology Assistant, Management Department, Shinfox Energy Co., Ltd.	General Manager, Yuanshan Forest	General Manager	Hui-Sen Hu	Brother	None
Deputy General Manager	R.O.C.	Cheng-Che Hsieh	Male	111.12.01	101,000	0.05%	0	0%	0	0%	Master of the Graduate Institute of Urban Planning, National Cheng Kung University General Manager, Ta Tung Construction Co., Ltd. Executive Deputy General Manager, Vietnam Phuc Xing Land Development Co., Ltd. Special Assistant to General Manager, KeeTai Development Co., Ltd. General Manager, Vietnam Kao Bang Construction Co., Ltd. Executive Deputy General Manager, Shinfox Energy Deputy General Manager of the Renewable Energy Business Team, Shinfox Energy	None	None	None	None	None

Note 1: The Company's Chairperson and General Manager are not the same person.

Note 2: Ms. Mei-Chih Tsai, Chief Finance and Accounting Officer, was dismissed on January 1, 2024.

Note 3: Ms. Hsin-Mei Li, Chief Finance and Accounting Officer, took office on January 1, 2024.

Note 4: Mr. Hui-Yun Hu, Senior Assistant GM of Administration Department, was dismissed on January 1, 2024.

III. Remuneration paid to directors, supervisors, general managers and deputy general managers for the most recent year

1. Remuneration paid to directors, general managers and deputy general managers for 2023

(1) Remuneration for regular directors and independent directors

December 31, 2023 Unit: Thousands of NT\$

Title	Name	Remuneration of Directors								The sum of A, B, C, and D and as a percentage of net profit after tax		Remuneration of Directors concurrently serving as an employee								The sum of A, B, C, D, E, F and G and as a percentage of net profit after tax		Remuneration received from reinvested businesses other than subsidiaries or the Parent Company
		Compensation (A)		Severance pay and pension (B)		Remuneration of Directors (C)		Business execution expenses (D)				Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Remuneration of employees (G)						
		From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy		All companies included in the financial statements		From Shinfox Energy	All companies included in the financial statements	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Director	Power Quotient International Co., Ltd.	0	0	0	0	3,280	3,955	320	380	3,600 0.57%	4,335 0.68%	4,778	4,778	108	108	9,330	0	9,330	0	17,816 2.80%	18,551 2.92%	36,007
	Legal Representative: Tai-Ciang Kuo																					
	Legal Representative: Kun-Huang Lin																					
	Hui-Sen Hu																					
	Zi-Jun Du (Note 1)																					
Independent Director	Chong-Xiong Weng	0	0	0	0	2,780	3,260	220	340	3,000 0.47%	3,600 0.57%	0	0	0	0	0	0	0	0	3,000 0.47%	3,600 0.57%	0
	Shu-Fen Wang																					
	Wen-Shuai Liu																					
1. The policy, system, standards and structure of the independent directors’ remuneration, and the linkage to the amount of remuneration according to the responsibilities, risks, and time commitment of the independent director: The remuneration to the independent directors of the Company consists of compensation, transportation fees and directors’ remuneration allocated in accordance with the Company’s Articles of Incorporation. The Company may pay a fixed amount of compensation to the independent directors for the performance of their duties regardless of the Company’s profit or loss, as determined by considering the general pay level in industry. If the Company has a surplus, the remuneration to directors shall be allocated in accordance with the Company’s Articles of Incorporation. 2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services rendered to all consolidated entities (e.g., as non-employee consultants of <u>parent company/any entities in the financial statements/investees, etc.</u>) in the most recent year: None.																						

Note 1: Director Zi-Jun Du was dismissed after the re-election at the shareholders' meeting on May 24, 2023.

Note 2: Director Chia-Jui Ou took office after the re-election at the shareholders' meeting on May 24, 2023.

Remuneration range table

Remuneration range paid to each director of the Company	Name of director			
	Total of the first four remuneration items (A+B+C+D)		Total of the first seven remuneration items (A+B+C+D+E+F+G)	
	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	Parent company and all investees
Less than NT\$1,000,000	Tai-Ciang Kuo, Kun-Huang Lin, Hui-Sen Hu, Chia-Jui Ou, and Zi-Jun Du	Tai-Ciang Kuo, Kun-Huang Lin, Hui-Sen Hu, Chia-Jui Ou, Zi-Jun Du, and Chong-Xiong Weng	Tai-Chiang Kuo, Kun-Huang Lin, Chia-Jui Ou, and Zi-Jun Du	Chia-Jui Ou, Zi-Jun Du,
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Chong-Xiong Weng, Shu-Fen Wang, and Wen-Shuai Liu	Shu-Fen Wang, and Wen-Shuai Liu	Chong-Xiong Weng, Shu-Fen Wang, and Wen-Shuai Liu	Chong-Xiong Weng, Shu-Fen Wang, and Wen-Shuai Liu
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Power Quotient International Co., Ltd.		Power Quotient International Co., Ltd.	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	Power Quotient International Co., Ltd.	-	Power Quotient International Co., Ltd.
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-	-	Kun-Huang Lin
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	Hui-Sen Hu	Hui-Sen Hu
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-		Tai-Ciang Guo
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
\$100,000,000 or more	-	-	-	-
Total	9 people in total	9 people in total	9 people in total	9 people in total

(2) Remuneration for general managers and deputy general managers

December 31, 2023 Unit: Thousands of NT\$

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses, allowances, etc. (C)		Remuneration of employees (D)				The sum of A, B, C, and D and as a percentage of net profit after tax (%)		Remuneration received from reinvested businesses other than subsidiaries or the Parent Company E
		From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy		All companies included in the financial statements		From Shinfox Energy	All companies included in the financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Hui-Sen Hu	8,573	8,573	413	413	3,828	3,828	14,199	0	14,199	0	4.24%	4.24%	612
Deputy General Manager	Ming-Hong Wu													
Deputy General Manager	Mei-Zhi Tsai													
Deputy General Manager	Cheng-Che Hsieh													

Remuneration range table

Remuneration range for each general manager and deputy general manager of the Company	Name of general managers and deputy general managers	
	Total of the first four remuneration items (A+B+C+D)	Total of the first five remuneration items (A+B+C+D+E)
	From Shinfox Energy	Parent company and all investees
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Mei-Zhi Tsai, Ming-Hong Wu, and Cheng-Che Hsieh	Mei-Zhi Tsai, Ming-Hong Wu, and Cheng-Che Hsieh
NT\$3,500,000 (inclusive) to \$5,000,000 (exclusive)	Hui-Sen Hu	Hui-Sen Hu
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	—	—
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	—	—
NT\$100,000,000 or more	—	—
Total	4 people in total	4 people in total

- (3) Remuneration for the top five highest paid officers of TWSE/TPEX listed companies: Not applicable.
- (4) Name of the managerial officer who receives employees' remuneration and the distribution status

December 31, 2023 Unit: Thousands of NT\$

	Title	Name	Amount in stock	Amount in cash	Total	The sum as a percentage of net profit after tax (%)
Managers	General Manager	Hui-Sen Hu	0	14,199	14,199	2.28%
	Deputy General Manager	Mei-Zhi Tsai				
	Deputy General Manager	Ming-Hong Wu				
	Deputy General Manager	Cheng-Che Hsieh				
	Senior Assistant General Manager	Hui-Yun Hu				

Note: The Board of Directors approved the proposed employee compensation of NT\$39,630 thousand for 2023. As of the date of publication of the annual report, the details for the distribution of employee compensation have not yet been determined, so the proposed amount is based on the actual amount paid in the previous year.

2. Analysis and explanation of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all entities in the consolidated financial statements as a percentage of the net profit after tax of standalone or individual financial statements, and explanation of the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks:
- (1) Total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company as a percentage of the net profit after tax

Item Title	Remuneration as a percentage of net profit after tax				Increase or decrease ratio	
	2023		2022			
	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements	From Shinfox Energy	All companies included in the financial statements
Director	1.04%	1.25%	1.68%	1.94%	(38.10%)	(35.57%)
General Manager and Deputy General Managers	4.24%	4.24%	7.27%	7.27%	(41.68%)	(41.68%)

- (2) Policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.
- (I) Policies, standards and packages for the payment of remuneration:
1. In accordance with the Company's Articles of Incorporation, the remuneration of the directors shall be determined by the Board of Directors with reference to the industry standard, based on the degree of participation and the value of contribution of each director; in addition, if the Company makes a profit in the year, no more than 3% shall be paid to the directors as remuneration in accordance with the Company's Articles of Incorporation. The Company periodically evaluates the remuneration of directors in accordance with the "Board of Directors' Performance Evaluation Measures", and the related performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors.
 2. The remuneration of the Company's managerial officers is determined by the Salary Management Measures, which provide for various allowances and bonuses to show consideration and reward the employees' efforts in their work, and the bonuses are also based on the Company's annual operating performance, financial position, operating status and individual performance. In addition, if the Company makes any profit in the year, no less than 6% of the profit shall be appropriated for employee compensation in accordance with the Company's Articles of Incorporation. The items included in performance evaluation for determining a manager's bonuses include (I) Financial indicators: based on the KPIs set by the Company and the rate of reaching the KPIs of each department; (II) Non-financial indicators: with considerations of three major aspects: the manager's leadership, communication skills, and sustainable development capabilities (including implementation of net-zero carbon emissions, participation in social welfare activities and other sustainability-related activities). The remuneration for the manager's operating performance is based on the weights of the above items, and the remuneration system is reviewed from time to time depending on the actual operating conditions and relevant laws and regulations.
 3. The remuneration package of the Company is determined in accordance with the Remuneration Committee Charter, including cash compensation, bonus shares and various allowances. Its scope is consistent with that of the Regulations Governing Information to be Published in Annual Reports of Public Companies regarding directors' and managerial officers' remuneration.
- (II) Procedures for determining remuneration:
1. The regular evaluation on the remuneration of Directors and Managers shall be based on the results of evaluations conducted in accordance with the Company's Regulations Governing the Evaluation of the Board of Directors' Performance and applicable performance management regulations for Managers and employees, respectively. In addition, the remuneration of the Chairman and General Manager shall be determined with reference to the performance indicators set by the Company and submitted to the Board of Directors for approval. The performance indicators of the Chairman shall be based on operating performance and corporate governance. While the performance indicators of the General Manager, Deputy General Manager, Assistant General Manager, and personnel with higher positions shall be based on the implementation of annual operating plan, and rate of reaching KPIs of each department. The sustainable development indicators are the basis to calculate bonus points, i.e., those who achieve the goal of net-zero carbon emissions set for each year will be given extra points, which will be added to the total KPI score, and will receive the bonus determined according to their ranking based on the scores.
 2. The performance evaluation and the reasonableness of the remuneration of the

directors and managerial officers of the Company are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors every year, with reference to the individual's performance achievement rate and contribution to the Company, as well as the overall operating performance of the Company, and the remuneration system is reviewed from time to time in accordance with the actual operating conditions and the relevant laws and regulations to provide reasonable remuneration. The actual amount of remuneration for directors and managerial officers for 2023 is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(III) Correlation to operating performances and future risks:

1. The Company's remuneration policies, payment standards and system are reviewed primarily based on the Company's overall operating conditions, and the payment standards are approved based on the achievement of performance and contribution, in order to enhance the effectiveness of the Board of Directors and all the departments as a whole. In addition, we make reference to the compensation standards of the industry to ensure that the compensation of the Company's management is competitive with the industry, so as to retain outstanding management personnel.
2. The performance targets of the Company's managerial officers are integrated with "risk management" to ensure that possible risks within the scope of duties and responsibilities are managed and prevented, and the results of the actual performance evaluation are linked to the relevant human resources and related salary and compensation policies. The Company's management makes important decisions based on a balance of various risk factors. The performance of the relevant decisions is reflected in the profitability of the Company, and the compensation of the management is related to the performance of risk management.

IV. The operation of corporate governance

(1) The operation of the Board of Directors

The Board of Directors met 8 times (A) in the most recent year (2023), and the attendance of directors was as follows.

Title	Name	Attendance in person B	Attendance by proxy	Rate of attendance in person (by proxy) (%) [B/A]	Remarks
Chairperson	Power Quotient International Co., Ltd. Representative: Tai-Ciang Guo	8	0	100.00	
Director	Power Quotient International Co., Ltd. Representative: Kun-Huang Lin	8	0	100.00	
Director	Hui-Sen Hu	8	0	100.00	
Director	Zi-Jun Du	3	—	100.00	Dismissed after the re-election on May 24, 2023
Director	Chia-jui Ou	5	—	100.00	Newly appointed after the re-

					election on May 24, 2023
Independent Director	Chong-Xiong Weng	8	0	100.00	
Independent Director	Wen-Shuai Liu	7	1	87.50	
Independent Director	Shu-Fen Wang	7	1	87.50	
Other matters to be recorded:					
I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:					
(I) Matters described in Article 14-3 of the Securities and Exchange Act: Please refer to page 84 for details of all resolutions of the Board in 2023. The resolutions on matters listed in Article 14-3 of the Securities and Exchange Act have been approved and passed by the Independent Directors.					
(II) Other than the aforementioned matters, other resolutions of the Board with dissenting or qualified opinions from Independent Directors and on the record or in written statement: None.					
II. For implementation of a Director's recusal due to a conflict of interest, the name of the Director, the content of the proposal, the reason for recusal, and the participation in the voting shall be specified:					
(I) On May 11, 2023, the Board resolved to release the non-competition restrictions on the Company's Managers. Director Hui-Sen Hu, as the party concerned, recused himself from the discussion and voting as required by law, and other Directors unanimously approved the proposal.					
(II) On May 24, 2023, the Board resolved to appoint the members of the second Remuneration Committee, and the Independent Directors Chong-Xiong Weng, Shu-Fen Wang, and Wen-Shuai Liu, as the parties concerned, recused themselves from the discussion and voting as required by law, and other Directors unanimously approved the proposal.					
(III) On August 8, 2023, the Board resolved to determine the amount of employee bonus for managers. Director Hui-Sen Hu, as the party concerned, recused himself from the discussion and voting as required by law, and other Directors unanimously approved the proposal.					
(IV) On December 28, 2023, the Board resolved to change the Company's organizational structure and personnel positions. Director Hui-Sen Hu, who is within the second-degree kinship of a person to be promoted, recused himself from the discussion and voting as required by law, and other Directors unanimously approved the proposal.					
III. TWSE/TPEX listed companies shall disclose the cycle and duration, scope, method and content of the Board self-evaluation (or peer evaluation):					
Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Content of evaluation	
On a yearly basis	112.1.1-112.12.31	Performance evaluation of the Board of Directors, individual Board members and functional committees (Compensation	Internal self-evaluation by the Board of Directors, self-evaluation by the	1. Items included in the performance evaluation of the Board: the participation in the Company's operations, the quality of the Board's decision-	

		and Audit Committee)	Board members	making, the composition and structure of the Board, the election and continuing education of Directors, and internal control. 2. Items included in the performance evaluation of individual Board members: Mastery of the Company's goals and tasks, awareness of Directors' responsibilities, participation in the Company's operations, internal relationship management and communication, professionalism and continuing education of Directors, and internal control. 3. Items included in the performance evaluation of functional committees: Participation in company operations, awareness of functional committee's responsibilities, quality of functional committee's decisions, composition and selection of functional committee members, internal control.

IV. Objectives of strengthening the functions of the Board in the current year and the most recent year (e.g. establishment of an audit committee, improvement of information transparency, etc.) and evaluation of the implementation: The Company has established the Remuneration Committee, Audit Committee, and Sustainable Development Committee to assist the Board in fulfilling their supervisory responsibilities.

(II) Operation of the Audit Committee or supervisors' participation in the operation of the Board of Directors

1. Authority and annual work priority of the Audit Committee

- (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluate the effectiveness of the internal control system.
- (3) To establish or amend procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee for others in accordance with Article 36-1 of the Securities and Exchange Act.
- (4) Matters concerning the Directors' personal interests.
- (5) Transactions of major assets or derivatives.
- (6) Material lending, endorsements, or guarantees.
- (7) Offering, issuance or private placement of equity securities.
- (8) Appointment, dismissal or remuneration of CPAs.
- (9) Appointment and dismissal of Chief Financial and Accounting or Internal Audit Officers.
- (10) The first, second, and third quarter financial statements and annual financial statements signed or sealed by the Chairperson, Managers, and Chief Accounting Officer.
- (11) Other important matters stipulated by the Company or the competent authority.

2. The Operation of the Audit Committee

The Audit Committee of the Company held six meetings in the most recent year (2023), and the attendance of independent directors was as follows:

Title	Name	Attendance in person B	Attendance by proxy	Rate of attendance in person (%) [B/A] (Note)	Remarks
Independent Director	Chong-Xiong Weng	6	0	100.00	—
Independent Director	Wen-Shuai Liu	5	1	83.33	—
Independent Director	Shu-Fen Wang	5	1	83.33	Convener

Other matters to be recorded:

- I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, motion content, the content of the objections, reservations or major recommendations of the independent directors, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of Board Meeting	Session	Content of the Proposals and Resolutions
112/02/24	15th meeting of the 1st term	Proposal 1: The 2022 Business Report and Financial Statements.
		Proposal 2: Distribution of the Company's Earnings in 2022.
		Proposal 3: Evaluation of the Independence and Suitability and

		Appointment of the Company's CPAs.
		Proposal 4: Pre-approval for CPAs, the Firms They Work for, and the Affiliates of Such Firms to Provide Non-accreditation Services to the Company and Its Subsidiaries.
		Proposal 5: Proposal for Provision of Endorsement and Guarantee by the Company to Foxwell Energy Corporation Ltd., a Subsidiary with 100% of Its Shares Held by the Company.
		Proposal 6: Renewal of Credit Contracts of the Company with Banks and Financial Institutions.
		Proposal 7: The Company's "Internal Control System Statement" for 2022.
		Proposal 8: Amendments to Partial Provisions of the Company's "Sustainable Development Best Practice Principles"
		Proposal 9: Amendments to Partial Provisions of the Company's "Corporate Governance Best Practice Principles".
		Proposal 10: Amendments to the Company's "Rules of Procedure for the Board of Directors".
		Proposal 11: Amendments to the Company's "Rules Governing Financial and Business Matters between Affiliates".
		Proposal 12: Proposal for Issuance of the Company's First Overseas Unsecured Convertible Corporate Bonds.
		Proposal 13: Subscription of New Shares Issued by Subsidiary Foxwell Energy Corporation Ltd. for Cash Capital Increase by the Company
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present
112/04/07	16th meeting of the 1st term	Proposal 1: Proposal for Signing a Contract on Wind Power Plant Turnkey Project and Relevant Maintenance and Operation by the Company with the Affiliate Changpin Wind Power Ltd.
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present
112/05/11	17th meeting of the 1st term	Proposal 1: The Company's Financial Statements for the First Quarter of 2023.
		Proposal 2: Approval for the Company's New and Renewed Credit Contracts with Financial Institutions.
		Proposal 3: Amendments to Partial Provisions of the Company's Regulations Governing the "Evaluation of the Board of Directors' Performance".
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present
112/08/08	1st meeting of the 2nd term	Proposal 1: The Company's Financial Statements for the Second Quarter of 2023.
		Proposal 2: Approval for the Company's New and Renewed Credit Contracts with Financial Institutions.

		Proposal 3: Ratification of the Company's Endorsement/Guarantee for the Subsidiary Foxwell Energy Corporation Ltd.
		Proposal 4: The Company's Plan to Issue the First Domestic Secured Convertible Corporate Bonds.
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present
112/09/25	2nd meeting of the 2nd term	Proposal 1: Proposal for Increasing the Shareholding of the Overseas Reinvestee Singapore Shinfox Far East Company Pte Ltd. (SFE).
		Proposal 2: Proposal for Increasing the Company's Investment in the Equity of Vietnam Renewable Energy.
		Proposal 3: Approval for the Renewal of Credit Contracts between the Company and Financial Institutions.
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present
112/11/09	3rd meeting of the 2nd term	Proposal 1: The Company's Financial Statements for the Third Quarter of 2023.
		Proposal 2: Approval for the Company's 2024 Audit Plan.
		Proposal 3: Approval for the Renewal of Credit Contracts between the Company and Financial Institutions.
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present
112/12/28	4th meeting of the 2nd term	Proposal 1: Proposal for Provision of Endorsement and Guarantee by the Company to Subsidiary Foxwell Energy Corporation Ltd.
		Proposal 2: Proposal for Provision of Endorsement and Guarantee by the Company to Subsidiary Shinfox Far East Company Pte Ltd.
		Proposal 3: Subscription of New Shares Issued by Subsidiary Foxwell Energy Corporation Ltd. for Cash Capital Increase by the Company
		Proposal 4: Change of the Company's Organizational Structure and Personnel Positions.
		The result of the Audit Committee's resolution: No objections or reservations. The Company's handling of the Audit Committee's opinions: Not applicable. Resolution: Approved as proposed without objection after the Chair consulted all directors present

- (II) Other than the matters in the preceding paragraphs, resolutions not approved by the Audit Committee but approved by two-thirds or more of all directors: None.
- II. The recusal of independent directors from motions that involved conflict of interests. Specify the names of the independent directors, the content of the motions, and reason for recusal, and the participation in voting: None.
- III. Communication between the independent directors and the internal audit officer and CPAs. (This shall include the significant matters, method and results of communication regarding

the financial and business status of the Company).

- (I) The Company's auditors report to the independent directors upon completion of the audited items in accordance with the law, and the independent directors have no objections.
- (II) The Company's auditors sit in each audit committee's meeting and make audit reports at the regular Board meetings, and the independent directors had no objection to the reports.
- (III) The independent directors of the Company communicate and understand the contents of the financial statements with the attesting CPAs in person or in writing.

2. Supervisors' Participation in Board Meetings: Not applicable.

(III) The operation state of corporate governance of and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company's Board of Directors passed a resolution on September 29, 2020 to formulate the "Corporate Governance Best Practice Principles", which was amended for the second time on February 24, 2023 and disclosed on the MOPS and the Company's website.	No significant deviation
II. The Company's shareholding structure and shareholders' rights and interests (I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		The Company has a spokesperson, an acting spokesperson, and a stock affairs unit to handle matters related to shareholders; if legal issues are involved, they will be referred to the Company's legal affairs department or legal counsel.	No significant deviation
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		The Company regularly maintains a list of major shareholders of the Company based on the shareholder roster provided by the stock affairs agency at the time of stock transfer suspension.	No significant deviation
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		The Company has established appropriate risk control mechanisms and firewalls through internal procedures such as "Procedures for Related Party Transactions", "Procedures for Endorsement and Guarantee", "Procedures for Lending Funds to Others", and "Procedures for Acquisition or Disposal of Assets".	No significant deviation
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		The Company has established the "Regulations Governing the Handling of Material Internal Information" and the "Regulations Governing the Prevention of Insiders" to strictly prohibit insiders from using non-public information in the market to trade marketable securities, and regularly educates insiders on the Securities and Exchange Act and related laws and regulations regarding insider regulations.	No significant deviation

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary	
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated and implemented a diversity policy on membership?	V		1. The Company has seven Board members, among whom Tai-Chiang Kuo, Kun-Huang Lin, Hui-Sen Hu, and Chia-jui Ou are experts in business management, with rich industry experience, and excellent leadership and decision-making abilities. The three Independent Directors, Chong-Xiong Weng, Wen-Shuai Liu, and Shu-Fen Wang, have expertise in business and management, relevant practical experience in investment strategy and value evaluation of start-ups and investment management, and professional practical experience in financial accounting and taxation, respectively. 2. The percentage of directors who are employees of the Company is 14%, the percentage of independent directors is 43%, the percentage of female directors is 14%, the term of office of 3 independent directors is less than three years, the number of Board members aged 50-60 is 4, and the number of Board members aged 60 or above is 3. The Company focuses on gender equality in the composition of the Board of Directors and aims to achieve a ratio of 25% or more of female directors. Due to the Company's industrial attributes, there are fewer female members in the field of energy services. In the future, we will continue to reduce the difference in gender ratio in the Board of Directors. 3. The diversity policy of the Board of Directors' composition is disclosed on the Company's website and the Market Observation Post System.	No significant deviation
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?	V		In addition to the Remuneration Committee and Audit Committee established by law, the Company also established the Sustainable Development Committee on November 10, 2021.	No significant deviation

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
(III) Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary, remuneration and nomination for reappointment?	V		The Company has established the "Board of Directors' Performance Evaluation Measures", the scope of which includes the performance evaluation of the Board of Directors as a whole, individual Board members and functional committees; the evaluation method includes internal self-evaluation of the Board of Directors, self-evaluation of Board members, appointment of external professional organizations, experts or other appropriate methods for performance evaluation; the performance evaluation of the Board of Directors is measured in the following five major aspects: I. Participation in the Company's operations; II. Improvement of the quality of the Board's decision-making; III. Composition and structure of the Board; IV. Election and continuing education of Directors; V. Internal control;	No significant deviation
(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	V		The Company's Audit Committee regularly evaluates the independence and competence of the attesting CPAs on an annual basis and reports the results of the evaluation to the Board of Directors. The Company's accounting unit conducts the evaluation with reference to the Certified Public Accountant Act, the 13 indicators of the Audit Quality Indicators (AQIs), and the evaluation items of the Statement No. 10 of the Code of Professional Ethics for Certified Public Accountants, "Integrity, Fairness, Objectivity and Independence", as described in Notes 1 and 2. The most recent evaluation was approved by the Board of Directors on February 27, 2024. The Company will also request the attesting CPAs to provide the Company with the "Statement of Independence" annually.	No significant deviation
IV. Does the Company as a listed company have suitable and appropriate number of corporate governance personnel and appoint a corporate governance	V		1. On May 4, 2022, the Board of Directors approved the appointment of Mr. Kun-Huang Lin as the corporate governance officer (he has been the corporate governance officer	No significant deviation

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting Board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of Board meetings and shareholder meetings, etc.)?			of the parent company, FIT Holding Co., Ltd., since March 26, 2021), and he has more than 3 years of experience as the manager of the corporate governance unit. His main duties are to handle matters related to the Board of Directors' and shareholders' meetings, prepare minutes of Board of Directors' and shareholders' meetings, assist directors in their appointment and continuing education, provide information necessary for directors to perform their business, and assist directors in complying with laws and regulations, etc. Details of his continuing education in 2023 are described in Note 3. 2. The key points in the implementation of corporate governance affairs in 2023 were as follows: 1. Responsible for matters related to the Board of Directors and shareholders' meetings (1) Assist directors to comply with laws and regulations, and assist in the training courses for Board members. (2) Convene regular communication meetings with the CPAs, independent directors, finance and accounting officer and audit officer to implement internal audit and control systems. (3) Consult with the directors before the Board of Directors meeting to plan and prepare the agenda, and to notify all directors to attend the meeting at least 7 days before the meeting and to provide sufficient information for the directors to understand the content of the relevant issues; if the content of the issues is related to the interested parties and should be appropriately recused, prior reminders are given to the relevant parties and minutes of the Board of Directors meeting will be	

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary	
			prepared after the Board of Directors meeting. (4) Register the date of the shareholders' meeting every year according to the legal deadline, prepare and report the notice of the meeting, the meeting manual and the minutes of the meeting before the deadline, and register the changes after the amendment of the Articles of Incorporation or the re-election of directors. (5) Develop and plan appropriate corporate systems and organizational structure to promote transparency, compliance with laws and regulations, and implementation of internal audit and control. Evaluate and purchase appropriate "directors' and key employees' liability insurance".	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The Company has a spokesperson and an acting spokesperson as a channel of communication with stakeholders. We also have a contact area on our website where you can exchange opinions at any time.	No significant deviation
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	V		The Company appointed Grand Fortune Securities Co., Ltd., a professional stock affairs agency, for the Company's shareholder affairs.	No significant deviation
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		The Company has set up a website to disclose various financial and corporate governance information.	No significant deviation

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary	
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	V		The Company has designated a person responsible for the collection and disclosure of corporate information and has implemented a spokesperson system.	No significant deviation
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		V	The 2023 financial statements of the Company have been announced and uploaded to the e-book and IXBRL file within two months after the end of the fiscal year. The paper-version of the annual financial statements have been submitted within three months after the end of the fiscal year in accordance with the law. The reporting of the financial statements for the first, second, and third quarters and the operating status in each month has been completed within the prescribed time limit.	In the future, we will follow the Company's needs or legal requirements.
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		1. Employee rights and benefits: The Company has established various employee welfare policies and management procedures that comply with local regulations on labor relations, labor conditions, and social responsibility, and protect many employee rights and benefits. 2. Employee care: The Company subsidizes employee club activities and has signed contracts with various leisure and sports centers to provide employees with more options for recreational activities to help employees improve their health. In addition, the Company also regularly implements employee health checkups and provides medical consultation to maintain the physical and mental health of employees, and continuously improves the working environment of employees to meet the needs of international standards. All employees are able to work as they	No significant deviation

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary	
			wish without physical or psychological duress and without discrimination on the basis of race, gender, age, religion or political orientation. 3. Investor relations: There is an investor relations office and a spokesperson to handle shareholder issues and shareholder proposals and disputes. 4. Supplier relations: The Company has signed procurement contracts with suppliers and has always maintained good relations with them. 5. Stakeholders' rights: The Company has a spokesperson, and stakeholders can communicate with the Company through the Company's website, telephone and fax, and if deemed necessary, directly with the stakeholders. 6. Directors' and Supervisors' continuing education: The Company's directors have professional backgrounds in industry and practical experience in management, and the Company arranges for directors to attend seminars on corporate governance topics from time to time. 7. Implementation of risk management policies and risk measurement standards: The Company focuses on its own industry, implements policies in accordance with relevant laws and regulations, and establishes various standard operating practices to reduce and avoid any possible risks. 8. Implementation of customer policies: The Company has operating bases in Taiwan to provide channels for customer inquiries or services, so it is able to maintain good relationships with customers and generate profits for the Company. 9. Liability insurance for directors: The	

Evaluation item	Operation state			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			Company has taken out liability insurance for its directors.	
IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: According to the Company's 9th Corporate Governance Evaluation in 2022, the Company ranked among the top 6% to 20% of listed companies in terms of corporate governance. However, as of the time of publication of the annual report, the 10th Corporate Governance Evaluation in 2023 has not been announced. The improved matters and measures to be prioritized are specified as follows: (I) Improvements - At the 2023 shareholders' meeting, Directors were re-elected and the status of some Directors was changed to natural persons. - The Company has introduced ISO 27001 and ISO 50001 certification in 2023. (II) Priorities for improvement - The Company plans to pass the Sustainability Report through the resolution by the Board of Directors in 2024				

Note 1: Criteria for evaluating the independence of CPAs

Evaluation item	Evaluation results	Compliance with independence
1. Whether the CPA has a direct or material indirect financial interest in the Company	No	Yes
2. Whether the CPA has engaged in financing or guarantee activities with the Company or the Company's directors	No	Yes
3. Whether the CPA has close business relationship and potential employment relationship with the Company	No	Yes
4. Whether the CPA and the members of its audit team currently hold or have held any positions with the Company in the last two years as a managing director or as a person with significant influence over the audit work	No	Yes
5. Whether the CPA provides non-audit services to the Company that may directly or indirectly affect the audit work	No	Yes
6. Whether the CPA has brokered any shares or other securities issued by the Company	No	Yes
7. Whether the CPA has acted as a defender for the Company or represented the Company in coordinating conflicts with other third parties.	No	Yes
8. Whether the CPA is related to any of the Company's directors, managerial officers or persons with significant influence on the audit	No	Yes

Note 2: The criteria for evaluating the independence of CPA are shown in the table below

Professionalism		Quality control		Independence		Supervision		Innovation	
Item	Evaluation results	Item	Evaluation results	Item	Evaluation results	Item	Evaluation results	Item	Evaluation results
1. Audit experience	Better than the industry average	1. CPA load	In line with the industry average	1. Non-audit service fees	Normal level	1. Deficiencies in external inspection and punishment	Good	1. Innovative plans or initiatives	Have adopted various digital audit tools
2. Training hours	In line with the industry average	2. Audit input	In line with the industry average	2. Customer familiarity	Relevant knowledge	2. Receive letters for improvement from the competent authority	Good		
3. Liquidity	Lower than the industry average	3. EQCR review	In line with the industry average						
4. Professional support	In line with the industry average	4. Quality control support capability	In line with the industry average						

Note 3: The corporate governance officer's continuing education as follows:

Date of continuing education		Organizer	Course name	Hours of continuing education	Total hours of continuing education in the current year
From	To				
112/05/24	112/05/24	Taiwan Corporate Governance Association	Insider Trading Cases and Preventive Measures	3	15
112/08/08	112/08/08	Taiwan Corporate Governance Association	Legal Matters that the Board of Directors Should Know to Supervise Enterprises: Beware of Accidentally Getting Involved in Joint Actions	3	
112/11/02	112/11/02	Taiwan Corporate Governance Association	Laws and Regulations on Corporate Governance and Securities	3	
112/11/30	112/11/30	ROC Accounting Research and Development Foundation	Practical Analysis of the Latest "Sustainable Development Action Plan" and the Impact of Net Zero Carbon Emission on Financial Statements	6	

(IV) Composition and operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

Type of status	Conditions	Professional qualifications and experience	Independence (Note 1)	Number of members concurrently serving as the members of the Remuneration Committee of other public companies	Remarks
	Name				
Independent Director	Chong-Xiong Weng (Convener)	Mr. Chong-Xiong Weng has a PhD in Commerce from National Taiwan University and has served as a professor of the Department of Information Management of National Taiwan University for more than 20 years. He currently serves as an adjunct professor in the Department of Information Management, School of Management, National Taiwan University, and serves concurrently as a Director of eCloudvalley Digital Technology Co., Ltd. and HwaCom Systems Inc. No circumstances in Article 30 of the Company Act apply.	There are no instances where a spouse or a relative within the second degree of kinship serves as a director of the Company, or instances where an individual or spouse holds securities issued by the Company in the name of a third party, provided the Company with audit services or commercial, legal, financial, accounting or related services and received related compensation, which meets the requirements in Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange .	1	-
Independent Director	Wen-Shuai Liu	Mr. Wen-Shuai Liu has a Master's degree from the Department of Accounting, National Taiwan University. He was a co-founder of Moxa Networking Co., Ltd., global operations committee member of Moxa Inc., General Manager of Ai Lei Technology Co., Ltd., and Chairperson of Chairperson, CircuPlus Ltd. He is concurrently the Chairperson of Yuanxiang Investment Consulting Co., Ltd., and he has served concurrently as a Director of Rubasse Co. Ltd. since March 2018.	There are no instances where a spouse or a relative within the second degree of kinship serves as a director of the Company, or instances where an individual or spouse holds securities issued by the Company in the name of a third party, provided the Company with audit services or commercial, legal, financial, accounting or related services and received related compensation, which meets the requirements in Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange .	-	-

Type of status	Conditions	Professional qualifications and experience	Independence (Note 1)	Number of members concurrently serving as the members of the Remuneration Committee of other public companies	Remarks
	Name				
Independent Director	Shu-Fen Wang	Ms. Shu-Fen Wang has a Master's degree from the Department of Accounting, National Taiwan University. She has served as a Partner CPA of Yongsheng Certified Public Accountants Firm for more than 20 years and an Independent Director of Techman Robot Inc. and an Adjunct Lecturer of the Department of Accounting and Information, National Taipei University of Business.	There are no instances where a spouse or a relative within the second degree of kinship serves as a director of the Company, or instances where an individual or spouse holds securities issued by the Company in the name of a third party, provided the Company with audit services or commercial, legal, financial, accounting or related services and received related compensation, which meets the requirements in Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange .	-	-

2. Information on the operation of the Remuneration Committee

- (1) There are 3 members of the Remuneration Committee of the Company.
- (2) The term of office of the current members is from May 24, 2023 to May 23, 2026. In 2023, the Remuneration Committee held 3 meetings (A). The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Rate of attendance in person (%) (B/A) (Note)	Remarks
Convener	Chong-Xiong Weng	3	0	100	None
Committee members	Wen-Shuai Liu	3	0	100	None
Committee members	Shu-Fen Wang	3	0	100	None

Other matters to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the Board, and its handling of the committee's opinions (if the remuneration approved by the Board is better than the recommendation proposed by the committee, the difference and reasons should be stated): None.
- II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the

opinions of all members, its handling of the members' opinions should be stated: None.

III. The date of the Remuneration Committee's meeting in the most recent year, the period, the motion content, the results of the resolution and the Company's handling of the Remuneration Committee's opinion.

Remuneration Committee	Content of Proposals	Resolutions	The Company's handling of the opinions of the Remuneration Committee
10th meeting of the 1st term February 24, 2023	Distribution of Remuneration to Employees and Directors in 2022	The proposal was approved unanimously by all attending members	Submitted to the Board of Directors Approved as proposed without objection by all directors in attendance
1st meeting of the 2nd term August 8, 2023	Passed the proposal of the managerial officers' bonuses	The proposal was approved unanimously by all attending members	Submitted to the Board of Directors Approved as proposed without objection by all directors in attendance
2nd meeting of the 2nd term December 28, 2023	Change of the Company's organization and personnel	The proposal was approved unanimously by all attending members	Submitted to the Board of Directors Approved as proposed without objection by all directors in attendance

IV. Responsibilities of the Remuneration Committee:

Committee members exercise the care of a prudent administrator to fulfill the following duties, and offer recommendations for discussion by the Board of Directors:

- I. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for Directors and managerial officers.
- II. Periodically evaluate the remuneration of Directors and managerial officers.

(V) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor:

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	V		In accordance with the vision and mission of the Company's ESG policy, the "Sustainable Development Committee" was established on November 10, 2021 as the highest level of the Company's internal decision-making center for sustainable development, with Director Wen-Shuai Liu as the convener to review the Company's core operating capabilities with a number of members from different fields and formulated a medium and long-term sustainable development plan. The "Sustainable Development Committee", we have established the "Environmental Protection Promotion Center", the "Social Responsibility Promotion Center", and the "Corporate Governance Promotion Center". The leaders of each promotion center identify sustainability issues of concern to the Company's operations and stakeholders through monthly group meetings, formulate corresponding strategies and work directions, prepare budgets for each organization and sustainable development, plan and implement annual programs, and track the effectiveness of implementation to ensure that the sustainability strategy is fully implemented in the Company's daily operations. The "Sustainable Development Committee" reports regularly to the Board of Directors on the results of the implementation of sustainable development and future work plans each year. The work plans include (1) identification of sustainability issues that require attention and formulation of response plans; (2) revision of targets and policies for sustainability issues; (3) supervision of the implementation of sustainable management issues. The Directors provide professional advice to the management team when receiving the reports. The Board of Directors reviews the feasibility of the strategies based on the contents of the reports and provides recommendations to the management team.	No significant deviation

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor.													
	Yes	No	Summary														
II. Does the Company, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations, and formulate relevant risk management policies or strategies.	V		This disclosure covers the performance of sustainable development in the main locations from January to December 2023. The risk assessment boundary is mainly based on the Company. Members of the Sustainability Committee analyze based on the materiality principle in the Sustainability Report, integrate the assessment information from various departments, assess the issues with materiality, formulate risk management policies with control and monitoring, and take specific action plans to reduce the impact of related risks. Based on the assessed issues, establish the relevant risk management policy or strategy as follows: <table><tr><th>Risk issue</th><th>Source of risk</th><th>Countermeasures</th></tr><tr><td rowspan="3">Corporate governance</td><td>Financial risks</td><td>Mainly adopt natural hedge for purchase and sale, and closely liaises with major correspondent banks to keep abreast of changes in the foreign exchange market for quotation and hedging purposes.</td></tr><tr><td>Information security risks</td><td>The information unit ensures that the Company’s information assets are legally compliant and effectively secured.</td></tr><tr><td>Major accident risks</td><td>Establish operating continuity management guidelines to provide guidance to all units of the Company on their corresponding plans, procedures, and activities in the event of a major incident to ensure the Company’s continued operations and minimize the impact on the Company.</td></tr><tr><td>Society</td><td>Occupational health and safety</td><td>Organize regular training programs to strengthen the safety awareness of employees, and employ occupational safety and health personnel to create a safe construction</td></tr></table>	Risk issue	Source of risk	Countermeasures	Corporate governance	Financial risks	Mainly adopt natural hedge for purchase and sale, and closely liaises with major correspondent banks to keep abreast of changes in the foreign exchange market for quotation and hedging purposes.	Information security risks	The information unit ensures that the Company’s information assets are legally compliant and effectively secured.	Major accident risks	Establish operating continuity management guidelines to provide guidance to all units of the Company on their corresponding plans, procedures, and activities in the event of a major incident to ensure the Company’s continued operations and minimize the impact on the Company.	Society	Occupational health and safety	Organize regular training programs to strengthen the safety awareness of employees, and employ occupational safety and health personnel to create a safe construction	No significant deviation
Risk issue	Source of risk	Countermeasures															
Corporate governance	Financial risks	Mainly adopt natural hedge for purchase and sale, and closely liaises with major correspondent banks to keep abreast of changes in the foreign exchange market for quotation and hedging purposes.															
	Information security risks	The information unit ensures that the Company’s information assets are legally compliant and effectively secured.															
	Major accident risks	Establish operating continuity management guidelines to provide guidance to all units of the Company on their corresponding plans, procedures, and activities in the event of a major incident to ensure the Company’s continued operations and minimize the impact on the Company.															
Society	Occupational health and safety	Organize regular training programs to strengthen the safety awareness of employees, and employ occupational safety and health personnel to create a safe construction															

Promotion item	Implementation status					Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor.
	Yes	No	Summary			
					environment. 1. Relevant risk identification and control measures have been disclosed in the 2023 Recommendations on Task Force on Climate-related Financial Disclosures (TCFD) on the Company’s website. 2. Implement energy saving and carbon saving measures in operations to reduce the impact on the environment.	
III. Environmental Issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		The Company core values and visions are the protection of the earth, sustainable development, green energy, carbon reduction, and clean energy, with nearly 20 years of experience as a professional energy engineering and technology integration team. We are dedicated to the development of renewable energy and clean energy services and technologies. In the trend of global sustainable development and Taiwan’s energy transformation policy, the Company has formulated a development strategy of [light, wind, water, air, and large platform] to provide a full range of energy services such as solar energy, offshore wind power, land-based wind power, hydroelectric power generation and other renewable energy plant construction and maintenance, clean energy liquefied natural gas (LNG) import, green power trading platform and ESCO energy saving, and energy storage device technology.			No significant deviation
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		The Company continues to promote energy management, e-conservation, waste reduction and resource recycling, and other environmental protection measures. Through environmental education and training, energy conservation, etc., all employees participate in the Company’s energy conservation program and develop environmental habits in their daily lives.			No significant deviation
(3) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and	V		The Company has adopted the Sustainable Development Committee as the highest organization for climate change management, with independent director			No significant deviation

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
in the future, and take corresponding measures to respond to climate related issues?			Wen-Shuai Liu as the convener. The Committee reviews the implementation of climate change strategies and targets, manages climate change risks and opportunities, reviews the implementation status, and discusses future plans at the annual meeting of the Sustainable Development Committee, and reports to the Board of Directors. The Company assessed the risks and opportunities of climate change for the Company in accordance with the TCFD proposal framework published by the International Financial Stability Board. We restart the process of a comprehensive assessment every three years and we review and update contents every year. The Company has completed the relevant evaluation at the end of 2023. The TCFD climate evaluation is conducted by representatives of the relevant departments of the Company. Based on the TCFD framework, the risks and opportunities encountered by the Company have been analyzed and discussed by category, and the impact of risks and benefits brought by opportunities have been estimated. The following 2 transition risks and 1 physical risk were identified from the 14 climate risk categories. The transition risks are mainly due to the restrictions of renewable energy regulations and the increase in raw material costs. The physical risk is mainly due to the increase in global average temperature. In terms of opportunities, there are two items, including Opportunity - Resilience “Participation in Renewable Energy Projects and Energy Efficiency Improvement”, and Opportunity - Resource Efficiency “Recycling/Utilization”. The Company simultaneously develops countermeasures against the above-mentioned risks and opportunities. In terms of climate change risks, the Company immediately collects government policies and relevant legal amendment schedules for early assessment of impacts and formulation of countermeasures. In terms of risks, in addition to collecting environmental information on products and suppliers, the Company fully understands and	

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.									
	Yes	No	Summary										
			responds to the supply chain to reduce the risks of supplier chain disruption. It also keeps focusing on, and evaluates the use of, the latest technologies applied to modules and related equipment. In terms of opportunities, in addition to increasing the speed of renewable energy project development, the Company also increases its investment in the free market, and stays focused on the information in the photovoltaic industry supported by the government, and if it obtains the rights to development, it will immediately start the construction, and evaluate the investment in technologies related to solar module recycling, including investment cost, gross profit estimation, legal basis, etc. The details of the analysis on the Company’s risks and opportunities brought about by climate change has been disclosed in the Company’s 2023 TCFD Recommendations.										
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		1. Greenhouse gas emissions in the last two years: <table><tr><th>Greenhouse Gas Emissions</th><th>2022</th><th>2023</th></tr><tr><td>Carbon Emissions (tons/year)</td><td>200.65</td><td>191.9787</td></tr><tr><td>Per Capita Carbon Emissions (tons/year)</td><td>1.967</td><td>1.979</td></tr></table> Note: 1. The greenhouse gas emissions in 2022 and 2023 as shown above include emissions by Shinfox Energy’s Headquarters in Tingpu and office in Guiren District, Tainan City, and the reported scope of greenhouse gas emission includes Scope 1 and 2. The carbon emission data for 2023 are disclosed based on the same scope of inventory in 2022. 2. The data of greenhouse gas emissions in 2022 in the above table have been verified at the beginning of July 2022. After the verification, the greenhouse gas emissions by Shinfox Energy’s Headquarters in Tingpu were revised to be 183.1273 tons, plus the emissions of 17.3691 tons by Shinfox Energy’s office in Guiren District, Tainan City, so the greenhouse gas emissions in 2022 were 200.65 metric tons, slightly different from the figure stated in the 2022 Sustainability Report and 2022 Annual Report. 3. As of the end of 2022, the number of employees at Shinfox Energy’s Headquarters in Tingpu and office in Guiren District, Tainan City was 102. At the end of 2023, the number was 97. Since there were slightly less employees in 2023 than in 2022, the per capita carbon emissions increased slightly.	Greenhouse Gas Emissions	2022	2023	Carbon Emissions (tons/year)	200.65	191.9787	Per Capita Carbon Emissions (tons/year)	1.967	1.979	No significant deviation
Greenhouse Gas Emissions	2022	2023											
Carbon Emissions (tons/year)	200.65	191.9787											
Per Capita Carbon Emissions (tons/year)	1.967	1.979											

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor.									
	Yes	No	Summary										
			Management policy and implementation: The average carbon emissions per employee in 2023 increased by 0.61% from 2022 and did not meet the original target of a 5% reduction. This may be due to the fact that most of the electrical equipment (printers, refrigerators, etc.) of the Company uses electricity. Even with the continuous promotion of energy conservation, it is still difficult to maintain the annual carbon reduction target of 5%. Therefore, the Company plans to lower the targeted carbon emission reduction per person to 1% per year from 2024 onwards. In addition, the ISO 50001 energy management system has been introduced in 2023 to promote energy conservation in computer rooms and office lighting. In response to the global development trend, ESG actions have become imperative. Through the establishment of the Sustainable Development Committee (established on November 10, 2021), the Company will make plans for net zero carbon emissions, and plan to start annual inventory of greenhouse gas from 2023 and commission third-party organizations to conduct verification. It is expected that the Company will achieve the RE100 goal by 2030 and the net zero carbon emission goal by 2040. The Company’s greenhouse gas emissions mainly come from Scope 2 and 3. For Scope 2, “Green Power Utilization” and “Energy Saving Measures” have been planned. For the use of green electricity, as the Parent Company Cheng Uei Precision began to adopt the trial electricity tariff scheme of Taipower in 2022, the Company plans to purchase T-RECs in 2023 to achieve the goal of using green electricity, and will continue to purchase T-RECs from 2023 to 2025. The Company has purchased 40,000 KWH of T-RECs in 2023, and is expected to use 100% of green electricity by 2025. In terms of energy-saving measures, a total of 598 energy-saving LED light tubes in the office area on the 8th floor of the building in Tingpu have been replaced in 2022, and the new energy-saving LED light tubes have been put into use in 2023 to for energy saving. Scope 3 includes not only procurement of raw materials, wastewater treatment, and commuting and business trips of employees, but also includes the inspection on reinvested subsidiaries. The Company has incorporated carbon inventory and related verification into its planning with reference to the Sustainable Development Pathway published by the FSC. The implementation of relevant plans is reported to the Board of Directors on a quarterly basis. Water Consumption: <table><tr><td>Tap water consumption</td><td>2022</td><td>2023</td></tr><tr><td>Annual consumption (tons/year)</td><td>2,824</td><td>2,627.96</td></tr><tr><td>Average consumption per person</td><td>27.68</td><td>27.09</td></tr></table> Note: The above data covers the consumption in Shinfox Energy’s Headquarters in Tingpu and offices in Guiren District, Tainan City. There is no independent water meter in the offices. The above data is calculated based on the proportion of offices to the area of the entire building in Tingpu, as well as employees on the job in the current month. Management policy and implementation: The average consumption per employee in 2023 decreased by 2.13% from that in 2022 but did not meet the	Tap water consumption	2022	2023	Annual consumption (tons/year)	2,824	2,627.96	Average consumption per person	27.68	27.09	
Tap water consumption	2022	2023											
Annual consumption (tons/year)	2,824	2,627.96											
Average consumption per person	27.68	27.09											

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.									
	Yes	No	Summary										
			original target of 5%. This may be due to the fact that most of the electrical equipment (printers, refrigerators, etc.) of the Company uses electricity. Even with the continuous promotion of energy conservation it is still difficult to maintain the annual carbon reduction target of 5%. Therefore, the Company plans to lower the targeted carbon emission reduction per person to 1% per year from 2024 onwards. In line with global sustainable development trends, access to water resources has also become critical for the Company. As the Company is an energy service company that uses only domestic water in the office, we use water-saving taps and make water-saving slogans to remind our employees to save water at all times.										
			2. Waste: <table><tr><td>Waste</td><td>2022</td><td>2023</td></tr><tr><td>Domestic waste (tons/year)</td><td>3.853</td><td>1.870</td></tr><tr><td>Average domestic waste generated per person (tons/year)</td><td>0.0443</td><td>0.0225</td></tr></table> Note: The Company is in the energy service industry instead of the manufacturing industry, so it does not classify the waste generated into hazardous and non-hazardous waste. In addition, the statistics in the table above only include the amount of waste generated by Shinfox Energy’s employees in the offices on the 8th floor of the Company’s Headquarters in Tingpu. Management policy and implementation: According to the measurement results, it is estimated that the average waste per employee in 2023 decreased by 49.21% from that in 2022, surpassing the original target of 3%. The waste of the Company is mainly general domestic waste generated in offices. In order to implement sustainable development of the planet, and the concept of resource reuse, the recyclable part of the waste has been classified and recycled, with the primary goal of reducing the average amount of waste generated per year by 3%. The Company continues to promote environmental training programs for employees to implement waste separation and resource recycling, and the Company uses reusable eating utensils in its employee restaurants to reduce waste generation.	Waste	2022	2023	Domestic waste (tons/year)	3.853	1.870	Average domestic waste generated per person (tons/year)	0.0443	0.0225	
Waste	2022	2023											
Domestic waste (tons/year)	3.853	1.870											
Average domestic waste generated per person (tons/year)	0.0443	0.0225											
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		The Company recognizes and voluntarily abides by international human rights conventions such as the “Universal Declaration of Human Rights” of the United Nations, the “United Nations Global Compact”, and the “International Labor Convention”, and respects the protective measures stipulated in the human rights conventions through its human rights policy, which is published on the Company’s website.	No significant deviation									

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor.												
	Yes	No	Summary													
			The Company’s human rights policy and specific plan are summarized as follows: <table><tr><th>Human rights policy</th><th>Specific plan</th></tr><tr><td>Physical and mental health and work balance</td><td>Provide health examinations for employees every two years and arrange for physicians to explain abnormalities</td></tr><tr><td>Equal employment opportunity</td><td>In accordance with the “Labor Standards Act” and the Company’s human rights policy, the recruitment process is guided by the principles of fairness, justice, and openness, and the salary of each employee is determined based on the academic qualifications and experience required for the position. There are no different salary standards for male and female employees.</td></tr><tr><td>No forced labor</td><td>According to the “Labor Standards Act” and the Company’s human rights policy , no one will be coerced into performing labor services.</td></tr><tr><td>Prohibition of child labor</td><td>In accordance with the “Labor Standards Act” and the Company’s human rights policy, the Company has never hired child labor.</td></tr><tr><td>Smooth channels for labor-management communication</td><td>Employees may submit suggestions to the Company through the welfare committee, labor-management meetings, etc., and raise questions through the grievance system.</td></tr></table>	Human rights policy	Specific plan	Physical and mental health and work balance	Provide health examinations for employees every two years and arrange for physicians to explain abnormalities	Equal employment opportunity	In accordance with the “Labor Standards Act” and the Company’s human rights policy, the recruitment process is guided by the principles of fairness, justice, and openness, and the salary of each employee is determined based on the academic qualifications and experience required for the position. There are no different salary standards for male and female employees.	No forced labor	According to the “Labor Standards Act” and the Company’s human rights policy , no one will be coerced into performing labor services.	Prohibition of child labor	In accordance with the “Labor Standards Act” and the Company’s human rights policy, the Company has never hired child labor.	Smooth channels for labor-management communication	Employees may submit suggestions to the Company through the welfare committee, labor-management meetings, etc., and raise questions through the grievance system.	
Human rights policy	Specific plan															
Physical and mental health and work balance	Provide health examinations for employees every two years and arrange for physicians to explain abnormalities															
Equal employment opportunity	In accordance with the “Labor Standards Act” and the Company’s human rights policy, the recruitment process is guided by the principles of fairness, justice, and openness, and the salary of each employee is determined based on the academic qualifications and experience required for the position. There are no different salary standards for male and female employees.															
No forced labor	According to the “Labor Standards Act” and the Company’s human rights policy , no one will be coerced into performing labor services.															
Prohibition of child labor	In accordance with the “Labor Standards Act” and the Company’s human rights policy, the Company has never hired child labor.															
Smooth channels for labor-management communication	Employees may submit suggestions to the Company through the welfare committee, labor-management meetings, etc., and raise questions through the grievance system.															
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflected operating performance or results in employee remuneration?	V		1. Employee welfare measures and implementation In addition to the health insurance and labor insurance policies under the Labor Standards Act of the R.O.C. and government regulations in Taiwan and foreign countries, the Company and its subsidiaries also provide employee group insurance and contribute to individual pension accounts for employees to protect their benefits. The measures and their	No significant deviation												

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
			implementation are as follows: A. Employees are entitled to special leave in accordance with the law, contributes to pension funds, and establishes an employee welfare committee to coordinate welfare activities and protect labor rights and interests. B. In addition to participating in labor insurance and universal health insurance in accordance with the law, all employees are provided with employer's compensation liability insurance and employee group accident insurance to enhance the protection of employees' livelihood. C. Monthly birthday parties and occasional employee travels are held to enhance the quality of leisure life and promote the exchange of colleague friendship. D. Provide gifts and travel allowances for Dragon Boat Festival, Mid-Autumn Festival and birthdays. E. Provide a hygienic and good environment and facilities in the staff cafeteria to improve the quality of staff meals. 2. Retirement system and its implementation The Company and its subsidiaries in R.O.C. contribute 6% of monthly salary to the employees' personal accounts at the Bureau of Labor Insurance to protect the rights and interests of employees. Employees may also choose to contribute 0 to 6% of their monthly salaries to their individual pension accounts. The employees' pension payments are made in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings. The Company's subsidiaries in Mainland China contribute a certain percentage of local employees' salaries to their pension accounts each month in accordance with the pension system established by the	

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
			local government. Each employee's pension is managed and coordinated by the government and the Group has no further obligation other than to make monthly contributions. 3. The Company's overall objectives are to "increase profitability and revenue" and "reduce operating expenses", and to ensure that the operating performance of each department is achieved. To share the results of business operations with employees, the Company conducts annual performance appraisals for the first and second half of the year. KPIs are used as the scoring standards for the distribution of bonuses to incentivize employees. The Company's Articles of Incorporation also stipulate that: Article 23: In the event that the Company makes a profit in the year (profit means profit before tax before the distribution of employees' remuneration and directors' remuneration), the Company shall contribute not less than 6% as employees' remuneration and not more than 3% as directors' remuneration. However, if the Company still has accumulated losses, the make-up amount should be reserved in advance. The aforementioned employee compensation may be paid in stock or cash to employees who meet certain criteria of controlled or subordinate companies, and the Board of Directors is authorized to decide on the criteria and distribution. 4. The Company provides equal pay for equal work and equal promotion opportunities for both men and women. In 2023, the percentage of female employees was 42.65% and the percentage of female leaders was 26.09%. Due to the special nature of our industry and the fact that most of the experienced employees are men, the percentage of female leaders is not high. In the future, the promotion of executives will be carried out with the aim of attaining gender equality.	

