

CELXPRT ENERGY CORPORATION**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Celxpert Energy Corporation:

Opinion

We have audited the financial statements of Celxpert Energy Corporation("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

1. Inventory valuation

Please refer to Note (4)(g) and Note 5 of the financial statements for the accounting policy of inventory valuation as well as the accounting estimates and assumptions uncertainty of the inventory valuation, respectively. Information regarding the inventory is disclosed in Note (6)(d) of the financial statements.

Description of key audit matter:

The inventory of the Company is measured at the lower of cost or net realizable value. Due to the customized nature of the contract manufacturing business, the risk of inventory obsolescence is heightened when the anticipated orders from customer are in excess of actual purchases. Therefore, the inventory impairment assessment is identified as a key matter in our audit of the financial statements of the Company.

Audit procedures:

Our principal audit procedures included: understanding the policy of the Company on the provision of allowance for impairment loss on inventory, assessing whether the provision has been provided in accordance with the established accounting policies, ng policies. In addition, assessing the amount of management's allowance for inventories, including verifying the accuracy of the inventory aging report through sampling tests, understanding the basis used by the management to determine net realizable values, and performing sampling tests, thereby verifying the accuracy of estimated inventory allowance valuation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 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.

The engagement partners on the audit resulting in this independent auditors' report are Hsin, Yu-Ting and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CELPERT ENERGY CORPORATION

Balance Sheets

December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 1,320,868	26.0	883,630	13.7	2100	Short-term borrowings (note (6)(i))	\$ 378,852	7.5	642,560	10.0
1120	Current financial assets at fair value through other comprehensive income (note (6)(b))	30,321	0.6	-	-	2130	Current contract liabilities (note (6)(r))	6,084	0.1	12,252	0.2
1170	Accounts receivable, net