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy working environment and related education?	V		The Company's work mainly involves EPC contracting and O&M services, and employees are only required to implement construction supervision or O&M operations onsite with medium low risks. The Company complies with the Occupational Safety and Health Act and related regulations and we established a Safety and Health Policy, which we rigorously implement to create a healthy and happy workplace. Our core values include regulatory compliance, enhanced safety awareness, injury and illness prevention, and continuous performance improvement and we aim to create a workplace with zero occupational hazards. To prevent potential hazards in the workplace and to provide a healthy and comfortable working environment for our employees, we issue hazard notifications to onsite personnel before each entry to ensure the safety and health of employees. We also provide new employees with labor safety training and education programs based on the nature of their work. We hold annual employee health examinations, and labor safety seminars and fire drills in training programs. There was no occupational disaster in the Company in 2023 and 2022. There was no fire incident in the Company in 2023 and 2022.	No significant deviation
(IV) Has the Company established an effective career development training program for employees?	V		In order to enhance employees' professional skills, work efficiency and product quality, the Company conducts education and training in accordance with the annual education and training schedule. Internal training and external training are conducted simultaneously to strengthen the professional ability of employees in each functional area. Our training is listed as follows: A. Pre-employment training for new employees: Provide courses on the Company's corporate culture, business items, work rules, employee benefits, rewards and sanctions, etc., so that new employees can have a basic understanding of the Company.	No significant deviation

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
			B. On-the-job employee training: We arrange internal and external training courses according to the work requirements. C. Professional function training: Sending employees to relevant organizations for training according to the needs, so that they can obtain professional certification.	
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	V		The marketing and labeling of our products and services are conducted in accordance with relevant laws and regulations and international standards. The Company has a dedicated personnel and email address to handle complaints about the Company and to promptly address consumer complaints.	No significant deviation
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitored their implementation?	V		The Company attaches great importance to environmental and social protection and therefore considers whether suppliers have complied with relevant regulations on environmental protection, occupational safety and health, or labor and human rights before dealing with them.	No significant deviation
V. Does the Company make reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the aforementioned reports?	V		The 2022 Sustainability Report issued by the Company in 2023 is prepared in accordance with the standards published by the Global Reporting Initiative (GRI) in 2021, and was verified by AFNOR Group, a third-party verification unit, according to Type 1 Assurance of AA 1000AS V3 Assurance Standard, with an Independent Assurance Opinion Statement.	No significant deviation
VI. If the Company has related practice principles of its own in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies”, please state the differences between the two and the state of implementation: No material difference.				
VII. Other key information useful for explaining the status of sustainable development practices: In order to promote sustainable development, the actions taken by the Company from the economic, environmental and social aspects are as follows: (I) In October 2023, sponsored Chang Jung Christian University with NT\$100,000 for the 2023 Kidwind Asian Wind Power Tournament. (II) In July 2023, Shinfox (including the Group’s subsidiaries) purchased 28,400 kg of pomelos from farmers in rural areas of Hualien at the price of NT\$1,275,800.				

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor.
	Yes	No	Summary	
(III) In July 2023, purchased 3,120 kg of mangoes from farmers in rural areas of Hualien at the price of NNT\$652,250. (IV) Held volunteer beach cleaning activities on April 22 and September 16, 2023 in Shimen District, New Taipei City. A total of 73 people participated in the activity on April 22 and 46 people on September 16. (V) Distributed pomelo gift boxes to employees at the 2023 Mid-Autumn Festival. (VI) Held the Company’s office greening event in 2023 (VII) Sponsored the first See Taiwan Race Event organized by Chi Po-lin Foundation in 2023. (VIII) Sponsored the Apollo Solar Car Team in 2023, who represented Taiwan in October 2023 in the 2023 BWSC World Solar Challenge and won the award. (IX) In 2023, Mr. Hui-Sen Hu, President of Shinfox Energy, taught general education courses as well as courses on earth protection and renewable energy at National Cheng Kung University and National Taiwan University.				

Climate-related information of TWSE/TPEX listed companies

1. Implementation of climate-related information

Item	Implementation status
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board and the management.	■ The Board is the highest body overseeing the impacts of climate change on corporate management of Shinfox Energy, responsible for supervising the operation of the renewable energy business in response to climate risks and the action plans for climate opportunities, ensuring the achievement of relevant targets each year, and holding meetings (discussing climate issues) at least once a year. ■ The Company has established the Sustainable Development Committee, with Director Wen-Shuai Liu as the convener. As the top decision-making center for ESG solutions of Shinfox Energy, it is also the highest executive organization for the Company's climate change management, responsible for formulating, promoting and tracking climate change projects. The "Environmental Protection Promotion Center" of the Sustainable Development Committee is responsible for reporting the achievements of climate actions and the implementation of the Company's sustainable development projects (including the response to risks caused by climate issues and action plans) at the regular Board of Directors'

	meetings each year.																												
2. Describe how the identified climate risks and opportunities affect the Company’s business, strategy, and finance (short-, medium-, and long-term).	■ Shinfox Energy has established a TCFD work group, which is mainly composed of task teams supervised by the Environmental Protection Promotion Center of the Sustainable Development Committee. It studies and analyzes related issues in accordance with TCFD framework, and combines the related business units and auxiliary units, including Sustainable Development Office, Wind Power Division, Photovoltaics Division, Finance Department, Procurement Department, Planning and Development Office, Administration Department, and Auditing Office. The group convenes meetings to identify risks and opportunities brought about by climate change and starts a new round of evaluation every three years. It also reviews the importance of updated risk and opportunities in accordance with the Company’s risk identification process and with reference to the evaluation framework recommended by TCFD, to analyze the significance of risks and opportunities (Projects with a score of 10 or more for probability of occurrence X impact degree are rated as major projects). For details, please refer to 2023 TCFD Recommendations of Shinfox Energy. ■ The major risks encountered by Shinfox Energy in 2023 were identified as follows: <table><tr><th>Risk Ranking</th><th>Type of Risk</th><th>Risk</th><th>Risk Object</th><th>Time Point</th><th>Possibility</th><th>Degree of Impact</th></tr><tr><td>1</td><td>Transition Risks</td><td>Restrictions by laws and regulations on renewable energy</td><td>Shinfox Energy</td><td>Short-term</td><td>Very high</td><td>Normal</td></tr><tr><td>2</td><td>Transition Risks</td><td>Increase in cost of raw materials</td><td>Shinfox Energy’s suppliers</td><td>Mid-term</td><td>Normal</td><td>Very high</td></tr><tr><td>3</td><td>Physical risks</td><td>Rising global average temperature</td><td>Shinfox Energy Customers</td><td>Short-term</td><td>High</td><td>Low</td></tr></table>	Risk Ranking	Type of Risk	Risk	Risk Object	Time Point	Possibility	Degree of Impact	1	Transition Risks	Restrictions by laws and regulations on renewable energy	Shinfox Energy	Short-term	Very high	Normal	2	Transition Risks	Increase in cost of raw materials	Shinfox Energy’s suppliers	Mid-term	Normal	Very high	3	Physical risks	Rising global average temperature	Shinfox Energy Customers	Short-term	High	Low
Risk Ranking	Type of Risk	Risk	Risk Object	Time Point	Possibility	Degree of Impact																							
1	Transition Risks	Restrictions by laws and regulations on renewable energy	Shinfox Energy	Short-term	Very high	Normal																							
2	Transition Risks	Increase in cost of raw materials	Shinfox Energy’s suppliers	Mid-term	Normal	Very high																							
3	Physical risks	Rising global average temperature	Shinfox Energy Customers	Short-term	High	Low																							

	■ The major opportunities encountered by Shinfox Energy in 2023 were identified as follows: <table><tr><th>Risk Ranking</th><th>Type of Opportunity</th><th>Opportunity</th><th>Risk Object</th><th>Time Point</th><th>Possibility</th><th>Degree of Impact</th></tr><tr><td>1</td><td>Energy sources</td><td>Rising demand for low-carbon energy</td><td>Shinfox Energy's Customers</td><td>Mid-term</td><td>High</td><td>High</td></tr><tr><td>2</td><td>Resilience</td><td>Participation in renewable energy projects and energy efficiency improvement</td><td>Shinfox Energy</td><td>Short-term</td><td>High</td><td>High</td></tr><tr><td>3</td><td>Resource Efficiency</td><td>Recycling/Utilization</td><td>Shinfox Energy</td><td>Long-term</td><td>Normal</td><td>Very high</td></tr></table>	Risk Ranking	Type of Opportunity	Opportunity	Risk Object	Time Point	Possibility	Degree of Impact	1	Energy sources	Rising demand for low-carbon energy	Shinfox Energy's Customers	Mid-term	High	High	2	Resilience	Participation in renewable energy projects and energy efficiency improvement	Shinfox Energy	Short-term	High	High	3	Resource Efficiency	Recycling/Utilization	Shinfox Energy	Long-term	Normal	Very high
Risk Ranking	Type of Opportunity	Opportunity	Risk Object	Time Point	Possibility	Degree of Impact																							
1	Energy sources	Rising demand for low-carbon energy	Shinfox Energy's Customers	Mid-term	High	High																							
2	Resilience	Participation in renewable energy projects and energy efficiency improvement	Shinfox Energy	Short-term	High	High																							
3	Resource Efficiency	Recycling/Utilization	Shinfox Energy	Long-term	Normal	Very high																							
3. Describe the financial impact of extreme climate events and transition actions.	■ Shinfox Energy takes active measures in response to the risks and opportunities brought about by climate change. It regularly reviews the extreme climate changes, identifies the physical climate risks that may affect the Company's operations, and identifies and analyzes the significance of climate risks. In 2023, Shinfox Energy incorporated climate change impact into the review, which it divides into immediate and long-term climate risks and opportunities, further covering office locations, wind power generation sites, and solar power generation sites, and conducted quantitative analysis on such scenarios. For details, please refer to Shinfox Energy's 2023 TCFD Recommendations. ■ The results of quantitative analysis on scenarios of the financial impact of extreme climate events are as follows: <table><tr><th>No.</th><th>Risk/Opportunity</th><th>Scenario</th><th>Impact Description</th></tr><tr><td>1</td><td>Risk - rising global average temperature</td><td>1. Photovoltaic business: High temperatures will reduce the energy conversion efficiency of solar power generation system. According to research, for every 1°C increase in ambient temperature, the power generation efficiency of solar photovoltaic modules will be reduced by 0.4% - 0.5%. High temperatures will not only reduce</td><td> ● Decrease in revenue ● Penalty for breach of contract ● Estimated total amount attributable to the impact NT\$13 million - 14.5 million </td></tr></table>	No.	Risk/Opportunity	Scenario	Impact Description	1	Risk - rising global average temperature	1. Photovoltaic business: High temperatures will reduce the energy conversion efficiency of solar power generation system. According to research, for every 1°C increase in ambient temperature, the power generation efficiency of solar photovoltaic modules will be reduced by 0.4% - 0.5%. High temperatures will not only reduce	● Decrease in revenue ● Penalty for breach of contract ● Estimated total amount attributable to the impact NT\$13 million - 14.5 million																				
No.	Risk/Opportunity	Scenario	Impact Description																										
1	Risk - rising global average temperature	1. Photovoltaic business: High temperatures will reduce the energy conversion efficiency of solar power generation system. According to research, for every 1°C increase in ambient temperature, the power generation efficiency of solar photovoltaic modules will be reduced by 0.4% - 0.5%. High temperatures will not only reduce	● Decrease in revenue ● Penalty for breach of contract ● Estimated total amount attributable to the impact NT\$13 million - 14.5 million																										

		the efficiency of solar modules, but also shorten their service life. 2. Wind power: In the next 5 to 20 years, global warming will continue, and the global annual average temperature will rise. According to research, wind speed tends to decline year by year due to the elevated temperature, resulting in a decrease in wind power generation efficiency and volume, and thus in operating losses.									
■ The results of quantitative analysis on scenarios of the financial impact of transition actions are as follows:											
		<table><tr><th>No.</th><th>Risk/Opportunity</th><th>Scenario</th><th>Impact Description</th></tr><tr><td>1</td><td>Risk - Restrictions by laws and regulations on renewable energy</td><td> 1. Photovoltaic business: Due to severe climate change, the number of renewable energy development projects has increased. The time for project review has been prolonged due to the consideration of society and the environment of the project sites, and there may be new requirements and norms in the application process, which may lead to additional expenses. 2. Wind power: The wind power generation business is faced with gradually tightening regulations on the </td><td> ● Rise in operating costs ● Loss due to project interruption ● Decrease in revenue ● Estimated total amount attributable to the impact: NT\$50 million - 57 million </td></tr></table>	No.	Risk/Opportunity	Scenario	Impact Description	1	Risk - Restrictions by laws and regulations on renewable energy	1. Photovoltaic business: Due to severe climate change, the number of renewable energy development projects has increased. The time for project review has been prolonged due to the consideration of society and the environment of the project sites, and there may be new requirements and norms in the application process, which may lead to additional expenses. 2. Wind power: The wind power generation business is faced with gradually tightening regulations on the	● Rise in operating costs ● Loss due to project interruption ● Decrease in revenue ● Estimated total amount attributable to the impact: NT\$50 million - 57 million	
No.	Risk/Opportunity	Scenario	Impact Description								
1	Risk - Restrictions by laws and regulations on renewable energy	1. Photovoltaic business: Due to severe climate change, the number of renewable energy development projects has increased. The time for project review has been prolonged due to the consideration of society and the environment of the project sites, and there may be new requirements and norms in the application process, which may lead to additional expenses. 2. Wind power: The wind power generation business is faced with gradually tightening regulations on the	● Rise in operating costs ● Loss due to project interruption ● Decrease in revenue ● Estimated total amount attributable to the impact: NT\$50 million - 57 million								

			development of land-based wind turbines (the distance of 500 m and the surrounding environmental facilities are evaluated in EIA), resulting in losses arising from the re-evaluation of the sites and the delay in project development.	
	2	Risk - Increasing cost of raw materials	Governments around the world have levied carbon fees due to climate change, leading to increased raw material and labor costs, scarcity of natural resources, interruption of operations, or failure of shipments to arrive as scheduled, resulting in losses and higher delivery prices. For example, the cost of wind power facilities has increased due to the rise in exchange rates, increase in shipping costs and materials prices, and increase in construction insurance, as well as the failure of foreign technicians to come to Taiwan due to the epidemic.	● Rise in raw material costs ● Rise in operating costs ● Estimated total amount attributable to the impact: NT\$800 million - 1 billion
	3	Opportunity - Renewable energy plans and energy efficiency improvement	In line with the government's policy of encouraging renewable energy and development projects in specific areas, Shinfox Energy has the opportunity to obtain the development of photovoltaic projects, to improve its performance and thus increase its revenue.	● Increase in operating revenue ● Decrease in land acquisition cost ● Estimated total amount attributable to the impact:

				NT\$100 million - 150 million
	4	Opportunity - Recycling/Utilization	Due to the rapid development of the solar power generation industry, it is estimated that 100,000 metric tons of solar panels will be retired by 2035. Shinfox Energy is familiar with the equipment value chain of the solar industry, and plans to invest in the solar photovoltaic panel recycling industry to increase return on investment.	● Increase in operating revenue ● Reduce waste disposal costs ● Introduce new business models Estimated total amount attributable to the impact: NT\$120 million - 300 million
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.		1. Management of climate-related risks and opportunities by Shinfox Energy ■ Risk identification is the first and foremost task for the Company. Climate risk is very different from other risks and needs to be handled independently from the aspects of cause and impact. Climate risks faced by different industries are also quite different. The climate threats encountered by the renewable energy industry that Shinfox Energy belongs to may be significantly different from those encountered by the manufacturing industry. Therefore, it is necessary to properly identify and define climate risks in order to effectively address the adverse events caused by climate change. ■ Generally speaking, Shinfox Energy's climate risk identification and assessment process is similar to its existing 5-step risk management process (i.e., climate risk definition, risk identification, risk assessment, risk response, and risk management). First, it must be confirmed that which risks will have a significant impact on the development and operation of renewable energy projects, which means the severity of the impact will reach a certain level. Then key factors are identified through risk identification, and risks are managed in the most effective manner to avoid unnecessary expenditures. The TCFD working group will formulate corresponding management plans based on the level and priority of the identified risks and opportunities. All business groups and energy conservation and carbon reduction supporting units will cooperate to discuss control measures and future action plans for climate risks and implement them step by step. 2. Identification and assessment of climate risks and opportunities		

	■ The strategies and action plans for identifying major risks and opportunities in 2023 are as follows:		
	Item	Identification, Assessment and Management Process (Existing control measures)	Future action plans
	Risk		
	Transition risk - Restrictions by laws and regulations on renewable energy	1. Procedures for confirming the contracts with the competent authority and counties and cities 2. Comply with government and local laws and regulations 3. Disclose all products and services in compliance with laws and regulations and under the supervision of the competent authority, in response to the government's initiative	1. Review the latest update of regulations 2. Check the compliance with laws and regulations 3. Inquire about official documents 4. Participate in government public information activities
	Transition risk - Increasing raw material costs	1. Collect environmental information about products and suppliers 2. Research and analyze the trend of the prices of raw materials in the value chain and conduct relevant market analysis 3. Continue to track the upstream supply chain and international metal price fluctuations	1. Explore ways to reduce the risk of supply chain disruption, such as seeking a second source 2. Improve the stability of the supply chain, such as establishing a long-term cooperation model 3. Invest in the supply chain of important and key materials to ensure the smooth supply of materials
	Physical risk - Rising global average	1. Choose photovoltaic modules and equipment	Stay focused on the latest technology of modules and related

	temperature	with lesser impact on temperature 2. Evaluate and purchase parts and components that can be operated under low wind speed for wind power equipment	equipment, and evaluate the use
	Opportunity		
	Resilience - Participation in renewable energy projects and energy efficiency improvement	1. Continue to grasp and pay attention to the information of the photovoltaic industry supported by the government 2. Improve the renewable energy power generation technology, development capacity and environment-friendly operation every year to meet the tendering requirements of the government	1. Once the development right is secured, the Company will immediately engage in the construction and development to ensure the smooth implementation of the project and obtain relevant actual achievements. 2. Continue to track the government's demand for tenders for renewable energy construction, and actively strive for the projects after evaluation
	Resource efficiency - Recycling/Utilization	1. Plan to research solar module recycling technology 2. Conduct surveys on the trend of solar module waste recycling market 3. Continue to track the progress of the government's laws and regulations regarding the recycling and disposal of solar modules	1. Evaluate the investment in technologies related to solar module recycling, including investment cost, estimated gross profit, and regulatory basis, etc. 2. Study the recycling mechanism of waste solar modules and related recycling and transportation methods

	The TCFD working group of Shinfox Energy convenes meetings to identify climate change-related risks and opportunities and analyzes the significance of risks and opportunities (Projects with a score of 10 or more for probability of occurrence X impact degree are rated as major projects) in accordance with the Company's risk identification and assessment process and with reference to the evaluation framework recommended by TCFD. However, in consideration of that fact that the renewable energy industry is vulnerable to the impact of physical risks to a certain extent, two climate scenarios are set during the risk identification and analysis to evaluate the impact of various climate changes at Shinfox Energy's office locations and renewable energy project sites (solar power project sites and wind power project sites) in order to determine the future operating losses. In view of this, when identifying major risk items, physical risks of high weighting were screened out as one of the major items. Overall, a total of 3 major climate-related risks and 2 major climate-related opportunities were identified. In response to the above-mentioned climate-related risks and opportunities, Shinfox Energy has established a risk response organization for management and control. The main responsible units for risk control include the Board of Directors, Audit Office, General Manager's Office, Administration Department, and Finance Department. Each year, the Company systematically and regularly tracks the operational risk items. Each department summarizes and analyzes the possibility and severity of the risks, identifies and controls major risks, formulates management strategies, and regularly confirms and tracks the subsequent results. Climate-related risks have been incorporated into the Company's risk management program in response to the implementation of the TCFD project. A TCFD working group has been set up with the assistance of the Sustainability Office to conduct risk assessment and formulate relevant strategies for impacts of climate, and report to the risk management organization as precautionary measures to mitigate the financial impact of climate change.
5. If a scenario analysis is used to assess the resilience to climate change-related risks, the scenarios, parameters, assumptions, and analysis factors used, as well as major financial impacts shall be specified.	■ For the selection of climate scenario simulations, Shinfox Energy refers to the combinations of Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs) proposed in the IPCC-AR6 Climate Change Assessment Report, taking different socio-economic assumptions and radiative forcing as the basis for determining the severity of global warming. Shinfox Energy has chosen the "Medium Scenario (SSP 2-4.5, hereinafter referred to as "4.5 Scenario") and "Extreme Scenario (SSP 5-8.5, hereinafter referred to as 8.5 Scenario)" as the scenarios for analysis of physical risks. ■ The financial impacts mainly come from operating costs and revenues, and partially from liquidated damages, losses from project interruption, and revenue from new business models.

6. If there is a transition plan in place to manage climate-related risks, the content of the plan, and the indicators and objectives used to identify and manage physical risks and transition risks shall be specified.	■ Currently, the Company has planned “green power utilization” and “energy conservation measures”. For the use of green electricity, as the Parent Company Cheng Uei Precision began to adopt the trial electricity tariff scheme of Taipower in 2022, the Company plans to purchase T-RECs in 2023 to achieve the goal of using green electricity, and will continue to purchase T-RECs from 2023 to 2025. The Company has purchased 40,000 KWH of T-RECs in 2023, and is expected to use 100% of green electricity by 2025. In terms of energy-saving measures, a total of 598 energy-saving LED light tubes in the office area on the 8th floor of the building in Tingpu have been replaced in 2022, and the new energy-saving LED light tubes have been put into use in 2023 to for energy saving. ■ The description of indicators and objectives used to identify and manage physical risks and transition risks is lengthy. For details, please refer to Chapters 4 and 5 of Shinfox Energy’s 2023 TCFD Recommendations.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be specified.	■ As the Company sets 2022 as the base year and has not been operating for a long time, it has not yet introduced the internal carbon pricing system. It is expected that the Company will introduce an internal carbon pricing system after 2027.
8. If climate-related objectives are set, the activities covered, scope of greenhouse gas emissions, planned schedule, and annual progress shall be specified; If carbon offsets or renewable energy certificates (RECs) are used to achieve the objectives, the source and quantity of carbon credits or and the quantity of renewable energy certificates (RECs) shall be specified.	In response to climate change and the trend of sustainable development, Shinfox Energy has drawn up a strategic sustainable development blueprint and actively promotes the Company’s carbon reduction project to ensure the achievement of the goal of net zero emissions, and began to organize carbon inventory since 2023. The Company plans to achieve the goal of net zero emissions at all business locations by 2040, and cooperates with the government to implement the “Roadmap for the Sustainable Development of TWSE/TPEX Listed Companies”. Therefore, it is necessary to conduct greenhouse gas inventory to identify major emission points and formulate carbon reduction strategies. The major objects of the inventory include Shinfox Energy and its subsidiaries (Foxwell Power, Foxwell Energy, and Shinfox Natural Gas). The inventory has been verified by a third-party verification agency in 2023 (for inventory in 2021 and 2022), and the Company has obtained a verification statement. The Company has purchased two T-RECs for 2022, with a total power generation of 2,000 kWh and an emission of 168.4849 tons of CO₂e/year.
9. Greenhouse Gas Inventory and Validation (Filled out separately in 1-1).	■ In support of the “Roadmap for the Sustainable Development of TWSE/TPEX Listed Companies” implemented by the government, Shinfox Energy and its subsidiaries (Foxwell Power, Foxwell Energy, and Shinfox Natural Gas) launched an independent greenhouse gas

	inventory at the end of 2022, and appointed an external third party to provide guidance. In June 2023, a third-party agency conducted the verification, and the Company obtained the 2021 and 2022 greenhouse gas verification statement in the same year. The Company's greenhouse gas inventory is mainly based on the ISO 14064-1:2018 standards. ■ For the results of related greenhouse gas inventory, please refer to the 2022 Sustainability Report. ■ In addition, the Company has started the greenhouse gas inventory for 2023, which will be verified by a third-party agency in April 2024.

1-1 The Company's Greenhouse Gas Inventory and Validation in the Recent Two Years

1-1-1 Information on Greenhouse Gas Inventory

Describe the volume (metric tons of CO₂e), intensity (metric tons of CO₂e/NT\$ million), and data coverage of greenhouse gas emissions for the most recent two years.

Scope 1	Total emissions (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e/NT\$ million)
Parent company (Shinfox Energy)	23.1062 in 2022 61.7569 in 2023	0.0134 in 2022 0.1575 in 2023
Subsidiary Foxwell Power	1.2068 in 2022 23.2511 in 2023	0.0033 in 2022 0.0265 in 2023
Subsidiary Foxwell Energy	1.0655 in 2022 13.8254 in 2023	0.0005 in 2022 0.0014 in 2023
Subsidiary Shinfox Natural Gas	10.4362 in 2022 41.2608 in 2023	0.7454 in 2022 1.0580 in 2023
Total	35.8147 in 2022 140.0942 in 2023	0.0086 in 2022 0.0126 in 2023
Scope 2	Total emissions (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e/NT\$ million)
Parent company (Shinfox Energy)	177.3902 in 2022 172.7569 in 2023	0.1032 in 2022 0.4407 in 2023
Subsidiary Foxwell Power	51.3513 in 2022 73.3292 in 2023	0.1419 in 2022 0.0836 in 2023
Subsidiary Foxwell Energy	45.0945 in 2022 55.4144 in 2023	0.0217 in 2022 0.0056 in 2023
Subsidiary	37.1052 in 2022	2.6504 in 2022

	Shinfox Natural Gas	10.8685 in 2023	0.2787 in 2023
	Total	310.9412 in 2022 312.369 in 2023	0.0746 in 2022 0.0281 in 2023
	Scope 3	Total emissions (metric tons of CO₂e)	Intensity (metric tons of CO₂e/NT\$ million)
	Parent company (Shinfox Energy)	141.2659 in 2022 1293.3534 in 2023	0.0822 in 2022 3.2994 in 2023
	Subsidiary Foxwell Power	22.4959 in 2022 No inventory was conducted for Scope 3 in 2023. The inventory will be subject to the schedule of the net zero emission pathway of the competent authority.	0.0621 in 2022
	Subsidiary Foxwell Energy	30.3235 in 2022 No inventory was conducted for Scope 3 in 2023. The inventory will be subject to the schedule of the net zero emission pathway of the competent authority.	0.0146 in 2022
	Subsidiary Shinfox Natural Gas	25.5330 in 2022 No inventory was conducted for Scope 3 in 2023. The inventory will be subject to the schedule of the net zero emission pathway of the competent authority.	1.8238 in 2022
	Total	219.6183 in 2022 1293.3534 in 2023 (Note: The figures for 2023 only include the data of the Parent Company, Shinfox Energy)	0.0527 in 2022

1-1-2 Information on Greenhouse Gas Validation

Describe the GHG validation in the last 2 years as of the date of publication of the annual report, including the scope of validation, agency that conducts validation, criteria for validation, and opinions on validation.

I. Validation for 2022

Scope of validation: Shinfox Energy Co., Ltd. (covering the headquarters in Tucheng District, New Taipei City, and offices in Guiren District, Tainan City, in Hemei Town, Changhua County, and in Yunlin County) and its subsidiaries (Foxwell Power, Foxwell Energy, and Shinfox Natural Gas)

Agency that conducts validation: AFNOR Asia Ltd.

Criteria for validation: ISO 14064-1:2018

Opinions on validation: The agency that conducts validation submitted the GHG statement in accordance with the requirements of the verification guidelines agreed by both parties, and presented the data and related information of greenhouse gas in a fair manner, without qualified opinion, which are consistent with the verification scope, objectives, and guidelines agreed by both parties.

II. Validation for 2023

The validation/verification is expected to be conducted by AFNOR Asia Ltd. in April 2024.

Planned scope of verification: Shinfox Energy Co., Ltd. (covering the headquarters in Tucheng District, New Taipei City, and the office in Guiren District, Tainan City) and its subsidiaries (Foxwell Power, Foxwell Energy, and Shinfox Natural Gas)

Planned criteria for verification: ISO 14064-1:2018

1-2 Goals, Strategies and Specific Action Plans for Greenhouse Gas Reduction

Describe the base year, data, goals, strategies, and concrete action plans for greenhouse gas reduction and achievement of the reduction goals.

Note: The base year should be the year when all enterprises included in the consolidated financial statements complete the inventory. For example, according to Article 10-2 of the Standard, companies with capital of more than 10 billion should complete the inventory of the 2024 consolidated financial statements in 2025, so the base year is 2024. If a company completes the inventory of the consolidated financial statements ahead of schedule, the year when it completes the inventory shall be taken as the base year. The data for the base year can be calculated based on the average in a single year or several years.

Currently, the Company has not started the carbon reduction plan (such as ISO 14064-2 or 14068), and has only set a goal of achieving net zero emissions by 2040. In order to effectively achieve the goal of energy saving and carbon reduction, Shinfox Energy has replaced the lighting fixtures in the buildings with energy-saving LED light tubes. In addition, the Company plans to promote paperless and digital operations such as electronic forms, and turn paper statements produced by previous administrative business and routine meetings into electronic documents, to save electricity and even improve work efficiency. Additionally, the Company has also formulated management measures to regulate the use of electricity, such as running the elevators in the buildings in peak and off-peak mode, running the air conditioners in startup and operation mode (make adjustments in summer and winter), and setting the lighting turn-on mode, to save energy.

(VI) The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation item	Operation state			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
I. Formulate ethical corporate management policy and plan (I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	V		The Company established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct". The Company's core corporate values and missions are the protection of the earth, sustainable development, green energy, carbon reduction, and clean energy. Under the management of corporate ethics and morality, directors, managerial officers and employees are committed to maintaining a high level of professional ethics, and the Company has established various internal measures to ensure the implementation of ethical corporate management and compliance with laws and regulations. The relevant regulations have been published on the Company's website for employees to check at any time.	No significant deviation
(II) Has the Company established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The management of the Company attaches importance to ethical corporate management and focuses on the design of the internal management system to prevent fraud, to prevent unethical acts and to reduce the risk of unethical acts through system planning. The Company's directors, managerial officers, employees, appointees or persons with de facto control over the Company shall not engage in any unethical acts such as breach of integrity, wrongdoing or breach of fiduciary duty in	No significant deviation

Evaluation item	Operation state			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
			order to obtain or maintain benefits. If any decision or transaction involves conflict of interests, the directors and managerial officers shall be recused from participating in the voting to avoid conflict of interests.	
(III) Has the Company specified operating procedures, guidelines for conduct, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviewed and amended it?	V		The Company has established the “Procedures for Ethical Management and Guidelines for Conduct”, which allows directors, managerial officers and employees to report any violations of the Company’s “Ethical Corporate Management Best Practice Principles” and other illegal acts.	No significant deviation
II. Implementation of ethical corporate management (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed?	V		The Company and its suppliers have signed the “Vendor Integrity Pledge”, which specifies the rights and obligations of both parties at the time of contracting and stipulates that all suppliers should comply with.	No significant deviation
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	V		The Company has set up the ethical corporate management promotion unit. The Administration Division is responsible for formulating and supervising the implementation of the ethical corporate management policy and prevention plan, and reports the implementation status to the Board of Directors once a year, as described in Note 1.	No significant deviation
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	V		The Company’s management attaches importance to the internal audit unit and personnel and provides sufficient authority to ensure that they check and evaluate the deficiencies of the internal control system and measure the efficiency of operations, and provide a channel for employees or vendors to make representations; the Company readily provides directors and managerial	No significant deviation

Evaluation item	Operation state			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
			officers with information on regulations regarding the recusal of insider to avoid conflict of interests that require their attention.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit drawn up relevant audit plans based on the evaluation results of risk of unethical conduct, and audited the compliance of the plan to prevent unethical conduct or entrusted a CPA to perform the audit?	V		The Company has established an effective accounting system and internal control system, and has established an annual internal audit plan. The internal audit unit performs audit operations in accordance with the audit plan, and will arrange for additional special audits when special circumstances arise.	No significant deviation
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		The Company actively promotes and educates its employees through various occasions on the work philosophy and attitude of honest management with integrity, fairness and transparency, and self-discipline and responsibility.	No significant deviation
III. The operation of the Company's whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		The Company has established a whistle-blowing system and announced the hotline, e-mail address, and other channels for whistle-blowing on the Company's website for internal and external personnel, and accepts the reporting of crimes, frauds or illegal activities. The audit unit of the Company is the unit that accepts the reported matters. The e-mail address for reporting: suggest@shinfox.com.tw	No significant deviation
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		The Company has established operating procedures and confidentiality mechanisms for accepting reported matters. For related procedures, please refer to the Company's official website.	No significant deviation
(III) Does the Company take measures to protect whistleblowers from	V		The Company protects the identity of the whistleblower	No significant

Evaluation item	Operation state			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary	
inappropriate treatment due to reporting?			from improper treatment and threats as a result of whistleblowing.	deviation
IV. Strengthening of Information Disclosure (I) Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	V		The Company has established a website and disclosed the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct”, and announced and updated the relevant information on the Market Observation Post System in a timely manner in accordance with the law.	No significant deviation
V. If the Company has related practice principles of its own in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please state the differences between the two and the state of implementation: The Company has formulated the “Ethical Corporate Management Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” with reference to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and taking into consideration the practical operation of the Company, and has followed the relevant laws and regulations to ensure the implementation of ethical corporate management in order to regulate the matters that the Company’s personnel should pay attention to when performing business.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.): The Company follows the relevant laws and regulations and internal control system, and prohibits unethical acts or violation of laws and regulations.				

Note 1: The Administration Division is responsible for promoting ethical corporate management and compliance matters. The report on the implementation of ethical corporate management in 2023 is as follows:

Evaluation matter	Operation state		Description
	Yes	No	
No improper benefits were received by the Company’s personnel.	V		The Company has not violated any regulations.

Evaluation matter	Operation state		Description
	Yes	No	
The Company does not provide or promise any payment for the facilitation.	V		The Company does not provide or promise any payment for the facilitation.
The Company shall make political contributions in accordance with the Political Donations Act and shall not use them to obtain commercial benefits or trading advantages.	V		None.
The Company shall not provide charitable donations or sponsorships that are disguised bribes and shall not be the recipient of clear and reasonable return from sponsorship, and the Company's sponsorship shall not be for the Company's business dealings or for those who have an interest in the Company's personnel.	V		1. The Company purchased 28,400 kg of pomelos and 3,120 kg of mangoes from farmers in rural areas of Hualien. 2. The Company donated NT\$100,000 to the baseball team of Tainan Shanhua High School. 3. The Company sponsored Chang Jung Christian University with NT\$100,000 for the 2023 Kidwind Asian Wind Power Tournament.
The directors, managerial officers and other stakeholders attending or participating in the Board of Directors' meetings shall explain the important contents of their interests at that Board of Directors' meeting if they have an interest in the motions listed in the Board of Directors' meeting or the corporations they represent, and shall not join the discussion and vote if it is harmful to the interests of the Company, and shall recuse themselves from the discussion and voting and shall not exercise their voting rights on behalf of other directors. The Directors shall also exercise self-discipline and shall not improperly support each other.	V		The directors have recused themselves from any of the motions requiring recusal of directors in 2023.
The Company has designated the Administration Division as a dedicated unit responsible for formulating and implementing procedures for the management, preservation and confidentiality of the Company's intellectual property, such as	V		The Company's procedures for the management of trademark rights are in compliance with the regulations.

Evaluation matter	Operation state		Description
	Yes	No	
trade secrets, trademarks, patents and works, and shall review the results of their implementation on a regular basis to ensure the continued effectiveness of the procedures.			
The Company's personnel are prohibited from disclosing trade secrets and intellectual property rights.	V		The Company has not violated any regulations.
The Company is prohibited from engaging in unfair competition and preventing products or services from harming stakeholders in its business activities.	V		The Company has not violated any regulations.
Employees of the Company are prohibited from engaging in insider trading and other organizations or persons involved in important projects or contracts of the Company shall sign non-disclosure agreements with the Company.	V		The Company complies with the relevant regulations.
The Company shall disclose its policy on ethical corporate management in its internal regulations, annual reports, corporate website or other publications, and shall announce it at external events such as product launches and corporate presentations in a timely manner, so that its suppliers, customers or other business-related organizations and personnel can clearly understand its philosophy and standards of integrity management.	V		The Company has disclosed its ethical corporate management policy on the Company's website.
Before establishing a business relationship with the agents, suppliers, customers or other counterparties, the Company shall assess the legitimacy and integrity management policies of such third parties, and whether they have any record of dishonest practices, to ensure fair and transparent operations, and not to demand, offer, or accept bribes.	V		The Company has not violated any regulations.
In the course of conducting business, the Company's personnel shall explain the Company's policy of ethical corporate management and related regulations to counterparties and expressly refuse to offer, promise, request or accept, directly or indirectly, any improper advantage in any form or name.	V		The Company has not violated any regulations.
The Company's personnel shall refrain from dealing with	V		The Company has not violated any regulations.

Evaluation matter	Operation state		Description
	Yes	No	
unethical operators.			
When the Company enters into a contract with another party, the Company shall fully understand the ethics of the other party and include compliance with the Company's ethical corporate management policy in the contract terms.	V		The Company has not violated any regulations.
The Company shall encourage internal and external personnel to report unethical acts or misconduct, and shall pay rewards as appropriate depending on the severity of the report. Any internal personnel who make false reports or malicious accusations shall be subject to disciplinary action, and in serious cases, shall be dismissed.	V		The Company has had no whistleblower reporting cases.
The Company has established and announced an independent whistleblower reporting mailbox or hotline on the Company's website or has commissioned other external independent organizations to provide a whistleblower reporting mailbox or hotline for the use of internal and external personnel of the Company.	V		The Company has set up a whistleblower reporting system and a related mailbox on the Company's website, and currently there have been no whistleblower reporting cases.
The Company's personnel handling the whistleblower reports shall declare in writing that the identity of the whistleblower and the content of the report shall be kept confidential, and the Company undertakes to protect the whistleblower from being improperly dealt with as a result of the report.	V		The Company has had no whistleblower reporting cases.
The Company shall notify the judicial and prosecutorial authorities of any unethical acts committed by others against the Company if the acts are illegal, and shall notify the government ethics authorities of any such acts if a government agency or public official is involved.	V		There is no illegality on the part of the Company's personnel.
The Company shall dismiss or terminate the employment of its personnel in accordance with the relevant laws and regulations or the Company's personnel regulations if the breach of ethics	V		No breach of ethics by the Company's personnel.

Evaluation matter	Operation state		Description
	Yes	No	
by the Company's personnel is significant.			

(VII) If the Company has formulated the Corporate Governance Practice Principles and related rules, it shall disclose its inquiry methods: Please go to the Market Observation Post System or the Company's official website for inquiries.

(VIII) Other important information for understanding of the operations of corporate governance may be disclosed:

- (1) The Sustainable Development Committee was established in November 2021 and is composed of five directors (including three independent directors). The Committee plans and implements sustainable development matters in accordance with the three aspects: the environment, society and corporate governance in order to achieve the Company's vision of "protecting the earth, sustainable development, green energy and carbon reduction, and clean energy". The Committee regularly reports the implementation status to the Board of Directors every year.
- (2) The duties of the Committee are as follows:
 1. Set corporate social responsibility, sustainable development direction (environmental, social and governance) and objectives, and establish related management guidelines and concrete promotion plans.
 2. Follow-up, review and amendment of the implementation status and effectiveness of corporate sustainable development.
 3. Other matters resolved by the Board of Directors and handled by the Committee.

The Committee members have the following expertise:

Name of Committee Members	Independent Director	Expertise
Wen-Shuai Liu (Chair)	V	Business management and experience in the industry
Chong-Xiong Weng	V	Professional knowledge
Shu-Fen Wang	V	Financial accounting
Zi-Jun Du (Note)		Professional knowledge
Chia-jui Ou (Note)		Professional knowledge
Hui-Sen Hu		Business management and experience in the industry

Note: Director Zi-Jun Du resigned after the re-election at the shareholders' meeting on May 24, 2023. Director Chia-jui Ou took office after the re-election at the shareholders' meeting on May 24, 2023.

(3) The operation of the Committee is as follows:

The term of office of the current members: from May 24, 2023 to May 23, 2024. As of 2023, two meetings have been held, and the attendance of members is as follows:

Director/Independent Director	Required attendance	Attendance in person
Independent Director Wen-Shuai Liu (Convener)	2	1
Independent Director Chong-Xiong Weng	2	2
Independent Director Shu-Fen Wang	2	2
Director Zi-Jun Du (Note)	1	1
Director Chia-Jui Ou (Note)	1	1
Director Hui-Sen Hu	2	2

Note: Director Zi-Jun Du resigned after the re-election at the shareholders' meeting on May 24, 2023. Director Chia-jui Ou took office after the re-election at the shareholders' meeting on May 24, 2023.

(IX) Implementation of the Internal Control System:

1. Statement of Internal Control

Shinfox Energy Co., Ltd.

Statement of Internal Control System

Date: February 27, 2024

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

- I. The Company understands that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. information and communication, and 5. monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2023 (including the supervision and management of subsidiaries), with a understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Company's Board of Directors on February 27, 2024. Of the 7 directors present, 0 had objections, and the rest all agreed with the content of this statement and declare so here.

Shinfox Energy Co., Ltd.

Chairperson: Tai-Ciang Guo

General Manager: Hui-Sen Hu

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: None.

(X) During the most recent year or during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the punishment may have material impact on shareholders' equity or securities price, the penalty, the major deficiencies and improvements should be listed: None.

(XI) Important resolutions of the shareholder meeting and Board meeting during the most recent year or during the current year up to the date of publication of the annual report:

1. Important Resolutions of the Board

Date	Important resolutions of the Board of Directors
112.02.24	1. Approval of the Company's 2023 Business Plan 2. Distribution of employee compensation and remuneration to directors for 2022. 3. 2022 Business Report and financial statements of the Company. 4. 2022 earnings distribution of the Company. 5. Evaluation of the independence and competence and appointment of the Company's CPAs. 6. Proposal for the advance approval of the CPA, the CPA firm, and an affiliate of the CPA firm to provide services other than assurance certification to the Company and its subsidiaries. 7. The Company proposed to provide endorsement and guarantee for its wholly owned subsidiary, Foxwell Energy Corporation Ltd. 8. Renewal of credit facilities from banks and financial institutions. 9. Internal control statement of the Company for 2022. 10. Amendment to certain provisions of the Company's "Sustainable Development Best Practice Principles". 11. Amendment to certain articles of the Company's "Corporate Governance Best Practice Principles". 12. Amendment to the "Rules of Procedure for the Board of Directors Meetings". 13. Amendment of the Company's "Rules Governing Financial and Business Matters Between Affiliated Enterprises". 14. Election of the Company's Directors after the expiry of their terms. 15. Nomination review of the List of Director Candidates (including Independent Directors). 16. Proposal for lifting the non-compete clause for newly elected directors and their representatives. 17. Accepted the nomination of candidates for Directors (including Independent Directors) nominated by shareholders in the 2023 regular shareholders' meeting. 18. The time, location and causes and subjects of the 2023 regular shareholders' meeting of the Company. 19. The Company's proposal for the issuance of overseas convertible corporate bonds. 20. The Company's subscription for the issuance of new shares in a cash capital increase of its subsidiary Foxwell Energy Corporation Ltd.
112.04.07	1. Proposal for Signing a Contract on Wind Power Plant Turnkey Project and Relevant Maintenance and Operation by the Company with the Affiliate Changpin Wind Power Ltd.
112.05.11	1. The Company's Financial Statements for the First Quarter of 2023. 2. Approval for the Company's New and Renewed Credit Contracts with Financial Institutions. 3. Amendments to Partial Provisions of the Company's Regulations Governing the "Evaluation of the Board of Directors' Performance". 4. Proposal for Removal of Non-competition Restrictions on the Company's Managers.
112.05.24	1. Election of the Company's Chairperson. 2. Proposal for Appointment of the Members of the 2nd Remuneration Committee. 3. Proposal for Appointment of the Members of the 2nd Sustainable Development Committee.
112.08.08	1. The Company's Financial Statements for the Second Quarter of 2023. 2. Approval for the Company's New and Renewed Credit Contracts with Financial Institutions. 3. Proposal for Approval of the Amount of Employee Bonuses Distributed to Managers 4. Ratification of the Company's Endorsement/Guarantee for Subsidiary Foxwell Energy Corporation Ltd. 5. Proposal for Issuance of the First Domestic Secured Convertible Corporate Bonds by the Company
112.09.25	1. Proposal for Increasing the Shareholding of the Overseas Reinvestee Singapore Shinfox Far East Company Pte Ltd. (SFE).

Date	Important resolutions of the Board of Directors
	2. Proposal for Increasing the Company's Investment in the Equity of Vietnam Renewable Energy. 3. Approval for the Renewal of Credit Contracts between the Company and Financial Institutions.
112.11.09	1. The Company's Financial Statements for the Third Quarter of 2023. 2. Approval for the Company's 2024 Audit Plan. 3. Approval for the Renewal of Credit Contracts between the Company and Financial Institutions.
112.12.28	1. Proposal for Provision of Endorsement and Guarantee by the Company to Subsidiary Foxwell Energy Corporation Ltd. 2. Proposal for Provision of Endorsement and Guarantee by the Company to Subsidiary Shinfox Far East Company Pte Ltd. 3. Subscription of New Shares Issued by Subsidiary Foxwell Energy Corporation Ltd. for Cash Capital Increase by the Company. 4. Change of the Company's Organizational Structure and Personnel Positions.
113.01.26	1. Proposal for Provision of Endorsement and Guarantee by the Company to Foxwell Energy Corporation Ltd., a Subsidiary with 100% of Its Shares Held by the Company.
113.02.27	1. The Company's Business Plan for 2024. 2. The Company's 2023 Business Report and Financial Statements. 3. Distribution of Remuneration to Employees and Directors in 2023. 4. Distribution of the Company's Earnings in 2023. 5. Evaluation of the Independence and Suitability and Appointment of the Company's CPAs. 6. The Company's New and Renewed Credit Contracts with Financial Institutions. 7. Proposal for Provision of Endorsement and Guarantee by the Company to the Reinvestee Changpin Wind Power Ltd. 8. Proposal for Provision of Endorsement and Guarantee by the Company to Subsidiary Shinfox Far East Company Pte Ltd. 9. Loaning of Funds by the Company to the Subsidiary Shinfox Far East Company Pte Ltd. 10. The Company's "Internal Control System Statement" for 2023. 11. Discussion of the Transfer of Equity before the Application for Listing by the Company's Subsidiary Foxwell Power Co., Ltd. 12. Time, Venue and Reason for Convening the 2024 Annual General Meeting of Shareholders of the Company.

2. Review of important resolutions of the shareholders' meeting and implementation status:

Date	Important resolutions of the Board of Directors	Implementation status
112.05.24	(1) Recognition of the Company's 2022 Business Report and Financial Statements.	The relevant financial statements have been filed with the competent authority for review and announced and disclosed in accordance with the Company Act and other relevant laws and regulations
	(2) Recognition of the Distribution of the Company's Earnings in 2022.	The Board of Directors resolved on February 24, 2023 to authorize the Chairperson to set the ex-dividend base date and payment date. On July 25, 2023, the Chairperson approved August 29, 2023 as the ex-dividend base date and September 18, 2023 as the payment date, to distribute cash dividends of NT\$108,075,000 according to the shareholding ratio of the shareholders recorded in the shareholders' register on the ex-dividend base date, with NT\$0.50 distributed to each share.
	(3) Re-election of the Company's Directors.	The registration of changes was reported on June 19, 2023 as required by law.
	(4) Removal of Non-competition Restrictions on Newly Elected Directors and Their Representatives	It was made effective upon the resolution of the shareholders' meeting.

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None.

(XIII) For the most recent year or the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company's chairperson, general manager, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer:

Title	Name	Date of assuming position	Date of relieving of position	Reason for relief of position
Chief Finance and Accounting Officer	Mei-Zhi Tsai	110.02.01	113.01.01	Position adjustment

V. Information on attesting CPAs' professional fee

Information on attesting CPAs' professional fee

Units: NT\$ thousands

CPA firm name	CPA name	CPA audit period	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Hsiao-Tzu Chou	112.01.01~112.12.31	3,940	1,310	5,250	Note
	Yi-Chang Liang					

Note: Non-audit fees include transfer pricing service fee of NT\$250 thousand, the fee for evaluation on convertible corporate bonds of NT\$60 thousand, and the fee for capacity allocation plan for offshore wind power block development of NT\$1,000 thousand.

- (I) The audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the change, The audit fees before and after the replacement should be disclosed and the reasons therefor: No such occurrences
- (II) Where the audit fee has decreased by 15% or more from the previous year, the amount, percentage and reasons therefor should be disclosed: No such occurrences.

VI. Information on Replacement of CPAs:

Replacement of CPAs in the last 2 years and after:

The Company's CPAs for 2022 were Se-Kai Lin and Yi-Chang Liang from PwC Taiwan. Due to the rotation within the accounting firm, the CPAs of the Company have been changed to Hsiao-Tzu Chou and Yi-Chang Liang since the first quarter of 2023. The proposal for appointment of the CPAs was passed through the resolution of the Board of Directors on February 24, 2023.

VII. Any of The Company's Chairperson, General Manager, or managerial officers involved in financial or accounting affairs being employed by the attesting CPAs' firm or any of its affiliated company within the recent year: None.

VIII. Changes in transfer and pledge of shares by directors, managerial officers and shareholders with more than 10% shareholding

(I) Changes in transfer and pledge of shares by directors, managerial officers, and major shareholders

Unit: Shares

Title	Name	2023		As of March 23, 2024	
		Increase/decrease in the number of shares held	Increase/decrease in the number of shares pledged	Increase/decrease in the number of shares held	Increase/decrease in the number of shares pledged
Chairman and major shareholder	Power Quotient International Co., Ltd.	0	0	0	0
	Legal Representative: Tai-Chiang Kuo	0	0	0	0
Chairman and major shareholder	Power Quotient International Co., Ltd.	0	0	0	0
	Legal Representative: Kun-Huang Lin	0	0	0	0
Chairman and major shareholder	Hui-Sen Hu	0	0	0	0
Director	Chia-jui Ou (Date of taking office: May 24, 2023)	0	0	0	0
Director	Zi-Jun Du (Date of dismissal: May 24, 2023)	0	0	0	0
Independent Director	Chong-Xiong Weng	0	0	0	0
Independent Director	Wen-Shuai Liu	0	0	0	0
Independent Director	Shu-Fen Wang	0	0	0	0
General Manager	Hui-Sen Hu	0	0	0	0
Assistant GM of Administration Division	Hui-Yun Hu (Date of dismissal: January 1, 2024)	(34,000)	0	0	0
Deputy General Manager	Ming-Hong Wu	0	0	0	0
Deputy General Manager	Cheng-Che Hsieh	(9,000)	0	0	0
Deputy General Manager	Mei-Zhi Tsai	0	0	0	0
Chief Finance and Accounting Officer	Hsin-Mei Li (Date of taking office: January 1, 2024)	0	0	0	0

(II) The counterparty to whom the shares are transferred or pledged is a related party: None.

IX. Relationships among The Company's top ten shareholders including spouses, relative within the second degree of kinship

March 23, 2024 Unit: Shares

Name	Shareholding of the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		If there are related parties, spouses, kindred within the second tier under the Civil Code among the top 10 shareholders, give the names and affiliations of such shareholders		Remarks
	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Title (or name)	Relationship	
Power Quotient International Co., Ltd.	102,951,145	46.62	—	—	—	—	Foxwell International Investment Co., Ltd. —	Affiliated enterprise —	—
Representative: Tai-Ciang Guo	—	—	—	—	—	—			
Foxwell International Investment Co., Ltd.	18,673,000	8.46	—	—	—	—	Power Quotient International Co., Ltd. —	Company with significant influence —	—
Representative: Kun-Huang Lin	279,205	0.13	—	—	—	—			
Chia-Hung Chin	3,735,079	1.69	—	—	—	—	—	—	—
Investment account of Merrill Lynch International in the custody of HSBC (Taiwan) Commercial Bank Co., Ltd.	3,648,407	1.65	—	—	—	—	—	—	—
Investment account of UBS Europe SE in the custody of Citibank (Taiwan)	2,135,645	0.97	666	—	—	—	—	—	—
Investment account of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in the custody of HSBC (Taiwan) Commercial Bank Co., Ltd.	1,620,000	0.73	—	—	—	—	—	—	—
Investment account of JPMorgan Securities Co., Ltd. in the custody of JPMorgan Chase Bank N.A. Taipei Branch	1,526,350	0.69	—	—	—	—	—	—	—
Hui-Sen Hu	1,436,446	0.65	—	—	—	—	—	—	—
Fulian International Investment Co., Ltd.	1,105,500	0.50	—	—	—	—	Power Quotient International Co., Ltd.	The Chairperson is the spouse	—
Representative: Yu-Chen Lo									
Wei-Hsiang	990,867	0.45							

Name	Shareholding of the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		If there are related parties, spouses, kindred within the second tier under the Civil Code among the top 10 shareholders, give the names and affiliations of such shareholders		Remarks
	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Title (or name)	Relationship	
Huang									

- X. The total number of shares and the consolidated equity stake percentage held in any single investee enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

March 31, 2024 Unit: share; %

Reinvested enterprise	Investment by the Company		Investment by Directors, Supervisors, Managers, and Enterprises Directly or Indirectly Controlled by the Company		Comprehensive Investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Foxwell Energy Corporation Ltd.	867,000,000	100%	0	0	867,000,000	100%
Foxwell Power Co., Ltd.	46,539,000	78%	256,250	0.43%	46,795,250	78%
Shinfox Natural Gas Co., Ltd.	36,000,000	80%	0	0	36,000,000	80%
Jiuwell Power Co., Ltd.	110,000,000	100%	0	0	110,000,000	100%
Yuanshan Forest Natural Resource Co., Ltd.	10,000,000	100%	0	0	10,000,000	100%
Elegant Energy Tech Co., Ltd.	500,000	100%	0	0	500,000	100%
Guanwei Power Co., Ltd.	3,570,000	51%	0	0	3,570,000	51%
Changpin Wind Power Ltd.	12,000,000	50%	0	0	12,000,000	50%
Chun Wei Power Co., Ltd.	1,200,000	100%	0	0	1,200,000	100%
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	19,820,000	56.63%	0	0	19,820,000	56.63%
SHINFOX FAR EAST COMPANY PTE LTD	53,600,000	67%	0	0	53,600,000	67%
Kunshan Jiuwell Information Technology Co., Ltd.	(Note)	100%	(Note)	0	(Note)	100%

Note: It is a limited company with no shares in issuance.

Four. Funding Status

I. Capital and shares

(I) Sources of capital

1. Sources of capital

Unit: Thousands of shares; Thousands of NT\$

Year/ Month	Issuance price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Using property other than cash as payment of shares	Others
2007.04	10	200	2,000	200	2,000	Establishment of stock capital	None	Note 1
2009.08	10	10,000	100,000	1,000	10,000	Cash capital increase of NT\$8,000 thousand	None	Note 2
2011.02	10	10,000	100,000	1,550	15,500	Cash capital increase of NT\$5,500 thousand	None	Note 3
2011.04	20	10,000	100,000	5,000	50,000	Cash capital increase of NT\$34,500 thousand	None	Note 4
2013.08	10	30,000	300,000	18,366	183,660	Cash capital increase of NT\$133,660 thousand	None	Note 5
2020.03	10	100,000	1,000,000	78,366	783,660	Merger of Foxwell Energy Corporation Ltd. with stock exchange of NT\$600,000 thousand	None	Note 6
2020.09	13	120,000	1,200,000	100,000	1,000,000	Cash capital increase of NT\$216,340 thousand	None	Note 7
2021.05	86	200,000	2,000,000	130,000	1,300,000	Cash capital increase of NT\$300,000 thousand	None	Note 8
2021.11	104.4	200,000	2,000,000	146,500	1,465,000	Cash capital increase of NT\$165,000 thousand	None	Note 9
2022.05	88	200,000	2,000,000	196,500	1,965,000	Cash capital increase of NT\$500,000 thousand	None	Note 10
2022.09	10	400,000	4,000,000	216,150	2,161,500	Capital increase upon capitalization of earnings by NT\$196,500 thousand	None	Note 11

Note 1: Approved by the Ministry of Economic Affairs on April 27, 2007 with the approval letter Jing-Shou-Zhong-Zi No. 09632041470.

Note 2: Approved by the Taipei City Government on August 31, 2009 with the approval letter Fu-Chan-Ye-Shang-Zi No. 09888079300.

Note 3: Approved by the Taipei City Government on February 14, 2011 with the approval letter Fu-Chan-Ye-Shang-Zi No. 10081059100.

Note 4: Approved by the Taipei City Government on April 12, 2011 with the approval letter Fu-Chan-Ye-Shang-Zi No. 10082516100.

Note 5: Approved by the New Taipei City Government on August 28, 2013 with the approval letter Bei-Fu-Jing-Si-Zi No. 1025054070.

Note 6: Approved by the Ministry of Economic Affairs on March 17, 2020 with the approval letter Jing-Shou-Shang-Zi No. 10901219020.

Note 7: Approved by the Ministry of Economic Affairs on September 10, 2020 with the approval letter Jing-Shou-Shang-Zi No. 10901170150.

Note 8: Approved by the Ministry of Economic Affairs on May 31, 2021 with the approval letter Jing-Shou-Shang-Zi No. 11001091170.

Note 9: Approved by the Ministry of Economic Affairs on November 29, 2021 with the approval letter Jing-Shou-Shang-Zi No. 11001217410.

Note 10: Approved by the Ministry of Economic Affairs on May 24, 2022 with the approval letter Jing-Shou-Shang-Zi No. 11101087530.

Note 11: Approved by the Ministry of Economic Affairs on November 29, 2022 with the approval letter Jing-Shou-Shang-Zi No. 11101176060.

2. Types of shares issued

March 23, 2024 Unit: Shares

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock of TWSE-listed companies in registered form	216,150,000	183,850,000	400,000,000	

3. Information about the shelf registration system: Not applicable.

(II) Shareholder structure

March 23, 2024 Unit: Shares

Shareholder structure	Government agency	Financial institution	Other corporation	Foreign institution or foreigner	Individual	Total
Number						
Number of people	0	30	81	94	32,316	32,521
Number of shares held	0	5,313,041	124,698,235	14,848,374	75,989,433	220,849,083
Shareholding percentage	0%	2.41%	56.46%	6.72%	34.41%	100%

(III) Diversification of shareholdings

1. Dispersion of shareholdings in ordinary shares

March 23, 2024 Unit: Shares

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	13,131	2,226,261	1.01%
1,000 to 5,000	17,065	29,055,096	13.16%
5,001 to 10,000	1,283	9,879,492	4.47%
10,001 to 15,000	375	4,738,545	2.15%
15,001 to 20,000	199	3,644,123	1.65%
20,001 to 30,000	170	4,391,538	1.99%
30,001 to 40,000	67	2,384,295	1.08%
40,001 to 50,000	49	2,301,119	1.04%
50,001 to 100,000	103	7,300,173	3.31%
100,001 to 200,000	39	5,318,745	2.41%
200,001 to 400,000	20	5,874,750	2.66%
400,001 to 600,000	7	3,501,507	1.59%
600,001 to 800,000	1	650,000	0.29%
800,001 to 1,000,000	3	2,751,867	1.25%
1,000,001 or more	9	136,831,572	61.96%
Total	32,521	220,849,083	100.00%

2. Diversification of shareholding in preferred shares: The Company did not issue any preferred shares.

(IV) List of major shareholders

March 23, 2024 Unit: Shares

Shares	Number of shares held	Shareholding percentage
Name of major shareholders		
Power Quotient International Co., Ltd.	102,951,145	46.62%
Foxwell International Investment Co., Ltd.	18,673,000	8.46%
Chia-Hung Chin	3,735,079	1.69%
Investment account of Merrill Lynch International in the custody of HSBC (Taiwan) Commercial Bank Co., Ltd.	3,648,407	1.65%
Investment account of UBS Europe SE in the custody of Citibank (Taiwan)	2,135,645	0.97%
Investment account of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in the custody of HSBC (Taiwan) Commercial Bank Co., Ltd.	1,620,000	0.73%
Investment account of JPMorgan Securities Co., Ltd. in the custody of JPMorgan Chase Bank N.A. Taipei Branch	1,526,350	0.69%
Hui-Sen Hu	1,436,446	0.65%
Fulian International Investment Co., Ltd.	1,105,500	0.50%
Wei-Hsiang Huang	990,867	0.45%

(V) Information on market price, net worth, earnings, dividends per share for the most recent two years

Item			Year	2022	2023	As of March 31, 2024 (Note 4)
Market price per share (NT\$) (Note 1)	Highest			127.00	132.00	164.5
	Lowest			57.20	79.40	136
	Average			85.81	101.88	148.63
Net worth per share (NT\$)	Before distribution			47.90	51.62	Not applicable
	After distribution			47.4	Note 2	Not applicable
Earnings per share	Weighted average number of shares (thousands of shares)			196,712	216,150	Not applicable
	Earnings per share (NT\$)	Before retrospective adjustment		1.14	2.94	Not applicable
		After retrospective adjustment		Not applicable	Not applicable	Not applicable
Dividends per share (NT\$)	Cash dividends (Note 2)			0.5	1.5	Not applicable
	Bonus stock dividends	Stock dividends from retained earnings		Not applicable	Not applicable	Not applicable
		Stock dividends from capital reserve		Not applicable	Not applicable	Not applicable
	Accumulated unpaid dividends			Not applicable	Not applicable	Not applicable
Analysis of return on investment (Note 3)	Price to earnings ratio			76.77	34.65	Not applicable
	Price to dividend ratio			175.04	67.92	Not applicable
	Cash dividend yield			0.57%	1.47%	Not applicable

Note 1: The market price per share is based on the information calculated on the website of Taiwan Stock Exchange for disclosure purposes. The average market price is calculated based on the value and volume of transactions during the period.

Note 2: The information for 2022 is filled out based on the distribution determined by the resolution at the 2023 Annual General Meeting of Shareholders; The cash dividend of NT\$1.5 for 2023 is to be confirmed by the resolution at the 2024 Annual General Meeting of Shareholders.

Note 3: The formulas for data in this table are as follows:

- (1) Price to earnings ratio = average closing price per share for the year/earnings per share.
- (2) Price to dividends ratio = average closing price per share for the year/cash dividend per share.
- (3) Cash dividend yield = dividend per share/average closing price per share for the year.

Note 4: As of the date of publication of the annual report, the net value per share and earnings per share for the most recent quarter have not been audited by the CPA. The market price per share is based on information from the current year up to the publication date of the annual report.

(VI) Company dividend policy and implementation status

1. Dividend policy:

If the Company has earnings surplus as evidenced by the year-end accounting settlement, it shall pay taxes and make up for losses in accordance with the law and set aside 10% as a legal reserve, except when the legal reserve has reached the Company's total paid-in capital. In addition, after setting aside or reversing the special reserve in accordance with the relevant laws and regulations, for the distributable earnings, including the undistributed earnings at the beginning of the period, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution.

The Company's dividend policy is based on the Company's profitability, future operational development and protection of shareholders' rights and interests, etc. Dividends shall be paid in accordance with the provisions of the Articles of Incorporation. The Board of Directors shall propose the distribution of earnings, depending on the Company's capital, financial structure, operating conditions and earnings considerations at the time. It shall be no less than 10% of the current year's after-tax earnings as dividends to shareholders by way of capital increase from earnings or cash dividends. The stockholders' meeting shall resolve the dividend distribution proposal for a balanced and stable dividend policy. However, cash dividends shall not be less than 10% of the total dividends.

2. Implementation status

For 2023 earnings distribution, the Board of Directors passed a resolution in the meeting on February 27, 2024 for the distribution of cash dividends of NT\$324,225,000 (cash dividends of NT\$1.5 per share). The distribution will be made after the approval of the shareholders' meeting on May 21, 2024 and will be processed in accordance with the relevant regulations.

3. If there is a significant change in the dividend policy, it should be stated: None.

(VII) The effect of the proposed stock dividends by the shareholders' meeting on the Company's business results and earnings per share

As the Company is not required to make public financial forecasts, information on changes in business results, pro forma earnings per share and price to earnings ratio are not applicable.

(VIII) Remuneration for employees and directors

1. Percentages or ranges of employee bonus and remunerations to directors and

supervisors under the Articles of Incorporation:

When the Company has a surplus, it shall set aside at least 6% as employee compensation, which shall be distributed in shares or cash as resolved by the Board of Directors. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements. In addition, the Company may set aside no more than 3% of the above-mentioned profit as director remuneration as resolved by the Board of Directors. The employee compensation and director remuneration shall be submitted to the annual general meeting of shareholders. However, if the Company still has accumulated losses, the Company shall reserve the amount to offset the losses in advance, and then set aside the employee compensation and director remuneration based on the aforementioned proportions.

2. The basis for estimating the amount of compensation to employees and directors, the basis for calculating the number of shares of employees' compensation distributed by stock, and the accounting treatment if the actual amount of distribution differs from the estimated amount:

The estimated amount of compensation to employees and directors is based on the pre-tax net profit for the period and is recognized as salary expense based on the percentage set forth in the Articles of Incorporation. If the actual amount of distribution resolved at a subsequent shareholders' meeting differs from the estimated amount, the difference is accounted for as a change in accounting estimate.

3. Distribution of remuneration approved by the Board of Directors:

- (1) Remunerations to employees and directors distributed in the form of cash or stock. (If there is any discrepancy between the amount and the estimated expense recognized, the discrepancy, causes and treatment shall be disclosed):

On February 27, 2024, the Board of Directors approved the distribution of NT\$6,600,000 as remuneration to directors and NT\$39,630,000 as remuneration to employees; neither amount was different from the amount recognized in the financial statements.

- (2) The amount of employee compensation distributed by stock and its percentage to the total net profit after tax and total employee compensation for the period. The Company does not propose to distribute employee compensation in stock, therefore, it is not applicable.

4. The actual distribution of the remuneration for employees and directors in the previous year (including number of shares distributed, amount and share price), and if it is different from the remuneration recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed:
The Company's Board of Directors resolved on February 24, 2023 to pay remuneration to Directors and employees in 2022 in the amounts of NT\$3,780,000 and NT\$15,430,000, in cash, respectively. The employee remuneration distributed was NT\$280,000 more than the estimated amount recognized, which was treated as a change in accounting estimates and recognized as profits and losses for the following year.

(IX) Repurchase of the Company's shares: None.

II. Issuance of corporate bonds:

(I) Issuance of corporate bonds:

Type of corporate bonds		The first domestic secured convertible corporate bonds
Date of issue		November 22, 2023
Face value		NT\$100,000
Issuance price		NT\$105.76
Total amount		NT\$3,000,000,000
Interest rate		0%
Maturity		Maturity date of three-year bonds: November 22, 2026
Guarantor		Tucheng Branch of Bank of Taiwan Co., Ltd., Jianguo Branch of Taiwan Business Bank Co., Ltd., Songshan Branch of Taichung Commercial Bank Co., Ltd., Global Trade Finance Division of Taishin International Bank Co., Ltd., East Taipei Branch of Shin Kong Commercial Bank Co., Ltd., and Chungho Branch of Bank of Kaohsiung Co., Ltd.
Trustee		Trust Department of KGI Bank Co., Ltd.
Underwriter		Grand Fortune Securities Co., Ltd.
Attorney-at-Law		Not applicable
Certified Public Accountant		Not applicable
Repayment method		Unless the bond holder exercises the right to sell the bonds back to the Company or the bonds are redeemed in advance, the bonds will be repaid in cash at the face value in one lump sum upon maturity.
Outstanding principal		As of April 12, 2024, the principal outstanding was NT\$2,464,300,000
Terms on redemption or early settlement		Article 18 of the Regulations Governing the Issuance and Conversion of the First Domestic Secured Convertible Corporate Bonds
Restrictive terms		Not applicable
Name of credit rating agency, date of rating, and result of corporate bond rating		Not applicable
Additional rights	Amount of converted ordinary shares, overseas depositary receipts or other marketable securities as of the date of publication of the annual report	As of April 12, 2024, the amount of converted ordinary shares was NT\$535,700,000, and the number of shares converted was 4,699,083.
	Regulations on Issuance and Conversion	Regulations Governing the Issuance and Conversion of the First Domestic Secured Convertible Corporate Bonds
The impact of issuance and conversion, regulations on exchange or subscription, and issuance conditions on possible dilution of shareholdings and existing shareholders' equity		Holders of convertible bonds usually convert the bonds into common shares gradually, and the dilution of shareholdings is not realized immediately. Therefore, this issuance of convertible corporate bonds will not have significant impact on shareholders' equity.
Name of custodian for exchange object		Not applicable

(II) Information on convertible corporate bonds:

Currency: NT\$

Type of corporate bonds		The first domestic secured convertible corporate bonds	
Item	Year	2023	As of April 12, 2024
Market price of convertible corporate bonds	Highest	115.95	137.3
	Lowest	106	134
	Average	107.56	135.52
Conversion price		114	114
Date of issue (handling) and conversion price at the time of issuance		Date of issue: November 22, 2023 Conversion price at the time of issuance: NT\$114	
Method of performing the conversion obligation		Issue new shares in accordance with the regulations governing issuance and conversion	

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of employee stock options: None.

VI. Issuance of restricted stock awards (RSA): None.

VII. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None.

VIII. Progress on the use of funds:

(I) The first domestic secured convertible corporate bonds issued in 2023:

1. Project Content:

- (1) Date of approval by the competent authority and document number: Chin-Kuan-Cheng-Fa-Tzu No. 1120358594 Letter dated October 31, 2023 by the Financial Supervisory Commission came into effect.
- (2) The total amount of funds required for the project: NT\$3,172,710 thousand.
- (3) Source of funds:

The Company issued 30,000 first domestic secured convertible corporate bonds, each with a face value of NT\$100 thousand, with a total face value of NT\$3,000,000 thousand, an issuance period of 3 years and a coupon rate of 0%. The Company issued the bonds at 105.76% of the face value and the total amount raised was NT\$3,172,710 thousand; this amount was NT\$172,710 thousand in excess of the original estimate of NT\$3,000,000 thousand; will be used to replenish the working capital, and is expected to be fully utilized in the fourth quarter of 2023.

(4) Planned items and scheduled progress of use of funds

Unit: Thousands of NT\$

Planned project	Scheduled completion date	Total funds required	Scheduled progress of use of funds
			4th quarter of 2023
Enrich operating capital	4th quarter of 2023	1,927,910	1,927,910
Invest in P-29 Company	4th quarter of 2023	161,920	161,920
Invest in P-30 Company	4th quarter of 2023	161,920	161,920
Invest in P-31 Company	4th quarter of 2023	186,560	186,560
Invest in P-32 Company	4th quarter of 2023	734,400	734,400
Total		3,172,710	3,172,710

Note: Invest 35% in the equity of each of P-29 Company, P-30 Company, P-31 Company and P-32 Company, with the investment amount of US\$5,060 thousand (equivalent to NT\$161,920 thousand), US\$5,060 thousand (equivalent to NT\$161,920 thousand), US\$5,830 thousand (equivalent to NT\$186,560 thousand), and US\$22,950 (equivalent to NT\$734,400 thousand) respectively, which totals US\$38,900 thousand (equivalent to NT\$1,244,800 thousand), which are estimated at the NT\$ to US\$ exchange rate of 32:1.

(5) Expected potential benefits

The Company raised a total amount of NT\$3,172,710 thousand by issuing the first domestic secured convertible corporate bonds, of which NT\$1,927,910 thousand was used to replenish the working capital, and the remaining NT\$1,244,800 thousand was used to invest in companies that own the renewable energy power generation project sites in Vietnam, of which NT\$161,920 thousand was used to invest 35% of the equity of P-29 Company, NT\$161,920 thousand was used to invest 35% of the equity of P-30 Company, NT\$186,560 thousand was used to invest 35% of the equity of P-31 Company, and NT\$734,400 thousand was used to invest 35% of the equity of P-32 Company. The possible benefits of each planned project are described as follows:

① Replenish the working capital:

Of the total funds required by the Company for this plan, NT\$1,927,910 thousand was used to replenish the working capital demand for future growth operational scale, which can not only reduce the dependence on banks, but also increase the long-term stable source of funds and flexibility in the use of funds. In addition, as the funds were raised instead of being borrowed from banks, based on the average borrowing interest rate of 1.85% for 2023, the monthly interest expense in 2023 can be saved by NT\$2,972 thousand ($\text{NT\$1,927,910 thousand} \times 1.85\% \times 1/12$), and the yearly interest expenses will be saved by NT\$35,666 thousand ($\text{NT\$1,927,910 thousand} \times 1.85\%$) for each subsequent year, which will moderately reduce the Company's financial burden, prevent interest expenses from eroding profits, and strengthen the financial structure, thereby enhancing its long-term competitiveness and benefiting its overall operation and development in the future.

② Invest in P-29 Company:

Of the total funds required by the Company for this plan, NT\$161,920 thousand was used for the investment in the renewable energy projects in Vietnam and the acquisition of 1,225,000 thousand shares of P-29 Company

- from P-28 Company. After obtaining the equity, the Company's holds 35% of the shares of P-29 Company. It is expected that the income on investment in P-29 Company will be recognized in 2024 as NT\$6,736 thousand, and the annual investment income for each subsequent year is based on P-29 Company's estimated power generation efficiency, depreciation expense, price inflation rate and other expenses, and the expected payback period of about 11.50 years, which may be made up by the reinvestment income and contribute to the Company's overall operation planning and development.
- ③Invest in P-30 Company:
Of the total funds required by the Company for this plan, NT\$161,920 thousand was used for the investment in the renewable energy projects in Vietnam and the acquisition of 1,225,000 thousand shares of P-30 Company from P-28 Company. After obtaining the equity, the Company's holds 35% of the shares of P-30 Company. It is expected that the income on investment in P-30 Company will be recognized in 2024 as NT\$6,736 thousand, and the annual investment income for each subsequent year is based on P-30 Company's estimated power generation efficiency, depreciation expense, price inflation rate and other expenses, and the expected payback period of about 11.50 years, which may be made up by the reinvestment income and contribute to the Company's overall operation planning and development.
- ④Invest in P-31 Company
Of the total funds required by the Company for this plan, NT\$186,560 thousand was used for the investment in the renewable energy projects in Vietnam and the acquisition of 1,225,000 thousand shares of P-31 Company from P-28 Company. After obtaining the equity, the Company's holds 35% of the shares of P-31 Company. It is expected that the income on investment in P-31 Company will be recognized in 2024 as NT\$6,736 thousand, and the annual investment income for each subsequent year is based on P-31 Company's estimated power generation efficiency, depreciation expense, price inflation rate and other expenses, and the expected payback period of about 13.03 years, which may be made up by the reinvestment income and contribute to the Company's overall operation planning and development.
- ⑤Invest in P-32 Company
Of the total funds required by the Company for this plan, NT\$734,400 thousand was used for the investment in the renewable energy projects in Vietnam and the acquisition of 1,464,526 thousand shares of P-32 Company from P-28 Company. After obtaining the equity, the Company's holds 35% of the shares of P-32 Company. It is expected that the losses on investment in P-32 Company will be recognized in 2024 as NT\$16,055 thousand, and the annual investment income for each subsequent year is based on P-32 Company's estimated power generation efficiency, depreciation expense, price inflation rate and other expenses, and the expected payback period of about 37.25 years, which may be made up by the reinvestment income and contribute to the Company's overall operation planning and development.

2. Implementation:
(1) Plan implementation:

Unit: Thousands of NT\$

Planned project	Implementation		4th quarter of 2023	The first quarter in 2024	Information of progress, ahead or behind schedule, the causes and improvement plan
Enrich operating capital	Amount used	Estimated amount	1,927,910	0	Fully implemented.
		Actual amount	1,927,910	0	
	Implementation progress	Estimated amount	100%	0%	
		Actual amount	100%	0%	
Reinvest in P-29, P-30, P-31, and P-32 Renewable Energy Companies in Vietnam	Amount used	Estimated amount	1,244,800	1,244,800	The Company did not complete the operations related to the reinvestment in the renewable energy companies in Vietnam in the fourth quarter of 2023 as scheduled, mainly because the Vietnamese government has not yet completed the review on the application for this project, resulting in the postponement of the investment progress. The relevant plans will be implemented as planned after the approval by the Vietnamese government.
		Actual amount	0	0	
	Implementation progress	Estimated amount	100%	100%	
		Actual amount	0%	0%	

(2) Assessment of expected benefits and actual achievements:

① Enrich operating capital

The amount raised of NT\$1,927,910 thousand was used to replenish the working capital in accordance with the schedule. In addition to strengthening the financial structure, it also saved the Company the interest expenses related to the executed amount. The implementation of the plan was completed as planned and the expected benefits were achieved.

② Reinvest in P-29, P-30, P-31, and P-32 Renewable Energy Companies in Vietnam

The Company did not complete the operations related to the reinvestment in the renewable energy companies in Vietnam in the fourth quarter of 2023 as scheduled, mainly because the Vietnamese government has not yet completed the review on the application for this project, resulting in the postponement of the investment progress. The relevant plans will be implemented as planned after the approval by the Vietnamese government.

Five. Operation Overview

I. Business content

(I) Business scope

1. The main contents of the Company's business

The Company is engaged in energy-related construction services, mainly in the areas of construction of renewable energy power plants, electrical and mechanical engineering, energy saving services, and equipment installation and other related turnkey projects. Construction services include various professional and technical services such as master planning, project management, engineering design, procurement, construction, equipment supply, construction supervision, commissioning and maintenance services. The Company's reinvestees include Foxwell Energy Co., Ltd. (hereinafter referred to as Foxwell Energy), Shinfox Natural Gas Co., Ltd. (hereinafter referred to as Shinfox Natural Gas), Foxwell Power Co., Ltd. (hereinafter referred to as Foxwell Power), Kunshan Jiuwell Information Technology Co., Ltd. (hereinafter referred to as "Kunshan Jiuwell"), Jiuwell Power Co., Ltd. (hereinafter referred to as "Jiuwell Power"), Chung Chia Power Co., Ltd. (hereinafter referred to as "Chung Chia"), Elegant Energy Tech Co., Ltd. (hereinafter referred to as Elegant Energy), Changpin Wind Power Ltd. (hereinafter referred to as Changpin), Yuanshan Forest Natural Resource Co., Ltd. (hereinafter referred to as Yuanshan Forest), Guanwei Power Co., Ltd. (hereinafter referred to as Guanwei Power), Chunwei Power Co., Ltd. (hereinafter referred to as Chunwei), Xinwei Power Co., Ltd. (hereinafter referred to as Xinwei), Shinfox Far East Company Pte Ltd (hereinafter referred to as SFE), Eastern Rainbow Green Energy Environmental Technology Co., Ltd. (hereinafter referred to as Eastern Rainbow Green Energy), Eastern Rainbow Environmental Resources Co., Ltd. (hereinafter referred to as Eastern Rainbow Environment), Kunshan Eastern Rainbow Environmental Protection Equipment Co., Ltd. (hereinafter referred to as Kunshan Eastern Rainbow), and Foxwell Certification Co., Ltd. (hereinafter referred to as Foxwell Certification). Among them, Foxwell Energy provides a full range of green energy services for investment in solar power plants and wind power generation; Shinfox Natural Gas engages in the import and sale of liquefied natural gas; Foxwell Power provides management services for green power trading platforms; Kunshan Jiuwei engages in technical consulting for supply chain finance and new energy projects; Jiuwei Power engages in investment in gas-fired power plants; Chung Chia engages in businesses and services related to gas-power cogeneration; Elegant Energy provides energy technology services; Chang Pin engages in investment in wind power generation; Fox Forest engages in afforestation-related businesses; Kuan Wei, Chun Wei, and Xin Wei engage in businesses related to solar photovoltaic power plants; SFE engages in marine engineering-related businesses; Eastern Rainbow Green Energy, Eastern Rainbow Environment, and Kunshan Eastern Rainbow engage in waste treatment-related businesses; Foxwell Certification engages in greenhouse gas inventory and certification and related businesses.

2. Percentage of revenue

Unit: Thousands of NT\$; %

Product \ Year	2022		2023	
	Net operating revenue	Proportion (%)	Net operating revenue	Proportion (%)
Construction business	3,656,716	85.02	10,285,643	91.44
Service business	276,429	6.43	173,628	1.54
Electricity sales business	368,047	8.55	789,152	7.01
Others	0	0	1,159	0.01
Total	4,301,192	100.00	11,249,582	100.00

3. Current products (services)

A. Construction business

(A) Engineering services

The Company provides power plant construction, electrical and mechanical engineering, server room construction, and project engineering as the main business items.

(B) Server room construction

The information server room is an important location for the operation of information equipment in each enterprise. The IT units are faced with the problem of how to build a suitable environment for the operation of information equipment and ensure the stable operation of the environment. The five major systems in a server room, power, air conditioning, fire protection, security, and environmental control, are interdependent. Any electrical and mechanical problem will lead to the collapse of the above system and cause a bigger disaster. In view of this, the Company provides a dedicated and redundant server room for the purpose of improving quality, system integration, and professional management, and provides customers with a complete "Information Management Center" service plan, including complete electrical systems, air conditioning systems, fire protection systems, and environmental monitoring system equipment, where a momentary or short-term stoppage is not allowed, with emphasis on friendly floor plan design and professional construction quality of the server room.

(C) Solar, wind and hydroelectric power plant construction

Solar, wind and hydroelectric power plant site development and turnkey projects, from site survey and evaluation, planning and design, document application, installation and construction, technician certification, project control, and utility grid connection.

B. Technical services

(A) Energy saving services

Our comprehensive energy saving service can solve the problem of power shortage in Taiwan, and energy saving is more effective than power generation. In the cases of our energy saving projects in Hanshin Department Store and Grand Hi-Lai Hotel in Kaohsiung, we optimized energy management by using LEDs, inverter equipment, and intelligent energy saving system to replace old equipment. Our full range of energy saving services are broadly divided into five categories: hot water energy saving, air conditioning energy saving, lighting equipment, inverter energy saving and intelligent monitoring.

(B) Maintenance of server room and power plant

Provide maintenance, warranty, long-term maintenance and management of server rooms and power plants.

(C) Design and development of solar, wind and hydroelectric sites

Solar, wind and hydroelectric power plant site planning and assessment, environmental impact assessment, engineering detail integrated design, equipment procurement, supervision and management, and document application services.

C. Electricity sales: Sales of electricity from green energy generation.

4. New products (services) under development:

A. Development of small hydroelectric power generation

Hydroelectricity is a clean, self-produced energy source. In line with government policy and the conclusions of the National Energy Conference, it is worthwhile to actively develop and promote environmentally friendly small-scale hydroelectric projects that make full use of water resources.

According to the report of the Water Resources Agency for 2008, there are 79 sites with small hydroelectric power potential, of which 47 are rivers and 32 are irrigation channels. In addition, the Irrigation Association also conducted a preliminary survey of 27 potential sites for micro-hydroelectric power generation.

B. Expanding the development of offshore wind power

According to the “23-year average wind speed observation” study by 4C Offshore, 16 of the world’s top 20 offshore wind farms are located in the Taiwan Strait, indicating that Taiwan has what is required for wind power development.

Taiwan’s offshore wind power development is divided into three phases, with the first phase being demonstration wind farms, the second phase being potential wind farms, and the third phase entering block development, with an additional 1,500MW of wind farm opportunities per year starting in 2026. The Bureau of Energy, Ministry of Economic Affairs said that for the first five years of block development, the first phase will be from 2026 to 2027, with 2GW of capacity allocated for selection, and the second phase will be from 2028 to 2030, with 3GW allocated for release, and the eligibility for participation must pass the environmental assessment and meet the financial eligibility.

C. Development of offshore wind power turnkey projects and long-term maintenance market

The offshore wind turbine installation projects 2026-2035 offer NT\$100 billion business opportunities with 1,500MW in installed capacity each year. The output rating and models of offshore wind turbines are larger than that of onshore wind turbines, and the requirements for product reliability and technical quality are relatively higher. Offshore wind turbine installations mainly include near shore, offshore and remote offshore installation, where the distinction is based on the distance from the shore and the depth of the seabed. The water depth will also affect the planning of the unit, the type of seat, the maintenance of the vessel, the reliability of commercial operations, the return on investment, etc. In the future, conditions in Taiwan will mainly be determined by the wind speed, sea conditions, and other advantages of wind

farms.

The government promotes the localization of maritime operation and maintenance and the nationalization of key components to improve the national wind power technology energy and enhance the self-sufficiency rate of the domestic wind power industry. At the same time, the government will complement other green energy industries, stimulate the domestic market through vertical integration of the industry chain, strengthen the cultivation of professionals, further activate the domestic employment market, implement the application of the national green energy industry, and enhance national competitiveness.

Taiwan currently lacks the ability to build its own installation and maintenance vessels, but in the medium to long term, such vessels must still be developed and produced by domestic vendors.

D. Technical challenges to overcome the intermittent nature of renewable energy supply

Taiwan can address these challenges with the grid systems, rapid response power units, and energy storage technologies. We must establish a complete green energy eco-chain with the industry, academia, and research institutions. The eco-chain must cover academic research, industrial application, and technology development in order to strengthen the competitiveness of renewable energy and promote economic growth.

We must establish comprehensive auxiliary power regulations, including grid management and energy storage system. Large power plants and local distribution plants must also be equipped with good two-way management to maintain stable power supply by flexible transmission or storage during peak and off-peak periods.

(II) Industry overview

(1) Current status and development of the industry

Although the global epidemic is still severe, the number of serious illnesses and deaths from the epidemic has declined significantly due to the continuous improvement in virus detection capacity and the gradual increase in vaccine coverage. Therefore, major countries are unlikely to implement the same strict preventive measures and the recovery of the global economy is expected to continue. However, the growth in manufacturing industries in different countries has slowed as a result of the interest rate hikes implemented to curb inflation. Due to factors such as the continuation of the Russo-Ukrainian War and the restart of the technology competition between the United States and China, major international forecasters believe that global economic and trade growth will slow down in 2023 compared to 2022. According to the World Economic Outlook released by the International Monetary Fund, the global economy is expected to grow by 3% in 2024. According to the latest forecast of Taiwan Institute of Economic Research, the projected growth rate of domestic economy in 2024 is 2.9%.

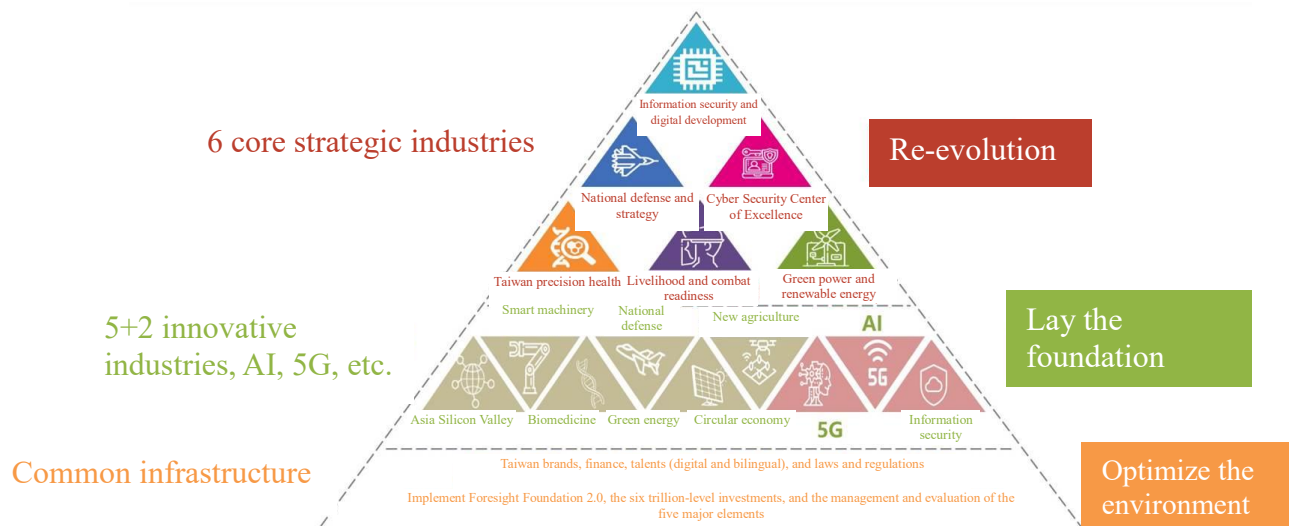
With climate change and limited resources, countries are becoming more aware of environmental protection, leading to the rise of green economy such as environmental protection and energy saving. In order to strengthen energy security, innovate green economy, and promote environmental sustainability, Taiwan has set a policy target of 20% of electricity generated by renewable energy by 2025.

In response to the deterioration of the environment, the world is entering a critical

moment in the clean energy transformation. In order to achieve the target of 20% of renewable energy generation by 2025 and to drive the development of emerging green energy industries, the government is promoting the “Green Energy Technology Industry Innovation Program” under the “5+2” industrial innovation framework. With the promotion of major policies such as the 5+2 Industrial Innovation Plan, the Forward-Looking Infrastructure Plan, the Digital National Innovation Economy Development Program, and the Action Plan to Welcome Taiwan Businesses to Invest in Taiwan, it is expected to inject new momentum into Taiwan’s economic growth and accelerate the development of related industries.

The six core strategic industries were announced during the President’s inauguration speech and on May 20, 2020, the Executive Yuan approved the “Six Core Strategic Industries Promotion Plan” on May 21, 2021, which includes: information and digital, information security excellence, Taiwan’s precision health, green power and renewable energy, national defense and strategy, and people’s livelihood and combat readiness. Based on the past 5+2 industry innovation, the industry is deployed ahead of time to enable Taiwan to grasp the opportunities of global supply chain restructuring in the post-epidemic era.

The six core strategic industries are based on the 5+2 industrial innovation and are illustrated as follows.



Source: National Development Council

Regarding the six core strategic industries for Taiwan’s long-term development, the President explained on the New Year’s Day in 2024 that accelerating the development of renewable energy is the only way to ensure international competitiveness of Taiwan’s industries. At the same time, we will promote the decentralization of the power grid and accelerate the development and establishment of energy storage systems. Taiwan must continue to strengthen its energy resilience in order to achieve the international goals set at COP 28 for global renewable energy to grow three times and energy efficiency to double by 2030, and to reach net zero emissions by 2050.

A. Electrical and mechanical system integration engineering service industry

(A) Construction contracting shifts to turnkey and BOT services

With the upgrading of industrial and commercial industries, the demand for engineering services is becoming more and more complex. In order to reduce risk and transaction costs, a single traditional electrical and mechanical engineering service can no longer meet the different needs of

today's owners. The integrated engineering service company is capable of providing comprehensive and integrated professional engineering services to meet the market needs. It is a highly professional and complex construction and management technology to integrate various complex mechanical and electrical equipment with new technology development to form an operation system and manufacturing environment that meets the overall needs of customers. In the future, the E&M industry market will be combined with construction, civil engineering, mechanical and other industry-related professions through engineering consulting companies in a turnkey manner to compete for the market for each customer's unique needs and provide comprehensive, integrated and professional engineering services, instead of participating in the bidding process with a single E&M industry.

The integration of mechanical and electrical systems is still an emerging engineering service industry in the process of industrial development in China, and there is considerable room for future development. In the past, due to the advanced industrialization in Europe, America and Japan, the industrial structure and division of labor of E&M system integration services are more mature and have a long history of development, so their E&M system integration and construction capabilities are better than those of domestic vendors. As such, most of the advanced clean rooms and large plants and equipment connection in Taiwan were undertaken by foreign vendors. However, domestic players have made use of the opportunity of joint contracting with foreign vendors in recent years to learn their engineering and construction techniques and project management capabilities, and with the increasing number of projects undertaken, they have gradually accumulated their construction techniques. As a result, the quality of their construction and technical capabilities has gradually been recognized by customers, and they gradually gained the ability to independently undertake contracts for industrial electrical and mechanical facilities system integration projects.

In the area of public projects, in order to promote economic growth and enhance the overall competitiveness of the country, the government is committed to promoting infrastructure projects. In order to ensure the stability of government finances and reduce financial expenditures, the government relies on the efficiency of management and services of private enterprises, and thereby attracts private capital to invest in public construction. In recent years, most public projects have been awarded in the BOT (Build-Operate-Transfer) mode, in which the government proposes the demand, the private sector is responsible for planning, design, and construction, and the government grants the concession for a period of time, and then takes back the ownership. This approach has worked well in other countries.

(B) The shift toward joint contracting or cross-sector collaboration

Joint contracting can reduce the number of sub-contracting for the owner and avoid the additional sub-interface coordination and responsibility of sub-contracting. Since most of the projects under joint contracting are too large for a single company to undertake, the combination of engineering units with different expertise and the opportunity for technology transfer agreements or exchanges between them can increase the chance of undertaking the project and reduce the risk by sharing the project. Therefore, the E&M integrated engineering industry tends to combine with the construction, civil engineering and machinery industries to jointly

strive for project contracting opportunities, instead of participating in bidding as a single industry, in order to reduce risks and increase contracting opportunities.

(C) Increased emphasis on project quality

With the increasing complexity of construction projects, the integration of different engineering interfaces has increased, and any poor construction or improper integration of systems will become an irreparable loss to the owner. In order to cope with the increasingly competitive market, the domestic E&M engineering industry must improve the quality of construction, professional division of labor and management strength in the future to meet the demands of the construction market. Taiwan's E&M industry should avoid vicious low-price competition or high price bid-rigging in the future under the principle of fairness and honesty to ensure project quality and progress to achieve the goal of high-quality construction.

B. Power plant investment and energy services industries

(A) Global industry overview

The Global Risks Report 2024 (GRR 2024) published by the World Economic Forum (WEF) on January 10, 2024 and the results of the Global Risks Perception Survey (GRPS) were used to analyze the impact of risk over the next two years, peaking in the short term, and the fastest deteriorating global risks over the next decade.

It divides global risks into short-term (the next two years) and long-term (the next ten years) risks, and misinformation and disinformation are the most serious risks in the next two years, which highlights that the rapid development of AI technology is creating new problems, or worsening existing problems. The second and third major short-term risks are extreme weather events and social polarization. The second and third major short-term risks are extreme weather events and social polarization.

The Global risks ranked by severity over the next two years and decade in GRR 2023 are as follows:



Source: World Economic Forum

According to the 2024 Global Risks Report by the World Economic

Forum, the most frequently mentioned risks in the next two years will be: misinformation and disinformation, extreme weather events, social polarization, cyber insecurity, and armed conflicts between nations. The most likely risks in the next decade include extreme weather events, major changes in the Earth systems, biodiversity loss and ecosystem collapse, shortage of natural resources, and misinformation and disinformation.

Besides, the report calls on world leaders to rethink the strategies for responding to global risks. It recommends that global cooperation focus on the most disruptive emerging risks in order to quickly develop targeted protective measures, such as an agreement to incorporate artificial intelligence into decision-making for conflicts. The report also explores initiatives that do not have to rely solely on cross-border collaboration, including launching digital literacy campaigns against misinformation and disinformation, strengthening individual and national resilience, or mobilizing the public and private sectors to increase R&D efforts to promote climate modeling and technologies that may accelerate energy transition.

Although governments have invested resources to enhance social and economic adaption to risks, most global risks can only be resolved with effective global cooperation. In addition to governments, international organizations are also critical and governments should support cross-border initiatives.

The Intergovernmental Panel on Climate Change (IPCC) published four reports in 1990, 1995, 2001, and 2007, which clearly stated that human activities have significantly affected the global natural environment since the development of industrial civilization, and have increased rapidly since the 1950s. When the various impacts of human activities on the Earth's environment exceed the critical point of the Earth's dynamic equilibrium, it will cause a variety of rapid, non-linear, unpredictable physical, chemical, and biological changes, among which the atmospheric changes are the most significant, especially the phenomenon of global warming.

The signs of global climate change have already occurred. They mainly include the continuous increase of greenhouse gas emissions, the continuous change of atmospheric composition, the warming of the Earth, and the change of global climate operation patterns. Climate change will cause changes in the global hydrological cycle, with higher intensity of rainfall and evapotranspiration, and less chance of snow. In terms of temperature, the Earth's warming will increase the chance of heat waves and some regions will become more arid. In addition, the increased chance of tropical cyclones, combined with global sea level rise, could cause severe disasters.

As the effects of global climate change and the greenhouse effect become more apparent, the challenge of how to achieve a stable balance of natural systems in response to the impact of climate change must be faced and actively addressed. Since the greenhouse effect was discovered and scientists sounded the alarm, the United Nations and various governments and non-governmental organizations have been working on various types of mitigation strategies, including energy conservation, increased energy efficiency, development of new and renewable energy sources, and development of greenhouse gas reduction technologies. However, global warming and climate change can no longer be avoided by merely reducing human greenhouse gas emissions. According to the International Energy

Agency's (IEA) 2012 Energy Technology Outlook report, the goal is to keep global atmospheric temperatures within 2°C by 2050, with energy efficiency, renewable energy, and carbon dioxide (CO₂) capture, storage, and reuse (CCSU) technologies as the main reduction strategies.

According to the World Energy Outlook 2023 released by the International Energy Agency in September 2023, some of the urgent pressures caused by the global energy crisis have eased, but the energy market, geopolitics, and the global economy are still volatile, and the risk of further disruption is ever-present. Fossil fuel prices have fallen from their peaks in 2022, but the markets are tight and volatile. At present, the global average land surface temperature is about 1.2°C higher than the pre-industrial level, triggering heat waves and other extreme weather events, while greenhouse gas emissions have not yet reached the peak.

Under this complex background, the new clean energy economy led by solar photovoltaic and electric vehicles (EV) has emerged, igniting hope for future development. Since 2020, investment in the clean energy sector has grown by 40%. Emission reduction is the key reason, but not the only one. Matured clean energy technology is fully economical. Energy security is also an important factor, especially for fuel-importing countries; Industrial strategies and the willingness to create jobs in the clean energy industry are also important factors.

There are some high-profile examples showing that change is gathering pace. In 2020, one in every 25 sedans sold is an electric vehicle; In 2023, one in every 5 sedans sold is an electric vehicle. In 2023, the power generation by renewable energy will increase by more than 500 gigawatts (GW), setting a new record. The cost of solar energy deployment will exceed US\$1 billion per day. At present, the production capacity of key components of the clean energy system (including solar photovoltaic modules and electric vehicle batteries) is growing rapidly. Therefore, the International Energy Agency (IEA) concluded in its "Net Zero Roadmap" recently that limiting global temperature rise to 1.5°C is difficult, but not impossible.

1. The global oil market has experienced three years of turbulence. With the increase in oil supply and the significant slowdown of demand growth in developed economies, the benchmark price of crude oil has returned to below the pre-war level, and the price of refined petroleum products has fallen from the record high. Although the market may be significantly tightened in the next few months due to the slowing growth of global oil supply caused by "OPEC+" production cuts, the outlook is positive over the forecast period of 2022-2028. Although the peak for oil demand is not far away, due to the continuous growth of the petrochemical and air travel sectors, overall oil consumption will continue to increase throughout the forecast period. It is estimated that global oil demand will reach 105.7 million barrels per day in 2028, an increase of 5.9 million barrels per day from 2022. Crucially, however, the demand for the portion of oil used and burned as fuel (excluding biofuels, petrochemical raw materials, and other non-energy purposes) will peak in 2028, the last year of the forecast period, reaching 81.6 million barrels per day. The overall growth trends of gasoline and transportation fuels will reverse in 2023 and 2026, respectively. The factors driving these trends include the low-carbon energy transition triggered by the global energy crisis, policies focusing on energy efficiency improvement, and the rapid growth of electric vehicle sales.

2. The demand for jet fuel in early 2023 is still more than 1 million barrels per day, or 13%, lower than that in 2019. During the forecast period, the demand for jet fuel will increase rapidly by 2 million barrels per day. In 2023, global upstream oil and gas investment is expected to increase by 11%, reaching US\$528 billion. There will be a net capacity increase of 5.9 million barrels per day in 2028. Although the net capacity increase will slow down from an average of 1.9 million barrels per day in 2022-2023 to 300,000 barrels per day in 2028, the capacity increase will still keep pace with the growth of demand during the forecast period. By the end of the forecast period, the demand for petroleum-based high-grade road transportation fuels such as gasoline and diesel will be 1 million barrels per day lower than that in 2019. Additionally, strong petrochemical activities and the growth of natural gas liquids (NGL) supply will slow down. Meanwhile, the slowing strong petrochemical activities and growth of natural gas liquids (NGL) supply will push up the demand for liquefied petroleum gas and naphtha supplied by refineries.
3. In the face of energy shortages and high prices, governments of many countries (mainly developed economies) have so far committed to invest more than US\$500 billion to protect consumers from their immediate impacts. These governments have taken rapid actions as they attempted to secure alternative fuel supplies and adequate natural gas reserves. Other short-term actions included increasing oil and coal-fired power generation, extending the use of certain nuclear power plants, and accelerating the development of new renewable energy projects.
4. The World Energy Outlook (WEO) included global data for three modeled scenarios based on different assumptions for government policies. The Stated Policies Scenario (STEPS) describes the outlook based on the latest policies, including energy policy, climate policy, and related industrial policies. The Announced Pledges Scenario (APS) assumes that the national energy and climate targets set by the government are fully realized on time. However, more progress is needed to achieve the Net Zero Emissions (NZE) Scenario (limiting global temperature rise to 1.5°C) by 2050. In addition to the main scenarios, we also explore some of the key uncertainties that may affect future trends, including structural changes in China's economy and the pace of global deployment of solar photovoltaic business.
5. New policies in major energy markets help propel annual clean energy investment to more than US\$2 trillion by 2030 in the STEPS, a rise of more than 50% from today. Clean energy becomes a huge opportunity for growth and jobs, and a major arena for international economic competition. By 2030, annual solar and wind capacity additions in the United States grow two-and-a-half-times over today's levels, while electric car sales are seven times larger. New targets continue to spur the massive build-out of clean energy in China, meaning that its coal and oil consumption will both peak before 2030. Faster deployment of renewables and efficiency improvements in the European Union bring down EU natural gas and oil demand by 20% in the decade between 2020 and 2029, and coal demand by 50%, a push given additional urgency by the need to find new sources of economic and industrial advantage beyond Russian gas. Japan's Green Transformation (GX) program provides a major funding boost for technologies including nuclear, low-emissions hydrogen and ammonia, while Korea is also looking to increase the share of nuclear and renewables in its energy mix. India makes further progress towards its

domestic renewable capacity target of 500 gigawatts (GW) in 2030, and renewables meet nearly two-thirds of the country's rapidly rising demand for electricity.

The total emissions reductions announced by more than 50 countries would cover only 20% of the total global emissions reductions needed by 2030, and would reduce global carbon emissions from energy production by only 40% in 2050, resulting in a 2.1°C warming in 2100; if industrial development is taken into account, the carbon reductions from the energy sector would be offset by new carbon emissions from steel, cement and transport, resulting in a 2.6°C warming in 2100. Renewable energy is the backbone of any energy transition towards net-zero emissions, and as the world moves further away from carbon-emitting fossil fuels, understanding the current role of renewable energy in decarbonization across multiple sectors is key to ensuring a smooth transition towards net-zero emissions.

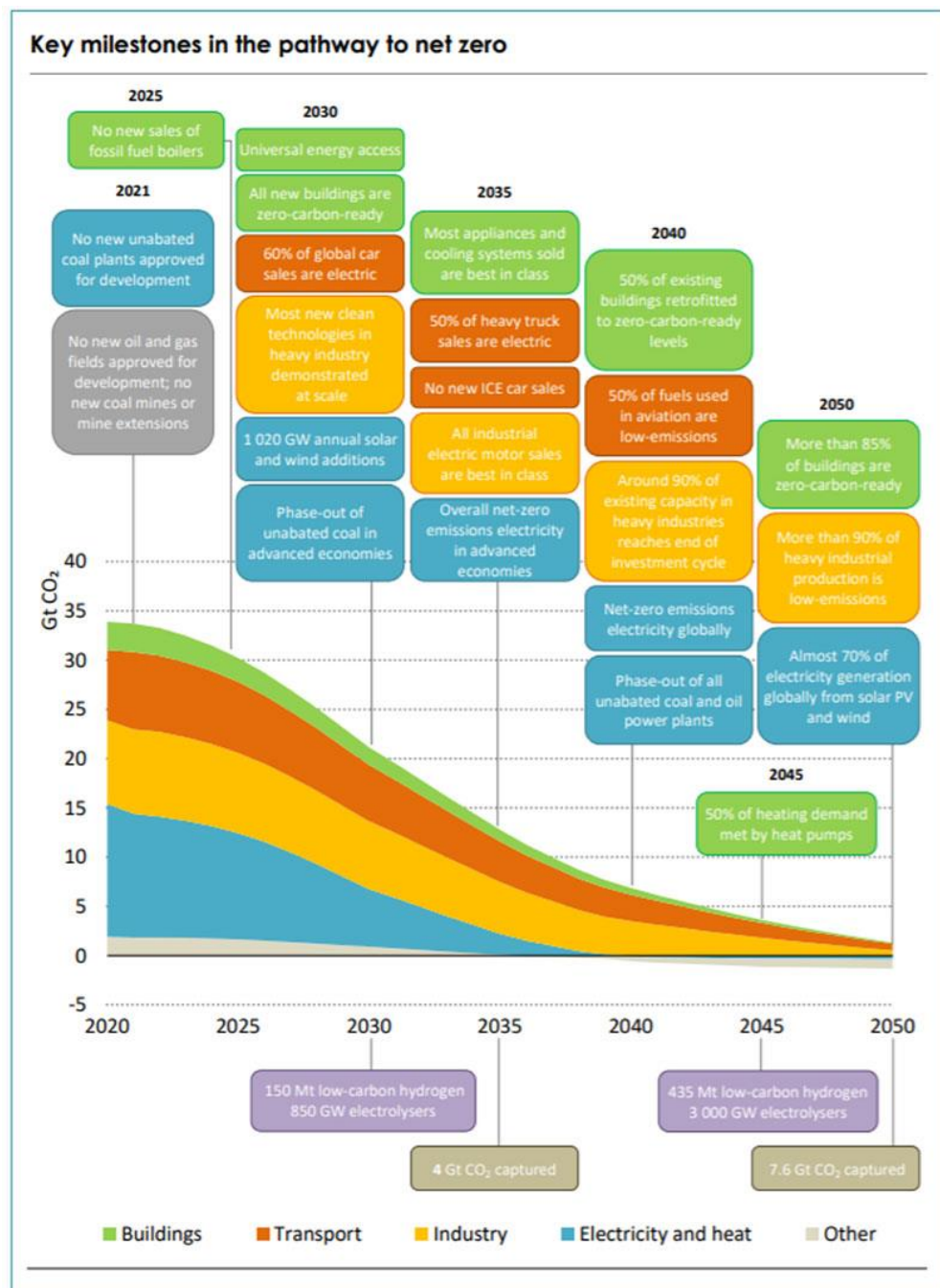


Figure: “Net Zero Emissions by 2050: A Roadmap for the Global Energy Sector”

By 2023, the share of renewable energy in total electricity generation will reach 35% globally and electricity consumption in Asia will account for half of all electricity consumption.

China is currently the world's largest electricity consumer at 31% of global demand in 2022. Its share of the global electricity consumption will increase from one quarter in 2015 to one-third by 2025. According to forecasts of the International Energy Agency (IEA), global electricity demand growth is set to rise from 2.6% in 2023 to an average 3.2% in 2024-2025. By 2025, demand will increase by 2,500 TWh from 2022 levels, which is roughly equivalent to that of the United Kingdom and Germany. By 2025, renewable energy generation will account for 35% of global power generation, exceeding the share of coal-fired and gas-fired power generation.

(B) Overview of the industry in Taiwan

Taiwan relies on imports for 98% of its energy, and its energy supply is vulnerable to changes in the global energy situation and the impact of international greenhouse gas reduction agreements. The international political and energy situation is volatile, and for Taiwan, which is highly dependent on imports, it is more important to study the countermeasures as soon as possible, and how to improve energy diversification and autonomous development, and to ensure the supply of energy system, maintain the stability of energy prices and take the reduction of greenhouse gases into account, which are the issues and challenges that Taiwan needs to actively face.

In response to the current international development trend of climate change and to ensure that the energy transition process can take into account the balanced development of energy security, green economy, environmental sustainability and social equity in Taiwan, the government completed the revision of the "Energy Development Agenda" in April 2017 as the overarching principle of national energy development, which serves as a policy guideline for various departments to coordinate with energy transition-related policy plans, guidelines and action plans. The amendment to the "Electricity Act" announced in January 2017 not only confirms that green power will come first, but also specifies that all nuclear power generation equipment should cease operation by 2025. Since 98% of our energy depends on imports and we have an independent grid, the reserve capacity has been decreasing year by year in recent years, both in terms of the number of days when the reserve capacity rate is below 6% and the number of days when it is below 900,000 kilowatts (the alert standard for power restrictions). Although the demand side has promoted measures including planned and temporary reduction of electricity consumption, demand bidding and customer group representation to suppress low peaks, while the supply side has also promoted measures such as adjusting the annual maintenance schedule and early grid connection or delayed decommissioning of thermal power plants, as well as actively replacing coal-fired power plants with ultra-supercritical generating units, it will be more challenging to ensure stable power supply as nuclear power plants are decommissioned one after another in the future. In addition to promoting the renewable energy certificate system by the government, the Legislative Yuan amended the "Renewable Energy Development Act" in May 2019 to allow green

power operators to switch between bulk purchase (selling to Taipower) and direct supply and resupply (selling to customers) and to freely enter and exit. At the same time, it also requires large consumers with a contract capacity of 800kW or more to use a certain percentage of green power (about 10%), to participate in the installation of renewable energy-related equipment and purchase of renewable energy certificates, to simplify the procedures for small-scale green energy above 2MW, to include demonstration incentives for citizens' power plants, and to increase green energy revenue, and to draw up a 2-year plan for photovoltaic power generation and a 4-year plan for wind power generation from 2017 to 2020. We expect improvements in the renewable energy development environment in the short term and growth in renewable energy to revitalize the green power trading market in Taiwan.

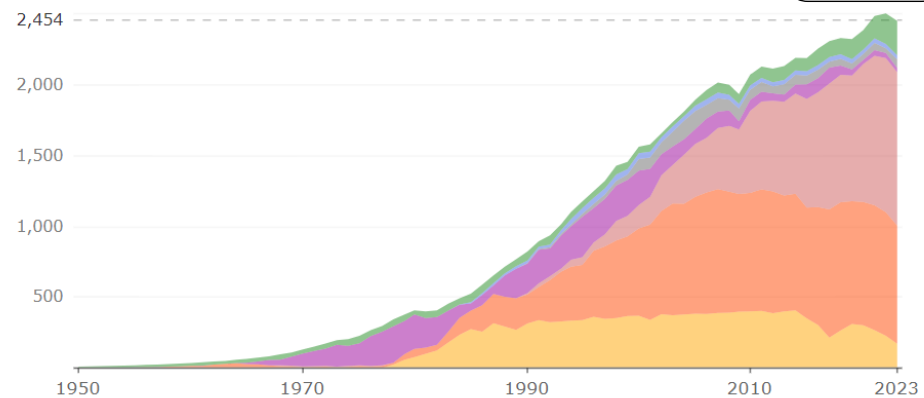
As the world is in the critical era of energy transformation, green energy will be the new engine driving economic development in the future. In order to enhance our country's energy independence, emerging green energy industry, and gradually build a nuclear-free homeland, the Ministry of Economic Affairs (MOEA) has passed the "Green Energy Technology Industry Innovation Program", one of the "5+2" innovative industries, on October 27, 2016, based on the domestic green demand, to bring in large-scale domestic and foreign investment, increase quality employment and drive our country's green energy technology and industry. With the three visions of "green energy promotion", "industrial development" and "technological innovation", through the comprehensive promotion of policy-oriented measures including energy saving, energy creation, energy storage, smart system integration and electricity industry reform, the target amount of solar photovoltaic will reach 8.7GW by 2020 and 3 million low-voltage households will be equipped with smart meters by 2024. In order to meet the target of generating 20% of electricity from renewable energy by 2025, the long-term target of promoting renewable energy is set at 27GW (27 million kilowatts) or more by 2025, including 20GW of cumulative installed capacity of solar power (expected to generate 25 billion kWh annually), 1.2GW of land-based wind power (expected to generate 2.76 billion kWh annually), 5.5GW of offshore wind power (expected to generate 19.8 billion kWh annually), 2.15GW of hydro power (expected to generate 6.6 billion kWh annually), and biogas to gradually reduce the proportion of nuclear power generation and achieve the vision of a nuclear-free homeland by 2025.

In addition, according to the statistics on the proportion of electricity purchased in 2023 released by Taiwan Power Company, the proportion of renewable energy generation purchased was 9.9% in 2023, including 34.1% coal-fired generation, 1.2% fuel-fired generation, 44.1% gas-fired generation, and 2.4% steam-electricity co-generation (excluding waste and biogas), 1.2% pumped storage hydropower generation, and 7.0% nuclear energy generation.

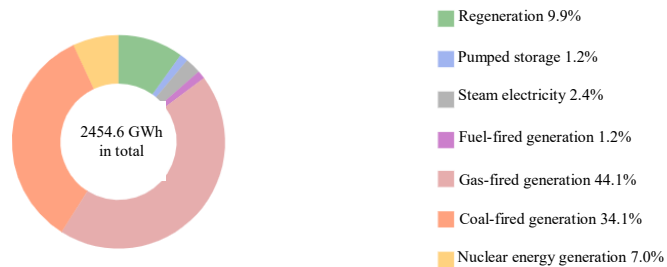
It is clear that renewable energy is the future for power generation in Taiwan.

Electricity Generation and Purchase of TPC Over the Years

Unit: 1



Structure of Electricity Generation and Purchase in 2023



Source: Taiwan Power Company

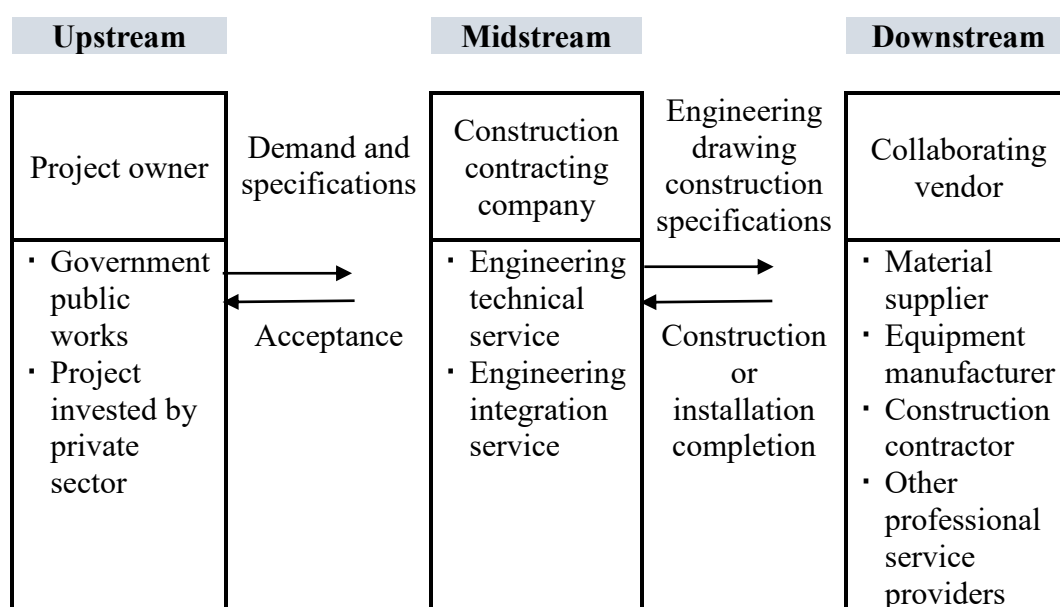
Encouraged by domestic and international government policies, solar power has become one of the major focuses of green energy development. With the continuous improvement of technology and efficiency, the overall cost of power generation has dropped, and the price of solar power has gradually closed the gap with the price of conventional power. The global solar market is growing year by year, driving the increasing demand for solar-related industries. As of December 2023, the installed capacity of solar power is 1,241.7685 kilowatts (only the capacity of the electricity license and equipment registration issued under the Electricity Act). Therefore, the number of solar power systems to be installed each year will be even greater than in previous years. Therefore, the industry environment is very favorable for solar power system builders, and there will be breakthrough growth in domestic solar EPC business opportunities until the target of 20GW of solar power installations is reached in 2025.

The structure of Taiwan's renewable energy development plan is in line with the international trend of the REN21 report, which emphasizes multiple issues such as target, market, regulation, investment, industry, and system integration, etc. The progress of renewable energy development is also included in the international key information report by REN21 research institute, which shows that Taiwan's current renewable energy policy and development direction is not only closely aligned with international trends, but also attracts global attention.

(2)The correlation among the upstream, midstream and downstream industries

A. Construction business industries

The electrical and mechanical engineering integration service industry is positioned between the owners and customers (demand side) and material suppliers, equipment suppliers, labor subcontractors and other related industries (supply side). It integrates technical services from different professional fields to provide owners and customers with the best construction performance and progress, ensure project quality, and meet the owners' production needs. The Company mainly provides feasibility analysis, planning, design, procurement services, equipment supply, construction and commissioning services for customers' projects, and is in the midstream section of the industry. Upstream of the industry are owners with construction needs, and turnkey companies are in the midstream of the industry. Downstream of the industry are third parties such as material and equipment suppliers and construction companies, which are the partners of midstream companies for contracting. The following diagrams illustrate the correlation between the upstream, midstream, and downstream industries:



The Company is a professional electrical and mechanical turnkey company, mainly engaged in electrical and mechanical engineering, telecommunications equipment room, energy-saving equipment installation and renewable energy and other related energy turnkey projects. The Company converts the customer's requirements into relevant project drawings (including design and construction drawings) through the basic detail design process by our professional engineers, and then further integrates with the relevant third parties to complete the construction work according to the project drawings. In addition to continuous discussions with the client during the contracting period, we also need to confirm the supply of all materials and equipment, as well as construction standards and specifications, to ensure compliance with the requirements and the completion of the work within the deadline and the quality required by the client.

B. Solar energy, wind power plant investment and energy services industries

The owner (landowner) can perform the development on its own or lease the land to an investor to build a renewable energy plant system. Through EPC, an enterprise engaged in EPC is entrusted by the owner to carry out the whole process or several stages of contracting for the feasibility study, survey, design, procurement, construction and commissioning (completion and acceptance) of the project in accordance with the contract agreement after signing the contract

with the owner. Enterprises engaged in EPC are fully responsible for the quality, safety, schedule and cost of contracted projects. The owner will sell the electricity generated from renewable energy sources to Taiwan Power Company or the buying operators according to the sales contract.

Upstream	Midstream	Downstream						
<table><tr><th>Owner</th></tr><tr><td> ▪ National land (National Property Administration) ▪ Private land </td></tr></table>	Owner	▪ National land (National Property Administration) ▪ Private land	<table><tr><th>Energy service company</th></tr><tr><td> ▪ Green power plant development, appraisal, design, planning and construction services ▪ Green power plant </td></tr></table>	Energy service company	▪ Green power plant development, appraisal, design, planning and construction services ▪ Green power plant	<table><tr><th>Electricity purchasers</th></tr><tr><td> ▪ Taiwan Power Company ▪ Electricity seller </td></tr></table>	Electricity purchasers	▪ Taiwan Power Company ▪ Electricity seller
Owner								
▪ National land (National Property Administration) ▪ Private land								
Energy service company								
▪ Green power plant development, appraisal, design, planning and construction services ▪ Green power plant								
Electricity purchasers								
▪ Taiwan Power Company ▪ Electricity seller								

The Company's subsidiary is a green power plant, which requires a large initial expenditure. It usually chooses to finance 70% of the initial construction cost from banks and 30% from its own capital, and repays the interest on the bank loan and rent from the stable monthly electricity revenue after the grid connection.

(3) Various development trends and competition of products

A. Development trends of products

(A) Construction business industries

As industries continue to upgrade and project requirements become more complex, the contracting industry is no longer bidding as a single industry in order to reduce risks and increase contracting opportunities. "Turn Key" refers to the combination of design and construction, equipment supply, installation and after-sales maintenance in the same procurement contract for tendering. The contractor must provide a series of integrated solutions from planning, design, construction and project management to meet the customer's requirements for timeliness and quality. In the future, the electrical and mechanical industry market will provide comprehensive, integrated and professional engineering services through the combination of engineering consulting companies, construction, civil engineering, machinery and other industry-related professions in a turnkey manner.

In addition, the government has actively expanded comprehensive infrastructure investment in recent years, with the goal of creating the infrastructure needed for national development over the next 30 years. The "Forward-Looking Infrastructure Plan" consists of eight major infrastructure projects: Construction of safe and convenient railways, water environment in response to climate change, green energy to promote environmental sustainability, digital construction to create a smart nation, urban and rural construction to enhance regional balance, child-friendly childcare spaces in response to child rearing, food safety, and human resource development to promote employment. According to the National

Development Council's public construction budget statistics, the government's public construction budget shows a growing trend every year, and the Company, as a professional electrical and mechanical turnkey engineering company, has a niche and advantage for the government's future expansion of public construction.

[The government's annual public construction budget statistics]

Unit: NT\$100 million

Year	Central Public Affairs	Special Forward-Looking Budget	Special Budget for the Comprehensive River Basin Management Plan, etc.	Operating and non-operating funds	Total
2014	1,779	—	33	1,548	3,360
2015	1,791	—	93	1,295	3,179
2016	1,812	—	141	1,416	3,369
2017	1,776	138	157	1,245	3,316
2018	1,643	747	147	1,254	3,791
2019	1,604	866	88	1,294	3,852
2020	1,575	1,005	-	1,798	4,378
2021	1,236	1,041	-	2,735	5,012
2022	1,380	2,230	-	1,522	5,132

Source: National Development Council, Key Statistics Manual (May, 2023)

(B) Power plant investment and energy services industries

In response to the international trend of developing green energy to mitigate climate change, the Ministry of Economic Affairs (MOEA) has actively promoted green energy in Taiwan with great success by transforming into a green economy, enhancing independent energy, and building a good living environment in Taiwan. To promote the 6 principles of target planning (national energy autonomy, acceptability of electricity price, technical feasibility, cost-benefit orientation, phased and balanced development, and driving industrial development), priority is given to promoting renewable energy with mature technology and low cost of power generation, while more forward-looking and not yet commercialized technology is given priority to investing in relevant research and development, and continuous review of renewable energy promotion targets and their percentages. In Taiwan, wind power (including land-based and offshore wind power), solar photovoltaic, biomass power, and geothermal power are the main projects to be promoted.

a. Increase the set target of renewable energy

In line with the target of 20% of renewable energy by 2025, the amendment will set the long-term target of promoting renewable energy at 27GW (27 million kilowatts) or more by 2025, including 20GW of solar power, 5.5GW

of offshore wind power, 2.08GW of hydro power, and biogas, etc. The promotion target and its development plan will be reviewed and announced every two years to facilitate market identification and investment by vendors. To promote the development of renewable energy by the private sector and the government, with the effect of setting clear targets.

b. Encourage green power to move towards free trade market

The Legislative Yuan passed the third reading of the Renewable Energy Development Act this year to gradually move green power to the free market. With respect to the current government green power guarantee acquisition (wholesale purchase) system, this amendment allows the wholesale purchase and direct supply to be interchangeable, and guarantees that green power going to the free market can be transferred back to the wholesale purchase, and the wholesale purchase rate is retroactive applied to the announced rate when the equipment first provides power.

C. Establish obligations for large users of electricity

The Legislative Yuan passed the third reading of the Renewable Energy Development Act this year, specifying that major electricity users in Taiwan will be given the obligation to increase the proportion of renewable energy use, and if the contracted capacity is greater than a certain amount, users must install renewable energy or energy storage equipment of a certain capacity, and those who are unable to do so will purchase green power (renewable energy certificates) or pay a substitute for it. This is known as the “major user clause”.

The threshold for large electricity users is 5,000 kilowatts of contracted capacity, and they are required to install 10% of contracted capacity, equivalent to 500 kilowatts of green power within five years. If the installation is not possible, energy storage, purchase of renewable energy certificates, and cash payment can still be used instead. The Bureau of Energy estimates that 1.05GW of installation capacity can be created if green power is used for all installed capacity.

B. Competition

(A) Product competition

a. Construction business products

The Company has carried out important projects, including the integration of the MRT electrical and mechanical system of the Green Line of Taichung MRT (Wuri Wenxin Beitun Line), which was the first line built by Taichung MRT, including power supply, signage and traffic control, communication, track and maintenance of the plant, and the construction of the 161kV GIS transformer, cable and 25kV distribution panel, cable equipment and telecommunication equipment room of the Changbin water surface solar power plant. Our experience in this field has been recognized by the owner and is highly advantageous. With the best construction quality and highly professional technology, we provide customers with a complete set of consistent project management services from planning, design, procurement, manufacturing, installation, testing, verification to acceptance and handover, maintenance, etc. We have a professional technology and engineering track record in related E&M technology projects, and are competitive in expanding and winning opportunities for future projects.

b. Power plant investment and energy service products

According to government plans, solar power installation capacity will reach 20GW in 2025, with rooftop type and ground type accounting for 3GW and 17GW. As of the end of December 2023, the installed capacity of solar power equipment in the system has reached 1,241.7685 kilowatts.

Wind power is a very important part of the development of renewable energy in Taiwan. Since 2000, Taiwan has been actively promoting the development and application of wind power. Through resource exploration, technical guidance, research and investigation, demonstration subsidies, and promotion, Taipower and private companies have been investing in the development of land-based and off-shore wind farms. As of the end of December 2023, the installed capacity of wind power equipment in the system has reached 2,674 kilowatts.

The Company and its subsidiaries have installed 130MW of solar power, 29MW of onshore wind power and 300MW of offshore wind power. The Company continues to develop and invest in large-scale solar and wind power plants, and plans to set up SPVs (Special Purpose Vehicle) to hold sites in order to improve operating and capital efficiency, and plans to dispose of the SPV equity to recover capital and realize profits in advance, and use the capital to expand solar power plants or develop other new businesses to achieve the goal of continuous growth.

(B) Industry competition

a. Construction business industries

In terms of competition in the industry, the Company has adopted a stable strategy - customer orientation - to provide more efficient and satisfactory services to specific customers. When serving a specific customer, the Company is able to maintain its overall market share with its inherent limitations, such as maintaining the organization's past return on investment by achieving both low cost and differentiation within this specific customer range. The Company's expertise and engineering track record in the integration of related electrical and mechanical engineering systems and energy technology engineering makes it superior to the general industry in terms of expanding and obtaining future case opportunities.

b. Power plant investment and energy services industries

The Company is positioned as an expert in power integration, with engineering experience in heavy power equipment, wind turbines, and substations, as well as power plant operation and maintenance engineering technology. The integration technology in solar photovoltaic system engineering is derived from our original operation technology. In the future, the government will promote solar energy and wind power stations, which will invariably support the growth of the industry.

The Company and its subsidiaries integrate the competitive relationship between upstream material and equipment vendors and downstream contractors to reduce the overall construction cost and gain an advantage in the return on investment for investors, not only as a source of business for initial construction, but also to extend the battle line to the maintenance stage, even under the promotion of the liberalization of the electricity industry, from before or after the expiration of Taipower's contract to the

time of moving to the liberalized market in the future. There are still expectations in the future market. From the time before or after the expiration of Taipower's contracts to the time of the future transition to a liberalized market, there is still expectation in the market in the future.

Due to the amendment of the Electricity Act to liberalize the power generation industry and encourage the development of renewable energy, the market opportunities have increased, but so have the number of competitors. The Company will invest in the related business with excellent management team, quality and technology to enhance the Company's interests.

(III) Technology and R&D Overview

Research and development expenses and technologies or products successfully developed by the Company in the most recent year and in the current year up to the date of publication of the annual report:

1. The Company's R&D expenses in the most recent year and up to the date of publication of the annual report

Item	2023	The first quarter in 2024
R&D expenses	NT\$7,789 thousand	Note
As a percentage of the revenue for the year	0.01%	Note

Note: The Company has not yet obtained consolidated financial information as of the date of publication of the annual report.

2. Successfully developed technologies or products:

- (1) Foxwell Power

It has received a subsidy from the Ministry of Digital Affairs, and cooperated with the Administration for Digital Industries to develop an innovative digital subsidy platform program, and it will implement the Foxwell Cloud green power sharing cloud service.

- (2) Foxwell Certification

It has received a subsidy from the Ministry of Digital Affairs, and developed verification software to simplify verification procedures in support of Taiwan's 2050 net-zero transition goal, and integrates public clouds and existing cloud platforms, to provide verification services through the API framework and functional modules.

(IV) Long- and short-term business development plans

- (1) Short-term development plan

- A. Gradually accumulate construction experience and achievements

Build or strengthen the optical, wind, and hydroelectric teams with construction technology and maintenance capabilities, and to strive for announced tenders for onshore substations for offshore wind power projects, electrical and mechanical works for highway projects, and other public projects.

- B. Cooperate with the government to promote renewable energy policy

Continue to invest in the development and construction of clean energy such as solar, wind, geothermal, and hydroelectric power, and continue to search for excellent sites and plants, and strive to win tenders for solar, wind, thermal, and small hydro power generation from Taipower.

- C. Enter the market of free electricity sales from the power generation industry

Under the liberalization of the electricity industry, we can provide various

structures and services to meet future needs. Through green energy sales and the accompanying renewable energy certificates, we can add value to the renewable energy business opportunities and expand new business models and customer sources.

- D. Increase the product items of energy saving services and expand similar products to different suppliers to provide customers with more diversified choices.

Continue to provide energy saving and emission reduction services to large shopping malls, department stores, and factories by using energy-saving lighting, inverter technology, network monitoring, and contract power consumption.

(2) Long-term development plan

A. Integrate renewable energy industry chain

In addition to the continuous investment in the development of domestic renewable energy and clean energy, we are actively integrating the various renewable energy industry chains, from development, construction, maintenance and operation, to free trade of electricity, and obtained the license for electricity sales in December 2019. In terms of operation strategy, we adopt five major directions, such as “light, wind, water, air, and large platform”, and cultivate the professional fields of each strategy.

B. Develop the natural gas market

With development of natural gas markets, we are the second company in Taiwan to obtain a natural gas import license and the only privately owned natural gas import company in Taiwan. We will continue to develop market opportunities to replace heavy oil or coal as fuel for “clean energy”.

C. Expand overseas markets

Actively participate in international bidding projects, evaluate overseas investment potential, and utilize the experience of domestic power plants in Southeast Asia to establish the Asian market.

II. Overview of the Market, Production and Sales

(I) Market analysis

1. Major product sales regions

Unit: Thousands of NT\$; %

Item	Year	2022		2023	
		Amount	%	Amount	%
Taiwan		4,283,927	99.60	11,235,054	99.87
China		17,265	0.40	14,528	0.13
Total		4,301,192	100.00	11,249,582	100

2. Market share

The Company’s renewable energy services mainly the domestic market, and our construction business covers a wide range of wind, hydroelectric, and solar power generation projects, as well as various types of EPC contracts for substations, utilities, fire protection systems, and whole-plant construction projects. All current construction businesses have been carried out in Taiwan. Since system integration engineering services cover various fields, such as factories, public construction, residential buildings and commercial office buildings, etc., and the nature of the

engineering fields in which the domestic electrical and mechanical engineering companies currently engaged in this industry specialize varies greatly, the market share cannot be reflected by a single market or a single product, and each engineering service company has its own specialized service field. The market share of the Company cannot be calculated on the same basis as the market share of a single market or a single product, and the market share of the Company cannot be calculated on the same basis as its output value.

3. Future market supply and demand and growth

A. Construction business

Currently, many companies are engaged in E&M system integration in Taiwan, but E&M system integration service depends on a long-term accumulation of technology and experience. In specific markets, it is often limited by the professionalism of personnel, the Company's reputation and engineering track record, forming barriers to entry while the Company is one of the few professional electrical and mechanical system integration service providers. As the Company serves customers in various fields, including plants, public construction, wind, water and solar power generation projects, etc., the Company is always planning to expand plants and develop new projects in public construction. The government is actively planning to expand comprehensive infrastructure investment, with the goal of creating the infrastructure needed for national development in the next 30 years, the demand for E&M system integration services can still maintain some room for growth.

B. Power plant investment and energy services

According to the plan of the National Development Council of the Executive Yuan to promote solar energy and photovoltaic power, in order to follow global trends for countries to make energy saving and carbon reduction a priority in their policies and use renewable energy to drive the development of a green economy, and considering that 98% of our energy comes from imports and we have an independent grid system, it is important to enhance energy autonomy and diversification. In order to take energy security, green economy and environmental sustainability into account, the government has included the green energy industry as one of the "5+2" industry innovation projects, including: "Smart Machinery", "Asia-Silicon Valley", "Green Energy Technology", "Biomedical Industry", "Defense Industry", "New Agriculture" and "Circular Economy".

In this wave of green revolution, our country has set the goal of energy transformation by 2025, and has made the development of renewable energy and non-nuclear home as an important direction of governance. The Executive Yuan passed the promotion plan on October 27, 2016, and is committed to achieving the target of 20% of renewable energy generation by 2025, with 66.3% of the highest capacity of solar power installations, and a clear target and promotion path: 6.5GW of installation capacity in the short term (until 2020) and 20GW in the long term (until 2025) (of which, 3GW for rooftop and 17GW for ground-based). We hope that the promotion of the green energy technology industry will serve as a new engine for energy transformation and economic development in Taiwan. The Green Energy Technology Industry Innovation Promotion Plan proposes three visions of "green energy promotion, industry development, and technology innovation" and four main axes of promotion: "energy creation, energy storage, energy saving, and intelligent system integration".

4. Competitive niche

- A. Wide range of engineering services and excellent engineering track record
Since its establishment, the Company has undertaken a wide range of projects, including the integration of the MRT electrical and mechanical systems of the Green Line of the Taichung MRT (Wuri Wenxin Beitun Line), which was the first line built in Taichung, including power supply, signage and traffic control, communication, track and maintenance of the plant, 161kV GIS transformers, cables and 25kV distribution panels, cable equipment and telecommunication equipment for the construction of a solar power plant in Changbin. We are one of the few engineering service companies in Taiwan that can work in different industries at the same time.
- B. Professional and stable management team and specialized technical personnel
We provide engineering services mainly on a project basis and control the progress and quality of construction at any time according to the needs of the owner and the contract. The Company has a professional team with many years of extensive technical experience, and we are constantly refining our professional technology. The management is composed of experienced professionals in the industry, who master the key technologies of the products. The other engineering personnel are all undergraduates with specialized knowledge, supplemented by complete education and field practice, forming a high-quality service team. Therefore, we can fully respond to the overall market changes and maintain solid competitive advantages.
- C. Most of our customers are well-known domestic companies, which enhances our competitiveness in the market
The Company's customers are many well-known domestic companies, whose engineering capabilities and product quality have been verified and recognized by domestic vendors, which is one of the advantages of the Company in the future market competition.
- D. One-stop integration services
In addition to our energy service management team, we have extensive experience in the construction and maintenance of power plants. We specialize in the investment and development of renewable energy plants, and are responsible for the turnkey construction and maintenance of power plants, from site investigation and evaluation, planning and design, document application, installation and construction, technician licensing, project control, utility grid connection, to post-completion warranty, maintenance and management with one-stop integration service.
- E. Cost control ability and sound financial structure
Our ability to control costs determines the profitability of a project. We maintain good and long-term cooperative relationships with our suppliers and keep abreast of changes in procurement and outsourcing prices, and through bulk purchasing and long-term contracts, we effectively reduce the risk of changes in procurement and outsourcing prices, improve management efficiency, and create reasonable profits. The E&M system service provider must have sufficient capital to meet the capital requirements for bid deposits, performance bonds, material and equipment payments, outsourcing payments, and warranty payments required for large-scale E&M system integration projects. The Company's financial structure has been sound since its inception

and is sufficient to meet the operating capital requirements for project operations.

5. Positive and negative factors of development prospects and countermeasures

A. Positive factors

(A) The industry has development potential

The global economy is not optimistic due to the unstable international political and economic conditions, volatile financial markets, and falling international oil prices. In order to stimulate the domestic economy, the government has taken the lead in leading industrial innovation and promoting forward-looking plans for public investment and construction, especially transportation construction. The Company already has a good track record in this area, which will have a positive effect on the Company's future operations. In addition, with the consensus of countries to promote green energy in order to reduce global warming, solar power has become a long-term stable growth industry. According to several research reports, the share of solar power in the global electricity supply will increase year by year. Therefore, the long-term demand of solar power industry remains promising and it offers business value for sustainable operation and long-term development.

Renewable energy is energy from nature, such as solar energy, wind power, tidal energy, geothermal energy, etc. It is an inexhaustible source of energy that is automatically regenerated and not a kind of energy that can be exhausted like non-renewable energy. In the first half of this year, the share of electricity generated from renewable sources in the EU exceeded that of fossil fuels for the first time, according to a new analysis by climate research firm Ember. Wind, solar, hydroelectric and biomass accounted for 40% of total electricity generation in the 27 member states, compared to 34% for fossil fuels. Renewable energy generation overtaking fossil fuels is now a certainty.

(B) In response to government policies and major public infrastructure development

Major public construction projects. For example, the metropolitan rapid transit projects and the undergrounding and rapid transit projects of railroads are projects with higher technical and financial capacity thresholds, and there are more opportunities to contract for the integration of electrical and mechanical systems. In addition, the government is promoting the "4-year wind power promotion plan", which plans to install 5.7GW of offshore wind power by 2025, with an annual generation capacity of 21.5 billion kWh, develop green power, gradually amend the electricity law and liberalize the electricity industry and non-nuclear home park, etc. Green energy policies will continue to expand the renewable energy target, which is conducive to renewable energy business development.

(C) Continued consolidation of solar energy enterprises helps maintain order in the industry

In recent years, the solar industry has been facing the phenomenon of overcapacity and oversupply, and the recessionary trend has forced uncompetitive vendors to exit the market. Companies are expanding their economic scale through mergers and acquisitions in order to centralize and

integrate resources to reduce costs. In the future, manufacturers in the solar energy industry can gain the advantages of economies of scale, reduce production costs and maintain industrial order through consolidation, which will help maintain normal market prices. In addition, the domestic demand in Taiwan will remain stable. According to the latest survey by EnergyTrend, Taiwanese module manufacturers have gradually adjusted their sales strategies in the domestic and overseas markets in the past two years, increasing the proportion of domestic sales to over 60%. The global demand for modules in 2023 is expected to reach about 412-455 GW, representing a year-on-year growth of 53%. Although the growth rate will slow down compared to that of this year due to constraints such as a higher price over the base period, grid capacity, and localization, driven by the significant decline in module prices, we are still optimistic about the growth of the solar market next year, and the demand for modules is expected to maintain a growth rate of about 15-20% in 2024.

(D) Accumulated technical strength over many years

Our management team has extensive experience in the solar industry and is well versed in the operation, management, and market demand judgment. In addition, with the accumulated years of engineering and technical experience, we have fully mastered all kinds of projects, and the quality of our products has successfully gained the trust and affirmation of our customers.

B. Unfavorable factors and countermeasures

(A) Fierce competition in the market and pressure to reduce prices

In recent years, the economic environment has been sluggish and the market competition has been fierce. In addition, the domestic market has become increasingly saturated, resulting in the competition among the electrical and mechanical system engineering industry in price wars, volatility with low-price bids, and severely reduced profitability.

Countermeasures

The Company has accumulated a lot of practical engineering experience over the years, and has a better grasp of equipment and material suppliers and better bargaining power. We are thus able to provide owners with suggestions on alternative construction methods and effectively reduce customers' costs through value engineering. We also improve our construction management capabilities and quality of engineering services to control project risks and costs in order to enhance our competitiveness vis-a-vis our peers.

(B) Increase in construction production and manufacturing costs

The cost of production has increased as the construction and production processes require more technical manpower, and it takes a long period of time to cultivate talents with technical know-how, and the cost of production has increased due to fluctuations in the prices of raw materials and the amendment of the Labor Standards Act.

Countermeasures

The Company has the advantage of integrating the upstream, midstream and downstream, and outsourcing to experienced vendors to expand the supply channels of raw materials and establish a database for raw material

procurement in order to effectively control production costs. The Company keeps an eye on the development of engineering-related technologies and government regulations, and adjusts its business execution to comply with policies and laws and regulations.

(C) Difficulties in obtaining sites for solar power plants

Taiwan has a total area of 36,188 square kilometers, excluding the mountainous areas (about 70% of the total area of Taiwan), which are not suitable for solar power plants, and the eastern land area of Taiwan, which is not suitable for solar power plants due to the terrain. Even if supportive policies, the capacity is limited. In addition, the wholesale purchase system is heading into the tenth year, and the available projects to solar system providers will be filled in within 3-5 years.

Countermeasures

There are still many areas unfavorable to farming, salt beaches, state-owned lands, and Taiwan sugar lands in Taiwan that have not yet been fully released, plus the future coexistence and co-prosperity of fishery and electricity, agriculture, and electricity, the Company will take active measures for development and construction while taking into account the ecology. After reaching the economies of scale, the Company's revenue in the next 20 years will mainly come from system maintenance and operation, and more than 90% of the projects can create the maintenance and operation revenue for at least 20 years. In addition to the projects developed by the Company, the power plants abandoned by system providers that have withdrawn from the market will also be one of the focuses of the Company's acquisition.

The 3 main reasons why Taiwan needs offshore wind power generation are environmental protection (air pollution and carbon reduction), energy autonomy and Taiwan's wind energy potential, but it is challenged by typhoons, salt winds, high temperature and humidity, technical threshold, fishing environment and marine ecology, etc. It can slow down land development, not disturb residents' life due to noise and light from wind turbines, reduce CO2 emissions, reduce energy dependence on other countries and increase employment opportunities. The Taiwan Strait is favored for its world-class wind farms and potential for offshore wind power development, which is considered very favorably by the outside world. The Company has conducted the evaluation of the third phase of offshore wind power site development bidding.

(D) Significant capital expenditures

According to the 20GW solar PV policy target for 2025, 17GW and 3GW are targeted for ground-based and rooftop solar installations respectively, so the future market will focus on ground-based solar installations, and 25,500 hectares of land are required for 17GW of ground-based solar installations. The government has already identified more than 20,000 hectares of land and will complete the integration in the next 1-2 years, which will lead to the large-scale release of land for ground-mounted solar energy construction, indicating that ground-mounted solar energy systems will be the main driver of development in the future. The self-financing of the system engineering operators have multiplied. As a result, only large players can be expected to thrive in the system engineering industry. The

development of the Company's power plants requires large capital expenditures and higher capital costs due to borrowing.

Countermeasures

Although the investment in solar power plants has a stable income for up to 20 years, the payback period for capital expenditure is relatively long. In order to improve the operation and capital efficiency, the Company adopts an "asset-light" financial structure to invest in solar power plants, and plans to set up SPVs (Special Purpose Vehicle) to hold solar energy sites in order to improve operating and capital efficiency, and plans to complete and then sell the SPV equity to recover capital and realize profits in advance, and use the capital to expand solar power plants or develop other new businesses to achieve the goal of continuous growth.

In response to the developments in the industry, the Company has actively formed strategic alliances with solar power plant investors to increase the scale of contracted solar power plants. In addition, the management team also set plans for public listing to raise capital in the capital market in the future. It will rapidly increase shareholders' equity and improve the capital structure to enhance corporate competitiveness. In addition, the Company uses the Group's advantages to borrow funds with lower capital costs.

(II) Important application and production process of major products

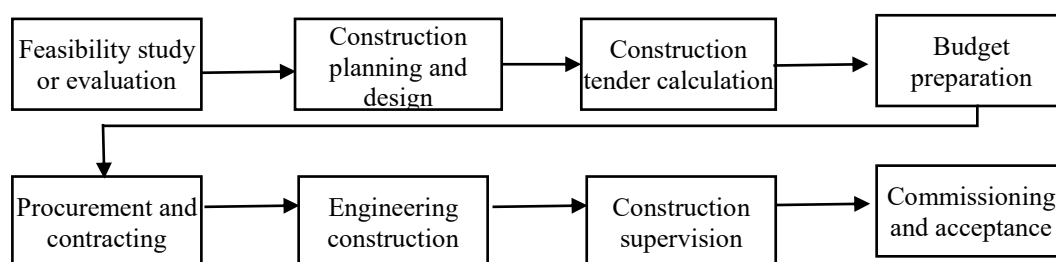
(1) Important application of major products

Main products	Application
Construction revenue	Provide construction turnkey services, including various professional and technical services, such as feasibility studies and planning, engineering design, equipment supply, equipment fabrication, construction, construction supervision, commissioning, etc.
Technical service revenue	Evaluate and plan to provide energy saving and emission reduction services to large shopping malls, department stores by using energy-saving lighting, inverter technology, network monitoring, and contract power consumption. Provide maintenance services for various power plants, substations, and telecommunication equipment rooms, etc.
Revenue from electricity sales	The electricity generated is supplied through the Taipower grid to meet various electricity needs, including industrial use and people's livelihood.

(2) Product production and manufacturing process

A. Construction business

After obtaining the project, the Company will proceed to the contracting of materials and equipment procurement, water and electricity, air conditioning, fire protection and other projects, and then clarify the interfaces for integration of each system. After the construction is completed, and the project will be reported as completed upon the owner's acceptance. Then the entire project is completed and enters the warranty period.



B. Technical services

Evaluate and plan to provide energy saving and emission reduction services to large shopping malls, department stores by using energy-saving lighting, inverter technology, network monitoring, and contract power consumption.

Provide regular maintenance and repair services for power plants, substations and telecommunication equipment, and to provide rigorous testing of electrical and mechanical equipment to help keep the safety and performance of power plants, substations and telecommunication equipment in the best condition.

C. Electricity sales

The installation of solar and wind power systems is mainly developed by the business department of the power plant, or the system vendor may recommend a suitable site for installation. After the detailed evaluation of the Finance Department is submitted for approval, the system vendor will be entrusted to carry out the construction and installation. After the construction is completed, then apply to the relevant units for registration of the meter and then it can start operations. Our power plants are equipped with monitoring systems to monitor the power generation status at any time, and we will dispatch staff to understand the abnormal power generation and carry out module cleaning and maintenance according to the power generation status of each power plant to ensure good power generation efficiency.

(III) Supply of major raw materials

Major raw materials	Name of supplier	Status of supply
Offshore wind farm development and construction consultant	P-06	Good
	P-07	Good
Offshore substations of offshore wind farms	P-14	Good
Near-shore marine engineering of offshore wind farms	P-15	Good
Onshore engineering of offshore wind farms	P-16	Good
Manufacturing and supply contract for the sub-structure, miscellaneous electrical and mechanical equipment, and steel plates	P-04	Good
	P-10	
Wind power electricity procurement	P-11	Good
Solar power electricity procurement	P-17	Good
Solar energy construction project	P-01	Good

(IV) The names of suppliers and customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion, together with the reasons for the increase or decrease

1. Information on major suppliers in the most recent 2 years

Unit: Thousands of NT\$

Item	2022				2023			
	Name	Amount	As a percentage of net purchase amount(%)	Relationship with the issuer	Name	Amount	As a percentage of net purchase amount(%)	Relationship with the issuer
1	P-01	1,418,142	42.38	None	P-04	4,188,958	44.00	None
2	P-02	682	0.02	None	P-10	2,068,358	22.00	None
3	P-03	1,300	0.04	None	P-14	1,032,885	11.00	Yes
4	P-04	993,267	29.68	None	P-01	141,188	1.00	None
	Others	932,658	27.88	—	Others	2,106,513	22.00	—
	Net purchase amount	3,346,049	100.00	—	Net purchase amount	9,537,902	100.00	—

Reasons for the increase or decrease:

In addition to the purchase of raw materials, the Company also subcontracts individual projects to third parties. The selection of suppliers varies depending on the nature of each project, the owner's demand, the construction location, the quality of construction and the degree of cooperation of the suppliers. The change in the suppliers should be reasonable.

2. Information on major customers in the most recent 2 years

Unit: Thousands of NT\$

Item	2022				2023			
	Name	Amount	As a percentage of net sales (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales (%)	Relationship with the issuer
1	Taiwan Power Company	2,099,298	49	None	Taiwan Power Company	9,908,572	88	None
2	Shinfox Electricity Inc.	1,593,294	37	None	Shinfox Electricity Inc.	222,980	2	None
	Others	608,600	14	—	Others	1,118,030	10	—
	Net sales	4,301,192	100	—	Net sales	11,249,582	100	—

Reasons for the increase or decrease:

The Company's main source of revenue is the supply of electrical and mechanical system integration engineering services and technical services. The project service relationship with project owners is handled on a project basis. We do not have fixed customers compared to the general manufacturing industry, and the construction period is set in the contract for all the projects we undertake, and if there are no special factors, we will follow the construction progress. Therefore, when the construction of the projects with higher total contract prices is at its peak, the revenue from project services will be more concentrated in certain customers during the period, and it is reasonable for the sales targets to change after the completion of the projects.

(V) Table of Production Volume and Value for the last two years

Unit: Production Capacity/Volume: kw; 1,000 kwh Production value: Thousands of NT\$

Capacity and output value Main products	Year	2022			2023		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Construction business		- (Note 1)	- (Note 1)	3,311,467	- (Note 1)	- (Note 1)	9,334,669
Service business		- (Note 2)	- (Note 2)	137,225	- (Note 2)	- (Note 2)	79,487
Electricity sales business		96,610 (Note 3)	87,451 (Note 4)	304,507	164,303 (Note 3)	157,473 (Note 4)	666,704
Other businesses		—	—	—	—	—	1,204 (Note 5)
Total		96,610	87,451	3,753,199	164,303	157,473	10,082,064

Note 1: The revenue is mainly generated from the provision of electrical and mechanical system integration services, therefore, the production capacity and volume cannot be calculated, and only the construction cost can be used as the production value.

Note 2: The Company mainly provides energy saving services, equipment maintenance services and solar energy construction design and development services, and is unable to calculate production capacity and volume.

Note 3: This refers to the theoretical production capacity of the Company's own solar power equipment.

Note 4: The number of kilowatt hours of electricity sold by solar power plants.

Note 5: Products related to engineering equipment.

Causes for the increase and decrease: The increase in project progress from that in the same period last year resulted in an increase in engineering revenue in 2023; The growth of the electricity sales business from that in the same period last year resulted in an increase in the revenue from electricity sales in 2023.

(VI) Table of sales volume and value for the last two years

Unit: Sales volume: kw; 1000 kWh Production value: Thousands of NT\$

Sales volume and value Main products	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Construction business		- (Note 1)	3,656,041	—	675	- (Note 1)	10,285,643	—	-
Service business		- (Note 2)	259,839	- (Note 2)	16,590	- (Note 2)	149,016	- (Note 2)	24,612
Electricity sales business		88,007 (Note 3)	368,047	—	—	159,144	789,152	—	—
Other businesses		—	—	—	—	5 (Note 4)	1,159	—	—
Total		88,007	4,283,927	—	17,265	159,149	11,224,970	—	24,612

Note 1: As the Company mainly provides electrical and mechanical system integration services, it is not possible to calculate the sales volume and the sales value is based on the revenue from the projects only.

Note 2: The Company mainly provides solar and wind power project design and development, energy saving and equipment maintenance services, and the sales volume cannot be calculated.

Note 3: The number of kilowatt hours of electricity sold by solar power plants and tonnage of natural gas supply purchased.

Note 4: Products related to engineering equipment.

Causes for the increase and decrease: The increase in project progress from that in the same period last year resulted in an increase in engineering revenue in 2023; The growth of the electricity sales business from that in the same period last year resulted in an increase in the revenue from electricity sales in 2023.

III. The number of employees for the most recent 2 years, and during the current year as of the date of publication of the annual report, their average years of service, average age, and education distribution

Year		2022	2023	As of March 31, 2024
Number of employees	Management staff	13	15	15
	General staff	200	304	340
	Total	213	319	355
Average age		40.08	40.08	34.16
Average years of service		2.06	2.06	4.94
Education distribution (%)	Doctor	1.88%	1.57%	1.13%
	Master	34.27%	29.15%	28.45%
	University	50.23%	62.38%	63.38%
	Junior college	9.39%	5.96%	6.20%
	Senior high school or below	4.23%	0.94%	0.85%

IV. Information on environmental protection expenditure

- (I) According to regulations, the application, payment or establishment of the circumstances for those that shall apply for a pollution facility installation permit or pollution discharge permit or shall pay pollution prevention and control fees or shall establish a special unit with environmental protection personnel

The Company does not belong to the type, scope and scale of the business that should be registered for water pollution prevention and control measures, and is not required to register for water pollution prevention and control measures; the amount of wastewater generated does not exceed the relevant laws and regulations, and is not required to set up specialized personnel for wastewater treatment. In addition, the Company is not in the industries or processes listed in the announcement of stationary pollution sources that should apply for installation, modification and operation permits, and is not required to set up relevant facilities and pollution prevention plans. Therefore, there is no dedicated unit and staff.

- (II) For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to environmental pollution (including compensation and environmental protection audit results of violations of environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated and countermeasures: No such occurrences.

V. Labor relations

- (I) Employee welfare measures, education, training and retirement systems and their implementation, as well as agreements between employers and employees and measures to protect the rights and interests of employees:

Excellent professional staff is the most important asset of the Company, and harmonious labor relations are the cornerstone of corporate development. The Company and its subsidiaries have harmonious and stable labor relations. In addition to improving employee welfare, treatment and working environment, the Company also maintains smooth communication channels between employees and employers, and through the joint efforts of all employees, we are able to give full play to our individual expertise so

that our employees and the Company can grow together and create a bright future together.

(1) Employee welfare measures and implementations

In addition to the health insurance and labor insurance policies under the Labor Standards Act of the R.O.C. and the local government regulations in Mainland China, the Company and its subsidiaries also provide employee group insurance and contribute to individual pension accounts for employees to protect their benefits. The measures and their implementation are as follows:

- A. Employees are entitled to special leave in accordance with the law, contributes to pension funds, and establishes an employee welfare committee to coordinate welfare activities and protect labor rights and interests.
- B. In addition to participating in labor insurance and universal health insurance in accordance with the law, all employees are provided with employer's compensation liability insurance and employee group accident insurance to enhance the protection of employees' livelihood.
- C. Monthly birthday parties and occasional employee travels are held to enhance the quality of leisure life and promote the exchange of colleague friendship.
- D. Provide gifts and travel allowances for Dragon Boat Festival, Mid-Autumn Festival and birthdays.
- E. Provide a hygienic and good environment and facilities in the staff cafeteria to improve the quality of staff meals.

(2) Education and training

In order to enhance employees' professional skills, work efficiency and product quality, the Company conducts education and training in accordance with the annual education and training schedule. Internal training and external training are conducted simultaneously to strengthen the professional ability of employees in each functional area. Our training is listed as follows:

- A. Pre-employment training for new employees: Provide courses on the Company's corporate culture, business items, work rules, employee benefits, rewards and sanctions, etc., so that new employees can have a basic understanding of the Company.
- B. On-the-job employee training: We arrange internal and external training courses according to the work requirements.
- C. Professional function training: Sending employees to relevant organizations for training according to the needs, so that they can obtain professional certification.

(3) Retirement system and its implementation

The Company and its subsidiaries in R.O.C. contribute 6% of monthly salary to the employees' personal accounts at the Bureau of Labor Insurance to protect the rights and interests of employees. Employees may also choose to contribute 0 to 6% of their monthly salaries to their individual pension accounts. The employees' pension payments are made in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings. The Company's subsidiaries in Mainland China contribute a certain percentage of local employees' salaries to their pension accounts each month in accordance with the pension system established by the local government. Each employee's pension is managed and coordinated by the government and the Group has no further obligation other than to make monthly contributions.

- (4) Agreements between labor and management and measures to protect employees' rights and interests

The Company has always attached importance to employees' rights and interests. The Company holds regular labor-management meetings to provide a smooth communication channel between supervisors and employees to exchange opinions and maintain a good interaction between employers and employees, therefore, the Company's labor-management relations are harmonious and there are no significant labor disputes or losses.

- (II) For the most recent year and for the current year up to the date of publication of the annual report, the amount of loss due to labor disputes (including labor inspection results of violations of the Labor Pension Act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated and countermeasures: No such occurrences.

VI. Cyber Security Management

1. Describe the risk management framework for cybersecurity policies, specific management plans, and resources devoted to cybersecurity management, etc.

- (1) Cybersecurity risk management framework

The Information Office of the Company's Administration Division is responsible for planning, implementing, monitoring and improving information security management, and establishing relevant management methods and handling guidelines for compliance and processing. The Company has also established layers of control and protection mechanisms for system servers, operating systems and network systems to prevent abnormal disasters, data damage and confidential theft, in order to effectively control the risks of corporate information systems and maintain sustainable operations. In order to ensure the security of information use and to establish a reliable information use environment, the Company's information security implementation principles are as follows:

- A. Comply with laws and regulations and enhance employees' information security awareness.
- B. Emphasize risk management and ensure data security.
- C. Require all employees to participate in ensuring information security and pursue continuous improvement.

The above framework is adjusted by the Information Office of the Administration Division based on actual conditions and the implementation status is reported to the Board of Directors each year.

- (2) Cybersecurity policies

The Company insists on strengthening the information security of the Company to ensure the confidentiality, integrity and availability of information, and has formulated the following information security policies:

- A. Establish a solid information security system.
- B. Create a good environment to ensure information security.
- C. Develop the information security capabilities of the team.
- D. Provide quality products and services.

Our goal is to keep information 100% safe to protect the rights and interests of our customers, shareholders, employees and suppliers, and to fulfill our social responsibilities.

(3) Specific management plans

- A. Adopt a longitudinal defense framework, endpoint protection and network gateway protection, together with network access control, file permission management, and computer hardware device control mechanisms, to prevent network attacks from the outside and leakages from the inside.
- B. Establish access control for sensitive areas, authentication of system users, password control, access authorization, and periodic scanning of system vulnerabilities, and install anti-virus software, update original security patches, and establish a system redundancy mechanism to strengthen endpoint protection.
- C. The Company has set up an information security system to prevent hackers and computer viruses or malicious programs from affecting information system services or snooping on confidential information to steal or extort confidential information.
- D. The Company conducts annual information security training and tests and e-mail social engineering exercises for employees to strengthen their awareness of information security risks.
- E. Review information security measures and regulations annually, pay attention to information security issues, and develop response plans to ensure their appropriateness and effectiveness.

(4) Resources invested in cybersecurity management

The Information Office of the Company's Administration Department has five information security management specialists. In 2023, the Company invested NT\$1.06 million in information security management, and the key information security management system includes:

- A. Completed the introduction of ISO 27001 and assisted the Company to establish, implement, maintain and continuously improve the Information Security Management System (ISMS). The established management procedures include: Information Security Manual, Information Security Organization Management Procedure, Management Procedure for Information Risk Assessment, Management Procedure for Personnel Information Security and Confidentiality, Information Asset Management Procedure, IT Equipment Maintenance and Management Procedure, Management Procedure for Account Password and Access Control, Information Security Incident Management Procedure, Software Usage Management Procedure, Cyber Security Management Procedure, Physical Environment Management Procedure, Management Procedure for Information Operation Outsourcing, Continuing Operations Management Procedure, Management Procedure for System Development and Maintenance, Corrective and Preventive Measures Handling Procedure, Review Procedure for Legal Compliance, which can not only enhance the security of the Company's system, but also raise employees' information security awareness.
- B. Maintain a privileged account management system (CyberArk), control and record the system administrator's behavior for all internal system

servers, and automatically change the system password every day. We enhanced the security of information access and passwords and reduced hacker infiltration and system blackmail attacks.

- C. The Company maintains the file data access audit system (NetWrix), and important documents and data of all departments have been uploaded to the file server, so that colleagues who work in the Company and remotely from home can audit and control NetWrix files, with both the convenient access to the Company's data and the security of data permission control taken into account.
2. List the losses, possible impacts suffered from major cybersecurity incidents in the most recent year and as of the printing date of the annual report and countermeasures, and if it is not reasonably estimable, state the fact that it is not reasonably estimable: No such occurrences.

VII. Important contracts

Nature of the contract	Counterparty	Contract start and end date	Main content	Restrictive terms
Project contracting	Taiwan Power Company	June 15, 2020 to December 31, 2030	Phase II of Offshore Wind Power Generation Project	Non-transferability, breach of contract clause, and confidentiality clause
Project contracting	Shinfox Electricity Inc.	From December 17, 2020 to expiration of warranty period	Turnkey project for solar photovoltaic power generation system	Non-transferability, breach of contract clause, and confidentiality clause
Project contracting	IK Corporation	From December 30, 2020 to expiration of warranty period	Solar photovoltaic power generation system installation project	Non-transferability, breach of contract clause, and confidentiality clause
Project contracting	IM Corporation	From August 18, 2021 to expiration of warranty period	Contract on Phase II of Offshore Wind Power Generation Project	Non-transferability, breach of contract clause, and confidentiality clause
Project contracting	Shinfox Far East Company Pte Ltd.	From January 13, 2023	Project contracting	None
Project contracting	IF Corporation	March 15, 2023 to March 1, 2025	Contract on Offshore Wind Power Project	None
Project contracting	Changpin Wind Power Ltd.	From March 23, 2023	Wind Turbine and Booster Station Construction Contract	None
Project contracting	IE Corporation	June 30, 2023 to December 31, 2025	Project contracting	None
Project contracting	ID Corporation	August 21, 2023 to December 31, 2025	Wind Power Equipment Installation Contract	None
Project contracting	IB Corporation	December 15, 2023 to July 31, 2024	Contract on Offshore Wind Power Project	None

Nature of the contract	Counterparty	Contract start and end date	Main content	Restrictive terms
Project contracting & procurement	IJ Corporation	From June 3, 2021 to expiration of warranty period	Engineering and Equipment Procurement for Phase II of Offshore Wind Power Generation Project	Non-transferability, breach of contract clause, and confidentiality clause
Investment contract	ZA Corporation	From September 29, 2023	Investment in power plants	None
Investment contract	ZB Corporation	October 13, 2023 to December 15, 2023	Investment contract	None
Service contract	IH Corporation	August 19, 2020 to December 31, 2025	Contract Consulting Service for Engineering Technology	Non-transferability, breach of contract clause, and confidentiality clause
Procurement contract	IL Corporation	From December 29, 2021 to expiration of warranty period	Procurement of equipment for offshore wind turbines	Non-transferability, breach of contract clause, and confidentiality clause
Procurement contract	IG Corporation	August 11, 2023 to October 31, 2025	Contract on Procurement of Wind Power Equipment	None
Development contract	Jiuwell Power	From June 14, 2022 to the contract	Commissioned Development Contract	Confidentiality clause, breach of contract clause
Sales contract	IC Corporation	March 8, 2023 to March 7, 2031	LNG Sales Contract	The Company's confidentiality obligations
Sales contract	IA Corporation	January 1, 2024 to December 31, 2033	Electricity Sales Contract	The Company's confidentiality obligations
Credit contract	6 banks including Bank of Taiwan	September 12, 2023 to September 15, 2023	The credit amount of the first domestic secured convertible corporate bond in 2023 is NT\$3 billion.	(1) The current ratio shall not be less than 100% (inclusive). (2) The debt ratio shall not be higher than 300% (inclusive). (3) The net value of tangible assets shall not be less than NT\$9.5 billion (inclusive).
Credit contract	Bank SinoPac	April 10, 2023 to April 17, 2023	The credit amount is NT\$2.9 billion	With collateral (with Chang Pin's equity pledged)
Credit contract	King's Town Bank	October 3, 202 to April 3, 2024	The credit amount is NT\$1.5 billion	None
Credit contract	KGI Bank	December 21, 2023 to June 23, 2024	The credit amount is NT\$1.5 billion	None

Nature of the contract	Counterparty	Contract start and end date	Main content	Restrictive terms
Credit contract	Mega Bank	August 4, 2023 to August 4, 2024	The credit amount is NT\$800 million	None
Credit contract	Export-Import Bank of China	August 1, 2023 to August 1, 2024	The credit amount is NT\$800 million	None
Credit contract	CTBC Bank	December 7, 2020 to March 31, 2026	The credit amount is NT\$5.4 billion	
Credit contract	O-Bank	October 3, 2022 to October 3, 2025	The credit amount is NT\$1.75 billion	Financial ratio limits, allowance account limits
Credit contract	China Bills Finance Corporation	June 13, 2023 to June 13, 2024	The credit amount is NT\$600 million	None

Six. Financial Overview

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Last Five Years

(I) Condensed Balance Sheets and Statements of Comprehensive Income

1. Condensed Balance Sheets

(1) International Financial Reporting Standards (IFRS) - Consolidated Financial Statements

Unit: Thousands of NT\$

Item \ Year		Financial information for the last five years					Financial information for 2024 up to March 31 (Note 1)
		2019	2020	2021	2022	2023	
Current assets		594,357	6,305,684	8,792,451	13,319,560	22,854,710	—
Property, plant and equipment		1,256,307	724,434	936,470	1,202,273	5,101,985	—
Intangible assets		2,322	1,628	7,895	247,252	249,307	—
Other assets		507,435	153,785	429,811	3,448,233	1,081,715	—
Total assets		2,360,421	7,185,531	10,166,627	18,217,318	29,287,717	—
Current liabilities	Before distribution	586,352	5,447,045	3,512,181	6,090,718	12,106,378	—
	After distribution	586,352	5,577,045	3,708,681	6,198,793	(Note 2)	—
Non-current liabilities		1,049,336	457,677	474,342	1,550,105	4,862,455	—
Total liabilities	Before distribution	1,635,688	5,904,722	3,986,523	7,640,823	16,968,833	—
	After distribution	1,635,688	6,034,722	4,183,023	7,748,898	(Note 2)	—
Equity attributable to shareholders of the parent company		724,733	1,254,051	5,885,426	10,353,694	11,157,554	—
Stock capital	Before distribution	783,660	1,000,000	1,465,000	2,161,500	2,161,500	—
	After distribution	783,660	1,000,000	1,661,500	2,161,500	(Note 2)	—
Capital reserve		—	68,907	3,910,964	7,850,282	8,197,827	—
Retained earnings (losses to be covered)	Before distribution	(42,593)	202,259	526,678	358,890	885,574	—
	After distribution	(42,593)	72,259	133,678	250,815	(Note 2)	—
Other equity		(16,334)	(17,115)	(17,216)	(16,978)	(87,347)	—
Treasury stock		—	—	—	—	—	—
Non-controlling interests		—	26,758	294,678	222,801	1,161,330	—
Total equity	Before distribution	724,733	1,280,809	6,180,104	10,576,495	12,318,884	—
	After distribution	724,733	1,150,809	5,983,604	10,468,420	(Note 2)	—

Source: Consolidated financial statements for each year audited by CPAs

Note 1: As of the publication date of the annual report, the financial statements for the first quarter of 2024 have not been audited by the CPA.

Note 2: This is filled out based on the resolution in the annual shareholders' meeting and the 2024 shareholders' meeting has not yet been convened.

(2) International Financial Reporting Standards - Standalone Financial Statements

Unit: Thousands of NT\$

Item \ Year		Financial information for the last five years				
		2019	2020	2021	2022	2023
Current assets		375,896	522,938	4,159,012	1,628,611	2,692,171
Property, plant and equipment		38,716	27,851	28,881	34,736	60,660
Intangible assets		1,489	1,128	1,655	5,934	4,331
Other assets		644,084	1,123,170	3,724,157	10,172,838	13,987,767
Total assets		1,060,185	1,675,087	7,913,705	11,842,119	16,744,929
Current liabilities	Before distribution	297,570	368,563	1,950,721	1,411,699	2,667,814
	After distribution	297,570	498,563	2,147,221	1,519,774	(Note)
Non-current liabilities		37,882	52,473	77,558	76,726	2,919,561
Total liabilities	Before distribution	335,452	421,036	2,028,279	1,488,425	5,587,375
	After distribution	335,452	551,036	2,224,779	1,596,500	(Note)
Equity attributable to shareholders of the parent company		724,733	1,254,051	5,885,426	10,353,694	11,157,554
Stock capital	Before distribution	783,660	1,000,000	1,465,000	2,161,500	2,161,500
	After distribution	783,660	1,000,000	1,661,500	2,161,500	(Note)
Capital reserve		—	68,907	3,910,964	7,850,282	8,197,827
Retained earnings (losses to be covered)	Before distribution	(42,593)	202,259	526,678	358,890	885,574
	After distribution	(42,593)	72,259	133,678	250,815	(Note)
Other equity		(16,334)	(17,115)	(17,216)	(16,978)	(87,347)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	724,733	1,254,051	5,885,426	10,353,694	11,157,554
	After distribution	724,733	1,124,051	5,688,926	10,245,619	(Note)

Source: Standalone financial statements for each year audited by CPAs

Note: This is filled out based on the resolution in the annual shareholders' meeting and the 2024 shareholders' meeting has not yet been convened.

2. Condensed Statements of Comprehensive Income
(1) International Financial Reporting Standards - Consolidated Financial Statements

Unit: Thousands of NT\$

Item \ Year	Financial information for the last five years					Financial information for 2024 up to March 31 (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	443,480	523,537	4,334,413	4,301,192	11,249,582	—
Operating gross profit	76,821	146,258	840,068	547,993	1,167,518	—
Operating profit (loss)	19,391	11,112	608,794	252,387	789,378	—
Non-operating income and expenses	16,640	252,890	(36,265)	56,749	(17,125)	—
Net profit before tax	36,031	264,002	572,529	309,136	772,253	—
Net profit from continuing operations	26,741	244,389	456,640	242,532	623,578	—
Losses from discontinued operations	—	—	—	—	—	—
Net profit (loss) for the period	26,741	244,389	456,640	242,532	623,578	—
Other comprehensive income for the period (net amount after tax)	(388)	(781)	(101)	238	(107,265)	—
Total comprehensive income for the period	26,353	243,608	456,539	242,770	516,313	—
Net profit attributed to shareholders of the parent company	64,696	244,852	455,939	225,212	636,385	—
Net profit attributable to equity of former owner of business combination under common control	(38,017)	—	—	—	—	—
Net profit attributable to non-controlling interests	62	(463)	701	17,320	(12,807)	—
Total comprehensive income attributable to shareholders of the parent company	64,308	244,071	455,838	225,450	564,390	—
Total comprehensive income attributable to equity of former owner of business combination under common control	(38,017)	—	—	—	—	—
Total comprehensive income attributable to non-controlling interests	62	(463)	701	17,320	(48,077)	—
Earnings per share (NT\$)	0.34	2.86	3.25	1.14	2.94	—

Source: Consolidated financial statements for each year audited by CPAs

Note: As of the publication date of the annual report, the financial statements for the first quarter of 2024 have not been audited by the CPA.

(2) International Financial Reporting Standards - Standalone Financial Statements

Unit: Thousands of NT\$

Item \ Year	Financial information for the last five years				
	2019	2020	2021	2022	2023
Operating revenue	408,110	268,271	2,714,079	1,719,357	392,152
Operating gross profit	31,880	145,276	624,236	202,632	87,273
Operating profit (loss)	(10,284)	55,157	460,650	18,796	(78,937)
Non-operating income and expenses	42,686	183,513	90,771	215,861	701,743
Net profit before tax	32,402	238,670	551,421	234,657	622,806
Net profit from continuing operations	26,679	244,852	455,939	225,212	636,385
Losses from discontinued operations	—	—	—	—	—
Net profit (loss) for the period	26,679	244,852	455,939	225,212	636,385
Other comprehensive income for the period (net amount after tax)	(388)	(781)	(101)	238	(71,995)
Total comprehensive income for the period	26,291	244,071	455,838	225,450	564,390
Net profit attributed to shareholders of the parent company	64,696	244,852	455,939	225,212	636,385
Net profit attributable to equity of former owner of business combination under common control	(38,017)	—	—	—	—
Total comprehensive income attributable to shareholders of the parent company	64,308	244,071	455,838	225,450	564,390
Total comprehensive income attributable to equity of former owner of business combination under common control	(38,017)	—	—	—	—
Earnings per share (NT\$)	0.34	2.86	3.25	1.14	2.94

Source: Standalone financial statements for each year audited by CPAs

(III) Names of CPAs and audit opinions for the last five years

Year	CPA firm name	CPA name	Audit opinions
2019	PwC Taiwan	Se-Kai Lin, Yi-Chang Liang	Unqualified opinion
2020	PwC Taiwan	Se-Kai Lin, Yi-Chang Liang	Unqualified opinion
2021	PwC Taiwan	Se-Kai Lin, Yi-Chang Liang	Unqualified opinion
2022	PwC Taiwan	Se-Kai Lin, Yi-Chang Liang	Unqualified opinion
2023	PwC Taiwan	Hsiao-Tzu Chou, Yi-Chang Liang	Unqualified opinion

II. Financial analysis for the last five years

1. International Financial Reporting Standards - Consolidated Financial Statements

Analysis item \ Year		Financial analysis for the last five years (Note 4)					Financial information for 2024 up to March 31 (Note 1)
		2019	2020	2021	2022	2023	
Capital structure	Debt to assets ratio (%)	69.30	82.18	39.21	41.94	57.94	—
	Long-term capital to property, plant and equipment (%)	141.21	239.98	710.59	1,008.64	336.76	—
Solvency	Current ratio (%)	101.37	115.76	250.34	218.69	188.78	—
	Quick ratio (%)	59.41	112.77	89.64	93.71	68.46	—
	Interest coverage multiplier	4.52	8.00	12.51	12.47	19.56	—
Operating performance	Accounts receivable turnover rate (times)	3.73	1.98	17.50	24.80	16.69	—
	Average collection period (days)	98	185	21	14.72	21.87	—
	Inventory turnover rate (times)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	—
	Accounts payable turnover rate (times)	2.25	2.38	4.50	3.71	8.67	—
	Average sales days	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	—
	Property, plant and equipment turnover rate (times)	0.46	0.53	5.22	4.02	3.57	—
	Total asset turnover rate (times)	0.25	0.11	0.50	0.30	0.47	—
Profitability	Return on assets (%)	2.01	5.75	5.72	1.86	2.77	—
	Return on equity (%)	3.76	24.37	12.24	2.89	5.45	—
	Net profits before tax to paid-in capital (%)	4.60	26.40	39.08	14.30	35.73	—
	Net profit margin (%)	6.03	46.68	10.54	5.64	5.54	—
	Earnings per share (NT\$)	0.34	2.86	3.25	1.14	2.94	—
Cash flow	Cash flow ratio (%)	1.95	4.82	(Note 3)	(Note 3)	(Note 3)	—
	Cash flow adequacy ratio (%)	16.96	20.62	(Note 3)	(Note 3)	(Note 3)	—
	Cash reinvestment ratio (%)	0.58	14.17	(Note 3)	(Note 3)	(Note 3)	—
Leverage	Operating leverage	3.81	6.87	1.13	1.45	1.10	—
	Financial leverage	2.12	(0.42)	1.09	1.12	1.06	—

Please explain the reasons for the changes in the financial ratios for the last two years (exempted if the change is less than 20%):

- Debt-to-asset ratio increased by 38%: mainly due to issuance of corporate bonds and increase in bank financing to meet the increased capital demand in 2023.
- Long-term capital to property, plant and equipment ratio decreased by 67%: mainly due to the increase of property, plant and equipment by the purchase of energy storage equipment and marine equipment in 2023.
- Quick ratio decreased by 27%: mainly due to the increase in prepayments for project contracting and construction in 2023.
- The times interest earned increased by 57%: mainly due to the increase in profit in 2023.
- Accounts receivable turnover rate decreased by 33% and collection period increased by 49%: mainly due to the increase in accounts receivable at the end of 2023.
- Accounts payable turnover rate increased by 134%: mainly due to the increased operating costs resulting from the increase of construction progress in 2023.

Analysis item \ Year	Financial analysis for the last five years (Note 4)					Financial information for 2024 up to March 31 (Note 1)
	2019	2020	2021	2022	2023	
7.	Total asset turnover rate increased by 57%: mainly due to the increase in sales revenue in 2023 as compared to that in the previous year.					
8.	Return on assets increased by 49%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.					
9.	Return on equity increased by 88%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.					
10.	Net profits before tax to paid-in capital increased by 150%: mainly due to increase in net profit before tax in 2023 as compared to that in the previous year.					
11.	Earnings per share increased by 158%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.					
12.	Degree of operating leverage decreased by 24%: mainly due to the increase in variable costs in 2023 as compared to that in the previous year.					

Source: Consolidated financial statements for each year audited or reviewed by CPAs

- Note 1: As of the publication date of the annual report, the financial statements for the first quarter of 2024 have not been audited by the CPA.
- Note 2: The Company did not have any inventories from 2019 to 2020, and the only inventories in 2021 to 2023 were natural gas inventories of Shinfox Natural Gas Co., Ltd. However, the natural gas business is still in its early stage of operation, and the amount of inventories remains small. In addition, it is not a major business item of the Company and its subsidiaries, and therefore unsuitable for comparison.
- Note 3: The net cash flows from operating activities or accumulated cash flows are outflows and are not comparable, therefore, the related ratios are not presented.
- Note 4: The formula for financial analysis is as follows:
1. Capital structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities) / net property, plant, and equipment.
 2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Interest coverage multiplier = net profits before tax and interest expense / interest expense for the period.
 3. Operating performance
 - (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
 - (2) Average collection days = 365 / accounts receivable turnover rate.
 - (3) Inventory turnover rate = costs of goods sold / average inventory.
 - (4) Payables (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
 - (5) Average sales days = 365 / inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment.
 - (7) Total assets turnover rate = net sales / average total assets.
 4. Profitability
 - (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)] / average total assets.
 - (2) Return on equity = net profits after tax / average total equity.
 - (3) Net profit margin = net profits after tax / net sales.
 - (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend) / weighted average number of shares outstanding.
 5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years.
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investments + other non-current assets + working capital).
 6. Leverage
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits.
 - (2) Financial leverage = operating profits / (operating profits - interest expense).

2. International Financial Reporting Standards - Standalone Financial Statements

Analysis item		Year	Financial analysis for the last five years				
			2019	2020	2021	2022	2023
Capital structure	Debt to assets ratio (%)		31.64	25.14	25.63	12.57	33.37
	Long-term capital to property, plant and equipment (%)		1,969.77	4,691.12	20,646.74	30,027.69	23,206.59
Solvency	Current ratio (%)		126.32	141.89	213.20	115.37	100.91
	Quick ratio (%)		65.90	122.35	97.70	81.06	88.52
	Times interest earned		11.02	147.51	153.16	50.54	25.56
Operating performance	Accounts receivable turnover rate (times)		3.06	1.13	13.84	25.21	6.30
	Average collection days (times)		120	324	27	15.00	58.00
	Inventory turnover rate (times)		(Note 1)	(Note 1)	(Note 1)	(Note 1)	Not applicable
	Accounts payable turnover rate (times)		2.06	1.33	3.80	2.78	24.88
	Average sales days		(Note 1)	(Note 1)	(Note 1)	(Note 1)	Not applicable
	Property, plant and equipment turnover rate (times)		7.82	8.06	95.68	54.05	8.22
	Total asset turnover rate (times)		0.41	0.20	0.57	0.17	0.03
Profitability	Return on assets (%)		2.94	17.90	9.57	2.32	4.59
	Return on equity (%)		3.75	24.75	12.77	2.77	5.92
	Net profits before tax to paid-in capital (%)		4.13	23.87	31.44	10.86	28.81
	Net profit margin (%)		6.54	91.27	16.80	13.10	162.28
	Earnings per share (NT\$)		0.34	2.86	3.25	1.14	2.94
Cash flow	Cash flow ratio (%)		44.81	1.87	(Note 2)	36.05	1.71
	Cash flow adequacy ratio (%)		187.92	2,552.98	(Note 2)	24.42	141.83
	Cash reinvestment ratio (%)		14.73	0.52	(Note 2)	2.97	(Note 2)
Leverage	Operating leverage		(6.69)	0.14	1.03	2.00	1.19
	Financial leverage		0.76	1.03	1.01	1.34	0.76

Please explain the reasons for the changes in the financial ratios for the last two years (exempted if the change is less than 20%):

- Debt-to-asset ratio increased by 165%: mainly due to issuance of corporate bonds and increase in bank financing to meet the increased capital demand in 2023.
- Long-term capital to property, plant, and equipment ratio decreased by 23%: mainly due to the increase in net property, plant, and equipment by the purchase of operation equipment in 2023.
- Times interest earned decreased by 49%: mainly due to the increase in interest expenses as compared to those in the previous year resulting from increased in capital demand in 2023.
- Accounts receivable turnover rate decreased by 75% and average collection days increased by 287%: mainly due to the significant decline in sales in 2023 as compared to that in the previous year.
- Accounts payable turnover rate increased by 773%: mainly due to the decrease in sales cost in 2023 resulting from the decrease in revenue.
- Property, plant and equipment turnover rate decreased by 85%: mainly due to the significant decline in operating revenue in 2023.
- Total asset turnover rate decreased by 85%: mainly due to the significant decline in operating revenue in 2023.
- Return on assets increased by 98%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.
- Return on equity increased by 114%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.
- Net profits before tax to paid-in capital increased by 165%: mainly due to increase in net profit before tax in 2023 as compared to that in the previous year.
- Net profit margin increased by 1139%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.
- Earnings per share increased by 158%: mainly due to the increase in net profit after tax in 2023 as compared to that in the previous year.
- Cash flow ratio decreased by 41%: mainly due to the decrease in sales and increase in bank financing resulting from the increased capital demand in 2023.

13. Degree of operating leverage decreased by 40% and degree of financial leverage decreased by 43%: mainly due to the decrease in operating profit in 2023 as compared to that in the previous year.

Source: Standalone financial statements for each year audited by CPAs

Note 1: The ratio is zero because the Company is in the construction contracting industry and has no inventory in its accounting books.

Note 2: The net cash flows from operating activities or accumulated cash flows are outflows and are not comparable, therefore, the related ratios are not presented.

III. Audit Committee's report on the financial statements for the most recent year

Shinfox Energy Co., Ltd.
2023 Audit Committee's Audit Report

The Board of Directors of Shinfox Energy Co., Ltd has prepared the Company's 2023 financial statements which has been audited by CPAs Hsiao-Tzu Chou and Yi-Chang Liang from PWC Taiwan. The Business Report, Financial Statements, and the earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Shinfox Energy Co., Ltd. According to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To
Shinfox Energy Co., Ltd.

Convener of the Audit Committee: Shu-Fen Wang

February 27, 2024

IV. Financial statements for the most recent year:

Please refer to pages 148 to 234.

**SHINFOX ENERGY CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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

SHINFOX ENERGY CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliated Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

SHINFOX ENERGY CO., LTD.

February 27, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000509

To the Board of Directors and Stockholders of Shinfox Energy Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

Recognition of construction revenue - assessment on the stage of completion

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

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

Description

Please refer to Note 4(31) for accounting policy on construction contracts; Note 5 for the uncertainty of critical judgement, accounting estimates and assumptions applied to construction contracts. Note 6(23) for details of contract assets and contract liabilities and construction revenue, which amounted to NT\$8,675,960 thousand, NT\$43,541 thousand and NT\$10,285,643 thousands, respectively, as of December 31, 2023.

The Group's construction revenue and costs mainly arise from undertaking construction works. If the outcome of a construction contract can be estimated reliably, revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract over time.

As the estimated total costs are assessed by the management based on the different nature of constructions and due to the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labour expenses, and the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, which might affect the construction revenue recognition, we consider the assessment on the stage of completion which was applied on construction revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter on the stage of completion:

1. Obtained an understanding on the nature of business and industry, and assessed the reasonableness of internal process applied to estimate total construction cost, including the basis for estimating the expected total cost for construction contracts of the same nature.
2. Obtained information on projects with significant changes in the estimated total cost for the year, and reviewed the description of such changes, including the verification of supporting documents for the additional or less projects and significant construction costs for the year.
3. Sampled and tested the subcontracts that have been assigned, and assessed the basis and reasonableness of estimating costs for those that have not been assigned.
4. Performed substantive procedures relating to the year-end construction profit or loss statement,

including sampling and verifying the costs incurred in the period with the appropriate evidence, and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates and the information disclosed in Note 13, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$170,089 thousand, constituting 0.93% of the consolidated total assets as at December 31, 2022, and the share of loss of associates and joint ventures accounted for under the equity method amounted to NT\$(6,949) thousand, constituting (2.86%) of the total comprehensive income for the year then ended.

Other matter-Parent company only financial statements

We have audited and expressed an unqualified opinion with an other matters section on the parent company only financial statements of Shinfox Energy Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Hsiao-Tzu

Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

			December 31, 2023		December 31, 2022	
Assets	Notes		AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,912,463	13	\$ 1,831,512	10
1110	Current financial assets at fair value through profit or loss	6(2)	5,167	-	-	-
1136	Current financial assets at amortised cost	6(4) and 8	2,118,915	7	2,619,503	14
1140	Current contract assets	6(23)	8,675,960	30	2,716,125	15
1150	Notes receivable, net	6(5)	22,020	-	31,318	-
1170	Accounts receivable, net	6(5)(11)	1,101,053	4	156,464	1
1180	Accounts receivable, net - related parties	7	10,583	-	12,361	-
1200	Other receivables	7	81,423	-	17,809	-
1220	Current tax assets	6(30)	34,216	-	38,758	-
130X	Inventories		346	-	1,116	-
1410	Prepayments	6(6)	5,890,910	20	4,894,883	27
1470	Other current assets	8	1,001,654	4	999,711	6
11XX	Total current assets		<u>22,854,710</u>	<u>78</u>	<u>13,319,560</u>	<u>73</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	649	-	-	-
1535	Non-current financial assets at amortised cost	6(4) and 8	389,319	1	375,346	2
1550	Investments accounted for using equity method	6(7)	107,661	-	1,267,736	7
1600	Property, plant and equipment, net	6(8) and 8	5,101,985	18	1,202,273	7
1755	Right-of-use assets	6(10) and 7	231,477	1	156,309	1
1780	Intangible assets, net	6(9)	249,307	1	247,252	1
1840	Deferred income tax assets	6(30)	77,338	-	8,777	-
1915	Prepayments for business facilities	6(8)	11,335	-	1,390,394	8
1930	Long-term notes and accounts receivable	6(5)(11)	5,899	-	7,903	-
1990	Other non-current assets, others	8	258,037	1	241,768	1
15XX	Total non-current assets		<u>6,433,007</u>	<u>22</u>	<u>4,897,758</u>	<u>27</u>
1XXX	Total assets		<u>\$ 29,287,717</u>	<u>100</u>	<u>\$ 18,217,318</u>	<u>100</u>

(Continued)

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

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 6,446,124	22	\$ 3,562,719	20
2110	Short-term notes and bills payable	6(13)	3,006,304	10	1,674,268	9
2130	Current contract liabilities	6(23)	43,541	-	7,785	-
2150	Notes payable		32,650	-	630	-
2170	Accounts payable		1,774,808	6	515,421	3
2180	Accounts payable to related parties	7	1,286	-	-	-
2200	Other payables	6(14)	425,521	1	211,713	1
2220	Other payables to related parties	7	4,389	-	180	-
2230	Current tax liabilities	6(30)	188,715	1	52,117	-
2280	Current lease liabilities	7	26,667	-	18,288	-
2300	Other current liabilities	6(16)	156,373	1	47,597	-
21XX	Total current liabilities		12,106,378	41	6,090,718	33
Non-current liabilities						
2530	Bonds payable	6(15)	2,851,779	10	-	-
2540	Long-term borrowings	6(16)	1,734,211	6	1,343,173	8
2570	Deferred tax liabilities	6(30)	30,439	-	44,266	-
2580	Non-current lease liabilities	7	206,080	1	139,770	1
2600	Other non-current liabilities		39,946	-	22,896	-
25XX	Total non-current liabilities		4,862,455	17	1,550,105	9
2XXX	Total liabilities		16,968,833	58	7,640,823	42
Equity attributable to owners of the parent						
	Share capital	6(19)				
3110	Common stock		2,161,500	7	2,161,500	12
	Capital surplus	6(20)				
3200	Capital surplus		8,197,827	28	7,850,282	43
	Retained earnings	6(21)				
3310	Legal reserve		88,353	-	65,832	-
3320	Special reserve		16,978	-	17,216	-
3350	Unappropriated earnings		780,243	3	275,842	2
	Other equity interest	6(22)				
3400	Other equity interest		(87,347)	-	(16,978)	-
31XX	Equity attributable to owners of the parent		11,157,554	38	10,353,694	57
36XX	Non-controlling interests		1,161,330	4	222,801	1
3XXX	Total equity		12,318,884	42	10,576,495	58
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 29,287,717	100	\$ 18,217,318	100

The accompanying notes are an integral part of these consolidated financial statements.

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(23) and 7		\$ 11,249,582	100	\$ 4,301,192	100
5000 Operating costs	6(28)(29) and 7	(	10,082,064)	(90)	(3,753,199)	(87)
5900 Gross profit			<u>1,167,518</u>	<u>10</u>	<u>547,993</u>	<u>13</u>
Operating expenses	6(28)(29) and 7					
6200 Administrative expenses		(	489,038)	(4)	(296,096)	(7)
6300 Research and development expenses		(	7,789)	-	-	-
6450 Expected credit impairment gain	12(2)		<u>576</u>	<u>-</u>	<u>490</u>	<u>-</u>
6000 Total operating expenses		(	<u>496,251</u>	<u>(4)</u>	<u>(295,606)</u>	<u>(7)</u>
6500 Other operating income and expenses, net	6(25)		118,111	1	-	-
6900 Operating income			<u>789,378</u>	<u>7</u>	<u>252,387</u>	<u>6</u>
Non-operating income and expenses						
7100 Interest income	6(4)		38,058	-	17,163	-
7010 Other income	6(24) and 7		29,769	-	38,428	1
7020 Other gains and losses	6(26)	(	263)	-	38,952	1
7050 Finance costs	6(27) and 7	(	41,603)	-	(26,947)	(1)
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	(	<u>43,086</u>	<u>-</u>	<u>(10,847)</u>	<u>-</u>
7000 Total non-operating income and expenses		(	<u>17,125</u>	<u>-</u>	<u>56,749</u>	<u>1</u>
7900 Profit before income tax			<u>772,253</u>	<u>7</u>	<u>309,136</u>	<u>7</u>
7950 Income tax expense	6(30)	(	<u>148,675</u>	<u>(1)</u>	<u>(66,604)</u>	<u>(1)</u>
8200 Profit			<u>\$ 623,578</u>	<u>6</u>	<u>\$ 242,532</u>	<u>6</u>
Other comprehensive income (loss), net						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences arising on translation of foreign operations	6(22)	(	<u>\$ 107,265</u>	<u>(1)</u>	<u>\$ 238</u>	<u>-</u>
8300 Other comprehensive (loss) income, net		(	<u>\$ 107,265</u>	<u>(1)</u>	<u>\$ 238</u>	<u>-</u>
8500 Total comprehensive income			<u>\$ 516,313</u>	<u>5</u>	<u>\$ 242,770</u>	<u>6</u>
Profit (loss) attributable to:						
8610 Shareholders of the parent			\$ 636,385	6	\$ 225,212	5
8620 Non-controlling interests		(	<u>12,807</u>	<u>-</u>	<u>17,320</u>	<u>1</u>
Total			<u>\$ 623,578</u>	<u>6</u>	<u>\$ 242,532</u>	<u>6</u>
Total comprehensive income (loss) attributable to:						
8710 Shareholders of the parent			\$ 564,390	5	\$ 225,450	6
8720 Non-controlling interests		(	<u>48,077</u>	<u>-</u>	<u>17,320</u>	<u>-</u>
Total			<u>\$ 516,313</u>	<u>5</u>	<u>\$ 242,770</u>	<u>6</u>
Basic earnings per share (in dollars)	6(31)					
9750 Basic earnings per share			<u>\$ 2.94</u>		<u>\$ 1.14</u>	
Diluted earnings per share (in dollars)	6(31)					
9850 Diluted earnings per share			<u>\$ 2.92</u>		<u>\$ 1.14</u>	

The accompanying notes are an integral part of these consolidated financial statements.

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

Notes	Equity attributable to owners of the parent														
	Capital surplus					Retained earnings					Other equity interest				
	Common stock	Additional paid-in capital	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee share options	Share options	Others	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
Year 2022															
Balance at January 1	\$ 1,465,000	\$ 3,908,040	\$ 2,682	\$ -	\$ -	\$ -	\$ 242	\$ 20,390	\$ 17,115	\$ 489,173	(S 341)	(S 16,875)	\$ 5,885,426	\$ 294,678	\$ 6,180,104
Profit	-	-	-	-	-	-	-	-	-	225,212	-	-	225,212	17,320	242,532
Other comprehensive income 6(22)	-	-	-	-	-	-	-	-	-	-	238	-	238	-	238
Total comprehensive income	-	-	-	-	-	-	-	-	-	225,212	238	-	225,450	17,320	242,770
Appropriation and distribution of retained earnings:	6(21)														
Legal reserve appropriated	-	-	-	-	-	-	-	45,442	-	(45,442)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	101	(101)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(196,500)	-	-	(196,500)	-	(196,500)
Stock dividends	196,500	-	-	-	-	-	-	-	-	(196,500)	-	-	-	-	-
Changes in non-controlling interests 6(32)	-	-	-	-	-	-	-	-	-	-	-	-	-	(125,234)	(125,234)
Changes in ownership interests in subsidiaries	-	-	35,858	1,107	-	-	-	-	-	-	-	-	36,965	35,964	72,929
Issuance of shares 6(19)	500,000	3,902,353	-	(1,044)	(1,309)	-	-	-	-	-	-	-	4,400,000	-	4,400,000
Compensation cost of cash capital increase for employee preemption 6(18)	-	-	-	1,044	1,309	-	-	-	-	-	-	-	2,353	73	2,426
Balance at December 31	\$ 2,161,500	\$ 7,810,393	\$ 38,540	\$ 1,107	\$ -	\$ -	\$ 242	\$ 65,832	\$ 17,216	\$ 275,842	(S 103)	(S 16,875)	\$ 10,353,694	\$ 222,801	\$ 10,576,495
Year 2023															
Balance at January 1	\$ 2,161,500	\$ 7,810,393	\$ 38,540	\$ 1,107	\$ -	\$ -	\$ 242	\$ 65,832	\$ 17,216	\$ 275,842	(S 103)	(S 16,875)	\$ 10,353,694	\$ 222,801	\$ 10,576,495
Profit (loss)	-	-	-	-	-	-	-	-	-	636,385	-	-	636,385	(12,807)	623,578
Other comprehensive loss 6(22)	-	-	-	-	-	-	-	-	-	-	(71,995)	-	(71,995)	(35,270)	(107,265)
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	-	636,385	(71,995)	-	564,390	(48,077)	516,313
Appropriation and distribution of retained earnings:	6(21)														
Legal reserve	-	-	-	-	-	-	-	22,521	-	(22,521)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	(238)	238	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(108,075)	-	-	(108,075)	-	(108,075)
Changes in non-controlling interests 6(32)	-	-	-	-	-	-	-	-	-	-	-	-	-	95,138	95,138
Changes in ownership interests in subsidiaries 6(32)	-	-	36,318	-	-	-	-	-	-	-	-	-	36,318	891,468	927,786
Disposal of financial assets at fair value through other comprehensive income 6(3)(22)	-	-	-	-	-	-	-	-	-	(1,626)	-	1,626	-	-	-
Issuance of stock options of convertible bonds	-	-	-	-	-	311,227	-	-	-	-	-	-	311,227	-	311,227
Balance at December 31	\$ 2,161,500	\$ 7,810,393	\$ 74,858	\$ 1,107	\$ -	\$ 311,227	\$ 242	\$ 88,353	\$ 16,978	\$ 780,243	(S 72,098)	(S 15,249)	\$ 11,157,554	\$ 1,161,330	\$ 12,318,884

The accompanying notes are an integral part of these consolidated financial statements.

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

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 772,253	\$ 309,136
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	(576)	(490)
Depreciation expense	6(8)(10)(28)	126,841	105,678
Amortisation expense	6(9)(28)	69,482	8,317
Share of loss of associates and joint ventures accounted for using equity method	6(7)	43,086	10,847
Gains on disposals of investments	6(26)	(173,194)	(12,866)
Gain on disposal of investments accounted for using equity method		(60,578)	-
Gain recognised in bargain purchase transaction	6(7)(26)	(707)	-
Interest expense	6(27) and 7	41,603	26,947
Interest income		(38,058)	(17,163)
Compensation cost of employee share options	6(18)	-	4,107
Loss (gain) on disposal of property, plant and equipment	6(26)	275	(2,201)
Profit from lease modification	6(10)	-	(66)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(26)	(110)	-
Current contract assets		(5,786,802)	500,328
Notes receivable		9,298	(30,693)
Accounts receivable		(892,802)	(48,757)
Lease payments receivables		1,964	4,947
Accounts receivable - related parties		1,777	(12,312)
Other receivables		284,297	(10,614)
Inventories		770	(577)
Prepayments		(936,397)	(2,467,306)
Other non-current assets		(1,338)	-
Changes in operating liabilities			
Current contract liabilities		(84,310)	5,492
Notes payable		5,695	630
Accounts payable		935,112	(983,816)
Accounts payable - related parties		1,286	(2,439)
Other payables		147,467	2,408
Other payables - related parties		4,209	(45)
Other current liabilities		30,459	(31,276)
Other non-current liabilities		254	306
Cash outflow generated from operations		(5,498,744)	(2,641,478)
Interest received		38,058	17,163
Interest paid		(31,499)	(25,638)
Income tax paid		(56,077)	(158,903)
Net cash flows used in operating activities		(5,548,262)	(2,808,856)

(Continued)

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

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ 180,000	\$ -
Decrease (increase) in financial assets at amortised cost		496,285	(1,282,956)
Acquisition of investments accounted for using equity method		(490)	(1,101,545)
Net cash flow from acquisition of subsidiaries	6(33)	(381,756)	(199,214)
Net cash flow from proceeds from disposal of subsidiaries		227,394	65,262
Acquisition of property, plant and equipment	6(34)	(771,280)	(425,732)
Proceeds from disposal of property, plant and equipment		-	17,800
Acquisition of intangible assets	6(9)	(432)	(8,509)
Increase in refundable deposits		(8,394)	(1,217,973)
Increase in prepayments for business facilities		(18,071)	(1,390,394)
Net cash flows used in investing activities		(276,744)	(5,543,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(35)	(8,540,896)	(8,957,453)
Increase in short-term loans	6(35)	11,396,131	12,320,172
Repayment of long-term debt	6(35)	(1,898,038)	(946,956)
Proceeds from long-term debt	6(35)	2,335,877	1,982,803
Increase in short-term notes and bills payable	6(35)	1,503,113	267,602
Payments of lease liabilities	6(35)	(28,619)	(17,073)
Increase (decrease) in guarantee deposits received	6(35)	15,882	(22,824)
Proceeds from issuing shares	6(19)	-	4,400,000
Proceeds from issuing bonds		3,153,604	-
Cash dividends paid	6(21)	(108,075)	(196,500)
Change in non-controlling interests	6(32)	95,138	70,134
Net cash flows from financing activities		7,924,117	8,899,905
Effect of change in exchange rates		(18,160)	436
Net increase in cash and cash equivalents		2,080,951	548,224
Cash and cash equivalents at beginning of year	6(1)	1,831,512	1,283,288
Cash and cash equivalents at end of year	6(1)	\$ 3,912,463	\$ 1,831,512

The accompanying notes are an integral part of these consolidated financial statements.

SHINFOX ENERGY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organisation

- A. Shinfox Energy Co., Ltd. (the “Company”), was incorporated as approved by the Ministry of Economic Affairs in May 2007. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the provision of construction services, equipment maintenance and repair and other services. Since 2012, the Company has been invested in comprehensive professional energy services such as solar power plants and energy-saving services.
- B. To integrate group resources as decided by the Group’s ultimate parent company, Cheng Uei Precision Industry Co., Ltd. (Cheng Uei), the Company conducted a share swap with the Group’s associate, Foxwell Energy Corporation Ltd. (Foxwell Energy, a subsidiary of Power Quotient International Co., Ltd. (PQI)) with the effective date of the share swap set on December 27, 2019. Under the share swap agreement, the conversion ratio was one share of the Company’s newly issued ordinary stock to one share of Foxwell Energy’s ordinary stock. Originally, Fu Uei International Investment Ltd. (FUII) held 57.17% ownership of the Company. After the share swap, the Company’s ownership was held by PQI and FUII, and the Company held 100% ownership of Foxwell Energy.
- C. As of December 31, 2023, PQI owned 47.62% of share interests in the Company, which was the Company’s largest single shareholder and had control over the Company. PQI was the parent company of the Company.

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

These consolidated financial statements were reported to the Board of Directors on February 27, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All

amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
Shinfox	Shinfox Natural Gas Co., Ltd. (Shinfox Natural Gas)	Energy service management	80	80	
Shinfox	Kunshan Jiuwei Info Tech Co., Ltd. (Kunshan Jiuwei)	Supply chain finance energy	100	100	
Shinfox	Foxwell Power Co., Ltd. (Foxwell Power)	Energy service management	77.57	80.23	Note 5
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	100	100	
Shinfox	Junezhe Co., Ltd. (Junezhe)	Dredging industry	-	-	Note 2
Shinfox	Jiuwei Power Co., Ltd. (Jiuwei Power)	Natural gas power generation	100	100	
Shinfox	Elegant Energy TECH Co., Ltd. (Elegant Energy)	Energy service management	100	100	Note 1
Shinfox	Yuanshan Forest Natural Resources Co., Ltd. (Yuanshan Forest)	Afforestation	100	100	Note 1
Shinfox	Diwei Power Co., Ltd. (Diwei Power)	Electricity generating enterprise	-	100	Note 1, 4
Shinfox	Guanwei Power Co., Ltd. (Guanwei Power)	Electricity generating enterprise	51	100	Note 1, 6
Shinfox	Junwei Power Co., Ltd. (Junwei Power)	Electricity generating enterprise	100	-	Note 3
Shinfox	Eastern Rainbow Green Energy Environmental Technology Co., Ltd. (Eastern Rainbow Green Energy)	Energy technical services	56.63	-	Note 3
Shinfox	Shinfox Far East Company Pte. Ltd. (SFE)	Maritime engineering services	67	-	Note 7
Foxwell Energy	Liangwei Power Co., Ltd. (Liangwei Power)	Electricity generating enterprise	-	100	Note 1, 4
Foxwell Energy	Xinwei Power Co., Ltd. (Xinwei Power)	Electricity generating enterprise	100	-	Note 3
Foxwell Power	Foxwell Certification Co., Ltd. (Foxwell Certification)	Energy technical services	100	-	Note 3
Eastern Rainbow Green Energy	Eastern Rainbow Environmental Resource Co., Ltd. (Eastern Rainbow Environmental)	Energy technical services	100	-	Note 3
Eastern Rainbow Green Energy	KunShan Eastern Rainbow Environmental Equipment CO., Ltd. (KunShan Eastern Rainbow)	Energy technical services	100	-	Note 3

Note 1: Investment or incorporation began in 2022.

Note 2: Although the Group holds 33.50% shareholding ratio of Junezhe, it was included as a subsidiary of the Group as the Group entered into an agreement with its key shareholders whereby the Group and a designated person acquired two out of three seats on the Board of Directors, and obtained substantial control over the decision-making on activities of Junezhe. The Group disposed all the equity interest in Junezhe Co., Ltd. in December 2022.

Note 3: A subsidiary that was newly established or acquired through merger in 2023.

Note 4: In December 2023, the Group sold 100% of shares in Diwei Power and Liangwei Power,

in the amount of \$240,472, and therefore lost control over the subsidiaries. The Group recognised gains on disposal of investments of \$118,111, which was recorded under ‘Other operating income and expenses, net’ in the statement of comprehensive income. For information on cash flows of the subsidiaries, please refer to Note 6 (34).

Note 5: For the year ended December 31, 2023, the Group disposed 1,601 thousand shares of Foxwell Power and the shareholding ratio was 77.57% after the disposal.

Note 6: For the year ended December 31, 2023, because the Group did not participate in the capital increase of Guanwei Power Co., Ltd. proportionally to its interests, the Group decreased its share interests to 51%.

Note 7: The Group prepaid investments to Shinfox Far East Company Pte Ltd. on December 27, 2022, acquired 40% equity interests in the entity under equity settlement and acquired another 27% equity interests in the entity on November 6, 2023, resulting in the shareholding ratio reaching to 67%.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise,
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

(5) Classification of current and non-current items

The construction contracts contracted by the Group are generally longer than one year. The assets and liabilities of the construction projects are classified as current or non-current according to the business cycle; the other criteria for classifying between current and non-current are as follows:

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value: The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) — lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes a subsidiary that is engaged in developing and constructing renewable power plant, related income and expenses arising from the disposal transaction belong to operating activities, which will be recognised in other operating income and expenses, net based on the actual operating conditions.

(16) Investment accounted for using equity method – joint ventures

Investment of joint arrangements are classified as joint operations or joint ventures based on its contractual rights and obligations.

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	1 year ~ 50 years
Machinery and equipment	5 years ~ 20 years
Other equipment	3 years ~ 5 years
Leasehold assets	7 years
Other equipment	3 years ~ 7 years

(18) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(19) Intangible assets

A. Goodwill

Acquisition prices in business combination are calculated based on the price of acquisition and direct costs related to the acquisition. The amount of goodwill recognised is the difference between the acquisition price and the net fair value of identifiable assets acquired. The amortisation duration of acquisition price shall not exceed one year after the acquisition.

B. Intangible assets other than goodwill, mainly software and customer relationship, are amortised on a straight-line basis over their estimated useful life of 3 to 5 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings and short-term notes and bills payable. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’ and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(24) Derecognition of financial liabilities

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

(25) Provisions

Provisions for warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(29) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

A. Construction revenue from construction contracts

- (a) The Group's construction revenue mainly arises from undertaking construction contracts. As the cost of construction input is directly related to the stage of completion of performance obligations, revenue is recognised by the proportion of contract costs input to the estimated total costs.
- (b) The Group's revenue is recognised as contract assets over time based on the proportion of the cost of construction input. Accounts receivable from a service contract are recognised in which the Group bills monthly at the amount to which the Group has the right to invoice. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Service revenue

The Group's service revenue mainly arises from providing energy-saving services, equipment maintenance services, design and development of solar power projects, reservoir dredging and other services. Certain revenue from providing services is recognised when the services are rendered and certain revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Electricity and gas sales revenue

The Group's electricity and gas sales revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent

liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

The Group's construction revenue is recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract.

As the estimated total costs and contract items are assessed and determined by the management based on different nature of constructions, estimated subcontract charges and material and labour expenses, etc., any changes in estimates might affect the calculation of profit or loss from construction contracts.

As the estimated total costs and contract items are assessed and determined by the management based on different nature of constructions and complying with fluctuations in market prices, estimated subcontract charges and material and labour expenses, etc., any changes in estimates might affect the calculation of profit or loss from construction contracts. The transaction prices of the unsatisfied performance obligations of the Company's construction contracts are provided in Note 6(23).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 707	\$ 277
Demand deposits	1,467,895	1,669,326
Cash equivalents		
Time deposits	2,443,861	161,909
Total	<u>\$ 3,912,463</u>	<u>\$ 1,831,512</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss (For the year ended December 31, 2022:None)

<u>Items</u>	<u>December 31, 2023</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 927
Convertible bonds	3,900
Valuation adjustment	340
	<u>\$ 5,167</u>

A. The Group recognised profit amounting to \$110 on financial assets at fair value through profit or loss for the year ended December 31, 2023.

B. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items		
Equity instruments		
Unlisted stocks	\$ 18,577	\$ 19,554
Valuation adjustment	(17,928)	(19,554)
Total	<u>\$ 649</u>	<u>\$ -</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments were \$649 and \$0 as of December 31, 2023 and 2022, respectively.

B. As the investee company was dissolved, the Group derecognised the original investment cost and decreased retained earnings by \$1,626 which was adjusted from cumulative loss for the year ended December 31, 2023.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Cumulative gains or losses reclassified to retained earnings due to derecognition	(\$ 1,626)	\$ -
Fair value change recognised in other comprehensive income	\$ -	\$ -

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets measured at cost

Items	December 31, 2023	December 31, 2022
Current items:		
Restricted bank deposits	\$ 320,049	\$ 902,774
Pledged time deposits	1,689,866	1,716,729
Time deposits mature in excess of three months	109,000	-
	<u>\$ 2,118,915</u>	<u>\$ 2,619,503</u>
Non-current items:		
Restricted bank deposits	\$ 10,552	\$ 6,493
Pledged time deposits	378,767	368,853
	<u>\$ 389,319</u>	<u>\$ 375,346</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2023	2022
Interest revenue	\$ 19,054	\$ 7,756

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$2,508,234 and \$2,994,849, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable, net (including long-term notes and accounts receivable)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 22,020	\$ 31,318
Accounts receivable	247,078	147,783
Construction payments receivable	852,465	7,790
Lease payments receivable	8,216	10,359
Less: Allowance for uncollectible accounts	(493)	(1,072)
Unearned finance income	(314)	(493)
	<u>\$ 1,128,972</u>	<u>\$ 195,685</u>

A. Details of the ageing analysis of accounts receivable are provided in Note 12(2) and the ageing of notes receivable are not overdue.

B. The Group has no notes and accounts receivable pledged to others as collateral.

C. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$139,781.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$1,128,972 and \$195,685, respectively.

E. Information relating to lease payments receivable is provided in Note 6(11).

F. The Group does not hold any collateral.

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

(6) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for constructions	\$ 4,658,272	\$ 4,192,448
Tax credit	433,796	305,881
Others	798,842	396,554
	<u>\$ 5,890,910</u>	<u>\$ 4,894,883</u>

(7) Investments accounted for under the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates:		
Chung Chia Power Co., Ltd.	\$ -	\$ 170,089
Cheng Shin Digital Co., Ltd.	1,682	-
Joint Ventures:		
Changpin Wind Power Ltd.	105,979	116,102
Plus: Prepayment for investments Shinfox Far East Company Pte Ltd.	-	981,545
	<u>\$ 107,661</u>	<u>\$ 1,267,736</u>

A. The Group has no material associate and the share of the operating results of the aforementioned individually immaterial associates amounted to (\$43,086) and (\$10,847) for years ended December 31, 2023 and 2022, respectively, which were recognised based on the unreviewed financial statements of the investee for the corresponding period.

B. Associates

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

(a) As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$1,682 and \$170,089, respectively.

(b) For the years ended December 31, 2023 and 2022, the Group's interests in immaterial associates and the Group's share of the operating results are summarised below:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Profit or loss for the period from continuing operations	(\$ 32,963)	(\$ 34,745)
Total comprehensive loss	<u>(\$ 32,963)</u>	<u>(\$ 34,745)</u>

C. Joint Venture

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

(a) As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$105,979 and \$116,102, respectively.

(b) For the years ended December 31, 2023 and 2022, the Group's interests in immaterial joint ventures and the Group's share of the operating results are summarised below:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Profit or loss for the period from continuing operations	(\$ 10,123)	(\$ 896)
Total comprehensive loss	<u>(\$ 10,123)</u>	<u>(\$ 896)</u>

- D. Chung Chia Power Co., Ltd. increased its capital by issuing new shares on January 29, 2023. The Group did not acquire shares proportionally to its interest and lost its significant influence, resulting in the decrease of equity interests in the entity from 20% to 8%, which was subsequently recorded as financial assets at fair value through other comprehensive income, and recognised gain on disposal of investment amounting to \$10,058.
- E. On March 18, 2022, the Group jointly established Changpin Wind Power Ltd. with the consideration amounting to \$120,000.
- F. On October 17, 2023, the Group acquired 49% equity interests in Cheng Shin Digital Co., Ltd. in the amount of \$490. Gain recognised in bargain purchase transaction from the acquisition amounted to \$707.
- G. On December 27, 2022, the Group invested in Shinfox Far East Company Pte. Ltd. with the consideration amounting to \$981,545 (shown as prepayment for investment), and in January 2023, the Group acquired 40% equity interests in the entity under equity settlement. On September 25, 2023, the Board of Directors of the Group resolved to increase its shareholding in an overseas investee, Shinfox Far East Company Pte. Ltd. On November 6, 2023, the Group acquired 27% equity interests with the consideration amounting to \$675,778, as a result, the Group's shareholding ratio increased to 67%, which became the Company's subsidiary. The Company recognised gain on disposal of investment amounting to \$45,025 (shown as 'other gains and losses - gains on disposal of investments') due to this transaction. The Group recognised share of (loss)/profit accounted for under equity method amounting to (\$33,302) before the Group increasing its shareholdings in the entity for the year ended December 31, 2023.
- H. On September 25, 2023, the Board of Directors of the Company resolved to invest in renewable power plants in Vietnam, GIO Thanh Energy Joint Stock Company, SECO Joint Stock Company, Vietnam Renewable Energy Joint Company Stock and SECO Joint Stock Company. The Company's shareholding ratio in each investee will be 35%. The contract was signed by both parties on September 29, 2023, with an investment amount of VND 853,248,000 thousand. However, the investment has not yet actually been completed as of February 27, 2023.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Ship equipment	Others	Unfinished construction	Total
At January 1, 2023								
Cost	\$ -	\$ -	\$ 1,303,681	\$ 12,912	\$ -	\$ 21,754	\$ 86,111	\$ 1,424,458
Accumulated depreciation	-	-	(213,428)	(3,687)	-	(5,070)	-	(222,185)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,253</u>	<u>\$ 9,225</u>	<u>\$ -</u>	<u>\$ 16,684</u>	<u>\$ 86,111</u>	<u>\$ 1,202,273</u>
2023								
Opening net book amount as at January 1	\$ -	\$ -	\$ 1,090,253	\$ 9,225	\$ -	\$ 16,684	\$ 86,111	\$ 1,202,273
Additions	54,772	-	25,167	2,214	-	1,780	798,192	882,125
Acquired from business combinations	27,786	7,369	1,061	4,744	305,198	7,767	1,666,789	2,020,714
Disposals	-	-	-	(275)	-	-	-	(275)
Proceeds from disposal of subsidiaries	-	-	(226,964)	-	-	-	(36,189)	(263,153)
Reclassifications	-	-	11,100	-	-	15,300	1,359,738	1,386,138
Depreciation expense	-	(52)	(84,590)	(2,586)	(9,352)	(5,564)	-	(102,144)
Net exchange differences	-	-	(21)	(55)	(110)	(123)	(23,384)	(23,693)
Closing net book amount as at December 31,	<u>\$ 82,558</u>	<u>\$ 7,317</u>	<u>\$ 816,006</u>	<u>\$ 13,267</u>	<u>\$ 295,736</u>	<u>\$ 35,844</u>	<u>\$ 3,851,257</u>	<u>\$ 5,101,985</u>
At December 31, 2023								
Cost	\$ 82,558	\$ 10,537	\$ 1,103,392	\$ 20,230	\$ 303,319	\$ 51,264	\$ 3,851,257	\$ 5,422,557
Accumulated depreciation	-	(3,220)	(287,386)	(6,963)	(7,583)	(15,420)	-	(320,572)
	<u>\$ 82,558</u>	<u>\$ 7,317</u>	<u>\$ 816,006</u>	<u>\$ 13,267</u>	<u>\$ 295,736</u>	<u>\$ 35,844</u>	<u>\$ 3,851,257</u>	<u>\$ 5,101,985</u>

	Machinery and equipment	Office equipment	Leasehold improvements	Others	Unfinished construction	Total
At January 1, 2022						
Cost	\$ 1,054,202	\$ 7,539	\$ 2,030	\$ 19,771	\$ 21,660	\$ 1,105,202
Accumulated depreciation	(163,994)	(1,984)	(246)	(2,508)	-	(168,732)
	<u>\$ 890,208</u>	<u>\$ 5,555</u>	<u>\$ 1,784</u>	<u>\$ 17,263</u>	<u>\$ 21,660</u>	<u>\$ 936,470</u>
2022						
Opening net book amount as at January 1	\$ 890,208	\$ 5,555	\$ 1,784	\$ 17,263	\$ 21,660	\$ 936,470
Additions	393,645	5,402	-	1,809	64,461	465,317
Disposals	-	(21)	-	(165)	-	(186)
Proceeds from disposal of subsidiaries	(173,333)	-	-	-	-	(173,333)
Reclassifications	61,540	-	-	-	(10)	61,530
Depreciation expense	(81,810)	(1,711)	(297)	(3,710)	-	(87,528)
Net exchange differences	3	-	-	-	-	3
Closing net book amount as at December 31,	<u>\$ 1,090,253</u>	<u>\$ 9,225</u>	<u>\$ 1,487</u>	<u>\$ 15,197</u>	<u>\$ 86,111</u>	<u>\$ 1,202,273</u>
At December 31, 2022						
Cost	\$ 1,303,681	\$ 12,912	\$ 2,030	\$ 19,722	\$ 86,111	\$ 1,424,456
Accumulated depreciation	(213,428)	(3,687)	(543)	(4,525)	-	(222,183)
	<u>\$ 1,090,253</u>	<u>\$ 9,225</u>	<u>\$ 1,487</u>	<u>\$ 15,197</u>	<u>\$ 86,111</u>	<u>\$ 1,202,273</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2023	2022
Amount capitalised	\$ 47,797	\$ 4,343
Range of the interest rates for capitalisation	1.95%~2.689%	1.88%~2.863%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. The amount prepaid by the Group for the purchase of equipment as of December 31, 2023 and 2022 was \$11,335 and \$1,390,394, respectively.

(9) Intangible assets

	2023			
	Software	Goodwill	Customer relationship	Total
At January 1				
Cost	\$ 19,612	\$ 39,528	\$ 197,637	\$ 256,777
Accumulated amortisation and impairment	(4,909)	-	(4,616)	(9,525)
	<u>\$ 14,703</u>	<u>\$ 39,528</u>	<u>\$ 193,021</u>	<u>\$ 247,252</u>
Opening net book amount as at January 1	\$ 14,703	\$ 39,528	\$ 193,021	\$ 247,252
Additions —acquired separately	432	-	-	432
Additions —acquired through business combinations	716	59,397	-	60,113
Reclassifications	10,992	-	-	10,992
Amortisation expense	(5,142)	-	(64,340)	(69,482)
Closing net book amount as at December 31	<u>\$ 21,701</u>	<u>\$ 98,925</u>	<u>\$ 128,681</u>	<u>\$ 249,307</u>
At December 31				
Cost	\$ 31,860	\$ 98,925	\$ 197,637	\$ 328,422
Accumulated amortisation and impairment	(10,159)	-	(68,956)	(79,115)
	<u>\$ 21,701</u>	<u>\$ 98,925</u>	<u>\$ 128,681</u>	<u>\$ 249,307</u>

	2022			
	Software	Goodwill	Customer relationship	Total
At January 1				
Cost	\$ 11,474	\$ -	\$ -	\$ 11,474
Accumulated amortisation and impairment	(3,579)	-	-	(3,579)
	<u>\$ 7,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,895</u>
Opening net book amount as at January 1	\$ 7,895	\$ -	\$ -	\$ 7,895
Additions —acquired separately	8,509	-	-	8,509
Additions —acquired through business combinations	-	39,528	197,637	237,165
Reclassifications	2,000	-	-	2,000
Amortisation expense	(3,701)	-	(4,616)	(8,317)
Closing net book amount as at December 31	<u>\$ 14,703</u>	<u>\$ 39,528</u>	<u>\$ 193,021</u>	<u>\$ 247,252</u>
At December 31				
Cost	\$ 19,612	\$ 39,528	\$ 197,637	\$ 256,777
Accumulated amortisation and impairment	(4,909)	-	(4,616)	(9,525)
	<u>\$ 14,703</u>	<u>\$ 39,528</u>	<u>\$ 193,021</u>	<u>\$ 247,252</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Administrative expenses	<u>\$ 69,482</u>	<u>\$ 8,317</u>

B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Goodwill:		
Other segment-Elegant Energy	\$ 39,528	\$ 39,528
Eastern Rainbow Green Energy	9,521	-
SFE	49,876	-
	<u>\$ 98,925</u>	<u>\$ 39,528</u>

Acquisition prices in business combinations are calculated based on the price of acquisition and direct costs related to the acquisition. The amount of goodwill recognised is the difference between the acquisition price and the net fair value of identifiable assets acquired. The amortisation duration of acquisition price shall not exceed one year after the acquisition.

- C. The Group's goodwill arose from business combinations in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows.

For goodwill, the impairment is calculated based on value in use and carrying amount of net assets of the entity. The key assumptions used for value in use calculations are operating profit margin, growth rate and discount rate.

(10) Leasing arrangements-lessee

- A. The Group leases various assets including land, buildings, business vehicles, multifunction printers and land for solar energy equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise some of the Group's dormitories and land use right. Low-value assets comprise office equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 82,344	\$ 14,987
Buildings	147,951	138,856
Transportation equipment	985	2,454
Office equipment	197	12
	<u>\$ 231,477</u>	<u>\$ 156,309</u>

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
	<u>expense</u>	<u>expense</u>
Land	\$ 5,136	\$ 1,144
Buildings	20,956	15,072
Transportation equipment	2,014	1,864
Office equipment	26	70
Less: Capitalisation of depreciation	(3,435)	-
	<u>\$ 24,697</u>	<u>\$ 18,150</u>

- D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$103,300 and \$19,590, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,705	\$ 2,649
Expense on short-term lease contracts	5,075	6,598
Expense on leases of low-value assets	425	318
Expense on variable lease payments	10,308	6,453
Profit from lease modification	-	66

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$47,132 and \$33,091, respectively.

G. Variable lease payments

(a) Some of the Company's lease contracts contain variable lease payment terms that are linked to sales of electricity. For aforementioned lease contracts, up to 3.90%~43.05% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the amount of sales of electricity with such variable lease contracts would increase total lease payments by approximately \$103.

(11) Leasing arrangements – lessor

A. The Group leases various assets including energy-saving equipment. Rental contracts are made for periods of 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group leases certain machinery under a finance lease. Based on the terms of the lease contract, the ownership of such assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Finance income from the net investment in the finance lease	\$ 179	\$ 244

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023	December 31, 2022
Within 1 year	\$ 2,143	\$ 2,143
Within 2 years	2,143	2,143
Within 3 years	2,143	2,143
Within 4 years	1,787	2,143
Within 5 years	-	1,787
Total	\$ 8,216	\$ 10,359

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease (shown as “Accounts receivable, net” and “Long-term notes and accounts payable”) is provided as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Undiscounted lease payments	\$ 2,143	\$ 6,073	\$ 2,143	\$ 8,216
Unearned finance income	(140)	(174)	(180)	(313)
Net investment in the lease	<u>\$ 2,003</u>	<u>\$ 5,899</u>	<u>\$ 1,963</u>	<u>\$ 7,903</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 5,640,000	1.83%~3.165%	None
Secured borrowings	806,124	2.925%	Note 8
	<u>\$ 6,446,124</u>		
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 2,756,595	1.72%~2.8634%	None
Secured borrowings	806,124	2.5%	Note 8
	<u>\$ 3,562,719</u>		

(13) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial paper	\$ 3,013,200	\$ 1,677,400
Discount amortisation	(6,896)	(3,132)
	<u>\$ 3,006,304</u>	<u>\$ 1,674,268</u>
Interest rate range	<u>1.85%~2.678%</u>	<u>2.038%~2.508%</u>

There is no collateral pledged for abovementioned short-term notes and bills borrowing payable.

(14) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equipment payable	\$ 138,471	\$ 78,858
Employees' compensation and directors' remuneration payable	111,163	51,331
Wages, salaries and bonuses payable	48,228	25,834
Others	127,659	55,690
	<u>\$ 425,521</u>	<u>\$ 211,713</u>

(15) Bonds payable (As of December 31, 2022: None)

	<u>December 31, 2023</u>
Bonds payable	\$ 3,000,000
Less: Discount on bonds payable	(148,221)
	<u>\$ 2,851,779</u>

A. The terms of the first domestic secured convertible bonds issued by the Company are as follows:

- (a) The Company issued \$3,000,000, 0% first domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date (November 22, 2023 ~ November 22, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 22, 2023.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds. The conversion price on the date of the bonds issue amounted to NT\$114.
- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$311,227 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in \$3,900 of 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.7688%.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2023
Long-term bank borrowings				
Bank unsecured borrowings				
Foxwell Energy	Borrowing period is from January 2019 to December 2035; pay entire amount in installments	2.2304%~ 2.2785%	\$ 277,448	\$ 32,576
Foxwell Power	Borrowing period is from October 2022 to September 2028; pay entire amount in installments	2.55%	-	6,250
Bank secured borrowings				
Foxwell Energy	Borrowing period is from May 2018 to February 2036; pay entire amount in installments	2.2304%~ 2.65%	220,646	246,323
Foxwell Power	Borrowing period is from October 2022 to September 2028; pay entire amount in installments	2.55%	-	93,750
Syndicated borrowings				
Foxwell Power	Borrowing period is from October 2022 to October 2025; pay entire amount when due	2.5818%~ 2.6890%	255,600	1,494,400
				1,873,299
Less: Current portion			(	123,246)
Less: Syndicated expense			(	15,313)
Less: Amortisation of long-term notes and bills payable discount			(	529)
			\$	1,734,211

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2022
Long-term bank borrowings				
Bank unsecured borrowings				
Shinfox Energy	Borrowing period is from February 2019 to February 2023; pay entire amount in installments	2.21%	\$ -	\$ 1,295
Foxwell Energy	Borrowing period is from January 2019 to December 2035; pay entire amount in installments	1.88%~ 1.9662%	282,098	35,882
Foxwell Power	Borrowing period is from October 2022 to September 2028; pay entire amount in installments	2.15%	-	7,500
Bank secured borrowings				
Foxwell Energy	Borrowing period is from May 2018 to February 2036; pay entire amount in installments	1.88%~ 2.35%	223,996	275,013
Foxwell Power	Borrowing period is from October 2022 to September 2028; pay entire amount in installments	2.15%	-	112,500
Syndicated borrowings				
Foxwell Power	Borrowing period is from October 2022 to October 2025; pay entire amount when due	2.3161%~ 2.4082%	770,100	979,900
				1,412,090
Less: Current portion			(	44,541)
Less: Syndicated expense			(	24,063)
Less: Amortisation of long-term notes and bills payable discount			(	313)
			\$	<u>1,343,173</u>

- A. On March 7, 2022, the long-term borrowing agreement between the subsidiary - Foxwell Power Co., Ltd. and Taishin bank stipulates that the Group shall annually review the financial ratios to maintain a current ratio not less than 150%, a net debt-to-equity ratio not less than 200% and a net asset value not less than \$800,000 before July 31 during the facility period each year. Additionally, the Group is required to review the shareholding ratio of the ultimate parent company and the parent company on a semi-annual basis. As of December 31, 2022, the Group had not violated the terms of the contracts with the abovementioned banks; as of December 31, 2023, the Group had reclassified the unpaid portion as current portion of long-term borrowings in accordance with the terms of the contracts.
- B. On March 10, 2023, subsidiary - Foxwell Energy Co., Ltd. entered into a loan agreement with 11 banks including CTBC bank for a credit line of \$6,720,000. During the contract period, the company is required to have net tangible assets in the consolidated financial statements not lower than \$6,000,000 and maintain shareholding ratio of the parent company on a semi-annual basis.

C. The subsidiary - Foxwell Power Co., Ltd. entered into a syndicated contract for a credit line of \$1,750,000 with 3 financial institutions including O-Bank, etc. The credit line is divided into item A and item B. As of December 31, 2023 and 2022, the drawn credit line were all item A. The purpose of item B is to repay the outstanding balance of item A for the Company, and thus when the preconditions for the first drawdown of credit item B are met, the credit line of item A will be converted into the borrowing of item B. The financial commitments related to item B are as follows:

- (a) Foxwell Power Co., Ltd. committed to review the latest nine months' or twelve months' revenue from ancillary services on a semi-annual or annual basis after the site of the project has been qualified to trade on the energy trading platform and the first settlement amount of ancillary services revenue has been remitted to the reserve account. The interest rate will be adjusted by 0.1% if the cumulative number of times did not meet the above requirement of which the revenue reached 80% of the average monthly income listed in the "Estimated statement of annual gain and loss and cash flow".
- (b) The Group committed to review the DSCR (Debt Service Coverage Ratio) semi-annually based on the revenue from ancillary services and the principal and interest amount for the last twelve months from the date the first monthly settlement amount of ancillary services revenue for the site of project has been remitted to the reserve account for a full twelve months. The Group should repay the principal in advance within three months or by other appropriate means as agreed by the management bank, so that the DSCR will not be lower than 1.1 times.

D. Information on collateral pledged for long-term borrowings is provided in Note 8.

(17) Pensions

- A. The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company's Mainland China subsidiaries have a defined contribution plan in accordance with the local regulations. Monthly contributions to endowment insurance or pension reserve are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$9,501 and \$7,594, respectively.

(18) Share-based payment (For the year ended December 31, 2023: None)

A. The Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption of the Company	2022.4.13	910,000	NA	Vested immediately
Cash capital increase of subsidiaries reserved for employee preemption of the Company	2022.5.3	4,399,000	NA	Vested immediately
Employee stock options of the subsidiary	2023.11.21	2,000,000	NA	2~4 years of service

Aside from the above share-based payments, the Group has no share-based payments granting to employees.

B. Details of the share-based payment arrangements are as follows:

	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	2,000	16	5,309	15~88
Options exercised	-	-	(5,309)	15~88
Options outstanding at December 31	2,000	16	-	-
Options exercisable at December 31	-	-	-	-

Note: For the year ended December 31, 2022, the weighted-average exercise price for the Company's and subsidiaries' cash capital increase reserved for employees' subscription price amounted to NT\$88 and NT\$15, respectively. For the year ended December 31, 2023, the weighted-average exercise price for the subsidiaries' cash capital increase reserved for employee preemption amounted to NT\$16.

C. The Company and its subsidiaries exercised the cash capital increase reserved for employee preemption for the year ended December 31, 2022. The weighted-average stock price of stock options at exercise dates for the Company and subsidiaries were NT\$90.38 and NT\$15.34, respectively. The subsidiaries exercised stock options for the year ended December 31, 2023, and the weighted-average stock price of stock options at exercise dates was NT\$16.92.

- D. The aforementioned Company's and subsidiaries' fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption of the Company	2022.4.13	\$ 90.38	\$ 88	30.21%	0.01 year	-	1.132%	\$ 2.667
Cash capital increase of subsidiaries reserved for employee preemption	2022.5.3	15.34	15	25.50%	0.01 year	-	1.0955%	0.382
Employee stock options of the subsidiary	2023.11.21	16.92	16	25.93%	3 ~ 4 years	-	1.1966%	3.071 ~ 4.189

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

- E. The Group recognised compensation cost of \$0 and \$4,107 for cash capital increase reserved for employee preemption for the years ended December 31, 2023 and 2022, respectively.

(19) Share capital

- A. As of December 31, 2023, the Group's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary stock, and the paid-in capital was \$2,161,500 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	216,150	146,500
Cash capital increase	-	50,000
Stock dividends	-	19,650
At December 31	<u>216,150</u>	<u>216,150</u>

- B. The stockholders during their meeting held on June 15, 2022 resolved to increase its capital through capitalization of unappropriated retained earnings amounting to \$196,500 with the effective date set on September 3, 2022. The capital increase had been registered.
- C. The Board of Directors during their meeting held on March 7, 2022 resolved to increase capital by issuing ordinary shares with the effective date set on May 10, 2022. The subscription price was set at \$88 (in dollars) per share and the actual net amount of capital increase was \$4,400,000. The capital increase had been registered.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings/ Events after the balance sheet date

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriation of 2022 and 2021 earnings as proposed by the Board of Directors on May 24, 2023 and as approved at the shareholders' meeting on June 15, 2022 is as follows:

	2022		2021	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 22,521		\$ 45,442	
Special reserve	-		101	
Reversal of special reserve	(238)		-	
Cash dividends	108,075	\$ 0.5	196,500	\$ 1
Stock dividends	-	-	196,500	1

- E The appropriation of 2023 earnings approved at the shareholders' meeting on February 27, 2024 is as follows:

	2023	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 63,476	
Special reserve	70,369	
Cash dividends	324,225	\$ 1.5

Information about the appropriation of earnings as proposed by the Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Other equity items

	2023		
	Financial assets at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 16,875)	(\$ 103)	(\$ 16,978)
Disposal differences:			
- Revaluation transferred to retained earnings	1,626	-	1,626
Currency translation differences:			
- Group	-	(71,995)	(71,995)
At December 31	(\$ 15,249)	(\$ 72,098)	(\$ 87,347)

	2022		
	Financial assets at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 16,875)	(\$ 341)	(\$ 17,216)
Currency translation differences:			
- Group	-	238	238
At December 31	(\$ 16,875)	(\$ 103)	(\$ 16,978)

(23) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods over time and at a point in time in the following category and the related revenue is generated in each of the reportable operating segments:

Year ended December 31, 2023	Construction business revenue	Service revenue	Electricity sales revenue	Others	Total
Revenue from external customer contracts	\$ 10,285,643	\$ 173,628	\$ 798,152	\$1,159	\$ 11,258,582
Timing of revenue					
At a point in time	\$ -	\$ 68,592	\$ 32,922	\$ -	\$ 101,514
Over time	10,285,643	105,036	756,230	1,159	11,148,068
	\$ 10,285,643	\$ 173,628	\$ 789,152	\$1,159	\$ 11,249,582

Year ended December 31, 2022	Construction business revenue	Service revenue	Electricity sales revenue	Others	Total
Revenue from external customer contracts	\$ 3,656,716	\$ 276,429	\$ 368,047	\$ -	\$ 4,301,192
Timing of revenue					
At a point in time	\$ -	\$ 232,554	\$ 10,657	\$ -	\$ 243,211
Over time	3,656,716	43,875	357,390	-	4,057,981
	<u>\$ 3,656,716</u>	<u>\$ 276,429</u>	<u>\$ 368,047</u>	<u>\$ -</u>	<u>\$ 4,301,192</u>

B. Unfulfilled construction contracts

Revenue from significant construction contracts contracted as of December 31, 2023 and December 31, 2022 is recognised according to the completion of offshore and energysaving construction. Aggregate contracted amount and the year expected to recognise revenue for the unsatisfied performance obligations of such construction are as follows:

Year	Year expected to recognise revenue	Contracted amount(before tax)
December 31, 2023	Year 2023~2025	\$ 41,439,682
December 31, 2022	Year 2023~2025	50,750,368

C. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022
Contract assets:		
Contract assets – Construction contracts	<u>\$ 8,675,960</u>	<u>\$ 2,716,125</u>
Contract liabilities:		
Contract liabilities – Advance payment	\$ 764	\$ 4,614
Contract liabilities – Construction contracts	<u>42,777</u>	<u>3,171</u>
Total	<u>\$ 43,541</u>	<u>\$ 7,785</u>

(b) Recognition of the aforementioned construction contract-related contract assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Aggregate costs incurred plus recognised profits	\$ 20,545,655	\$ 8,411,401
Less: Progress billings	(11,912,472)	(5,698,447)
Net balance sheet position for Construction in progress	<u>\$ 8,633,183</u>	<u>\$ 2,712,954</u>
Presented as:		
Current contract assets	\$ 8,675,960	\$ 2,716,125
Current contract liabilities	(42,777)	(3,171)
	<u>\$ 8,633,183</u>	<u>\$ 2,712,954</u>

D. Information about the significant construction contracts contracted by the Group is provided in Note 9.

(24) Other income

	Years ended December 31,	
	2023	2022
Income from counter-party default	\$ 15,351	\$ 35,167
Gain recognised in bargain purchase transaction	707	-
Other income, others	13,711	3,261
	<u>\$ 29,769</u>	<u>\$ 38,428</u>

Details of gain recognised in bargain purchase transaction, please refer to Note 6(7) F.

(25) Other income-Other

	Years ended December 31,	
	2023	2022
Gains on disposals of investments	\$ 118,111	\$ -

(26) Other gains and losses

	Years ended December 31,	
	2023	2022
Gains on disposal of investments	\$ 55,083	\$ 12,866
Net gains on financial assets at fair value through profit or loss	110	-
(Loss) gain on disposal of property, plant and equipment	(275)	2,201
Foreign exchange (losses) gains	(53,432)	24,867
Other gains and losses	(1,749)	(982)
	<u>(\$ 263)</u>	<u>\$ 38,952</u>

(27) Finance costs

	Years ended December 31,	
	2023	2022
Gains on disposal of investments		
Loans from related parties	\$ -	\$ 7,890
Bank borrowings	33,070	16,377
Lease liabilities	2,705	2,649
Bonds payable	5,502	-
Other interest expense	326	31
	<u>\$ 41,603</u>	<u>\$ 26,947</u>

(28) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 347,456	\$ 219,308
Depreciation expense	126,841	105,678
Rent expense	14,608	13,369
Amortisation expense	69,482	8,317

(29) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 313,758	\$ 191,058
Labour and health insurance fees	18,633	16,060
Pension costs	9,501	7,594
Other personnel expenses	5,564	4,596
	<u>\$ 347,456</u>	<u>\$ 219,308</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$39,630, and \$15,150, respectively; while directors' remuneration was accrued at \$6,600 and \$2,520, respectively. The aforementioned amounts were recognised in salary expenses.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current period for the year ended December 31, 2023 and the percentage prescribed by the Group's Articles of Incorporation.
- D. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 27, 2024 were \$39,630 and \$6,600, respectively, and will be distributed in the form of cash.
- E. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 24, 2023 were \$15,430 and \$3,780, respectively. The difference of employees' compensation between the amounts resolved at the Board meeting and the amounts recognised in the 2022 financial statements, had been adjusted in the profit or loss of 2023 and based on the method of changes in accounting estimate.
- F. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 193,735	\$ 68,395
Tax on undistributed surplus earnings	4,470	635
Prior year income tax underestimation	1,424	442
Total current tax	199,629	69,472
Deferred tax:		
Origination and reversal of temporary differences	(50,954)	(2,868)
Income tax expense	\$ 148,675	\$ 66,604

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 303,486	\$ 99,196
Prior year income tax underestimation	1,424	442
Effect from items disallowed by tax regulation	(171,240)	(37,774)
Temporary differences not recognised as deferred tax assets	30	36
Taxable loss not recognised as deferred tax assets	6,654	4,069
Tax on undistributed earnings	4,470	635
Effect from Alternative Minimum Tax	3,851	-
Income tax expense	\$ 148,675	\$ 66,604

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2023				
	January 1	Recognised in profit or loss	Business combination	December 31
Deferred tax assets:				
— Temporary differences:				
Unused compensated absences	\$ 359	\$ 617	\$ -	\$ 976
Provision	189	1,677	-	1,866
Unrealised exchange loss	13	5,157	-	5,170
Loss carrforward	8,216	21,409	34,144	63,769
Onerous contracts losses	-	5,557	-	5,557
Subtotal	8,777	34,417	34,144	77,338
— Deferred tax liabilities:				
Unrealised exchange gain	(542)	478	(48)	(112)
Intangible assets-customer relations	(38,605)	12,869	-	(25,736)
Gain on overseas investment	(5,119)	3,190	(2,662)	(4,591)
Subtotal	(44,266)	16,537	(2,710)	(30,439)
Total	(\$ 35,489)	\$ 50,954	\$ 31,434	\$ 46,899
2022				
	January 1	Recognised in profit or loss	Business combination	December 31
Deferred tax assets:				
— Temporary differences:				
Unused compensated absences	\$ 250	\$ 109	\$ -	\$ 359
Provision	123	66	-	189
Unrealised exchange loss	19	(6)	-	13
Loss carrforward	4,147	4,069	-	8,216
Subtotal	4,539	4,238	-	8,777
— Deferred tax liabilities:				
Unrealised exchange gain	(4)	(538)	-	(542)
Intangible assets-customer relations	-	923	(39,528)	(38,605)
Gain on overseas investment	(3,364)	(1,755)	-	(5,119)
Subtotal	(3,368)	(1,370)	(39,528)	(44,266)
Total	\$ 1,171	\$ 2,868	(\$ 39,528)	(\$ 35,489)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	deferred tax assets	Expiry year
2014-2023 (Estimated)	\$ 393,521	\$ 393,521	\$ 74,464	2024~2033

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	deferred tax assets	Expiry year
2014~2022	\$ 82,401	\$ 82,401	\$ 41,081	2024~2032

E. The status of income tax returns of the Company and its domestic subsidiaries are as follows:

	Status of assessment
The Company, Foxwell Energy, Foxwell Power, Shinfox Natural Gas, Elegant Energy, Eastern Rainbow Green Energy	Assessed and approved up to 2021

(31) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 636,385</u>	<u>216,150</u>	<u>\$ 2.94</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 636,385	216,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	398	
Convertible bonds	<u>4,402</u>	<u>2,884</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 640,787</u>	<u>219,432</u>	<u>\$ 2.92</u>

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 225,212	196,712	\$ 1.14
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 225,212	196,712	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	243	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 225,212	196,955	\$ 1.14

(32) Transactions with non-controlling interest/Events after the Balance Sheet Date

The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

A. Subsidiary, Foxwell Power Co., Ltd., of the Group increased its capital by issuing new shares on May 23, 2022. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 18.77%. This transaction resulted in an increase in the non-controlling interest by \$176,400 and a decrease in the equity attributable to owners of the parent by \$176,400.

B. Subsidiary, Guanwei Power Co., Ltd., of the Group increased its capital by issuing new shares on July 5, 2023. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 49%, and the transaction price amounted to \$34,300. This transaction resulted in an increase in the non-controlling interests by \$46, and a decrease in the equity attributable to owners of the parent by \$46.

Disposal of equity interest in a subsidiary (that did not result in a loss of control)

In December, 2023, the Group disposed of 2.67% of shares of its subsidiary—Foxwell Power Co., Ltd. for a total cash consideration of \$60,838. This transaction resulted in a decrease in the non-controlling interest by \$36,364 and an increase in the equity attributable to owners of the parent by \$24,474.

(33) Business combination

A. Elegant Energy

(a) On February 14, 2022, the Group acquired 100% of the share capital of Elegant Energy for \$200,000 and obtained the control over Elegant Energy. As a result of the acquisition, the Group is expected to increase its presence in the onshore wind power generation markets.

- (b) The following table summarises the consideration paid for Elegant Energy and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>Elegant Energy</u>
Purchase consideration	
Cash paid	\$ 200,000
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	786
Other current assets	3,293
Intangible assets	197,637
Other current liabilities	(1,716)
Deferred tax liabilities	(39,528)
Total identifiable net assets	<u>160,472</u>
Goodwill	<u>\$ 39,528</u>

- (c) The allocation of purchase price of Elegant Energy has been completed in the first quarter of 2022. The fair values of the identifiable intangible assets and goodwill acquired amounted to \$197,637 and \$39,528, respectively.
- (d) The operating revenue included in the consolidated statement of comprehensive income since February 14, 2022 contributed by Elegant Energy was \$1,998. Elegant Energy also contributed profit before income tax of \$1,990 over the same period. Had Elegant Energy been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue of \$4,301,941 and profit before income tax of \$304,921.

B. Eastern Rainbow Green Energy

- (a) On October 6, 2023, the Group acquired new ordinary shares issued by Eastern Rainbow Green Energy amounting to \$218,020 in the form of cash. After the acquisition, the Group held 56.63% equity interests in Eastern Rainbow Green Energy and obtained control over the entity.
- (b) The allocation of the acquisition price of Eastern Rainbow Green Energy was completed in the fourth quarter of 2023, and the fair value of the identifiable intangible assets and goodwill acquired amounted to \$716 and \$9,519, respectively.
- (c) The operating revenue included in the consolidated statement of comprehensive income since October 6, 2023 contributed by Eastern Rainbow Green Energy was \$67,503. Eastern Rainbow Green Energy also contributed loss before income tax of (\$23,557) over the same period. Had Eastern Rainbow Green Energy been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$11,491,484 and profit before income tax of \$713,218.

C. SFE

- (a) The Group originally held 40% equity interests in SFE before the combination and acquired another 27% equity interests with the consideration amounting to \$1,649,347 in the form of cash. After the acquisition, the Group held a total of 67% equity interests in SFE and obtained the control over SFE. The Company recognised gain on disposal of investment amounting to \$45,025 (shown as ‘other gains and losses -gains on disposal of investments’).
- (b) The allocation of the acquisition price of SFE was completed in the fourth quarter of 2023, and the fair value of goodwill acquired amounted to \$49,878.
- (c) The operating revenue included in the consolidated statement of comprehensive income since November 6, 2023 contributed by SFE was \$522,429. SFE also contributed loss before income tax of (\$92,246) over the same period. Had SFE been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$13,125,519 and profit before income tax of \$771,762.

D. The following table summarises the consideration paid for Eastern Rainbow Green Energy and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Eastern Rainbow Green Energy	SFE
Purchase consideration		
Cash paid	\$ 218,020	\$ 1,649,347
The non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets	<u>159,688</u>	<u>787,798</u>
	<u>377,708</u>	<u>2,437,145</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	273,914	225,447
Other current assets	284,856	396,034
Property, plant and equipment	38,072	2,038,523
Intangible assets	716	-
Deferred tax assets	34,144	-
Other non-current assets	9,209	14,451
Other current liabilities	(237,750)	(278,405)
Deferred tax liabilities	(2,710)	-
Other non-current liabilities	(32,262)	(8,783)
Total identifiable net assets	<u>368,189</u>	<u>2,387,267</u>
Goodwill	<u>\$ 9,519</u>	<u>\$ 49,878</u>

(34) Supplemental cash flow information

A. Investment activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 882,125	\$ 465,317
Add: Opening balance of payable on equipment	78,858	39,273
Less: Ending balance of payable on equipment	(138,471)	(78,858)
Capitalisation of depreciation	(3,435)	-
Capitalisation of interest expense	(47,797)	-
Cash paid during the period	<u>\$ 771,280</u>	<u>\$ 425,732</u>

- B. The Group sold 33.5% of shares in the subsidiary – Junezhe Co., Ltd. on December 27, 2022 and therefore lost control over the subsidiary (please refer to Note 4(3) B.). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	<u>December 27, 2022</u>
Receive consideration	
Cash	\$ 77,050
Carrying amount of the assets and liabilities of Junezhe	
Cash	11,788
Accounts receivable	16,790
Other current assets	1,091
Property, plant and equipment	173,333
Accounts payable (including related parties)	(4,013)
Other payables	(3,587)
Current tax liabilities	(7,081)
Other current liabilities	(17)
Total net assets	<u>\$ 188,304</u>

C. The Group sold 100% of share in subsidiary Diwei Power Co., Ltd. and Liangwei Power Co., Ltd. on December 25, 2023 and therefore lost control over the subsidiary (please refer to Note 4(3) B.). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	Diwei Power	Liangwei Power
Consideration received		
Cash	\$ 77,297	\$ 163,175
Carrying amount of the assets and liabilities		
Cash	4,362	8,716
Other current assets	21,819	26,243
Property, plant and equipment	102,700	160,452
Short-term notes and bills payable	(76,587)	(94,490)
Other current liabilities	(16,353)	(14,501)
Total net assets	<u>\$ 35,941</u>	<u>\$ 86,420</u>

(35) Changes in liabilities from financing activities

	2023						
	Short-term borrowing	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Bonds payable	Guarantee deposits received	Liabilities from financing activities -gross
At January 1	\$ 3,562,719	\$ 1,674,268	\$ 1,387,714	\$ 158,058	\$ -	\$ 18,941	\$ 6,801,700
Changes in cash flow from financing activities	2,855,235	1,503,113	437,839	(28,619)	3,153,604	15,882	7,937,054
Interest expense paid	-	-	-	(2,705)	-	-	(2,705)
Discount on bonds and issuance cost	-	-	-	-	(307,327)	-	(307,327)
Changes in other non-cash items	28,170	(171,077)	31,904	106,013	5,502	-	512
At December 31	<u>\$ 6,446,124</u>	<u>\$ 3,006,304</u>	<u>\$ 1,857,457</u>	<u>\$ 232,747</u>	<u>\$ 2,851,779</u>	<u>\$ 34,823</u>	<u>\$ 14,429,234</u>
	2022						
	Short-term borrowing	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities -gross	
At January 1	\$ 200,000	\$ 1,406,666	\$ 351,867	\$ 156,499	\$ 41,765	\$ 2,156,797	
Changes in cash flow from financing activities	3,362,719	267,602	1,035,847	(17,073)	(22,824)	4,626,271	
Interest expense paid	-	-	-	(2,649)	-	(2,649)	
Changes in other non-cash items	-	-	-	21,281	-	21,281	
At December 31	<u>\$ 3,562,719</u>	<u>\$ 1,674,268</u>	<u>\$ 1,387,714</u>	<u>\$ 158,058</u>	<u>\$ 18,941</u>	<u>\$ 6,801,700</u>	

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by Power Quotient International Co., Ltd., which is the Company's largest single shareholder with control. The ultimate parent of the Company is Cheng Uei Precision Industry Co., Ltd.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Cheng Uei Precision Industry Co., Ltd.	Ultimate parent
Power Quotient International Co., Ltd. (PQI)	Parent
Changpin Wind Power Ltd. (Changpin)	Joint Venture
Central Motion Picture Corporation (Central Motion Picture)	Other related party
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	Other related party
Chern Feng Engineering Tech Co., Ltd. (Chern Feng)	Other related party (Note)
Shih Fong Power Co., Ltd. (Shih Fong)	Other related party
Glory Science Co., Ltd. (Glory Science)	Other related party
Fugang Electric (XuZhou) Co., Ltd. (FG XuZhou)	Other related party
Foxlink Image Technology Co., LTD. (Foxlink Image)	Other related party
Fugang Electric (Kunshan) Co.,Ltd. (FG Kunshan)	Other related party
Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Other related party
Deepwaters Digital Support Inc. (Deepwaters)	Other related party
Far East Offshore Wind Power Company Pte Ltd (FEO)	Other related party
Cheng Shin Digital Co., Ltd. (Cheng Shin Digital)	Investee accounted for using the equity method

Note: Chern Feng Engineering Tech Co., Ltd. was the Group's related party because Chern Feng Engineering Tech Co., Ltd. was the major shareholder of the Group's subsidiary- Junezhe Co., Ltd. However, the Group disposed all the equity interest in Junezhe Co., Ltd. on December 27, 2022. As a result, Chern Feng Engineering Tech Co., Ltd. was no longer a related party of the Group starting from December 27, 2022.

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31,	
	2023	2022
Ultimate parent	\$ -	\$ 42,100
Joint Venture	133,355	60,000
Other related parties		
- Hon Hai	21,860	10,859
- Others	3,518	16,945
	<u>\$ 158,733</u>	<u>\$ 129,904</u>

The Group entered into contracted construction agreements with related parties and charged construction revenue, service revenue and electricity sales revenue from related parties. The transaction price and credit terms are the same with the market situation or the general situation.

B. Operating costs and operating expenses

	Year ended December 31,	
	2023	2022
<u>Cost of engineering sales</u>		
Other related parties	\$ 1,225	\$ 60,007
<u>Service fees</u>		
Ultimate parent	\$ 1,200	\$ 1,150
<u>Utilities expense</u>		
Ultimate parent	\$ 2,556	\$ 2,117
<u>Transportation expense</u>		
Ultimate parent	333	256
<u>Postage expense</u>		
Ultimate parent	\$ 492	\$ 420
<u>Other expenses</u>		
Ultimate parent	\$ 56	\$ 23
Parent	549	2,569
Other related parties	-	8,750
	<u>\$ 605</u>	<u>\$ 11,342</u>

Except for cost of engineering sales and rent expense which is calculated based on the contracted construction agreement and lease agreement entered into using market quotes, other payments of the transactions between the Group and the abovementioned related parties are calculated based on the actual amount incurred and paid monthly.

C. Other income

	Year ended December 31,	
	2023	2022
Joint venture	\$ 1,200	\$ 900
Associates	-	10
Other related parties	598	-
	<u>\$ 1,798</u>	<u>\$ 910</u>

The Company provides related party management services, and the transactions price is calculated based on the actual amount incurred. The payment terms are agreed upon by both parties.

D. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable :		
Ultimate parent	\$ -	\$ 8,835
Joint venture	5,250	-
Associates	3,202	-
Other related parties	2,131	3,526
	<u>\$ 10,583</u>	<u>\$ 12,361</u>
Other receivables :		
Ultimate parent	\$ -	\$ 11
Other related parties	5	-
	<u>\$ 5</u>	<u>\$ 11</u>

Receivables from related parties are mainly construction revenue and electricity sales revenue that the Group shall receive from related parties.

E. Payables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related parties	<u>\$ 1,286</u>	<u>\$ -</u>
Other payables		
Ultimate parent	\$ 180	\$ 180
Other related parties	4,209	-
	<u>\$ 4,389</u>	<u>\$ 180</u>

Payables to related parties are mainly payables for service fees, utilities expense and rent expense that the Group shall pay to related parties.

F. Lease transactions - lessee

(a) The Group entered into rental contracts with related parties based on the market quote to lease offices and buildings from its related parties. Rental contracts are typically made for periods of 10 to 20 years. Rents are paid monthly according to the contracts.

(b) Acquisition of right-of-use assets

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Ultimate parent	<u>\$ 14,935</u>	<u>\$ 7,838</u>

(c) Lease liabilities

i. Outstanding balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Ultimate parent	\$ 65,613	\$ 62,910
Other related parties	1,725	1,816
	<u>\$ 67,338</u>	<u>\$ 64,726</u>

ii. Interest expense

	Year ended December 31,	
	2023	2022
Ultimate parent	\$ 1,309	\$ 1,169
Other related parties	23	24
	<u>\$ 1,332</u>	<u>\$ 1,193</u>

G. Loans to / from related parties

Loans from related parties(For the year ended December 31, 2023: None)

Interest expense

	Year ended December 31, 2022
Ultimate parent	<u>\$ 7,890</u>

The loans from related parties are repayable based on the agreement and carry interest at 1.6% per annum.

H. Loans and endorsement and guarantee provided: Please refer to Notes 13(1)A and B.

(4) Key management compensation

	Year ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 18,823	\$ 18,736
Post-employment benefits	913	838
Total	<u>\$ 19,736</u>	<u>\$ 19,574</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 690,382	\$ 705,337	Long-term borrowings
Restricted bank deposits and pledged time deposits (shown as current financial assets at amortised cost)	2,009,915	2,619,503	Letters of guarantee for construction performance, short-term borrowings and guarantee notes, etc.
Restricted bank deposits and pledged time deposits (shown as non-current financial assets at amortised cost)	389,319	375,346	Impound account and performance guarantee
Guarantee deposits paid (shown as other current assets)	1,001,654	999,711	Guarantee for construction performance, performance bond
Guarantee deposits paid (shown as other non-current assets)	258,037	241,768	Guarantee for electric energy transfer and deposits
	<u>\$ 4,349,307</u>	<u>\$ 4,941,665</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2023 and 2022, the letters of guarantee to be issued by the bank, which are required for the Group's performance guarantee for the property procurement and installation of Taiwan Power Company's offshore wind power project, both amounted to \$5,400,000, of which the amounts provided by the Group to banks as pledges (shown as financial assets at amortised cost) were both \$1,620,000, the endorsement and guarantee amounts provided by the Company were both \$3,780,000, and the amount pledged by the letter of guarantee assigned by subcontractors was both \$1,608,370.
- (2) Except for those stated in Note 9(1), as of December 31, 2023 and 2022, the Company provided performance guarantee to subsidiary, Foxwell Energy Co., Ltd., for subcontract construction and credit line amounting to \$19,786,950 and \$12,762,997, respectively.
- (3) As of December 31, 2023 and 2022, the letters of guarantee to be issued by the bank, which are required for performance guarantee under the contracted photovoltaic electric systems, amounted to \$150,519 and \$75,144, respectively.
- (4) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equipment procurement contract		
Contract consideration	\$ 2,415,394	\$ 1,768,667
Unpaid amount	\$ 492,221	\$ 359,266
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contracted construction contract		
Contract consideration	\$ 51,389,380	\$ 35,606,170
Unpaid amount	\$ 33,144,467	\$ 26,380,467

- (5) The Group's subcontractor (Xincheng Co., Ltd.) requested compensation from the Company as it had objections to the payment of the construction. In May 2022, the court's first instance judgement was rendered. According to the judgement, the Company shall pay \$1,257 and its penalty interest to Xincheng Co., Ltd., and the Company's other litigations were dismissed. The Company and Xincheng Co., Ltd. both disagreed with the judgement and filed an appeal. As of review reporting date, the case is still under trial with the court of second instance. However, since the final ruling has yet to be rendered by the court, it is unable to reasonably determine the exact amount of possible compensation.
- (6) On August 13, 2020, the Group entered into an equipment procurement contract and an operation and maintenance contract with Taiwan Power Company for the Phase II of Taipower's Offshore Wind Power Project and the "Wind Farm Property Procurement and Installation Project" amounting to \$56,588,000 and \$6,300,000, respectively. The terms of the equipment procurement contract specifies that the Company shall complete the foundation construction for wind turbine generator system and offshore substation as of September 30, 2024, shall complete all wind turbine generator system which shall be under the security constrained dispatch process as of September 30, 2025, shall

complete the whole construction as of December 31, 2025 and shall provide 2-year warranties from the date of completion and acceptance of the whole construction. In addition, the equipment shall provide guaranteed generating capacity. The performance term of this project is divided into stages progress and the final completion deadline. The default penalty shall be computed until the termination date of the contract according to each stage of the project. The operation and maintenance contract specifies the terms such as the guaranteed annual availability and default penalty of all wind turbine generator system as well as the relevant rights and obligations of both parties. The contract period is 5 years from the time when all wind turbine generator system are under the security constrained dispatch process. As of December 31, 2023, the Group's construction projects were completed on schedule and there was no compensation loss incurred due to overdue projects.

- (7) The Group entered into an operation and maintenance contract with Changyuan, Beiyuan and Shinfox Power for wind turbine generator system and solar energy equipment. The contract specifies the terms such as the bonus and penalty of operation and maintenance as well as the relevant rights and obligations of both parties. The contract period is for 20 years starting from the parallel connection date.
- (8) Foxwell Energy entered into a 'Transportation and Installment Contract of Wind Turbines in Wind Farm Site No. 26' with a Singapore contractor, Teras Offshore Pte. Ltd. As the contractor failed to submit the essential documents within the time frame prescribed in the contract, Foxwell Energy has the right to revoke the contract and has notified the contractor in writing of the termination of the contract. After receiving the written notice from Foxwell Energy, the contractor entrusted a lawyer on December 11, 2021 to rely and request for compensation from Foxwell Energy, and state that it will refer the matter to arbitration if the compensation is not paid. On December 24, 2021, Foxwell Energy also appointed a lawyer to send a letter stating that it was a lawful termination of the contract and it will reserve the right to claim compensation from the contractor. As of February 27, 2024, Foxwell Energy has not yet received the notice of arbitration submitted by the contractor to the arbitration institution, and the termination of the contract has no impact on the original construction contract and subsequent performance obligations.
- (9) The Company's subsidiary, Elegant Energy TECH Co., Ltd., was commissioned by VAI Renewables Co., Ltd. to develop a wind farm. As there are objections over the development process of the wind farm, VAI Renewables Co., Ltd. has filed a claim for reimbursement to the Company's subsidiary, Elegant Energy TECH Co., Ltd., for approximately \$33,593, which has not yet started trial proceedings, and it is not possible to anticipate the outcome of the court trial.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On February 27, 2024, the Board of Directors of the Company resolved to provide endorsements and guarantees for the investee company, Changpin Wind Power Ltd. by pledging the shares of Changpin Wind Power Ltd. to Bank SinoPac with the 50% shareholding ratio of which the value amounted to \$120,000 to apply for a project financing facility.
- (b) On February 27, 2024, the Board of Directors of the Company resolved to provide an endorsement and guarantee for the subsidiary, SFE, with the credit line within the limit of US\$100 million (equivalent to approximately NT\$3.15 billion) to financial institutions.
- (c) On February 27, 2024, to meet the needs of the Company's subsidiary, SFE, for purchasing heavy lifting vessels. The Board of Directors of the Company resolved to provide short-term financing facilities with a borrowing amount of \$1,500,000 and the interest is repayable monthly at an annual interest rate of 8%.
- (d) Details of the appropriation of 2023 earnings are provided in Note 6(21).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group manages and monitors capital on the basis of real economic conditions.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,167	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 649	\$ -
Financial assets at amortised cost		
Cash and cash equivalents	\$ 3,912,463	\$ 1,831,512
Financial assets at amortised cost	2,508,234	2,994,849
Notes receivable	22,020	31,318
Accounts receivable (including related parties)	1,111,636	168,825
Other receivables	81,423	17,809
Long-term notes and accounts receivable	5,899	7,903
Guarantee deposits paid	1,259,691	1,241,479
	<u>\$ 8,901,366</u>	<u>\$ 6,293,695</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 6,446,124	\$ 3,562,719
Short-term notes and bills payable	3,006,304	1,674,268
Notes payable	32,650	630
Accounts payable (including related parties)	1,772,094	515,421
Other accounts payable (including related parties)	429,910	211,893
Lease liabilities	232,747	158,058
Long-term borrowings (including current portion)	1,857,457	1,387,714
Guarantee deposits received	34,823	18,941
	<u>\$ 13,812,109</u>	<u>\$ 7,529,644</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate), credit risk and liquidity risk. The Group's overall risk management policies focus on the unpredictable matters in financial market and seek to minimise potential adverse effects on the Group's financial condition and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 39,088	30.71	\$ 1,200,211
RMB : NTD	3,053	4.33	13,208
USD : RMB	33	7.10	1,019
SGD : USD	1,361	0.76	31,702
EUR : USD	40	1.11	1,360

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,072	30.71	\$ 94,331
RMB : NTD	2,999	4.41	13,219
USD : RMB	32	6.96	986

- iii. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$53,432) and \$24,867, respectively.

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 12,002	\$	-
RMB : NTD	1%	132		-
USD : RMB	1%	10		-
SGD : USD	1%	317		-
EUR : USD	1%	14		-

Year ended December 31, 2022				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 943	\$	-
RMB : NTD	1%	132		-
USD : RMB	1%	10		-

Cash flow and fair value interest rate risk

- The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's borrowings mainly bear fixed and variable interest rate. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in New Taiwan dollars.
- On December 31, 2023 and 2022, if the borrowing interest rate had increased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased by \$66,429 and \$39,603, respectively. The main factor is that increase in interest expense result in floating-rate borrowings.

Credit risk

- Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the cash flows of accounts and notes receivable based on the agreed terms and the contract cash flows stated at amortised cost.

- ii. According to the Group's credit policy, each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group treasury manages the credit risk of bank deposits and other financial instruments in accordance with the policy. The counterparties of the Group are determined according to the internal control procedures, and only banks with good credit quality are accepted.
- iv. The Group has assessed the credit status of counterparties upon provision of services. Thus, it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount.
- v. For the years ended December 31, 2023 and 2022, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- vi. The Group adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vii. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable, notes receivable and lease payments receivable. On December 31, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	Over 90 days past due	Total
<u>December 31, 2023</u>						
Expected loss rate	0.03%~4.41%	0.03%~6.99%	0.03%~6.99%	0.03%~6.99%	100.00%	
Total book value	\$ 1,124,081	\$ 233	\$ 5,152	\$ -	\$ -	\$ 1,129,466
Loss allowance	\$ 493	\$ -	\$ -	\$ -	\$ -	\$ 493
	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	Over 90 days past due	Total
<u>December 31, 2022</u>						
Expected loss rate	0.52%~5.71%	0.52%~5.71%	0.52%~5.71%	0.52%~5.71%	100%	
Total book value	\$ 195,393	\$ 302	\$ -	\$ -	\$ 1,062	\$ 196,757
Loss allowance	\$ 10	\$ -	\$ -	\$ -	\$ 1,062	\$ 1,072

- ix. Movements in relation to the Company applying the simplified approach to provide loss allowance are as follows:

	2023	2022
At January 1	\$ 1,072	\$ 1,546
Reversal for impairment	(576)	(490)
Effect of foreign exchange	(3)	16
At December 31	<u>\$ 493</u>	<u>\$ 1,072</u>

- x. The Group's financial assets at amortised cost are pledged time deposits and time deposits maturing in excess of nine months with low credit risk. Thus, the Company did not recognise significant loss allowance in accordance with 12 months expected credit losses.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The Group invests surplus cash in interest bearing demand deposits. The Company chooses instruments that are with appropriate maturities or sufficient liquidity to provide sufficient headroom.
- iii. The Group has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate		
Expiring within one year	\$ 605,000	\$ 1,103,876
Expiring above one year	753,694	1,276,194
Fixed rate		
Expiring within one year	330,000	733,000
	<u>\$ 1,688,694</u>	<u>\$ 3,113,070</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. Except that the carrying amounts of notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to the amounts of contractual undiscounted cash flows and those accounts will expire within a year, the amounts of financial liabilities disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2023					
Short-term borrowings	\$ 6,607,116	\$ -	\$ -	\$ -	\$ -
Short-term notes and accounts payable	3,013,200	-	-	-	-
Lease liabilities	31,646	30,079	28,780	49,250	125,290
Bonds payable	-	-	3,000,000	-	-
Long-term borrowings (including current portion)	86,892	1,576,813	58,190	176,206	58,909

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2022					
Short-term borrowings	\$ 3,574,935	\$ -	\$ -	\$ -	\$ -
Short-term notes and accounts payable	1,677,400	-	-	-	-
Lease liabilities	20,135	17,735	17,015	21,804	86,541
Long-term borrowings (including current portion)	81,816	81,011	76,286	1,090,393	176,064

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transaction for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without activity market is included in Level 3.

- B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, long-term notes and accounts receivable, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

		December 31, 2023		
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 2,851,779	\$ -	\$ 2,851,779	\$ -

For the twelve months ended December 31, 2022: None

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,267	\$ -	\$ -	\$ 1,267
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 649	\$ 649
Embedded derivatives				
Put options of convertible bonds	\$ -	\$ 3,900	\$ -	\$ 3,900
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ -	\$ -

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value

of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- (e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the year ended December 31, 2023:(For the year ended December 31, 2022: None)

	2023
	<u>Equity instrument</u>
At January 1	\$ -
Sold in the year	(169,942)
Transfers into level 3	170,604
Effect of foreign exchange	(13)
At December 31	<u>\$ 649</u>

- G. For the years ended December 31, 2023 and 2022, the transfer into Level 3 is referred in Note 6(3).
- H. Financing management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 649	Market comparable companies	Discount for lack of marketability	20% ~50%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ -	Market comparable companies	Discount for lack of marketability	17.89% ~50%	The higher the discount for lack of marketability, the lower the fair value

- J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If assumptions from financial assets and liabilities categorized within Level 3 had increased or decreased by 1%, as of December 31, 2023 and 2022, other comprehensive income would have been impacted by \$6 and \$0, respectively.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Group's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

For the information on investees, except for current profit (loss) for the year ended December 31, 2023 is translated using the monthly average exchange rate in 2023, others are translated using the spot rate at December 31, 2023.

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

Investee in Mainland China, main business activities, paid-in capital, investment method, amount remitted from Taiwan to Mainland China / amount remitted back to Taiwan, ownership, investment income (loss), investments in Mainland China, book value, investment income remitted back and ceiling on investments in Mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

B. The Group's Chief Operating Decision-Maker manages the business from each company's perspective.

(2) Measurement of segment information

The Board of Directors assesses the performance of the operating segments based on the operating income.

(3) Information about segment profit or loss and assets

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Shinfox	Foxwell Energy	Foxwell Power	SFE	Others	Adjustment and elimination	Total
<u>Year ended December 31, 2023</u>							
Segment revenue	\$ 392,152	\$ 9,841,387	\$ 879,893	\$ 522,430	\$ 136,383	(\$ 522,663)	\$ 11,249,582
Segment operating profit (loss)	(\$ 78,937)	\$ 948,605	\$ 45,632	(\$ 78,652)	(\$ 56,326)	\$ 9,056	\$ 789,378
Non-operating income and expenses	\$ 701,743	(\$ 12,094)	\$ 25,372	(\$ 5,960)	\$ 7,932	(\$ 734,118)	(\$ 17,125)
Profit before tax	\$ 622,806	\$ 936,511	\$ 71,004	(\$ 84,613)	(\$ 51,937)	(\$ 721,518)	\$ 772,253
Depreciation and amortisation	\$ 18,738	\$ 59,381	\$ 27,284	\$ 11,414	\$ 19,255	\$ 60,251	\$ 196,323
Segment assets	\$ 16,744,929	\$ 18,919,058	\$ 3,219,999	\$ 3,479,007	\$ 2,219,419	(\$ 15,294,695)	\$ 29,287,717
<u>Year ended December 31, 2022</u>							
Segment revenue	\$ 1,719,357	\$ 2,073,539	\$ 362,250	\$ 40,764	\$ 105,282	\$ 105,282	\$ 4,301,192
Segment operating profit	\$ 18,796	\$ 184,567	\$ 34,071	(\$ 31,878)	\$ 46,831	\$ 46,831	\$ 252,387
Non-operating income and expenses	\$ 215,861	\$ 49,150	(\$ 1,714)	\$ 1,749	(\$ 208,297)	(\$ 208,297)	\$ 56,749
Profit before tax	\$ 234,657	\$ 233,717	\$ 32,357	(\$ 30,128)	(\$ 161,467)	(\$ 161,467)	\$ 309,136
Depreciation and amortisation	\$ 17,495	\$ 54,525	\$ 11,493	\$ 7,195	\$ 23,287	\$ 23,287	\$ 113,995
Segment assets	\$ 11,842,119	\$ 12,102,276	\$ 2,094,393	\$ 1,864,344	(\$ 9,685,814)	(\$ 9,685,814)	\$ 18,217,318

(4) Reconciliation for segment income (loss)

The external revenue and segment profit (loss) reported to the Chief Operating Decision-Maker are measured in manner consistent with revenue and profit (loss) before tax in the financial statements. Therefore, no reconciliation was needed.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 11,235,054	\$ 4,300,635	\$ 4,283,927	\$ 4,271,551
Mainland China	14,528	1,735	17,265	316
Others	-	1,959,940	-	-
Total	<u>\$ 11,249,582</u>	<u>\$ 6,262,310</u>	<u>\$ 4,301,192</u>	<u>\$ 4,271,867</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
D	\$ 9,908,573	Shinfox, Foxwell Energy and Foxwell Power	\$ 2,099,298	Shinfox, Foxwell Energy and Foxwell Power
H	222,980	Shinfox	1,593,294	Shinfox
	<u>\$ 10,131,553</u>		<u>\$ 3,692,592</u>	

Shinfox Energy Co., Ltd. and subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables due from related parties	Yes	\$ 600,000	\$ -	\$ -	Average borrowing rate plus 0.1%	2	\$ -	Group's capital management	\$ -	None	\$ -	\$ 4,463,022	\$ 4,463,022	

Note 1: The numbers as follows represent the nature of loan:

Business transaction is labelled as "1".

Short-term financing is labelled as "2".

Note 2: Limit on loans granted by the Company or the domestic unlisted subsidiaries of the Company to a company or a business for short-term financing is 40% of its net asset value.

Limit on loans granted between foreign subsidiaries whose voting shares are directly or indirectly held by the Company or granted by foreign companies whose voting shares are 100% directly or indirectly held by the Company to the Company is 100% of the subsidiary's net asset value.

Note 3: Ceiling on total loans granted by the Company or the domestic unlisted subsidiaries of the Company to a company or a business for short-term financing is 40% of its net asset value.

Ceiling on total loans granted between foreign subsidiaries whose voting shares are directly or indirectly held by the Company or granted by foreign companies whose voting shares are 100% directly or indirectly held by the Company to the Company is 100% of the subsidiary's net asset value.

Shinfox Energy Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Subsidiary	\$ 66,945,324	\$ 31,200,000	\$ 31,200,000	\$ 23,453,750	\$ -	200.31	\$ 66,945,324	Y	N	N	
0	Shinfox Energy Co., Ltd.	Shinfox Far East Company Pte. Ltd.	Subsidiary	62,482,302	630,000	630,000	-	-	-	66,945,324	Y	N	N	
1	Foxwell Energy Corporation Ltd.	Xinwei Power Corporation Ltd.	Subsidiary	14,227,534	113,200	113,200	113,200	-	1.19	14,227,534	N	N	N	

Note 1: Calculation for limit on endorsements/guarantees provided for a single party is as follows:

Limit on endorsements/guarantees provided for a subsidiary whose shares are 90% or above held by the Company is 600% of the Company's net asset value;

limit on endorsements/guarantees provided for a single party, apart from the aforementioned subsidiaries, is 560% of the Company's net asset value.

Limit on endorsements/guarantees provided by Foxwell Energy for a subsidiary whose shares are 90% or above held by Foxwell Energy is 150% of Foxwell Energy's net asset value;

limit on endorsements/guarantees provided for a single party, apart from the aforementioned subsidiaries, is 140% of Foxwell Energy's net asset value.

Note 2: Calculation for ceiling on total amount of endorsements/guarantees provided is as follows:

Ceiling on total amount of endorsements/guarantees provided by the Company or subsidiaries is 600% of the Company's net asset value in the latest financial statements.

Ceiling on total amount of endorsements/guarantees provided by Foxwell Energy and subsidiaries is 150% of Foxwell Energy's net asset value in the latest financial statements.

Shinfox Energy Co., Ltd. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares (share in thousands)	Book value	Ownership	Fair value	
Shinfox Energy Co., Ltd.	Corvus Energy Ltd.	An investee of the Company	Non-current financial assets at fair value through other comprehensive income	22	\$ -	0.04	\$ -	
Foxwell Energy Corporation Ltd.	Full Entertainment Marketing Co., Ltd.	An investee of the Company	Non-current financial assets at fair value through other comprehensive income	300	-	3.00	-	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	An investee of the Company	Current financial assets at fair value through profit or loss	43	383	-	383	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	An investee of the Company	Current financial assets at fair value through profit or loss	1	15	-	15	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Mildef Crete Inc.	An investee of the Company	Current financial assets at fair value through profit or loss	10	869	0.02	869	
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Wuxi EASTERN Rainbow Environmental Protection Engineering Co., Ltd.	An investee of the Company	Current financial assets at fair value through profit or loss	-	649	10	649	

Shinfox Energy Co., Ltd. and subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023		Footnote
					Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousand shares)	Amount	
Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Investment accounted for using equity method	Foxwell Energy Corporation Ltd.	Note 1	610,000	\$ 6,100,000	257,000	\$ 2,570,000	-	\$ -	\$ -	\$ -	867,000	\$ 8,670,000	Note 3
Shinfox Energy Co., Ltd.	Shinfox Far East Company Pte, Ltd.	Investment accounted for using equity method	Shinfox Far East Company Pte, Ltd.	Note 2	-	981,545	53,600	675,778	-	-	-	-	53,600	1,657,323	Note 3, 4

Note 1: The entity is the Company's subsidiary.

Note 2: The general ledger account is 'Investments accounted for using equity method'.

Note 3: The abovementioned amount is investment cost. information relating to its carrying amount is provided Table 6.

Note 4: The Group prepaid investments to Shinfox Far East Company Pte Ltd. on December 27, 2022, and acquired 40% equity interests in the entity in January 2023, and acquired another 27% equity interests in the entity on November 6, 2023.

Shinfox Energy Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 3)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	1	Other income	\$ 11,742	Transaction prices are calculated based on actual amount incurred	0.10
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	1	Sales Revenue	6,645	Transaction prices are approximate to normal clients	0.05
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	1	Interest income	2,359	Transaction terms are based on the mutual agreement	0.02
0	Shinfox Energy Co., Ltd.	Shinfox Natural Gas Co., Ltd.	1	Other income	3,737	Transaction prices are calculated based on actual amount incurred	0.03
0	Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	1	Other income	1,887	Transaction prices are calculated based on actual amount incurred	0.02
0	Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	1	Sales Revenue	1,000	Transaction prices are approximate to normal clients	0.01
1	Foxwell Energy Corporation Ltd.	Shinfox Far East Company Pte. Ltd.	3	Cost of engineering sales	610,562	Transaction prices are approximate to normal clients	5.43
1	Foxwell Energy Corporation Ltd.	Shinfox Far East Company Pte. Ltd.	3	Accounts payable	54,309	Transaction prices are calculated based on actual amount incurred	0.19

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Only related party transactions over \$1,000 are disclosed, and the related party transactions for the counterparty are not disclosed.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Shinfox Energy Co., Ltd. and subsidiaries

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (share in thousands)	Ownership (%)	Book value			
The Company	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	\$ 8,670,000	\$ 6,100,000	867,000	100	\$ 9,454,493	\$ 763,402	\$ 765,399	
The Company	Shinfox Natural Gas Co., Ltd.	Taiwan	Energy service management	360,000	360,000	36,000	80	273,993	(33,373)	(26,698)	
The Company	Foxwell Power Co., Ltd.	Taiwan	Energy service management	656,590	672,600	46,539	77.57	753,148	53,170	44,568	
The Company	Jiuwei Power Co., Ltd.	Taiwan	NG-fueled Power Generation Business	1,100,000	1,100,000	110,000	100	1,086,175	(6,154)	(6,154)	
The Company	Chung Chia Power Co., Ltd.	Taiwan	Steam power cogeneration	-	180,000	-	-	-	(731)	(146)	Note
The Company	Elegant Energy TECH Co., Ltd.	Taiwan	Energy technical services	200,000	200,000	500	100	146,872	(1,068)	(54,635)	
The Company	Yuanshan Forest Natural Resources Co., Ltd.	Taiwan	Afforestation	100,000	10,000	10,000	100	99,682	(264)	(264)	
The Company	Changpin Wind Power Ltd.	Taiwan	Electric power generation	120,000	120,000	12,000	50	105,979	(1,033)	(10,123)	
The Company	Diwei Power Co., Ltd.	Taiwan	Electric power generation	-	30,000	-	-	-	5,990	5,990	
The Company	Guanwei Power Co., Ltd.	Taiwan	Electric power generation	35,700	35,700	3,570	51	35,622	(122)	(1)	
The Company	Shinfox Far East Company Pte., Ltd.	Singapore	Maritime engineering related business	1,657,323	981,545	53,600	67	1,571,897	(261,606)	(59,360)	
The Company	Junwei Power Co., Ltd.	Taiwan	Electric power generation	12,000	-	1,200	100	11,995	(45)	(45)	
The Company	Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Taiwan	Electric power generation	218,020	-	19,820	56.63	211,405	(11,095)	(6,283)	
Foxwell Energy Corporation Ltd.	Liangwei Power Co., Ltd.	Taiwan	Electric power generation	-	40,000	-	-	-	6,459	6,459	
Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	Taiwan	Electric power generation	37,300	-	3,730	-	31,998	(201)	(201)	
Foxwell Power Corporation Ltd.	Foxwell Certification Co., Ltd.	Taiwan	Energy technical services	10,000	-	1,000	100	5,794	(4,206)	(4,206)	

Shinfox Energy Co., Ltd. and subsidiaries

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (share in thousands)	Ownership (%)	Book value			
Foxwell Power Corporation Ltd.	Cheng Shin Digital Co., Ltd.	Taiwan	Energy technical services	490	-	49	49	1,682	990	485	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Eastern Rainbow Environmental Technology Co., Ltd.	Taiwan	Energy technical services	2,500	-	250	100	708	(1,035)	(1,035)	

Note : Chung Chia Power Co., Ltd. increased its capital by issuing new shares on January 29, 2023.

The Group did not acquire shares proportionally to its interest and lost its significant influence since January 30, 2023, which was subsequently recorded as non-current financial assets at fair value through other comprehensive income.

Shinfox Energy Co., Ltd. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Kunshan Jiawei Info Tech Co., Ltd.	Supply chain finance energy service management	\$ 1,536	Direct investment	\$ 1,536	\$ -	\$ -	\$ 1,536	\$ 4,817	100	\$ 4,817	\$ 31,272	\$ -	
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Energy technical services	21,635	Direct investment	21,635	-	-	21,635	(1,081)	100	(1,081)	31,318	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Shinfox Energy Co., Ltd.	\$ 1,536	\$ 1,536	\$ 6,694,532
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	21,635	21,635	213,903

Shinfox Energy Co., Ltd. and subsidiaries

Major shareholders information

December 31, 2023

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership
Power Quotient International Co., Ltd.	102,951,145	47.62%
Fu Uei International Investment Ltd.	18,673,000	8.63%

Note: The above information is provided by the Taiwan Depository & Clearing Corporation.

V. Standalone financial statements for the most recent year audited and attested by CPAs:

Please refer to pages 235 to 321.

SHINFOX ENERGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000510

To the Board of Directors and Stockholders of Shinfox Energy Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance

with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Recognition of construction revenue - assessment on the stage of completion

Description

Please refer to Note 4(29) for accounting policy on construction contracts; Note 5 for the uncertainty of critical judgement, accounting estimates and assumptions applied to construction contracts; Note 6(22) for details of contract assets, contract liabilities, and construction revenue. Please refer to Note 6(6) for details of investments accounted for under equity method and Notes 6 and 7 for the related information of investees accounted for under equity method.

Contract assets, contract liabilities and construction revenue, amounted to NT\$67,486 thousand, NT\$31,922 thousand and NT\$288,310 thousand, respectively, as of December 31, 2023. Additionally, the companies accounted for under equity method, including Foxwell Energy Corporation Ltd., Foxwell Power Co., Ltd., Eastern Rainbow Green Energy Environmental Technology Co., Ltd., and Shinfox Fair East Company Pte. Ltd., amounted to NT\$11,990,943 thousand as of December 31, 2023. The Company and its subsidiaries are primarily engaged in the undertaking construction, electricity sales, energy conservation and energy storage and other related energy services. As the Company's construction revenue and costs mainly arise from undertaking construction

works, the outcome of a construction contract can be estimated reliably, of which the revenue was recognised using the percentage-of-completion method of accounting, over the contract term. The stage of completion of a construction contract is measured by the proportion of contract costs incurred for the construction performed as of the financial reporting date to the estimated total costs for the construction contract. The aforementioned estimated total costs are assessed by the management based on the different nature of constructions and the price fluctuations in the market to estimate the costs for each construction activity such as estimated subcontract charges and material and labour expenses.

As the estimate of total cost affects the stage of completion and the recognition of construction revenue, the complexity of aforementioned total cost usually involves subjective judgement and contains a high degree of uncertainty, we consider the assessment on the stage of completion which was applied on construction revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter on the stage of completion:

1. Obtained an understanding on the nature of business and industry, and assessed the reasonableness of internal process applied to estimate total construction cost, including the basis for estimating the expected total cost for construction contracts of the same nature.
2. Obtained information on projects with significant changes in the estimated total cost for the year, and reviewed the description of such changes, including the verification of supporting documents for the additional or less projects and significant construction costs for the year.
3. Sampled and tested the subcontracts that have been assigned, and assessed the basis and reasonableness of estimating costs for those that have not been assigned.

4. Performed substantive procedures relating to the year-end construction profit or loss statement, including sampling and verifying the costs incurred in the period with the appropriate evidence, and recalculating and confirming that construction revenue calculated based on the stage of completion had been accounted for appropriately.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$170,089 thousand, constituting 1.44% of the total assets as at December 31, 2022, and the comprehensive loss recognised from associates and joint ventures accounted for under the equity method amounted to NT(\$6,949) thousand, constituting (3.08%) of the total comprehensive income for the year then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing,

as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

We also:

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Hsiao-Tzu

Liang, Yi-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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

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

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

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,208,752	13	\$ 434,396	4
1110	Current financial assets at fair value through profit or loss	6(2)	3,900	-	-	-
1140	Current contract assets	6(22)	67,486	1	232,696	2
1150	Notes receivable, net	6(5)	10,267	-	30,800	-
1170	Accounts receivable, net	6(5)	32,001	-	34,268	-
1180	Accounts receivable, net - related parties	7	5,250	-	-	-
1200	Other receivables		64,374	-	2,933	-
1210	Other receivables - related parties	7	209	-	600,011	5
1220	Current tax assets		34,057	-	38,738	1
1410	Prepayments		263,137	2	251,652	2
1470	Other current assets	8	2,738	-	3,117	-
11XX	Total current assets		2,692,171	16	1,628,611	14
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	-	-	-	-
1535	Non-current financial assets at amortised cost	6(4) and 8	34,394	-	25,824	-
1550	Investments accounted for using the equity method	6(6)	13,782,493	82	9,989,800	84
1600	Property, plant and equipment	6(7)	60,660	1	34,736	-
1755	Right-of-use assets	6(8)	54,596	-	65,467	1
1780	Intangible assets	6(10)	4,331	-	5,934	-
1840	Deferred tax assets	6(29)	20,680	-	232	-
1990	Other non-current assets, others	8	95,604	1	91,515	1
15XX	Total non-current assets		14,052,758	84	10,213,508	86
1XXX	Total assets		\$ 16,744,929	100	\$ 11,842,119	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 1,040,000	6	\$ 150,000	1
2110	Short-term notes and bills payable	6(12)	967,410	6	648,916	6
2130	Current contract liabilities	6(22) and 7	531,922	3	500,004	4
2170	Accounts payable		7,022	-	17,099	-
2180	Accounts payable - related parties	7	-	-	1,000	-
2200	Other payables	6(13)	102,316	1	80,706	1
2220	Other payables - related parties	7	299	-	181	-
2230	Current tax liabilities		7,317	-	-	-
2280	Current lease liabilities	7	11,044	-	11,725	-
2300	Other current liabilities	6(15)	484	-	2,068	-
21XX	Total current liabilities		2,667,814	16	1,411,699	12
Non-current liabilities						
2530	Bonds payable	6(14)	2,851,779	17	-	-
2540	Long-term borrowings	6(15)	-	-	-	-
2550	Non-current provisions		1,306	-	1,306	-
2570	Deferred tax liabilities	6(29)	1,947	-	5,224	-
2580	Non-current lease liabilities	7	45,096	-	55,047	1
2670	Other non-current liabilities, others		19,433	-	15,149	-
25XX	Total non-current liabilities		2,919,561	17	76,726	1
2XXX	Total liabilities		5,587,375	33	1,488,425	13
Equity						
	Share capital	6(18)				
3110	Ordinary share		2,161,500	13	2,161,500	18
	Capital surplus	6(19)				
3200	Capital surplus		8,197,827	49	7,850,282	66
	Retained earnings	6(20)				
3310	Legal reserve		88,353	-	65,832	1
3320	Special reserve		16,978	-	17,216	-
3350	Unappropriated earnings		780,243	5	275,842	2
	Other equity interest	6(21)				
3400	Other equity interest		(87,347)	-	(16,978)	-
3XXX	Total equity		11,157,554	67	10,353,694	87
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 16,744,929	100	\$ 11,842,119	100

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

SHINFOX ENERGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as earnings per share)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(22) and 7		\$ 392,152	100	\$ 1,719,357	100
5000 Operating costs	6(27)(28) and 7	(	304,879)	(78)	(1,515,483)	(88)
5900 Gross profit			87,273	22	203,874	12
5910 Unrealised profit from sales	6(6)	(	9,607)	(2)	(3,400)	-
5920 Realised profit from sales	6(6)		1,997	-	2,158	-
5950 Gross profit from operations			79,663	20	202,632	12
Operating expenses	6(27)(28) and 7					
6200 Administrative expenses		(	199,956)	(51)	(184,326)	(11)
6450 Expected credit impairment loss	12(2)		-	-	490	-
6000 Total operating expenses		(	199,956)	(51)	(183,836)	(11)
6500 Other operating income and expenses, net	6(6)(23)		41,356	11	-	-
6900 Operating income		(	78,937)	(20)	18,796	1
Non-operating income and expenses						
7100 Interest income	6(4) and 7		10,511	3	6,342	-
7010 Other income	6(24) and 7		23,639	6	12,630	1
7020 Other gains and losses	6(25)		28,273	7	13,538	1
7050 Finance costs	6(8)(26) and 7	(	25,354)	(6)	(4,737)	-
7070 Share of profit of associates and joint ventures accounted for using equity method	6(6)		664,674	169	188,088	11
7000 Total non-operating income and expenses			701,743	179	215,861	13
7900 Profit before tax			622,806	159	234,657	14
7950 Income tax benefit (expense)	6(29)		13,579	3	(9,445)	(1)
8200 Profit		\$	636,385	162	\$ 225,212	13
Other comprehensive income, net						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation of foreign financial statements	6(21)	(	71,995)	(18)	\$ 238	-
8360 Total components of other comprehensive (loss) income that will be reclassified to profit or loss		(	71,995)	(18)	238	-
8300 Other comprehensive (loss) income, net		(	71,995)	(18)	\$ 238	-
8500 Total comprehensive income		\$	564,390	144	\$ 225,450	13
Basic earnings per share						
9750 Basic earnings per share	6(30)	\$	2.94		\$ 1.14	
Diluted earnings per share						
9850 Diluted earnings per share	6(30)	\$	2.92		\$ 1.14	

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

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

	Notes	Capital surplus						Retained earnings			Other equity interest		Total equity	
		Ordinary share	Additional paid-in capital	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Employee share options	Share options	Others	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
Year 2022														
Balance at January 1		\$ 1,465,000	\$ 3,908,040	\$ 2,682	\$ -	\$ -	\$ -	\$ 242	\$ 20,390	\$ 17,115	\$ 489,173	(\$ 341)	(\$ 16,875)	\$ 5,885,426
Profit		-	-	-	-	-	-	-	-	-	225,212	-	-	225,212
Other comprehensive income	6(21)	-	-	-	-	-	-	-	-	-	-	238	-	238
Total comprehensive income		-	-	-	-	-	-	-	-	-	225,212	238	-	225,450
Appropriation and distribution of retained earnings	6(20)													
Legal reserve		-	-	-	-	-	-	-	45,442	-	(45,442)	-	-	-
Special reserve		-	-	-	-	-	-	-	-	101	(101)	-	-	-
Cash dividends		-	-	-	-	-	-	-	-	-	(196,500)	-	-	(196,500)
Stock dividends		196,500	-	-	-	-	-	-	-	-	(196,500)	-	-	-
Changes in ownership interests in subsidiaries		-	-	35,858	1,107	-	-	-	-	-	-	-	-	36,965
Issuance of shares	6(18)	500,000	3,902,353	-	(1,044)	(1,309)	-	-	-	-	-	-	-	4,400,000
Compensation cost of cash capital increase for employee preemption	6(17)	-	-	-	1,044	1,309	-	-	-	-	-	-	-	2,353
Balance at December 31		\$ 2,161,500	\$ 7,810,393	\$ 38,540	\$ 1,107	\$ -	\$ -	\$ 242	\$ 65,832	\$ 17,216	\$ 275,842	(\$ 103)	(\$ 16,875)	\$ 10,353,694
Year 2023														
Balance at January 1		\$ 2,161,500	\$ 7,810,393	\$ 38,540	\$ 1,107	\$ -	\$ -	\$ 242	\$ 65,832	\$ 17,216	\$ 275,842	(\$ 103)	(\$ 16,875)	\$ 10,353,694
Profit		-	-	-	-	-	-	-	-	-	636,385	-	-	636,385
Other comprehensive loss	6(21)	-	-	-	-	-	-	-	-	-	-	(71,995)	-	(71,995)
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	-	636,385	(71,995)	-	564,390
Appropriation and distribution of retained earnings	6(20)													
Legal reserve		-	-	-	-	-	-	-	22,521	-	(22,521)	-	-	-
Reversal of special reserve		-	-	-	-	-	-	-	-	(238)	238	-	-	-
Changes in ownership interests in subsidiaries	6(6)	-	-	36,318	-	-	-	-	-	-	(108,075)	-	-	(71,757)
Disposal of financial assets at fair value through other comprehensive income	6(3)(21)	-	-	-	-	-	-	-	-	-	(1,626)	-	1,626	-
Issuance of stock options of convertible bonds	6(14)	-	-	-	-	-	311,227	-	-	-	-	-	-	311,227
Balance at December 31		\$ 2,161,500	\$ 7,810,393	\$ 74,858	\$ 1,107	\$ -	\$ 311,227	\$ 242	\$ 88,353	\$ 16,978	\$ 780,243	(\$ 72,098)	(\$ 15,249)	\$ 11,157,554

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

SHINFOX ENERGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 622,806	\$ 234,657
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (profit) loss	12(2)	- (	490)
Depreciation expense	6(7)(8)(27)	16,985	15,765
Amortisation expense	6(10)(27)	1,753	1,730
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(664,674) (	188,088)
Interest expense	6(26)	25,354	4,737
Interest income		(10,511) (	6,342)
Net loss on disposal of property, plant and equipment	6(25)	-	15
Gain on disposal of investments accounted for under the equity	6(6)(23)(25)	(96,439) (	12,866)
Warranty expense		- (	20)
Unrealised profit from sales		9,607	3,400
Realised profit on from sales		(1,997) (	2,158)
Compensation cost of employee share options	6(14)	-	1,872
Gain on lease modificaion		- (	66)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		165,210	1,918,439
Notes receivable		20,533 (	30,800)
Accounts receivable		2,267	17,541
Accounts receivable - related parties		(5,250)	-
Other receivables		(61,441)	48
Other receivables - related parties		(198) (	11)
Prepayments		(11,485) (	149,542)
Changes in operating liabilities			
Current contract liabilities		31,918	498,486
Accounts payable		(10,077) (	1,045,913)
Accounts payable - related parties		(1,000) (	9,192)
Other payables		19,809 (	280)
Other payables to related parties		119	181
Other current liabilities		(288) (	14,506)
Cash inflow generated from operations		53,001	1,236,597
Interest received		10,511	6,342
Interest paid		(19,852) (	4,737)
Income taxes paid		- (	129,274)
Income tax refunded		1,852	-
Net cash flows from operating activities		45,512	1,108,928

(Continued)

SHINFOX ENERGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortised cost		(\$ 8,570)	\$ 894,795
Decrease (increase) in other receivables - related parties		600,000	(600,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income		180,000	-
Acquisition of long-term equity investment - subsidiary		(3,395,798)	(6,260,843)
Return of capital from investments accounted for under the equity	6(6)	-	83,750
Proceeds from disposal of investments accounted for under the equity	6(6)	138,135	77,050
Acquisition of property, plant and equipment	6(31)	(29,415)	(9,648)
Proceeds from disposal of property, plant and equipment		275	5
Acquisition of intangible assets		(150)	(6,009)
Decrease in lease and installment receivables		-	3,022
Increase in refundable deposits		(3,710)	(90,596)
Dividend received		2,795	1,420
Net cash flows used in investing activities		(2,516,438)	(5,907,054)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	4,745,000	2,440,858
Repayment in short-term loans	6(32)	(3,855,000)	(2,290,858)
Decrease (increase) in short-term notes and bills payable	6(32)	318,494	(27,467)
Repayments of long-term debt	6(32)	(1,295)	(7,681)
Payments of lease liabilities	6(32)	(11,729)	(11,073)
Increase in guarantee deposits received	6(32)	4,283	2,351
Proceeds from issuing bonds		3,153,604	-
Proceeds from issuing shares	6(18)	-	4,400,000
Cash dividends paid	6(20)	(108,075)	(196,500)
Net cash flows from financing activities		4,245,282	4,309,630
Net increase (decrease) in cash and cash equivalents		1,774,356	(488,496)
Cash and cash equivalents at beginning of year	6(1)	434,396	922,892
Cash and cash equivalents at end of year	6(1)	\$ 2,208,752	\$ 434,396

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

SHINFOX ENERGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

- A. Shinfox Energy Co., Ltd. (the “Company”, formerly named Shinfox Co., Ltd. until it changed its name on June 23, 2020) was incorporated as approved by the Ministry of Economic Affairs in May 2007. The Company is primarily engaged in the provision of construction services, equipment maintenance and repair and other services. Since 2012, the Company has been invested in comprehensive professional energy services such as solar power plants and energy-saving services.
- B. To integrate group resources as decided by the Company’s ultimate parent company, Cheng Uei Precision Industry Co., Ltd. (Cheng Uei), the Company conducted a share swap with the Company’s associate, Foxwell Energy Corporation Ltd. (Foxwell Energy, a subsidiary of Power Quotient International Co., Ltd. (PQI)) with the effective date of the share swap set on December 27, 2019. Under the share swap agreement, the conversion ratio was one share of the Company’s newly issued ordinary stock to one share of Foxwell Energy’s ordinary stock. Originally, Fu Uei International Investment Ltd. (FUII) held 57.17% ownership of the Company. After the share swap, the Company’s ownership was held by PQI and FUII, and the Company held 100% ownership of Foxwell Energy.
- C. As of December 31, 2023, PQI owned 47.62% of share interests in the Company, which was the Company's largest single shareholder and had control over the Company. PQI was the parent company of the Company.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on February 27, 2024.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

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

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

The construction contracts contracted by the Company are generally longer than one year. The assets and liabilities of the construction projects are classified as current or non-current according to the business cycle; the other criteria for classifying between current and non-current are as follows:

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) - lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

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

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Unrealised gains or losses on transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. When the Company disposes a subsidiary that is engaged in developing and constructing renewable power plant, related income and expenses arising from the disposal transaction belong to operating activities, which will be recognised in other operating income and expenses, net based on the actual operating conditions.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Investment accounted for using equity method- joint ventures

Investment of joint arrangements are classified as joint operations or joint ventures based on its contractual rights and obligations.

The Company accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property,

plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	5 years	~	20 years
Office equipment	3 years	~	5 years
Other equipment	3 years	~	7 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

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

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

- A. Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares, but not by exchanging a fixed amount of cash for a fixed number of common shares) and put options. The Company classifies the bonds payable upon issuance as a financial asset, financial liability or equity in accordance with the contract terms. They are accounted for as follows:
 - (a) The embedded put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
 - (b) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
 - (c) The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue

price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

(d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(22) Derecognition of financial liabilities

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

(23) Provisions

Provisions for warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

A. Construction revenue from construction contracts

- (a) The Company's construction revenue mainly arises from undertaking construction contracts. As the cost of construction input is directly related to the stage of completion of performance obligations, revenue is recognised by the proportion of contract costs input to the estimated total costs.
- (b) The Company's revenue is recognised as contract assets over time based on the proportion of the cost of construction input. Accounts receivable from a service contract are recognised in which the Company bills monthly at the amount to which the Company has the right to invoice. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Service revenue

The Company's service revenue mainly arises from providing energy-saving services, equipment maintenance services, design and development of solar power projects, reservoir dredging and other services. Certain revenue from providing services is recognised when the services are rendered and certain revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Electricity sales revenue

The Company's electricity sales revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year ; and the related information is addressed below:

Critical accounting estimates and assumptions

The Company's construction revenue is recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract.

As the estimated total costs and contract items are assessed and determined by the management based on different nature of constructions and complying with fluctuations in market prices, estimated subcontract charges and material and labour expenses, etc., any changes in estimates might affect the calculation of

profit or loss from construction contracts. The transaction prices of the unsatisfied performance obligations of the Company's construction contracts are provided in Note 6(22).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 80	\$ 159
Demand deposits	199,701	371,070
Cash equivalents		
Time deposits	2,008,971	63,167
	<u>\$ 2,208,752</u>	<u>\$ 434,396</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(2) Financial assets at fair value through profit or loss (For the year ended December 31, 2022:None)

<u>Items</u>	<u>December 31, 2023</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Derivative instrument - convertible bonds payable	<u>\$ 3,900</u>

A. The Company recognised net profit amounting to \$3,900 on financial assets at fair value through profit or loss for the year ended December 31, 2023.

B. The Company has no financial assets at fair value through profit or loss pledged to others.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 16,553	\$ 16,553
Valuation adjustment	(16,553)	(16,553)
	<u>\$ -</u>	<u>\$ -</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$0.

B. As the investee company was dissolved, the Group derecognised the original investment cost and decreased retained earnings by \$1,626 which was adjusted from cumulative loss for the year ended December 31, 2023.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 1,626)	\$ -
Fair value change recognised in other comprehensive income	\$ -	\$ -

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items:		
Restricted bank deposits	\$ 8,561	\$ -
Pledged time deposits	25,833	25,824
	<u>\$ 34,394</u>	<u>\$ 25,824</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2023	2022
Interest income	<u>\$ 143</u>	<u>\$ 54</u>

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$34,394 and \$25,824, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(5) Accounts receivable, net (including long-term notes and accounts receivable)

	December 31, 2023	December 31, 2022
Notes receivable	\$ 10,267	\$ 30,800
Accounts receivable	26,749	27,636
Construction payments receivable	5,262	6,642
Less: Allowance for uncollectible accounts	(10)	(10)
	<u>\$ 42,268</u>	<u>\$ 65,068</u>

A. Details of the ageing analysis of accounts receivable are provided in Note 12(2) and the ageing of notes receivable are not overdue.

B. The Company has no accounts receivable pledged to others as collateral.

- C. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$54,341.
- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Company's notes receivable were \$42,268 and \$65,068.
- E. Information relating to lease payments receivable is provided in Note 6(9).
- F. The Company does not hold any collateral.
- G. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Investments accounted for using the equity method

Investee companies	December 31, 2023		December 31, 2022	
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
<u>Subsidiaries</u>				
Foxwell Energy Corporation Ltd.	\$ 9,454,493	100%	\$ 6,289,095	100%
Foxwell Power Co., Ltd.	753,148	77.57%	733,053	80%
Shinfox Natural Gas Co., Ltd.	273,993	80%	300,692	80%
Jiuwei Power Co., Ltd.	1,086,175	100%	1,092,329	100%
Kunshan Jiuwei Info Tech Co., Ltd.	31,272	100%	27,027	100%
Yuanshan Forest Natural Resources Co., Ltd.	99,682	100%	9,946	100%
Elegant Energy TECH Co., Ltd.	146,872	100%	204,303	100%
Diwei Power Co., Ltd.	-	-	29,950	100%
Guanwei Power Co., Ltd.	35,622	51%	35,669	100%
Shinfox Far East Company Pte Ltd	1,571,897	67%	-	-
Jun Wei Technology Co., Ltd.	11,955	100%	-	-
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	211,405	56.63%	-	-
<u>Associates</u>				
Chung Chia Power Co., Ltd.	-	-	170,089	20%
<u>Joint Venture</u>				
Changpin Wind Power Ltd.	105,979	50%	116,102	50%
<u>Prepayments for investments</u>				
Shinfox Far East Company Pte Ltd.	-	-	981,545	-
	<u>\$ 13,782,493</u>		<u>\$ 9,989,800</u>	

- A. Please refer to Note 4(3) in the 2023 consolidated financial statements for the information regarding the Company's subsidiaries.
- B. The share of profit on investments accounted for using the equity method amounted to \$664,674 and \$188,088 for the years ended December 31, 2023 and 2022, respectively, and were recognised based on the audited financial statements of the respective investees for the corresponding period.

- C. On January 29, 2021, the Board of Directors of the Company resolved to enter into an agreement with major shareholders to incorporate Junezhe Co., Ltd. whereby the Company invested \$134,000 for a shareholding of 33.5%. Since the Company and a designated person obtained 2 out of 3 seats in the Board of Directors and had substantial control over Junezhe Co., Ltd. to direct the relevant activities, it was included as a subsidiary of the Company. On November 30, 2022, shareholders of Junezhe Co., Ltd. at their special meeting resolved to reduce capital by returning cash amounting to \$83,750 and the Company received proceeds from the capital reduction on December 26, 2022. In December 2022, the Company disposed Junezhe Co., Ltd. for a consideration of \$77,050 and recognised the gains on disposal of investments amounting to \$12,866.
- D. On June 26, 2021, August 29, 2022, March 23, 2023, June 29, 2023 and December 28, 2023, the Company participated in the capital increase raised by Foxwell Energy Corporation Ltd. in the amount of \$2,000,000, \$1,000,000, \$600,000, \$600,000 and \$1,200,000, respectively. After the capital increase, the shareholding ratio was still 100%.
- E. Chung Chia Power Co., Ltd. increased its capital by issuing new shares on January 29, 2023. The Group did not acquire shares proportionally to its interest and lost its significant influence, resulting in the decrease of equity interests in the entity from 20% to 8%, which was subsequently recorded as financial assets at fair value through other comprehensive income, and recognised gain on disposal of investment amounting to \$10,058.
- F. On July 19, 2022 and December 27, 2022, the Company participated in the capital increase raised by Jiuwei Power Co., Ltd. in the amount of \$20,000 and \$1,050,000, respectively. After the capital increase, the shareholding ratio was still 100%.
- G. On May 23, 2022, the Company participated in the capital increase raised by Foxwell Power Co., Ltd. in the amount of \$573,600. After the capital increase, the shareholding ratio was 80.23%. For the year ended December 31, 2023, the Company disposed 1,601 thousand shares in Foxwell Power Co., Ltd. in the amount of \$60,838 and recognised capital surplus amounting to \$36,364. After the disposal of shares, the shareholding ratio became 77.57%.
- H. On February 14, 2022, the Company acquired Elegant Energy TECH Co., Ltd. by investing \$200,000 for a shareholding of 100%.
- I. On April 14, 2022, the Company invested and established Yuanshan Forest Natural Resources Co., Ltd. by investing \$10,000. Additionally, the Company participated in the capital increase in the amount of \$90,000 on November 10, 2023 and after the capital increase, the shareholding ratio was still 100%.
- J. On March 18, 2022, the Company jointly established Changpin Wind Power Ltd. by investing \$120,000.
- K. On June 24, 2022, the Company invested and established Diwei Power Co., Ltd. by investing \$30,000. In December 2023, the Company sold 100% of shares in Diwei Power Co., Ltd. in the amount of \$77,297. The Company recognised gains on disposal of investments of \$41,356, which was recorded under 'Other operating income and expenses, net'.

- L. On June 21, 2022, the Company invested and established Guanwei Power Co., Ltd. by investing \$35,700. For the year ended December 31, 2023, because the Company did not participate in the capital increase of Guanwei Power Co., Ltd. proportionally to its interests, the Company decreased its share interests to 51% and recognised capital surplus amounting to (\$46).
- M. On December 30, 2022, the Company resolved to participate in the capital increase raised by Shinfox Natural Gas Co., Ltd. in the amount of \$240,000. After the capital increase, the shareholding ratio was still 80%.
- N. On December 27, 2022, the Company invested in Shinfox Far East Company Pte. Ltd. with the consideration amounting to \$981,545 (shown as prepayment for investment), and in January 2023, the Company acquired 40% equity interests in the entity under equity settlement. On September 25, 2023, the Board of Directors of the Company resolved to increase its shareholding in an overseas investee, Shinfox Far East Company Pte. Ltd. On November 6, 2023, the Company acquired 27% equity interests with the consideration amounting to \$675,778, as a result, the Company's shareholding ratio increased to 67%, which became the Company's subsidiary. The Company recognised gain on disposal of investment amounting to \$45,025 due to this transaction.
- O. On August 23, 2023, the Company invested and established Jun Wei Technology Co., Ltd. by investing \$12,000.
- P. On October 6, 2023, the Company invested in Eastern Rainbow Engineering Co. Ltd. by investing \$218,021 and acquired 56.63% equity interests in the entity.
- Q. For the years ended December 31, 2023 and 2022, the unrealised gain arising from the sidestream intercompany transaction of the investees amounting to \$9,607 and \$3,400 have been eliminated, respectively. For the years ended December 31, 2023 and 2022, realised gain on sales amounted to \$1,997 and \$2,158, respectively.
- R. The Company has no material associate and the share of the operating results of the aforementioned individually immaterial associates amounted to (\$24,286) and (\$6,949) for the years ended December 31, 2023 and 2022, respectively.

(7) Property, plant and equipment

	Machinery and equipment	Office equipment	Others	Unfinished construction	Total
At January 1, 2023					
Cost	\$ 39,063	\$ 12,912	\$ 2,720	\$ 3,050	\$ 57,745
Accumulated depreciation	(18,474)	(3,687)	(848)	-	(23,009)
	<u>\$ 20,589</u>	<u>\$ 9,225</u>	<u>\$ 1,872</u>	<u>\$ 3,050</u>	<u>\$ 34,736</u>
<u>2023</u>					
Opening net book amount as at January 1	\$ 20,589	\$ 9,225	\$ 1,872	\$ 3,050	\$ 34,736
Additions	23	691	-	30,502	31,216
Disposals	-	(275)	-	-	(275)
Reclassifications	4,622	-	-	(4,622)	-
Depreciation expense	(2,098)	(2,277)	(642)	-	(5,017)
Closing net book amount as at December 31	<u>\$ 23,136</u>	<u>\$ 7,364</u>	<u>\$ 1,230</u>	<u>\$ 28,930</u>	<u>\$ 60,660</u>
At December 31, 2023					
Cost	\$ 43,708	\$ 13,328	\$ 2,720	\$ 28,930	\$ 88,686
Accumulated depreciation	(20,572)	(5,964)	(1,490)	-	(28,026)
	<u>\$ 23,136</u>	<u>\$ 7,364</u>	<u>\$ 1,230</u>	<u>\$ 28,930</u>	<u>\$ 60,660</u>
	Machinery and equipment	Office equipment	Others	Unfinished construction	Total
At January 1, 2022					
Cost	\$ 38,827	\$ 7,538	\$ 1,301	\$ 9	\$ 47,675
Accumulated depreciation	(16,424)	(1,984)	(386)	-	(18,794)
	<u>\$ 22,403</u>	<u>\$ 5,554</u>	<u>\$ 915</u>	<u>\$ 9</u>	<u>\$ 28,881</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 22,403	\$ 5,554	\$ 915	\$ 9	\$ 28,881
Additions	236	5,403	1,466	3,041	10,146
Disposals	-	(20)	-	-	(20)
Depreciation expense	(2,050)	(1,712)	(509)	-	(4,271)
Closing net book amount as at December 31	<u>\$ 20,589</u>	<u>\$ 9,225</u>	<u>\$ 1,872</u>	<u>\$ 3,050</u>	<u>\$ 34,736</u>
At December 31, 2022					
Cost	\$ 39,063	\$ 12,912	\$ 2,720	\$ 3,050	\$ 57,745
Accumulated depreciation	(18,474)	(3,687)	(848)	-	(23,009)
	<u>\$ 20,589</u>	<u>\$ 9,225</u>	<u>\$ 1,872</u>	<u>\$ 3,050</u>	<u>\$ 34,736</u>

The Company has no property, plant and equipment that were pledged to others as collateral.

(8) Leasing arrangements - lessee

- A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are typically made for periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise some of the Company's dormitories. Low-value assets comprise office equipment.

C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,092	\$ -
Buildings	52,912	63,785
Transportation equipment (Business vehicles)	592	1,670
Office equipment (Photocopiers)	-	12
	<u>\$ 54,596</u>	<u>\$ 65,467</u>
	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 5	\$ -
Buildings	10,873	10,345
Transportation equipment (Business vehicles)	1,078	1,079
Office equipment (Photocopiers)	12	70
	<u>\$ 11,968</u>	<u>\$ 11,494</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$1,097 and \$9,640, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,088	\$ 1,246
Expense on short-term lease contracts	789	464
Expense on leases of low-value assets	218	144
Expense on variable lease payments	535	547
Gain on lease modification	-	66

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases were \$14,359 and \$13,474, respectively.

G. Variable lease payments

- (a) Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from electricity sales. For above leases, up to 3.7% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in electricity sales with such variable lease contracts would increase total lease payments by approximately \$5.

(9) Leasing arrangements – lessor (As of December 31, 2022: None)

- A. The Company leases various assets including energy-saving equipment. Rental contracts are made for periods of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. The Company leases energy-saving equipment under a finance lease. Based on the terms of the lease contract, the ownership of such assets will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31
	2022
Finance income from the net investment in the finance lease	\$ 26

- C. As of December 31, 2022, the Company's profit or loss in relation to lease contracts have all expired.

(10) Intangible assets

	December 31, 2023	December 31, 2022
	Software	Software
At January 1		
Cost	\$ 9,338	\$ 3,329
Accumulated amortisation and impairment	(3,404)	(1,674)
	<u>\$ 5,934</u>	<u>\$ 1,655</u>
Opening net book amount as at January 1	\$ 5,934	\$ 1,655
Additions – acquired separately	150	6,009
Amortisation expense	(1,753)	(1,730)
Closing net book amount as at December 31	<u>\$ 4,331</u>	<u>\$ 5,934</u>
At December 31		
Cost	\$ 9,488	\$ 9,338
Accumulated amortisation and impairment	(5,157)	(3,404)
	<u>\$ 4,331</u>	<u>\$ 5,934</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31,
	2023
Administrative expenses	<u>\$ 1,753</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,040,000</u>	1.83%~2.07%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 150,000	1.72%~1.87%	None

(12) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial paper	\$ 970,000	\$ 650,000
Discount amortisation	(2,590)	(1,084)
	<u>\$ 967,410</u>	<u>\$ 648,916</u>
Annual interest rate range	<u>1.85%~1.92%</u>	<u>2.038%~2.508%</u>

There is no collateral pledged for abovementioned short-term notes and bills borrowing payable.

(13) Other payables

	December 31, 2023	December 31, 2022
Employees' compensation and directors' remuneration payable	\$ 45,000	\$ 29,428
Wages, salaries and bonuses payable	21,440	12,798
Business tax payable	16,232	27,694
Others	19,644	10,786
	<u>\$ 102,316</u>	<u>\$ 80,706</u>

(14) Bonds payable (As of December 31, 2022: None)

	December 31, 2023
Bonds payable	\$ 3,000,000
Less: Discount on bonds payable	(148,221)
	<u>\$ 2,851,779</u>

A. The terms of the first domestic secured convertible bonds issued by the Company are as follows:

- (a) The Company issued \$3,000,000, 0% first domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date (November 22, 2023 ~ November 22, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 22, 2023.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue before the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds. The conversion price on the date of the bonds issue amounted to NT\$114.
- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the

period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

- (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$311,227 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in \$3,900 of ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation ranged at 1.7688%.

(15) Long-term borrowings (As of December 31, 2023: None)

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Bank unsecured borrowings	Borrowing period is from February 2019 to February 2023; pay entire amount in installments	2.21%	None	\$ 1,295
Less: Current portion				(1,295) \$ -

(16) Pensions

The Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$4,464 and \$3,969, respectively.

(17) Share-based payment (For the year ended December 31, 2023: None)

A. The Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in shares)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2022.4.13	910,000	NA	Vested immediately

B. Details of the share-based payment arrangements are as follows:

	December 31, 2022	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	910	88
Options exercised	(910)	88
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2022 was \$90.38 (in dollars).

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Share price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value (in dollars)
Cash capital increase reserved for employee preemption	2022.04.13	\$ 90.38	\$ 88	30.21%	0.01 years	-	1.13%	\$ 2.667

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. The Company recognised compensation cost of \$1,872 for cash capital increase reserved for employee preemption for the year ended December 31, 2022.

(18) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$4,000,000, consisting of 400,000 thousand shares of ordinary stock, and the paid-in capital was \$2,161,500 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	216,150	146,500
Cash capital increase	-	50,000
Stock dividends	-	19,650
At December 31	216,150	216,150

B. The stockholders during their meeting held on June 15, 2022 resolved to increase its capital through capitalization of unappropriated retained earnings amounting to \$196,500 with the effective date set on September 3, 2022. The capital increase had been registered.

- C. The Board of Directors during their meeting held on March 7, 2022 resolved to increase capital by issuing ordinary shares with the effective date set on May 10, 2022. The subscription price was set at \$88 (in dollars) per share and the actual net amount of capital increase was \$4,400,000. The capital increase had been registered.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriation of 2022 and 2021 earnings as approved at the shareholders' meeting on May 24, 2023 and June 15, 2022 is as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 22,521		\$ 45,442	
Special reserve	-		101	
Reversal of special reserve (	238)		-	
Cash dividends	108,075	\$ 0.50	196,500	\$ 1
Stock dividends	-	-	196,500	1

E. The appropriation of 2023 earnings as proposed by the Board of Directors on February 27, 2024 is as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 63,476	
Special reserve	70,369	
Cash dividends	324,225	\$ 1.50

Information about the appropriation of earnings as proposed by the Board of Directors and resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Other equity items

	2023		
	Financial assets at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 16,875)	(\$ 103)	(\$ 16,978)
Currency translation differences:			
- Group	-	(71,995)	(71,995)
Disposal differences:			
- Revaluation transferred to retained earnings	1,626	-	1,626
At December 31	(\$ 15,249)	(\$ 72,098)	(\$ 87,347)
	2022		
	Financial assets at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 16,875)	(\$ 341)	(\$ 17,216)
Currency translation differences:			
- Group	-	238	238
At December 31	(\$ 16,875)	(\$ 103)	(\$ 16,978)

(22) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following categories within the respective reportable segments:

<u>Year ended December 31, 2023</u>	<u>Construction business revenue</u>	<u>Service revenue</u>	<u>Electricity sales revenue</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 288,310</u>	<u>\$ 99,476</u>	<u>\$ 4,366</u>	<u>\$ 392,152</u>
Timing of revenue				
At a point in time	\$ -	\$ 5,000	\$ -	\$ 5,000
Over time	<u>288,310</u>	<u>94,476</u>	<u>4,366</u>	<u>387,152</u>
	<u>\$ 288,310</u>	<u>\$ 99,476</u>	<u>\$ 4,366</u>	<u>\$ 392,152</u>

<u>Year ended December 31, 2022</u>	<u>Construction business revenue</u>	<u>Service revenue</u>	<u>Electricity sales revenue</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,611,152</u>	<u>\$ 103,770</u>	<u>\$ 4,435</u>	<u>\$ 1,719,357</u>
Timing of revenue				
At a point in time	\$ -	\$ 60,000	\$ -	\$ 60,000
Over time	<u>1,611,152</u>	<u>43,770</u>	<u>4,435</u>	<u>1,659,357</u>
	<u>\$ 1,611,152</u>	<u>\$ 103,770</u>	<u>\$ 4,435</u>	<u>\$ 1,719,357</u>

B. Unfulfilled construction contracts

Aggregate amount of the transaction price allocated to and the year expected to recognise revenue for the unsatisfied performance obligations in relation to the contracted significant construction contracts as at December 31, 2023 and 2022 are as follows:

<u>Year ended</u>	<u>Year expected to recognise revenue</u>	<u>Contracted amount</u>
2023/12/31	2024~2025	\$ 3,489,464
2022/12/31	2023~2025	249,497

C. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract assets		
Contract assets-Construction contracts	<u>\$ 67,486</u>	<u>\$ 232,696</u>
Contract liabilities		
Contract liabilities-Advance payment	\$ 500,000	\$ 500,000
Contract liabilities-Construction contracts	<u>31,922</u>	<u>4</u>
	<u>\$ 531,922</u>	<u>\$ 500,004</u>

(b) For the years ended December 31, 2023 and 2022, recognition of the aforementioned construction contract-related contract assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Aggregate costs incurred plus recognised profits	\$ 4,123,969	\$ 4,431,641
Less: Progress billings	(4,088,405)	(4,198,949)
Net balance sheet position for construction in progress	<u>\$ 35,564</u>	<u>\$ 232,692</u>
Presented as:		
Current contract assets	\$ 67,486	\$ 232,696
Current contract liabilities	(31,922)	(4)
	<u>\$ 35,564</u>	<u>\$ 232,692</u>

(c) Revenue recognised that was included in the contract liability balance at the beginning of the period was \$0.

(23) Other income-Other (For the year ended December 31, 2022:None)

	Year ended December 31, 2023
Gains on disposals of investments	<u>\$ 41,356</u>

(24) Other income

	Year ended December 31	
	2023	2022
Management services revenue	\$ 18,694	\$ 8,185
Other income, others	4,945	4,445
	<u>\$ 23,639</u>	<u>\$ 12,630</u>

(25) Other gains and losses

	Year ended December 31	
	2023	2022
Gains on disposals of investments	\$ 55,083	\$ 12,886
Foreign exchange (losses) gains	(26,249)	614
Losses on disposal of property, plant and equipment	-	15
Net gains on financial assets at fair value through profit or loss	3,900	-
Other income and expenses	(4,461)	23
	<u>\$ 28,273</u>	<u>\$ 13,538</u>

(26) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Bank borrowings	\$ 18,764	\$ 3,491
Lease liabilities	1,088	1,246
Amortization of discount on convertible bonds	5,502	-
	<u>\$ 25,354</u>	<u>\$ 4,737</u>

(27) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	\$ 147,654	\$ 109,817
Depreciation expense	16,985	15,765
Amortisation expense	1,753	1,730

(28) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 125,364	\$ 91,269
Labour and health insurance fees	8,877	8,469
Pension costs	4,464	3,969
Directors' remuneration	6,500	3,380
Other personnel expenses	2,449	2,730
	<u>\$ 147,654</u>	<u>\$ 109,817</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$39,630 and \$15,150, respectively; while directors' remuneration was accrued at \$6,600 and \$2,520, respectively. The aforementioned amounts were recognised in salary expenses.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current period for the year ended December 31, 2023 and the percentage prescribed by the Company's Articles of Incorporation.
- D. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 27, 2024 were \$39,630 and \$6,600, respectively, and will be distributed in the form of cash.
- E. The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period and the percentage prescribed

by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 24, 2023 were \$15,430 and \$3,780, respectively. The difference of employees' compensation between the amounts resolved at the Board meeting and the amounts recognised in the 2022 financial statements, had been adjusted in the profit or loss of 2023 and based on the method of changes in accounting estimate.

- F. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax (benefit) expense

Components of income tax (benefit) expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 3,852	\$ 6,951
Tax on undistributed surplus earnings	4,470	287
Prior year income tax underestimation	1,824	413
Total current tax	10,146	7,651
Deferred tax:		
Origination and reversal of temporary differences	(23,725)	1,794
Income tax (benefit) expense	(\$ 13,579)	\$ 9,445

B. Reconciliation between income tax (benefit) expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 124,769	\$ 46,937
Effects from items disallowed by tax regulation	(148,494)	(38,192)
Tax on undistributed surplus earnings	4,470	287
Effect from Alternative Minimum Tax	3,852	-
Prior year income tax underestimation	1,824	413
Income tax (benefit) expense	(\$ 13,579)	\$ 9,445

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

		2023		
		January 1	Recognised in profit or loss	December 31
Temporary differences:				
- Deferred tax assets:				
Unused compensated absences	\$	232	\$ 39	\$ 271
Unrealized exchange gains/losses		-	5,145	5,145
Loss carryforward		-	15,264	15,264
Subtotal		232	20,448	20,680
- Deferred tax liabilities:				
Unrealized exchange gains/losses	(	105)	105	-
Gain on overseas investment	(	5,119)	3,172	(1,947)
Subtotal	(	5,224)	3,277	(1,947)
Total	(\$	4,992)	\$ 23,725	\$ 18,733
		2022		
		January 1	Recognised in profit or loss	December 31
Temporary differences:				
- Deferred tax assets:				
Unused compensated absences	\$	148	\$ 84	\$ 232
Unrealized exchange gains/losses		18	(18)	-
Subtotal		166	66	232
- Deferred tax liabilities:				
Unrealized exchange gains/losses		-	(105)	(105)
Gain on overseas investment	(	3,364)	(1,755)	(5,119)
Subtotal	(	3,364)	(1,860)	(5,224)
Total	(\$	3,198)	(\$ 1,794)	(\$ 4,992)

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Deferred tax assets	Expiry year
2023 (Estimated)	\$ 76,320	\$ 76,320	\$ -	2033

(30) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 636,385	216,150	\$ 2.94
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 636,385	216,150	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	398	
convertible corporate bonds	4,402	2,884	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 640,787	219,432	\$ 2.92

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 225,212	196,712	\$ 1.14
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 225,212	196,712	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	243	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 225,212	196,955	\$ 1.14

(31) Supplemental cash flow information

Investing activities with partial cash payments:

Year ended December 31			
	2023	2022	
Purchase of property, plant and equipment	\$ 31,216	\$ 10,146	
Add: Opening balance of payable on equipment	624	126	
Less: Ending balance of payable on equipment	(2,425)	(624)	
Cash paid during the year	\$ 29,415	\$ 9,648	

(32) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	\$ 150,000	\$ 648,916	\$ -	\$ 1,295	\$ 66,772	\$ 15,149	\$ 882,132
Changes in cash flow from financing activities	890,000	318,494	3,153,604	(1,295)	(11,729)	4,283	4,353,357
Interest expense paid	-	-	-	-	(1,088)	-	(1,088)
Discount on bonds and issuance cost	-	-	(307,327)	-	-	-	(307,327)
Changes in other non-cash items	-	-	5,502	-	2,185	-	7,687
At December 31, 2023	\$ 1,040,000	\$ 967,410	\$ 2,851,779	\$ -	\$ 56,140	\$ 19,432	\$ 4,934,761

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	\$ -	\$ 676,383	\$ 8,976	\$ 69,162	\$ 12,798	\$ 767,319
Changes in cash flow from financing activities	150,000	(27,467)	(7,681)	(11,073)	2,351	106,130
Interest expense paid	-	-	-	(1,246)	-	(1,246)
Changes in other non-cash items	-	-	-	9,929	-	9,929
At December 31, 2022	\$ 150,000	\$ 648,916	\$ 1,295	\$ 66,772	\$ 15,149	\$ 882,132

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by Power Quotient International Co., Ltd. which is the Company's largest single shareholder with control. The ultimate parent of the Company is Cheng Uei Precision Industry Co., Ltd.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cheng Uei Precision Industry Co., Ltd.	Ultimate parent
Power Quotient International Co., Ltd.	Parent
Foxwell Energy Corporation Ltd. (Foxwell Energy)	Subsidiary
Kunshan Jiuwei Info Tech Co., Ltd. (Kunshan Jiuwei)	Subsidiary
Foxwell Power Co., Ltd. (Foxwell Power)	Subsidiary
Shinfox Natural Gas Co., Ltd. (Shinfox Natural Gas)	Subsidiary
Jiuwei Power Co., Ltd. (Jiuwei Power)	Subsidiary
Junezhe Co., Ltd (Junezhe)	Subsidiary(Note 1)
Diwei Power Co., Ltd. (Diwei Power)	Subsidiary(Note 2)
Guanwei Power Co., Ltd. (Guanwei Power)	Subsidiary
Shinfox Far East Company Pte. Ltd. (SFE)	Subsidiary
Liangwei Power Co., Ltd. (Liangwei Power)	Sub-subsidiary (Note 2)
Xinwei Power Co., Ltd. (Xinwei Power)	Sub-subsidiary
Changpin Wind Power Ltd.(Changpin)	Joint venture
Chung Chia Power Co., Ltd.(Chung Chia)	Associate
Shih Fong Power Co., Ltd. (Shih Fong)	Other related party

Note 1: The Company disposed all the equity interest in Junezhe Co., Ltd. on December 27, 2022. As a result, Junezhe Co., Ltd. was no longer a related party starting from December 27, 2022.

Note 2: The Company disposed all the equity interest in Liangwei Power Co., Ltd and Diwei Power Co., Ltd. on December 25, 2023. As a result, Liangwei Power Co., Ltd. and Diwei Power Co., Ltd. was no longer a related party starting from December 25, 2023.

Note 3: The Company disposed all the equity interest in Chung Chia Co., Ltd. on December 28, 2023. As a result, Chung Chia Co., Ltd. was no longer a related party starting from December 28, 2023.

(3) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
Subsidiaries		
- Foxwell Energy	\$ 6,645	\$ 7,251
- Foxwell Power	1,000	-
- Liangwei Power	739	-
- Diwei Power	592	-
- Xinwei Power	689	-
Joint Venture		
- Changpin	133,355	60,000
Other related parties		
- Shih Fong	2,094	8,498
	<u>\$ 145,114</u>	<u>\$ 75,749</u>

The Company entered into contracted construction agreements, contracted agreements for development, design, manufacture and supervision of construction and the operation and maintenance contract for wind turbine generator system (WTGS) with related parties and charged construction revenue and service revenue from related parties. The transaction price and credit terms are the same with the market situation or the general situation.

B. Operating costs and operating expenses

	Year ended December 31	
	2023	2022
<u>Cost of engineering sales</u>		
<u>Subsidiaries</u>		
- Foxwell Power	\$ 105	\$ 17,075
<u>Service fees</u>		
- Ultimate parent	\$ 1,200	\$ 1,150
<u>Utilities expense</u>		
- Ultimate parent	\$ 1,991	\$ 2,117
- Other	232	-
	\$ 2,223	\$ 2,117
<u>Transportation expense</u>		
- Ultimate parent	\$ 265	\$ 256
<u>Postage expenses</u>		
- Ultimate parent	\$ 447	\$ 420
<u>Other expenses</u>		
- Ultimate parent	\$ 54	\$ 23
- Parent	446	2,569
	\$ 500	\$ 2,592

Except for construction costs which are charged based on the transaction prices and payment terms that would be available to third parties or based on market quotes, other payments of the transactions between the Company and the abovementioned related parties are calculated based on the actual amount incurred and paid monthly.

C. Other income

	Year ended December 31	
	2023	2022
<u>Subsidiaries</u>		
- Foxwell Energy	\$ 11,742	\$ 6,028
- Shinfox Natural Gas	3,737	1,526
- Foxwell Power	1,887	2,338
- Others	559	661
<u>Joint Venture</u>		
- Changpin	1,200	900
<u>Associates</u>		
- Chung Chia	-	10
<u>Other related parties</u>		
- Shih Fong	552	-
	\$ 19,677	\$ 11,463

The Company provides management services to related parties. The transaction prices are calculated based on the actual amount incurred and collected based on mutual agreement.

D. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
- Changpin	<u>\$ 5,250</u>	<u>\$ -</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables-advance payment :		
- Ultimate parent	\$ -	\$ 11
Subsidiaries		
- SFE	<u>209</u>	<u>-</u>
	<u>\$ 209</u>	<u>\$ 11</u>

E. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
- Foxwell Power	<u>\$ -</u>	<u>\$ 1,000</u>
Other payables:		
- Ultimate parent	\$ 180	\$ 180
- Foxwell Energy	-	1
- Foxwell Power	<u>119</u>	<u>-</u>
	<u>\$ 299</u>	<u>\$ 181</u>

Other payables mainly pertain to the construction payments, service fees and utilities expenses payable to related parties.

F. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary:		
- Jiuwei Power		
Total costs incurred and profits recognized	\$ -	\$ -
Less: Progress billings	(50,000)	(50,000)
Net balance sheet position for Construction in progress	<u>(\$ 50,000)</u>	<u>(\$ 50,000)</u>
Presented as:		
Current contract liabilities	<u>(\$ 50,000)</u>	<u>(\$ 50,000)</u>

G. Lease transactions - lessee

(a) The Company entered into rental contracts with related parties based on the market quote to lease offices from its ultimate parent. Rental contracts are typically made for periods of 10 years. Rents are paid monthly according to the contracts.

(b) Acquisition of right-of-use assets

	Year ended December 31	
	2023	2022
Ultimate parent	\$ -	\$ 7,838

(c) Lease liabilities

i. Outstanding balance

	December 31, 2023	December 31, 2022
Ultimate parent	\$ 52,870	\$ 62,910

ii. Interest expense

	Year ended December 31	
	2023	2022
Ultimate parent	\$ 1,035	\$ 1,169

H. Loans to /from related parties

(a) Loans to related parties:

Outstanding balance:

	December 31, 2023	December 31, 2022
Foxwell Energy	\$ -	\$ 60,000

(b) Interest income

	Year ended December 31	
	2023	2022
Foxwell Energy	\$ 2,359	\$ 645

I. Endorsements and guarantees provided to related parties

	December 31, 2023	December 31, 2022
Foxwell Energy	\$ 31,200,000	\$ 25,950,000
SFE	630,000	-
	<u>\$ 31,830,000</u>	<u>\$ 25,950,000</u>

(4) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 20,028	\$ 18,736
Post-employment benefits	960	838
Total	<u>\$ 20,988</u>	<u>\$ 19,574</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Restricted bank time deposits (shown as non-current financial assets at amortised cost)	\$ 34,494	\$ 25,824	Impound account and guarantee notes
Other assets, others (shown as other current assets)	2,738	3,117	Guarantee for construction performance
Other assets, others (shown as other non-current assets)	95,604	91,515	Deposits and Guarantee for development performance
	<u>\$ 132,836</u>	<u>\$ 120,456</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

As of December 31, 2023, in addition to the significant construction contracts provided in Note 6(22), other commitments and contingent liabilities of the Company are as follows:

- (1) As of December 31, 2023 and 2022, the letters of guarantee to be issued by the bank, which are required for performance and warranty under contracted constructions, amounted to \$22,689 and \$47,889, respectively.
- (2) Capital expenditure contracted for at the balance sheet date but not yet paid is as follows:

	December 31, 2023	December 31, 2022
Equipment procurement contract		
Contract consideration	\$ 127,556	\$ -
Unpaid amount	\$ 118,304	\$ -
Work cooperation contract		
Contract consideration	\$ 4,064,600	\$ 4,100,330
Unpaid amount	\$ 2,203,912	\$ 229,929

- (3) The Company's subcontractor (Xincheng Co., Ltd.) requested compensation from the Company as it had objections to the payment of the construction. In May 2022, the court's first instance judgement was rendered. According to the judgement, the Company shall pay \$1,257 and its penalty interest to Xincheng Co., Ltd., and the Company's other litigations were dismissed. The Company and Xincheng Co., Ltd. both disagreed with the judgement and filed an appeal. As of reporting date, the case is still

under trial with the court of second instance. However, since the final result has yet to be heard by the court, the Company is unable to reasonably determine the exact amount of possible compensation.

- (4) The Company entered into an operation and maintenance contract with Changyuan and Beiyuan for wind turbine generator system. The contract specifies the terms such as the bonus and penalty of operation and maintenance as well as the relevant rights and obligations of both parties. The contract period is for 20 years from the parallel connection date.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On February 27, 2024, the Board of Directors of the Company resolved to provide endorsements and guarantees for the investee company, Changpin Wind Power Ltd. by pledging the shares of Changpin Wind Power Ltd. to Bank SinoPac with the 50% shareholding ratio of which the value amounted to \$120,000 to apply for a project financing facility.
- (2) On February 27, 2024, the Board of Directors of the Company resolved to provide an endorsement and guarantee for the subsidiary, SFE, with the credit line within the limit of US\$100 million (equivalent to approximately NT\$3.15 billion) to financial institutions.
- (3) On February 27, 2024, to meet the needs of the Company's subsidiary, SFE, for purchasing heavy lifting vessels. The Board of Directors of the Company resolved to provide short-term financing facilities with a borrowing amount of \$1,500,000 and the interest is repayable monthly at an annual interest rate of 8%.
- (4) Details of the appropriation of 2023 earnings are provided in Note 6(20).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Therefore, the Company's capital management is to ensure it has sufficient financial resources and operating plans, to maintain or adjust capital structure, and to meet operational capital for future needs, capital expenditure and obligation repayment within the next year.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 3,900</u>	<u>\$ -</u>
Financial assets at amortised cost/		
Loans and receivables		
Cash and cash equivalents	\$ 2,208,752	\$ 434,396
Financial assets at amortised cost	34,394	25,824
Notes receivable	10,267	30,800
Accounts receivable	37,251	34,268
Other receivables (including related parties)	64,583	602,944
Guarantee deposits paid	98,342	94,632
	<u>\$ 2,453,589</u>	<u>\$ 1,222,864</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,040,000	\$ 150,000
Short-term notes and bills payable	967,410	648,916
Accounts payable (including related parties)	7,022	18,099
Other accounts payable (including related parties)	102,615	80,887
Bonds payable	2,851,779	-
Lease liabilities	56,140	66,772
Long-term borrowings (including current portion)	-	1,295
Guarantee deposits received	19,432	15,149
	<u>\$ 5,044,398</u>	<u>\$ 981,118</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictable matters in financial market and seek to minimise potential adverse effects on the Company's financial condition and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 38,961	30.71	\$ 1,196,298
RMB:NTD	3,044	4.33	13,181
<u>Non-monetary items</u>			
USD:NTD	\$ 71,608	30.71	\$ 2,198,713
RMB:NTD	7,727	4.33	31,272

December 31, 2022			
	Foreign currency amount	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22	30.71	\$ 685
RMB:NTD	2,991	4.41	13,183
<u>Non-monetary items</u>			
RMB:NTD	6,131	4.41	27,027

- iii. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$26,249) and \$614, respectively.

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,963	\$ -
RMB:NTD	1%	132	-
Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 7	\$ -
RMB:NTD	1%	132	-

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. On December 31, 2023 and 2022, if the borrowing interest rate had increased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased by \$8,320 and \$1,210, respectively. The main factor is that increase in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the cash flows of accounts receivable based on the agreed terms and the contract cash flows stated at amortised cost.
- ii. According to the Company's credit policy, each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and

delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company treasury manages the credit risk of bank deposits and other financial instruments in accordance with the policy. The counterparties of the Company are determined according to the internal control procedures, and only banks with good credit quality are accepted.
- iv. The Company has assessed the credit status of counterparties upon provision of services. Thus, it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount.
- v. For the years ended December 31, 2023 and 2022, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- vi. The Company adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

- vii. The Company classifies customers' accounts receivable and contract assets in accordance with customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- iii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable, notes receivable and lease payments receivable. On December 31, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	Over 90 days past due	Total
<u>December 31, 2023</u>						
Expected loss rate	6.00%	6.00%	6.00%	6.00%	100%	
Total book value	\$ 42,946	\$ -	\$ -	\$ -	\$ -	\$ 42,946
Loss allowance	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 10
	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	Over 90 days past due	Total
<u>December 31, 2022</u>						
Expected loss rate	5.71%	5.71%	5.71%	5.71%	100%	
Total book value	\$ 65,078	\$ -	\$ -	\$ -	\$ -	\$ 65,078
Loss allowance	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 10

- viii. Movements in relation to the Company applying the simplified approach to provide loss allowance are as follows:

	2023	2022
At January 1	\$ 10	\$ 500
Write-offs	-	(490)
At December 31	\$ 10	\$ 10

- ix. The Company's financial assets at amortised cost are pledged time deposits and time deposits mature in excess of three months with low credit risk. Thus, the Company did not recognise significant loss allowance in accordance with 12 months expected credit losses.

(b) Liquidity risk

- i. Cash flow forecasting is performed by Company treasury. The Company's treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The Company invests surplus cash in interest bearing demand deposits. The Company chooses instruments that are with appropriate maturities or sufficient liquidity to provide sufficient headroom.
- iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	\$ 850,000	\$ 980,000
Fixed rate:		
Expiring within one year	100,000	300,000
	\$ 950,000	\$ 1,280,000

- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. Except that the carrying amounts of accounts payable, other payables and guarantee deposits received are approximate to the amounts of contractual undiscounted cash flows and those accounts will expire within a year, the amounts of financial liabilities disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2023					
Lease liabilities	S 12,732	S 11,335	\$ 11,335	\$ 22,670	\$ 1,583
Short-term borrowings	1,049,392	-	-	-	-
Short-term notes and bills payable	970,000	-	-	-	-
Long-term borrowings (including current portion)	-	-	3,000,000	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2022					
Lease liabilities	S 12,811	S 11,880	\$ 11,272	\$ 11,272	\$ 23,190
Short-term borrowings	150,135	-	-	-	-
Short-term notes and bills payable	650,000	-	-	-	-
Long-term borrowings (including current portion)	1,298	-	-	-	-

- v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transaction for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the convertible corporate bonds issued by the company is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without activity market is included in Level 3.

- B. The carrying amount of financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term notes and bills payable, accounts payable (including related parties), other payables and guarantee deposits received) are approximate to their fair values.

	December 31, 2023			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	<u>\$2,851,779</u>	<u>\$ -</u>	<u>\$2,851,779</u>	<u>\$ -</u>

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ -</u>	<u>\$ 3,900</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- D. The methods and assumptions the Company used to measure fair value are as follows:
- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other instruments is measured by using valuation techniques or by reference to counterparty quotes.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimate value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the year ended December 31, 2023:(For the year ended December 31, 2022: None)

	2023
	<u>Equity instrument</u>
At January 1	\$ -
Sold in the year	(169,942)
Transfers into level 3	<u>169,942</u>
At December 31	<u>\$ -</u>

G. For the years ended December 31, 2023 and 2022, there was no transfer into Level 3, please refer to Note 6 (3).

H. Financing management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of input to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ <u>-</u>	Market comparable companies	Discount for lack of marketability	20.00%	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of input to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ <u>-</u>	Market comparable companies	Discount for lack of marketability	17.89%	The higher the discount for lack of marketability, the lower the fair value

- J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If assumptions from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2023 and 2022.

13. Supplementary Disclosures

(1) Significant transactions information

For the investees' information, refer to investees' independent auditor attestation report.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

For the information on investees, except for current profit (loss) for the year ended December 31, 2023 is translated using the monthly average exchange rate in 2023, others are translated using the spot rate as December 31, 2023.

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

Investee in Mainland China, main business activities, paid-in capital, investment method, amount remitted from Taiwan to Mainland China / amount remitted back to Taiwan, ownership, investment income (loss), investments in Mainland China as of December 31, 2023, book value, investment income remitted back and ceiling on investments in Mainland China: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

Shinfox Energy Co., Ltd.
Loans to others
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Other receivables due from related parties	Yes	\$ 600,000	\$ -	\$ -	Average borrowing rate plus 0.1%	2	\$ -	Group's capital management	\$ -	None	\$ -	\$ 4,463,022	\$ 4,463,022	

Note 1: The numbers as follows represent the nature of loan:

Business transaction is labelled as "1".

Short-term financing is labelled as "2".

Note 2: Limit on loans granted by the Company or the domestic unlisted subsidiaries of the Company to a company or a business for short-term financing is 40% of its net asset value.

Limit on loans granted between foreign subsidiaries whose voting shares are directly or indirectly held by the Company or granted by foreign companies whose voting shares are 100% directly or indirectly held by the Company to the Company is 100% of the subsidiary's net asset value.

Note 3: Ceiling on total loans granted by the Company or the domestic unlisted subsidiaries of the Company to a company or a business for short-term financing is 40% of its net asset value.

Ceiling on total loans granted between foreign subsidiaries whose voting shares are directly or indirectly held by the Company or granted by foreign companies whose voting shares are 100% directly or indirectly held by the Company to the Company is 100% of the subsidiary's net asset value.

Shinfox Energy Co., Ltd.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Subsidiary	\$ 66,945,324	\$ 31,200,000	\$ 31,200,000	\$ 23,453,750	\$ -	200.31	\$ 66,945,324	Y	N	N	
0	Shinfox Energy Co., Ltd.	Shinfox Far East Company Pte. Ltd.	Subsidiary	62,482,302	630,000	630,000	-	-	-	66,945,324	Y	N	N	
1	Foxwell Energy Corporation Ltd.	Xinwei Power Corporation Ltd.	Subsidiary	14,227,534	113,200	113,200	113,200	-	1.19	14,227,534	N	N	N	

Note 1: Calculation for limit on endorsements/guarantees provided for a single party is as follows:

Limit on endorsements/guarantees provided for a subsidiary whose shares are 90% or above held by the Company is 600% of the Company's net asset value;

limit on endorsements/guarantees provided for a single party, apart from the aforementioned subsidiaries, is 560% of the Company's net asset value.

Limit on endorsements/guarantees provided by Foxwell Energy for a subsidiary whose shares are 90% or above held by Foxwell Energy is 150% of Foxwell Energy's net asset value;

limit on endorsements/guarantees provided for a single party, apart from the aforementioned subsidiaries, is 140% of Foxwell Energy's net asset value.

Note 2: Calculation for ceiling on total amount of endorsements/guarantees provided is as follows:

Ceiling on total amount of endorsements/guarantees provided by the Company or subsidiaries is 600% of the Company's net asset value in the latest financial statements.

Ceiling on total amount of endorsements/guarantees provided by Foxwell Energy and subsidiaries is 150% of Foxwell Energy's net asset value in the latest financial statements.

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares (share in thousands)	Book value	Ownership	Fair value	
Shinfox Energy Co., Ltd.	Corvus Energy Ltd.	An investee of the Company	Non-current financial assets at fair value through other comprehensive income	22	\$ -	0.04	\$ -	
Foxwell Energy Corporation Ltd.	Full Entertainment Marketing Co., Ltd.	An investee of the Company	Non-current financial assets at fair value through other comprehensive income	300	-	3.00	-	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	An investee of the Company	Current financial assets at fair value through profit or loss	43	383	-	383	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	An investee of the Company	Current financial assets at fair value through profit or loss	1	15	-	15	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Mildef Crete Inc.	An investee of the Company	Current financial assets at fair value through profit or loss	10	869	0.02	869	
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Wuxi EASTERN Rainbow Environmental Protection Engineering Co., Ltd.	An investee of the Company	Current financial assets at fair value through profit or loss	-	649	10	649	

Shinfox Energy Co., Ltd.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023	
					Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousand shares)	Amount
Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	Investment accounted for using equity method	Foxwell Energy Corporation Ltd.	Note 1	610,000	\$ 6,100,000	257,000	\$ 2,570,000	-	\$ -	\$ -	\$ -	867,000	\$ 8,670,000
Shinfox Energy Co., Ltd.	Shinfox Far East Company Pte, Ltd.	Investment accounted for using equity method	Shinfox Far East Company Pte, Ltd.	Note 2	-	981,545	53,600	675,778	-	-	-	-	53,600	1,657,323

Note 1: The entity is the Company's subsidiary.

Note 2: The general ledger account is 'Investments accounted for using equity method'.

Note 3: The abovementioned amount is investment cost, information relating to its carrying amount is provided Note 6(6) and Table 6.

Note 4: The Group prepaid investments to Shinfox Far East Company Pte Ltd. on December 27, 2022, and acquired 40% equity interests in the entity in January 2023, and acquired another 27% equity interests in the entity on November 6, 2023.

Shinfox Energy Co., Ltd.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 3)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	1	Other income	\$ 11,742	Transaction prices are calculated based on actual amount incurred	0.10
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	1	Sales Revenue	6,645	Transaction prices are approximate to normal clients	0.05
0	Shinfox Energy Co., Ltd.	Foxwell Energy Corporation Ltd.	1	Interest income	2,359	Transaction terms are based on the mutual agreement	0.02
0	Shinfox Energy Co., Ltd.	Shinfox Natural Gas Co., Ltd.	1	Other income	3,737	Transaction prices are calculated based on actual amount incurred	0.03
0	Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	1	Other income	1,887	Transaction prices are calculated based on actual amount incurred	0.02
0	Shinfox Energy Co., Ltd.	Foxwell Power Co., Ltd.	1	Sales Revenue	1,000	Transaction prices are approximate to normal clients	0.01
1	Foxwell Energy Corporation Ltd.	Shinfox Far East Company Pte. Ltd.	3	Cost of engineering sales	610,562	Transaction prices are approximate to normal clients	5.43
1	Foxwell Energy Corporation Ltd.	Shinfox Far East Company Pte. Ltd.	3	Accounts payable	54,309	Transaction prices are calculated based on actual amount incurred	0.19

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Only related party transactions over \$1,000 are disclosed, and the related party transactions for the counterparty are not disclosed.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Shinfox Energy Co., Ltd.
Information on investees
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (share in thousands)	Ownership (%)	Book value			
The Company	Foxwell Energy Corporation Ltd.	Taiwan	Energy service management	\$ 8,670,000	\$ 6,100,000	867,000	100	\$ 9,454,493	\$ 763,402	\$ 765,399	
The Company	Shinfox Natural Gas Co., Ltd.	Taiwan	Energy service management	360,000	360,000	36,000	80	273,993	(33,373)	(26,698)	
The Company	Foxwell Power Co., Ltd.	Taiwan	Energy service management	656,590	672,600	46,539	77.57	753,148	53,170	44,568	
The Company	Jiuwei Power Co., Ltd.	Taiwan	NG-fueled Power Generation Business	1,100,000	1,100,000	110,000	100	1,086,175	(6,154)	(6,154)	
The Company	Chung Chia Power Co., Ltd.	Taiwan	Steam power cogeneration	-	180,000	-	-	-	(731)	(146)	Note
The Company	Elegant Energy TECH Co., Ltd.	Taiwan	Energy technical services	200,000	200,000	500	100	146,872	(1,068)	(54,635)	
The Company	Yuanshan Forest Natural Resources Co., Ltd.	Taiwan	Afforestation	100,000	10,000	10,000	100	99,682	(264)	(264)	
The Company	Changpin Wind Power Ltd.	Taiwan	Electric power generation	120,000	120,000	12,000	50	105,979	(1,033)	(10,123)	
The Company	Diwei Power Co., Ltd.	Taiwan	Electric power generation	-	30,000	-	-	-	5,990	5,990	
The Company	Guanwei Power Co., Ltd.	Taiwan	Electric power generation	35,700	35,700	3,570	51	35,622	(122)	(1)	
The Company	Shinfox Far East Company Pte., Ltd.	Singapore	Maritime engineering related business	1,657,323	981,545	53,600	67	1,571,897	(261,606)	(59,360)	
The Company	Junwei Power Co., Ltd.	Taiwan	Electric power generation	12,000	-	1,200	100	11,995	(45)	(45)	
The Company	Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Taiwan	Electric power generation	218,020	-	19,820	56.63	211,405	(11,095)	(6,283)	
Foxwell Energy Corporation Ltd.	Liangwei Power Co., Ltd.	Taiwan	Electric power generation	-	40,000	-	-	-	6,459	6,459	

Shinfox Energy Co., Ltd.
Information on investees
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (share in thousands)	Ownership (%)	Book value			
Foxwell Energy Corporation Ltd.	Xinwei Power Co., Ltd.	Taiwan	Electric power generation	37,300	-	3,730	-	31,998	(201)	(201)	
Foxwell Power Corporation Ltd.	Foxwell Certification Co., Ltd.	Taiwan	Energy technical services	10,000	-	1,000	100	5,794	(4,206)	(4,206)	
Foxwell Power Corporation Ltd.	Cheng Shin Digital Co., Ltd.	Taiwan	Energy technical services	490	-	49	49	1,682	990	485	
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Eastern Rainbow Environmental Technology Co., Ltd.	Taiwan	Energy technical services	2,500	-	250	100	708	(1,035)	(1,035)	

Note : Chung Chia Power Co., Ltd. increased its capital by issuing new shares on January 29, 2023.

The Group did not acquire shares proportionally to its interest and lost its significant influence since January 30, 2023, which was subsequently recorded as non-current financial assets at fair value through other comprehensive income.

Shinfox Energy Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Kunshan Jiuwei Info Tech Co., Ltd.	Supply chain finance energy service management	\$ 1,536	Direct investment	\$ 1,536	\$ -	\$ -	\$ 1,536	\$ 4,817	100	\$ 4,817	\$ 31,272	\$ -	
KunShan Eastern Rainbow Environmental Equipment Co., Ltd.	Energy technical services	21,635	Direct investment	21,635	-	-	21,635	(1,081)	100	(1,081)	31,318	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Shinfox Energy Co., Ltd.	\$ 1,536	\$ 1,536	\$ 6,694,532
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	21,635	21,635	213,903

Shinfox Energy Co., Ltd.
Major shareholders information
December 31, 2023

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership
Power Quotient International Co., Ltd.	102,951,145	47.62%
Fu Uei International Investment Ltd.	18,673,000	8.63%

Note: The above information is provided by the Taiwan Depository & Clearing Corporation.

SHINFOX ENERGY CO., LTD.
STATEMENT OF CASH AND BANK DEPOSITS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and petty cash		
NTD		\$ 80
Demand deposits		
NTD deposits		199,213
RMB deposits	RMB 108 thousand; conversion rate was 4.327	467
USD deposits	USD 673 thousand; conversion rate was 30.705	21
Time deposits		
NTD deposits		800,000
RMB deposits	RMB 2,936 thousand; conversion rate was 4.327	12,704
USD deposits	USD 38,960,000 thousand; conversion rate was	1,196,267
		<u>\$ 2,208,752</u>

SHINFOX ENERGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 2

Client Name	Amount	Note
<u>Non-related parties</u>		
Shinfox Power Co., Ltd.	\$ 15,504	
Chunghwa Post Co., Ltd.	5,262	
Changyuan Wind Power Ltd.	4,608	
Beiyuan Wind Power Ltd.	4,608	
Others	2,029	The balance of each client has not exceeded 5% of total account balance.
	32,011	
Less: Allowance for bad debts	10	
	<u>\$ 32,021</u>	

SHINFOX ENERGY CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 3

Investee	Beginning Balance		Addition		Decrease		Ending Balance			Valuation Basis	Collateral
	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount (Note 1)	Number of shares (In thousands)	Amount (Note 2)	Number of shares (In thousands)	Percentage of Ownership	Amount		
Foxwell Energy Corporation Ltd.	610,000	\$ 6,289,095	257,000	\$ 3,165,398	-	\$ -	867,000	100%	\$ 9,454,493	Equity method	None
Shinfox Natural Gas Co., Ltd.	36,000	300,692	-	-	-	(26,699)	36,000	80%	273,993	Equity method	None
Kunshan Jiuwei Info	1,536	27,027	-	4,245	-	-	1,536	100%	31,272	Equity method	None
Foxwell Power Co., Ltd.	48,140	733,053	-	44,568	(1,601)	(24,473)	46,539	77.57%	753,148	Equity method	None
Jiuwei Power Co., Ltd.	110,000	1,092,329	-	-	-	(6,154)	110,000	100%	1,086,175	Equity method	None
Yuanshan Forest Natural Resources Co., Ltd.	1,000	9,946	9,000	90,000	-	(264)	10,000	100%	99,682	Equity method	None
Elegant Energy TECH Co., Ltd.	500	204,303	-	-	-	(57,431)	500	100%	146,872	Equity method	None
Diwei Power Co., Ltd.	3,000	29,950	-	5,990	(3,000)	(35,940)	-	-	-	Equity method	None
Guanwei Power Co., Ltd.	3,570	35,669	-	-	-	(47)	3,570	51%	35,622	Equity method	None
Changpin Wind power Co., Ltd.	12,000	116,102	-	-	-	(10,123)	12,000	50%	105,979	Equity method	None
Chung Chia Power Co., Ltd.	12,000	170,089	-	-	(12,000)	(170,089)	-	-	-	Equity method	None
Jun Wei Technology Co., Ltd.	-	-	1,200	12,000	-	(45)	1,200	100%	11,955	Equity method	None
Eastern Rainbow Green Energy Co., L	-	-	21,802	218,020	-	(6,615)	21,802	56.63%	211,405	Equity method	None
Shinfox Far East Company Pte Ltd.	-	981,545	53,600	675,778	-	(85,426)	53,600	67%	1,571,897		
		<u>\$ 9,989,800</u>		<u>\$ 4,215,999</u>		<u>(\$ 423,306)</u>			<u>\$13,782,493</u>		

Note 1: Addition in the year includes gain on investment, changes in net asset value of investees' equity, accumulated translation adjustment, unrealised gain or loss of financial instrument and amount of investment increase.

Note 2: Decrease in the year includes loss from investment, accumulated translation adjustment, distribution of cash dividends, changes in net asset value of investees' equity, disposal of investment and share returned from capital decrease of investee.

SHINFOX ENERGY CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT RPROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Beginning Balance	Addition	Decrease	Transfers	Ending Balance	Collateral	Note
Machinery and equipment	\$ 39,063	\$ 23	\$ -	\$ 4,622	\$ 43,708	None	
Office equipment	12,912	691	(275)	-	13,328	"	
Other equipment	2,720	-	-	-	2,720	"	
Unfinished construction	3,050	30,502	-	(4,622)	28,930	"	
	<u>\$ 57,745</u>	<u>\$ 31,216</u>	<u>(\$ 275)</u>	<u>\$ -</u>	<u>\$ 88,686</u>		

SHINFOX ENERGY CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND
INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Beginning Balance	Addition	Decrease	Transfers	Ending Balance	Note
Machinery and equipment	\$ 18,474	\$ 2,098	\$ -	\$ -	\$ 20,572	
Office equipment	3,687	2,277	-	-	5,964	
Other equipment	848	642	-	-	1,490	
	<u>\$ 23,009</u>	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,026</u>	

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

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

Statement 6

Nature	Description	Ending Balance	Contract Period	Range of Interest
				Rate
Unsecured borrowings	Mega International Commercial Bank	\$ 150,000	2023/12/6~2024/6/3	1.850%
Unsecured borrowings	Hua Nan Commercial Bank, Ltd.	100,000	2023/12/28~2024/2/28	1.915%
Unsecured borrowings	Bank of Panhsin	85,000	2023/12/28~2024/3/27	1.850%
Unsecured borrowings	Taishin International Bank	90,000	2023/12/11~2024/1/11	1.850%
Unsecured borrowings	Shin Kong Commercial Bank	100,000	2023/12/28~2024/1/29	1.880%
Unsecured borrowings	Taiwan Cooperative Bank	200,000	2023/12/28~2024/12/28	1.830%
Unsecured borrowings	Taipei Fubon Bank	115,000	2023/12/28~2024/3/28	2.070%
Unsecured borrowings	The Export-Import Bank of the Republic of China	200,000	2023/9/12~2024/9/12	1.896%
		<u>\$ 1,040,000</u>		

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY

STATEMENT OF SHORT-TERM BILLS PAYABLE

DECEMBER 31, 2023

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

Statement 7

Item	Guarantor or Accepting Institution	Contract Period	Range of Interest Rate	Amount			Note
				Issurance Amount	Unamortized Discounts	Carrying Amount	
Commercial Paper Guarantee	Mega Bills Finance Co., LTD.	2023/12/29~2024/1/25	1.850%	\$ 200,000	(\$ 877)	\$ 199,123	Unsecured bank loan
Commercial Paper Guarantee	Taiwan Finance Corporation	2023/12/28~2024/1/25	1.850%	100,000	(122)	99,878	"
Commercial Paper Guarantee	Grand Bills Finance Corporation	2023/12/28~2024/1/25	1.850%	100,000	(122)	99,878	"
Commercial Paper Guarantee	China Bills Finance Corporation	2023/12/14~2024/1/10	1.850%	170,000	(294)	169,706	"
Commercial Paper Guarantee	Taiwan. Cooperative Bills Finance Corporation	2023/12/28~2024/2/26	1.910%	200,000	(586)	199,414	"
Commercial Paper Guarantee	Dah Chung Bills Fianance Corporation	2024/12/28~2024/2/26	1.882%	200,000	(589)	199,411	"
				<u>\$ 970,000</u>	<u>(\$ 2,590)</u>	<u>\$ 967,410</u>	

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY

STATEMENT OF BONDS PAYABLE

DECEMBER 31, 2023

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

Statement 8

					Amount						
			Interest					Unamortized			
Bonds		Issuance	Payment	Coupon	Total Issuance	Repayment	Ending	Premiums	Carrying	Repayment	
Name	Trustee	Date	Date	Rate	Amount	Paid	Balance	(Discounts)	Amount	Method	Collateral
1st Secured convertible bond	Grand Fortune Securities	2023/11/22	-	0%	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$3,000,000</u>	<u>(\$ 148,221)</u>	<u>\$3,148,221</u>	Note	Yes

Note : Unless converted into ordinary shares of the Company or redeemed in advance by the Company, they will be redeemed at face value upon maturity.

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Volume	Amount	Note
Engineering business revenue		\$ 288,310	
Service revenue		99,476	
Electricity sales revenue		4,366	
		<u>\$ 392,152</u>	

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Amount	Note
Construction cost	\$ 252,712	
Other operating costs	52,167	
Total operating costs	<u>\$ 304,879</u>	

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY
STATEMENT OF ADMINISTRATIVE EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 11

Item	Amount	Note
Wages and salaries	\$ 116,341	
Service fees	17,011	
Depreciation expenses	14,686	
Other expenses		Balance of each client has not exceeded 5% of total account balance
	51,918	
	<u>\$ 199,956</u>	

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 12

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 9,023	\$ 116,341	\$ 125,364	\$ 7,219	\$ 84,050	\$ 91,269
Labour and health insurance fees	937	7,940	8,877	772	7,697	8,469
Pension costs	480	3,984	4,464	379	3,590	3,969
Directors' remuneration	-	6,500	6,500	-	3,380	3,380
Other personnel expenses	135	2,314	2,449	122	2,608	2,730
Depreciation Expense	2,299	14,686	16,985	2,216	13,549	15,765
Amortisation Expense	-	1,753	1,753	-	1,730	1,730

Note1: For the years ended December 31, 2023 and 2022, the Company had 119 and 111 employees, including 6 and 5 non-employee directors, respectively.

Note2: For the years ended December 31, 2023 and 2022, the average employee benefit expense amounted to \$1,217 and \$1,004, respectively.

Note3: For the years ended December 31, 2023 and 2022, the average employee salary expenses amounted to \$1,081 and \$861, respectively. For the year ended December 31, 2023, the average change in adjustments on salary expenses was 26%.

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 12

Note4: The Company's policies on salary and remuneration (including directors, independent directors, managers and employees).

- (a) For payment to directors and independent directors, the correlation between the Company's policy, standard and combination, procedures of setting remuneration, operating performance and future risk are as follows:
 - i. The Company's remuneration of directors were paid based on the common standard of the Company's conference attendance fees and traveling fee approved by the Board of Directors.
 - ii. According to Article 23 of the Company's Articles of Incorporation: income before tax deduct income before employees' compensation and directors' remuneration, after offsetting deficits, if any, shall be distributed as employees' compensation not lower than 6% and directors' remuneration not higher than 3% after resolving by the Board of Directors.
- (b) For payment to managers, the correlation between the Company's policy, standard and combination, procedures of setting remuneration, operating performance and future risk are as follows:
 - i. The Company's remuneration for managers shall based on the Company's regulation of performance assessment, individual's performance and operating contribution to the Company's operation taking into consideration the market standard within the same industry, and reported to the directors for approval after being reviewed by salary and remuneration committee.
 - ii. According to Article 23 of the Company's Articles of Incorporation: income before tax deduct income before employees' compensation and directors' remuneration, after offsetting deficits, if any, shall be distributed as employees' compensation not lower than 6% and directors' remuneration not higher than 3% after resolving by the Board of Directors.

SHINFOX ENERGY CO., LTD. PARENT COMPANY ONLY
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement 12

(c) For payment to employees, the correlation between the Company's policy, standard and combination, procedures of setting remuneration, operating performance and future risk are as follows:

i. The Company's compensation for employees were determined based on individual ability, contribution to the company and performance which have positive correlation with operating performance.

The Company has adequately controlled the future risk, the policies of compensation also related with future risk. Whole combination of salary and compensation includes basic salary, bonus and employees' compensation and allowance.

As for the standard of compensation payment, basic salary were determined based on the market competitiveness of their positions and the Company's policy. Bonus and employees' compensation were determined through linking with employees' and segments' target or the Company's operating performance. The benefits were designed to meet employees' requirements under the related regulations in order to share the Company's operating result with employees.

ii. According to Article 23 of the Company's Articles of Incorporation: income before tax deduct income before employees' compensation and directors' remuneration, after offsetting deficits, if any, shall be distributed as employees' compensation not lower than 6% and directors' remuneration not higher than 3% after resolving by the Board of Directors.

VI. If the Company and its affiliates have experienced financial difficulties in the most recent year and up to the date of publication of the annual report, please specify the impact on the Company's financial position: None.

Seven. Review and Analysis of the Financial Position and Financial Performance and Risks

I. Review and analysis of financial position

Unit: Thousands of NT\$

Item \ Year	2022	2023	Difference	
			Amount	Percentage (%)
Current assets	13,319,560	22,854,710	9,535,150	71.59
Property, plant and equipment	1,202,273	5,101,985	3,899,712	324.36
Intangible assets	247,252	249,307	2,055	0.83
Other assets	3,448,233	1,081,715	(2,366,518)	(68.63)
Total assets	18,217,318	29,287,717	11,070,399	60.77
Current liabilities	6,090,718	12,106,378	6,015,660	98.77
Non-current liabilities	1,550,105	4,862,455	3,312,350	213.69
Total liabilities	7,640,823	16,968,833	9,328,010	122.08
Stock capital	2,161,500	2,161,500	-	-
Capital reserve	7,850,282	8,197,827	347,545	4.43
Retained earnings	358,890	885,574	526,684	146.75
Other equity	-16,978	-87,347	(70,369)	414.47
Non-controlling interests	222,801	1,161,330	938,529	421.24
Total equity	10,576,495	12,318,884	1,742,389	16.47
1. The major reasons for the significant changes in assets, liabilities and equity (changes of 20% or more in the last two years and changes amounting to NT\$10 million) and their effects, as well as future countermeasures if the effects are significant, should be explained: (1) Current assets and total assets: due to the increase in contract assets resulting from the continuous construction of offshore projects before the payment collection stage. (2) Property, plant and equipment: mainly due to the increase in property resulting from the construction of energy storage equipment sites and the purchase of marine equipment by the subsidiaries. (3) Other assets: due to the prepayment for equipment transferred into property, plant and equipment in 2023, and the increase of the shareholding in a Singaporean reinvestee to more than 50% in 2023 which became a subsidiary in the same year. (4) Current liabilities and total liabilities: due to the new loans taken out by the subsidiary Foxwell Energy for offshore wind farm construction. (5) Non-current liabilities: due to the issuance of corporate bonds resulting from the increase in the demand for long-term capital in 2023. (6) Retained earnings: due to the increase in profit in 2023. (7) Other equity: due to the exchange differences on translation of the reinvestees resulting from the fluctuations of foreign currency exchange rate. (8) Non-controlling interests: due to the Company's increase of its shareholding in a Singaporean reinvestee to over 50% in 2023, which became a subsidiary in the same year. 2. Future countermeasures for those with significant impact: The above changes do not have a significant adverse effect on the Company, and the Company's overall performance is not yet abnormal, so no contingency plan should be formulated.				

II. Review and analysis of financial performance

Unit: Thousands of NT\$

Item \ Year	2022	2023	Difference	
			Amount	Percentage (%)
Operating revenue	4,301,192	11,249,582	6,948,390	161.55
Operating costs	3,753,199	10,082,064	6,328,865	168.63
Operating gross profit	547,993	1,167,518	619,525	113.05
Operating expenses	295,606	378,140	82,534	27.92
Operating profit (loss)	252,387	789,378	536,991	212.76
Non-operating income and expenses	56,749	(17,125)	(73,874)	(130.18)
Net profit before tax	309,136	772,253	463,117	149.81
Income tax expenses	66,604	148,675	82,071	123.22
Net profit (loss) for the period	242,532	623,578	381,046	157.11
Other comprehensive income for the period (net amount after tax)	238	(107,265)	(107,503)	(45,169.33)
Total comprehensive income for the period	242,770	516,313	273,543	112.68
1. The major reasons for the significant changes in operating revenue, operating net profit and net profit before tax (changes of 20% or more in the last two years and changes amounting to NT\$10 million) and their effects: (1) Operating revenue and gross operating profit: mainly due to the recognition of project revenue and gross profit in 2023 as the construction progress increases. (2) Operating expenses: mainly due to the increase in expenses related to the expansion of operations. (3) Non-operating income and expenses: mainly due to the foreign currency exchange losses and losses of reinvestees recognized in 2023. (4) Net profit before tax, net profit for the period, and total comprehensive income for the period: mainly due to the increase in operating income as the construction progress increases in 2023. (5) Income tax expenses: mainly due to the increase in profit in the current period as compared to that in the previous year. 2. Expected sales volume and basis: The expected sales volume and basis are not applicable because the Company has not prepared and announced the financial forecast. 3. Possible impact on the Company's future finance and operations and countermeasures: The Company is still financially sound, and there is no shortage of funds through long-term funding sources to meet related expenses. There is no material adverse effect on the Company and the overall performance of the Company is not yet materially abnormal, and no contingency plan is needed to be formulated.				

III. Review and Analysis of Cash Flow

1. Analysis of changes in cash flow for the most recent year (2023)

Unit: Thousands of NT\$

Accounting item \ Year	2022	2023	Increase (decrease) in changes	
			Amount	Percentage (%)
Cash inflow (outflow) from operating activities	(2,808,856)	(5,548,262)	(2,739,406)	97.53%
Cash inflow (outflow) from investing activities	(5,543,261)	(276,744)	5,266,517	(95%)
Cash inflow (outflow) from financing activities	8,899,905	7,924,117	(975,788)	(10.96%)
The main reasons for the changes in cash flows for the most recent year are as follows: (1) Operating activities: The change to cash outflow in 2023 and 2022 was due to the construction and prepayments paid by the Company and its subsidiaries for contracted projects in 2023 and 2022. (2) Investing activities: The cash outflow in 2023 decreased from that in 2022 mainly due to the increase in the amount of time deposits pledged by the Company for the construction of new energy storage equipment, the addition of an investee, and the increase in bank credit facilities in 2022. (3) Financing activities: The cash inflow decreased from that in 2022 mainly due to the issuance of corporate bonds and the decrease in new bank borrowings for construction and equipment purchase by the Company in 2023.				

2. Improvement plan for liquidity shortage in recent years: The Company and its subsidiaries will be financed by banks if there is a shortage of working capital. There is therefore no liquidity risk due to the inability to raise capital.

3. Analysis of cash flows for the coming year (2024)

Unit: Thousands of NT\$

Cash balance at the beginning of the period ①	Estimated annual net cash flow from operating activities ②	Estimated annual net cash flow from investing activities ③	Estimated annual net cash flow from financing activities ④	Cash at the end of the period ①+②+③+④	Estimated cash shortfall remedies	
					Financing plan	Investment plan
3,912,463	3,734,146	(14,518,763)	11,596,786	4,724,632	Bank loan, issuance of corporate bonds	—
1. Analysis of changes in cash flows in the coming year: (1) Operating activities: Since the construction peak beginning from 2023, the amount received will increase in 2024, resulting in net cash inflow from operating activities for the year. (2) Investing activities: Net cash outflow is expected due to investment in new projects. (3) Financing activities: Cash inflow is expected due to the increase in borrowings for the construction of projects. 2. Remedies for estimated cash shortage and flow analysis: In addition to actively using the cash inflow from operating activities, the cash shortage will be met by bank borrowings and the issuance of corporate bonds.						

IV. The impact of significant capital expenditures on finance and operations in the most recent year:

The Company has no significant capital expenditure in the most recent year, therefore, there is no significant adverse impact on the Company's finance and

business.

V. Reinvestment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year

1. Reinvestment policy

The Company's reinvestment policy is based on the consideration of sustainable management and operating growth, and the "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the competent authority is used as the basis for the Company's reinvestment business, in order to grasp the related business and financial situation. In addition, in order to enhance the supervision and management of the Company's investees, the Company has established control and management rules for its subsidiaries in its internal control system, and set up relevant regulations for information disclosure, finance, business, inventory and financial management, so that the Company can maximize the effectiveness of its investees.

2. The main reasons for the profit or loss of the investees in the recent year and the improvement plan

Unit: Thousands of NT\$

Reinvested enterprise	Main business item	Investment income or loss recognized in 2023	The main reasons for the profit or loss	Improvement plan
Foxwell Energy Corporation Ltd.	Energy service management	765,399	Mainly due to construction revenue from solar power generation and offshore projects of Taipower	—
Shinfox Natural Gas Co., Ltd.	Energy service management	(26,698)	Mainly due to the operation and promotion stage in the early stage of operation	In line with environmental regulations, we will step up the promotion of the construction of clean energy, and will invest in the construction and operation of the business in accordance with the future promotion status.
Foxwell Power Co., Ltd.	Energy service management	44,568	Mainly due to revenue from energy conservation, energy storage services, and electricity sales	—
Jiuwell Power Co., Ltd.	Natural gas power generation business	(6,154)	Mainly due to investment in and construction of a gas-fired power plant in the preparatory stage	With the completion of the construction of the future natural gas-fired power plant, future gas-

Reinvested enterprise	Main business item	Investment income or loss recognized in 2023	The main reasons for the profit or loss	Improvement plan
				fired power generation revenue will be recognized
Chung Chia Power Co., Ltd. (Note)	Steam-electricity co-generation	(146)	Mainly due to investment in and construction of a gas-fired power plant in the preparatory stage	With the completion of the construction of the future natural gas-fired power plant, future gas-fired power generation revenue will be recognized
Elegant Energy Tech Co., Ltd.	Energy technical services	(54,635)	Mainly due to the provision of energy saving project services	Recognize service revenue as the renewable energy power plant begins to develop business and perform its duties
Yuanshan Forest Natural Resource Co., Ltd.	Afforestation	(264)	Mainly due to the early stage of operation	The Company will invest in the construction and operation of the business based on the future promotion status
Changpin Wind Power Ltd.	Power generation business	(10,123)	Mainly due to investment in and construction of wind farms in the preparatory stage	With the completion of the construction of the future wind farms, future wind power generation revenue will be recognized
Diwei Power Co., Ltd.	Power generation business	5,990	Mainly the revenue from solar power generation	—
Guanwei Power Co., Ltd.	Power generation business	(1)	Mainly due to investment in and construction of solar power plants in the preparatory stage	With the completion of the construction of the solar power plants, future solar power generation revenue will be recognized
Shinfox Far East Company Pte Ltd	Maritime engineering-related business	(59,360)	Mainly due to the operation and promotion stage in the early stage of operation	The Company will invest in the construction and operation of the business based on the future promotion status
Chun Wei Power Co., Ltd.	Power generation	(45)	Mainly due to investment in and construction of	With the completion of the construction

Reinvested enterprise	Main business item	Investment income or loss recognized in 2023	The main reasons for the profit or loss	Improvement plan
	business		solar power plants in the preparatory stage	of the solar power plants, future solar power generation revenue will be recognized
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	Energy technical services	(6,283)	Mainly undertake the installation of machine and equipment	Improve the Company's operating efficiency
Liangwei Power Co., Ltd.	Power generation business	6,459	Mainly the revenue from solar power generation	—
Xinwei Electricity Co., Ltd.	Power generation business	(201)	Mainly the revenue from solar power generation	With the completion of the construction of the solar power plants, future solar power generation revenue will be recognized
Foxwell Certification Co., Ltd.	Energy technical services	(4,206)	Mainly due to the operation and promotion stage in the early stage of operation	The Company will invest in the construction and operation of the business based on the future promotion status
Cheng Shin Digital Co., Ltd.	Energy technical services	485	Mainly due to the undertaking of energy storage services	—
Eastern Rainbow Environmental Resources Co., Ltd.	Energy technical services	(1,035)	Mainly undertake the installation of machine and equipment	Improve the Company's operating efficiency
Kunshan Jiuwell Information Technology Co., Ltd.	Supply chain financial energy service management	4,817	Mainly due to the provision of related energy saving project services	—
Kunshan Eastern Rainbow Environmental Protection Equipment Co., Ltd.	Energy technical services	(1,081)	Mainly undertake the installation of machine and equipment	Improve the Company's operating efficiency

3. Investment plans for the coming year: The Company will implement investment plans in accordance with the Company's business strategy and will make appropriate announcements in accordance with the laws and regulations as the investment progresses.

VI. Risks

- (I) The impact of changes in interest rates, exchange rates, and inflation on the Company's profit and loss and future countermeasures:
- (1) The impact of changes in interest rates on the Company's profit and loss and future countermeasures

The interest expenses of the Company and its subsidiaries amounted to \$26,947 thousand and \$41,603 thousand for 2022 and 2023, respectively, accounting for 0.63% and 0.37% of net operating revenues, respectively. Interest expenses did have a certain impact on the Company's profit or loss, mainly due to the fact that the Company's main source of financing for renewable energy projects was bank loans. In addition to regularly evaluating the interest rates on bank loans, the Company will take relevant measures in response to changes in market interest rates and maintain good communication channels with long-term financial institutions to keep track of future interest rate changes. In addition, the Company will also access to the capital market to obtain more sources of funds and use them to strengthen its working capital to appropriately adjust the ratio of capital utilization and financial liabilities, as well as to obtain more favorable interest rate terms from banks to reduce the impact of interest rate changes on the Company's profit and loss. In addition, the Company is financially sound, has good credit standing, and its capital planning is based on the principle of conservatism and prudence, and it is not expected that future changes in interest rates will have a significant impact on the Company's overall operations.

- (2) The impact of changes in exchange rates on the Company's profit and loss and future countermeasures

The net gain (loss) on foreign currency exchange of the Company and its subsidiaries for 2022 and 2023 was NT\$24,867 thousand and NT\$53,432 thousand, respectively, accounting for 0.58% and 0.47%, a small proportion, of the annual net operating revenue, which indicates that the impact of exchange rate changes on the Company's overall revenue was insignificant. In addition, the gain (loss) on foreign currency exchange was mainly due to the fluctuations of the exchange rates of foreign currencies such as USD and EUR held for import transactions. The Company collects information on foreign exchange market movements and closely liaises with financial institutions to keep abreast of the trends in exchange rate movements and takes timely measures to reduce the risk of exchange rate movements.

- (3) The impact of changes in inflation on the Company's profit and loss and future countermeasures

As of the printing date of the annual report, the Company and its subsidiaries have not experienced any significant impact on finance and operations due to inflation. In order to maintain stable supply prices, the Company and its subsidiaries keep abreast of global political and economic changes and market price fluctuations, maintain good interaction with suppliers and customers, and reflect the latest project-related costs and estimated project gross profit before bidding, so that the Company and its subsidiaries should be able to cope with the impact of future changes in economic conditions such as inflation, and their operations will not be significantly affected. In the future, the Company and its subsidiaries will continue to closely monitor the changes in price indices and global inflation, and maintain good interaction with the Company's suppliers and customers to reduce the Company's exposure to inflationary pressure.

- (II) Policies on high-risk, high-leverage investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future countermeasures:

- (1) Policies on high-risk, highly-leverage investments, main reasons for gain or loss, and future countermeasures

The Company and its subsidiaries focus on the operation of their core businesses and do not engage in high-risk, high-leverage investments based on the principle of conservatism and prudence.

- (2) Policies on lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future countermeasures

For the most recent year and up to the date of the annual report, the Company and its subsidiaries have engaged in lending funds to others, endorsing guarantees for others and engaging in derivative transactions for business purposes. In accordance with the relevant laws and regulations of the competent authorities, the Company and its subsidiaries have established the “Procedures for Endorsement and Guarantees”, “Operational Procedures for Loaning Funds to Others” and “Procedures for Acquisition and Disposal of Assets”, which have been approved by the shareholders’ meeting on record. The Company and its subsidiaries have followed the relevant procedures when engaging in the above transactions.

- (III) Future research and development plans and estimated investment in research and development expenses:

- (1) Future R&D plans

Taiwan’s energy system will develop in the direction of multi-energy coexistence, decentralization, and regionalization, with the goal of creating zero-emission renewable energy power plants and clean energy necessary for energy transformation. The future development of the Company and its subsidiaries will focus on the establishment of “distributed energy resources (DES)”, which covers various renewable energy generation, energy storage and energy monitoring solutions.

In the short term, we will study the supply and demand of various renewable energy sources for power generation, energy storage, and energy monitoring, and at the same time, we will plan to establish a smart energy system platform, which will cover the system integration of energy storage system, demand bidding mechanism, and energy saving technology services.

In terms of mid-term and long-term goals, the Company actively promotes the cooperation mechanism between industry, government, academia, and research institutions as the driving force for industrial development and promotes a regional smart platform for diversified, localized, and clean electricity supply, in order to establish renewable energy and smart energy systems for multiple applications in the region.

- ①Foxwell Power

It has received a subsidy from the Ministry of Digital Affairs, and cooperated with the Administration for Digital Industries to develop an innovative digital subsidy platform program, and it will implement the Foxwell Cloud green power sharing cloud service.

- ②Foxwell Certification

It has received a subsidy from the Ministry of Digital Affairs, and developed verification software to simplify verification procedures in support of Taiwan’s 2050 net-zero transition goal, and integrates public clouds and existing cloud platforms, to provide verification services through the API framework and functional modules.

- (2) Estimated investment in R&D expenses

It is estimated that the R&D expenditure in 2024 will account for 0.01% of the Company’s estimated operating revenue for that year.

- (IV) The impact of significant domestic and foreign policy and legal changes on the Company’s finance and business matters and the countermeasures:

The Company and its subsidiaries operate in accordance with relevant domestic and

foreign laws and regulations, and pay close attention to the development trends of domestic and foreign policies and changes in the “Renewable Energy Development Act”, the “Electricity Act”, and other relevant energy regulations, as well as the relevant announcements of the Bureau of Energy, Ministry of Economic Affairs (MOEA) and Taiwan Power Company. The Company also closely monitors the annual billing rates for renewable energy and conducts various financial sensitivity calculations in order to reduce costs and maintain profitability through self-development of power plants, optimization of plant design, and selection of components and related products with high cost performance under the current and expected future rates, and to take appropriate measures in response to changes in market conditions in a timely manner. For the most recent year and the current year up to the publication of the annual report, the Company and its subsidiaries have taken appropriate measures to respond to important domestic and international policies and legal changes, which have not yet had a significant impact on the Company’s finance and operations.

(V) The impact of technological changes and industry changes on the Company’s finance and business matters and countermeasures:

1. The Company and its subsidiaries are always aware of the changes in technology and technological development related to the industries in which they operate, and continue to upgrade engineering technology in line with the industry and market trends, and strive to assist customers in the integration of engineering technology and technology enhancement. The Company and its subsidiaries also monitor changes in technology or equipment development in the renewable energy industry, such as solar photovoltaic and wind power generation, collect information on market trends, and adjust the Company and its subsidiaries’ strategic cooperation with renewable energy equipment or component suppliers to ensure a competitive advantage in the market. For the most recent year and as of the date of the annual report, the Company and its subsidiaries have not been affected by changes in technology and industry changes that affect the Company’s finance and operations.

2. Information security risk assessment:

The Company has established a cyber security policy to strengthen cyber security management and ensure the confidentiality, integrity and availability of its information assets in order to provide an information environment for the Company’s ongoing business operations that is free from internal and external threats, whether intentional or accidental; the Company has also established a cyber security risk assessment procedure and conducts regular assessments annually.

(1) Scope of cybersecurity policies

- A. Personnel management and education and training on information security
- B. Cyber and computer system security management
- C. System access control, development and maintenance security management
- D. Information asset security management
- E. Physical and environmental security management
- F. Planning and management of continuing operations plan

(2) Authority and responsibility of cybersecurity policies

- A. The Company’s information unit is responsible for coordinating the promotion of matters related to cybersecurity management.
- B. The Company’s directors at all levels shall actively participate in and support the information security management system and achieve this policy through the relevant standards and procedures established.
- C. All personnel of the Company, outsourced service providers and visitors shall comply with this policy.
- D. All personnel of the Company and outsourced service providers shall

report information security incidents to the information security team contact person and notify the person in charge of the information security team, and the information security contact person shall report the information security incident or the part of the vulnerability found through the notification mechanism and record it.

- E. Any act that endangers cybersecurity shall be subject to civil, criminal and administrative liability or the Company's relevant regulations, depending on the severity of the case.

The Company has implemented the relevant procedures to ensure the integrity and security of data, and the results of the cyber security risk assessment are still good. Therefore, there is no significant adverse impact on the Company's information security and no significant operating risk in the most recent year and as of the date of the annual report.

- (VI) Impact of recent corporate image change on corporate crisis management and countermeasures:

The Company and its subsidiaries have been operating in a professional and honest manner, emphasizing corporate image and risk management. For the most recent year and as of the date of the annual report, the Company has not faced any crisis management due to the change in corporate image.

- (VII) Expected benefits and possible risks of the merger and acquisition and countermeasures:

The Company and its subsidiaries have no other plans to conduct mergers and acquisitions for the most recent year and as of the date of the annual report. However, if there is a merger and acquisition plan in the future, it will be handled in accordance with the relevant laws and regulations and the relevant management rules established by the Company and its subsidiaries to ensure the protection of the Company's interests and shareholders' equity.

- (VIII) Expected benefits of plant expansion and possible risks and countermeasures:

The Company and its subsidiaries have no other plans for plant expansion for the most recent year and as of the date of the annual report.

- (IX) Risks associated with the concentration of purchases and sales and countermeasures:

- (1) Purchases

The purchases of the Company and its subsidiaries are mainly related to equipment and contracted projects for the construction of renewable energy power plants. The Company entrusted P-01 for the plan, design and execution of the construction of Qigu solar power plant in 2022, and paid NT\$1,418,142 thousand upon request in 2022 based on the progress of the project, accounting for 42.30% of the overall purchase. The Company entrusted P-04 for the underwater foundation work in 2023 and paid NT\$4,188,958 thousand upon request in 2023 based on the progress of the project, accounting for 43.92% of the overall purchase. In the remaining years, the proportion of purchases from a single supplier is less than 30% of the overall purchase, which shows that the Company's purchases are decentralized and there should be no concern about concentration of purchases.

- (2) Sales

The Company and its subsidiaries are principally engaged in the engineering services related to renewable energy. The main areas of business development are the construction of renewable energy power plants, electrical and mechanical engineering, energy saving services and equipment installation and other related turnkey projects. As the construction period of the contracted projects is set in the contract, when the contracted projects with higher total price are completed, the

project revenue will be concentrated in certain customers during the period, which is a characteristic of the industry. The concentration of sales by customers with 20% or more of sales in each year is described as follows:

- A. In 2022 and 2023, the proportion of sales to Taiwan Power Company (hereinafter referred to as Taipower) reached 48.81% and 88.08%, respectively. Prior to 2020, 100% of the sales to Taipower came from sales of electricity, which has been growing year by year with the increase of power plant scale. In June 2020, Foxwell Energy Corporation Ltd. was awarded the “Offshore Wind Power Phase II Project Property Procurement and Installation Project” by Taipower and the total contract price was NT\$59,893,333 thousand (NT\$53,893,333 thousand for equipment procurement and NT\$6,000,000 thousand for operation and maintenance). The project revenue was recognized according to the completion progress due to its large scale, resulting in an increase in the proportion of sales to Taipower.
- B. The Company’s sales to Shinfox Electricity Inc. (hereinafter referred to as “Shinfox Electricity”) in 2022 accounted for 37.04% of the total sales. This is mainly due to the fact that Shinfox Electricity entrusted Shinfox Energy for the turnkey project of the solar power generation system in 2020, with a contract price of NT\$4,263,798 thousand (including NT\$387,618 thousand for technical services for development and NT\$3,876,180 thousand for turnkey construction). This is due to the large scale of the contract and the recognition of technical service revenue and construction revenue in accordance with the completion progress of the contract.

The Company and its subsidiaries’ higher proportion of sales to a single customer or a single project in each period is due to the operating characteristics of the engineering industry. The Company has been actively expanding its renewable energy and green power business and has been accumulating capacity for power plant operation and maintenance services to reduce the concentration of sales caused by the recognition of one-time project revenue. In addition, with the growth of the scale of operations of the Company and its subsidiaries, related projects will continue to be developed, constructed, completed and operated, and the business from a single party will be improved appropriately in each period. The Company and its subsidiaries have not been evaluated to be exposed to significant risks arising from the business from a single party.

- (X) The impact on the Company and the risk and countermeasures of a substantial shift or change in shareholding of directors, supervisors or major shareholders holding more than 10% of the shares: There were no such cases in the Company in the most recent year and up to the date of printing of the annual report.
- (XI) The impact of the change in management rights on the Company, the risks and countermeasures:
There was no change in the Company’s management rights for the most recent year and as of the date of the annual report. The Company has strengthened various corporate governance measures and established an audit committee to enhance the protection of shareholders’ rights and interests as a whole.
- (XII) Litigation or non-litigation events:
 - 1. For litigation or non-litigation events, if the Company has been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the

subject matter, the start date of the litigation, the main parties involved and the handling of the case in the most recent 2 years and as of the date of publication of the annual report shall be disclosed:

- (1) Payment for construction work by Xincheng Hydroelectric Co., Ltd. (Xincheng) (litigation still pending)

The Company was contracted to construct an underground public parking lot for the old school building of Bihua Elementary School in Sanchong District, New Taipei City. On November 6, 2014, part of the work was subcontracted to the subcontractor, Xincheng and the two parties signed a lump-sum contract. The subcontractor was required to perform the work as described in the contract drawings and specifications in order to receive the corresponding price. Xincheng argued that the contract was a paid for what has been done contract and used the first installment of the owner's payment as the basis for the quantity for what has been done. However, based on the contract, the Company claimed that Xincheng had not completed the project, and the Company hired another operator to perform the project afterwards. The Company concluded that the information provided by Xincheng did not conform to actual conditions. Therefore, the two parties disagreed on the payment of the project amount. Therefore, on August 9, 2017, Xincheng filed a civil lawsuit in the New Taipei District Court, requesting the Company to pay \$11,147,984 for the renovation of the old school building and the construction of an underground public parking lot in Bihua Elementary School in Sanchong District, New Taipei City. However, regarding the appraisal report, the two parties have gone through several court sessions, and the amount requested by the other party was reduced to \$7,160,063. The court ruled that the Company should pay Xincheng \$1,257,167 and interest for delayed payment and rejected other claims. Both the Company and Xincheng rejected the first-instance ruling and filed an appeal, which is currently reviewed in the court of second instance in Taiwan High Court. The case is still in the stage of subpoenaing witnesses to investigate the evidence. Although the case has been investigated, the lawyer appointed by the Company believes that no specific conclusion has been made on the key issues. Therefore, the case has not yet been concluded, and the Company cannot estimate the exact amount of possible compensation at this time.

2. If the Company's directors, supervisors, general managers, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the relevant information shall be disclosed: None.

(XIII) Other significant risks and countermeasures

The Company and its subsidiaries have no other significant risks as of the date of the annual report, except for the above-mentioned risk assessment.

VII. Other important matters:

Training of personnel related to financial information transparency:

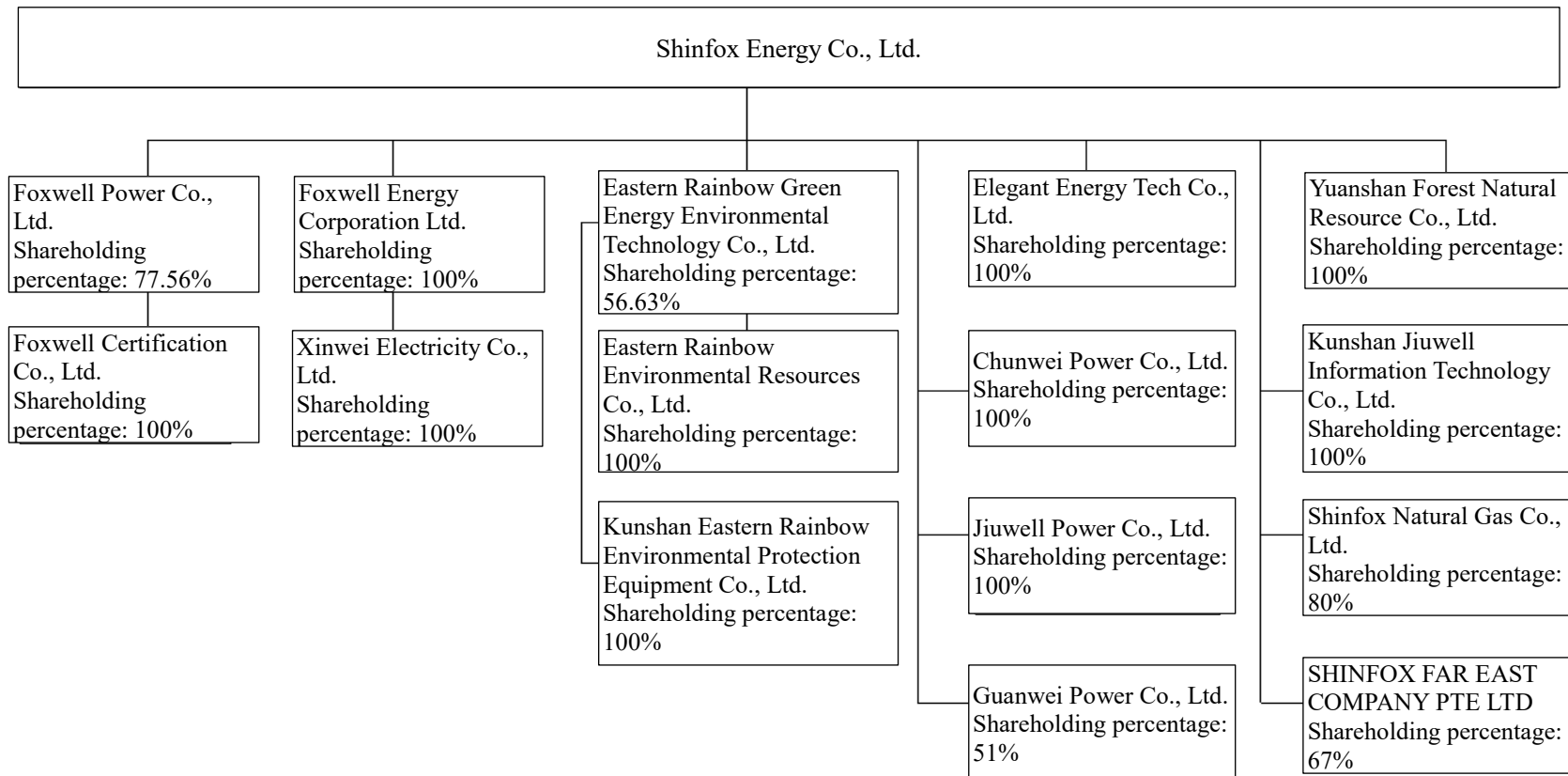
Year	Organizer	Course name	Course hours	Number of participants from the Company
2023	Accounting Research and Development Foundation	Continuing Education Course for Accounting Executives of Issuers, Securities Firms, and Stock Exchanges	12	2
2023	Accounting Research and Development Foundation	Analysis of Common Deficiencies in Financial Statement Review and Important Internal Control Regulations	6	1
2023	Accounting Research and Development Foundation	The Latest Development of Policies for “ESG Sustainability” and “Self-preparation of Financial Statements” and Internal Control Management Practices	6	1

Eight. Special Matters

I. Information on affiliates

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates (December 31, 2023)



2. Basic information on affiliates

December 31, 2023 Unit: Thousands of NT\$

Enterprise name	Date of establishment	Address	Paid-up capital	Main business item
Foxwell Energy Corporation Ltd.	2013.02.08	6F, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	8,670,000	Energy service management
Xinwei Electricity Co., Ltd.	2023.03.01	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	37,300	Energy technical services
Shinfox Natural Gas Co., Ltd.	2014.04.11	6F, No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	450,000	Energy service management
Foxwell Power Co., Ltd.	2019.06.28	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	600,000	Energy service management
Foxwell Certification Co., Ltd.	2023.04.19	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	10,000	Energy technical services, consulting services
Jiuwell Power Co., Ltd.	2021.11.10	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	1,100,000	Natural gas power generation business
Chunwei Power Co., Ltd.	2023.08.23	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	12,000	Power generation business
Elegant Energy Tech Co., Ltd.	2022.03.29	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	5,000	Energy technical services
Yuanshan Forest Natural Resource Co., Ltd.	2022.03.18	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	100,000	Afforestation
Guanwei Power Co., Ltd.	2022.06.21	No. 49, Section 4, Zhongyang Road, Tucheng District, New Taipei City	70,000	Power generation business
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	2005.05.20	11F, No. 1, Guangfu South Road, Songshan District, Taipei City	350,000	Energy technical services
Eastern Rainbow Environmental Resources Co., Ltd.	2003.07.11	11F, No. 1, Guangfu South Road, Songshan District, Taipei City	2,500	Energy technical services
Kunshan Eastern Rainbow Environmental Protection Equipment Co., Ltd.	2008.05.15	Room 1604, Building 6, Huamin Shijia, No. 13, Qianjin Middle Road, Kunshan City, Jiangsu Province	20,504	Import and export of environmental protection equipment

Enterprise name	Date of establishment	Address	Paid-up capital	Main business item
SHINFOX FAR EAST COMPANY PTE LTD	2022.09.05	3 INTERNATIONAL BUSINESS PARK #04-08 NORDIC EUROPEAN CENTRE SINGAPORE (609927)	2,453,864	Marine engineering business
Kunshan Jiuwell Information Technology Co., Ltd.	2017.06.01	No. 9606, Room 3, No. 28, Jinchang Road, Jinxi Town, Kunshan City, Jiangsu Province	1,536	Supply chain finance and energy service management

3. Information on the common shareholder information for those presumed to be in a controlling and subordinate relationship: None.

4. The industries covered by the overall business of the affiliates: including energy service industry, etc.

5. Information on directors, supervisors, and general managers of affiliates:

December 31, 2023 Unit: Shares

Enterprise name	Title	Name or representative	Shareholding percentage	
			Shares	Shareholding percentage
Foxwell Energy Corporation Ltd.	Chairperson	Hui-Sen Hu (Note 1)	867,000,000	100%
	Director	Su-Fang Liu (Note 1)	867,000,000	100%
	Director	Kun-Huang Lin (Note 1)	867,000,000	100%
	Independent Director	Shu-Fen Wang (Note 1)	867,000,000	100%
	Independent Director	Wen-Shuai Liu (Note 1)	867,000,000	100%
	Supervisor	Ching-Fan Bu (Note 1)	867,000,000	100%
Shinfox Natural Gas Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	36,000,000	80%
	Director	Mei-Zhi Tsai (Note 1)	36,000,000	80%
	Director	Gui-Long Liao (Note 1)	36,000,000	80%
	Director	Kun-Huang Lin (Note 1)	36,000,000	80%
	Director	Yi-Chiu Chemical & Technical Co., Ltd.	9,000,000	20%
	Supervisor	Ching-Fan Pu	0	0%
Foxwell Power Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	46,539,000	78%
	Director	Kun-Huang Lin (Note 1)	46,539,000	78%
	Director	Ching-Fan Bu (Note 1)	46,539,000	78%
	Director	Hsia-Peng Hao	1,081,500	2%
	Independent Director	Rui-Chu Chen	0	0%
	Independent Director	Ming-Hui Hsieh	0	0%
	Independent Director	Tsun Cheng	0	0%
Kunshan Jiuwell Information Technology Co., Ltd.	Legal representative	Hui-Sen Hu (Note 1)	(Capital contribution of US\$50,000, with no shares issued)	-
Jiuwell Power Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	110,000,000	100%
Elegant Energy Tech Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	500,000	100%
Yuanshan Forest Natural Resource Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	10,000,000	100%
Guanwei Power Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	3,570,000	51%
Xinwei Electricity Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	3,730,000	100%
Foxwell Certification Co., Ltd.	Chairperson	Hsia-Peng Hao (Note 2)	1,000,000	100%
Chun Wei Power Co., Ltd.	Chairperson	Hui-Sen Hu (Note 1)	1,200,000	100%
Eastern Rainbow Green Energy	Chairperson	Hui-Sen Hu (Note 1)	19,820,000	56.63%

Enterprise name	Title	Name or representative	Shareholding percentage	
			Shares	Shareholding percentage
Environmental Technology Co., Ltd.	Director	Kun-Huang Lin (Note 1)	19,820,000	56.63%
	Director	Mei-Zhi Tsai (Note 1)	19,820,000	56.63%
	Director	Cheng-Hsin Lai	4,546,956	12.99%
	Director	Lung-Chi Chen	163,902	0.47%
	Supervisor	Fulltech Fiber Glass Corporation	2,420,584	6.92%
	Supervisor	Hsin-Mei Li	0	0%
Eastern Rainbow Environmental Resources Co., Ltd.	Chairperson	Cheng-Hsin Lai (Note 3)	250,000	100%
	Supervisor	Bei-Yu Ren (Note 3)	250,000	100%
Kunshan Eastern Rainbow Environmental Protection Equipment Co., Ltd.	Legal representative	Cheng-Hsin Lai (Note 3)	(Capital contribution of CN\$5,000 thousand, with no shares issued)	100%
Shinfox Far East Company Pte Ltd	Chairperson	Hui-Sen Hu (Note 1)	53,600,000	67%
	Director	Mei-Zhi Tsai (Note 1)	53,600,000	67%
	Director	Kun-Huang Lin (Note 1)	53,600,000	67%
	Director	Hsin-Mei Li (Note 1)	53,600,000	67%
	Director	Sheng-Wei Ku (Note 1)	53,600,000	67%
	Director	CHEN TAO (Note 4)	26,400,000	33%
	Director	ZHU YANPING WILLIAM (Note 4)	26,400,000	33%

Note 1: Representative of Shinfox Energy Co., Ltd.

Note 2: Representative of Foxwell Power Co., Ltd.

Note 3: Representative of Eastern Rainbow Green Energy Environmental Technology Co., Ltd.

Note 4: Representative of FAR EAST RENEWABLE ENERGY COMPANY PTE. LTD.

6. Overview of the operation of affiliates

(I) Financial position and operating results of each affiliate in 2023:

Unit: Thousands of NT\$

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Profit or loss for the period (after tax)	Earnings per share (NT\$) (after tax)
Foxwell Energy Corporation Ltd.	8,670,000	18,758,323	9,273,300	9,485,023	9,813,150	935,512	763,402	1.08
Shinfox Natural Gas Co., Ltd.	450,000	361,003	18,511	342,492	39,360	(35,674)	(33,373)	(0.74)
Foxwell Power Co., Ltd.	600,000	3,205,694	2,268,811	936,883	879,893	45,630	56,201	0.94
Kunshan Jiuwell Information Technology Co., Ltd.	1,536	34,622	3,350	31,272	12,499	3,625	4,817	Not applicable
Jiuwell Power Co., Ltd.	1,100,000	1,089,090	2,915	1,086,175	-	(7,098)	(6,154)	(0.06)
Elegant Energy Tech Co., Ltd.	5,000	4,452	52	4,400	-	(352)	(1,068)	(2.14)
Yuanshan Forest Natural Resource Co., Ltd.	100,000	99,877	195	99,682	-	(368)	(264)	(0.12)
Guanwei Power Co., Ltd.	70,000	99,869	30,022	69,847	-	(73)	(122)	(0.03)
Xinwei Electricity Co., Ltd.	37,300	197,833	159,076	38,757	8,192	3,136	1,457	0.95
Foxwell Certification Co., Ltd.	10,000	7,026,845	1,232,643	5,794,202	3,924	(6,016)	(4,206)	(4.21)
Chun Wei Power Co., Ltd.	12,000	12,005	50	11,955	-	(69)	(45)	(0.04)
Eastern Rainbow Green Energy Environmental Technology Co., Ltd.	350,000	516,177	159,671	356,506	65,801	(24,172)	(11,095)	(0.32)
Eastern Rainbow Environmental Resources Co., Ltd.	2,500	2,044	1,337	707	213	(147)	(1,035)	(4.14)
Kunshan Eastern Rainbow Environmental Protection Equipment Co., Ltd.	20,504	64,003	32,684	31,319	2,029	(1,106)	(1,081)	(0.53)
Shinfox Far East Company Pte Ltd	2,453,864	3,479,008	1,280,295	2,198,713	522,429	78,652	82,447	Not applicable

(II) Consolidated financial statements of affiliates

For the consolidated financial statements of parent and subsidiaries, please refer to pages 148 to 234 of this handbook.

(III) Affiliation report: Not applicable.

- II. Private placement of securities in the most recent year and up to the date of publication of this annual report: None.
- III. Holding or disposal of the Company's shares by subsidiaries in the most recent year and up to the date of publication of this annual report: None.
- IV. Other matters that require additional explanation: None.
- V. Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, which has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.

Shinfox Energy Co., Ltd.



Chairperson: Tai-Ciang Guo

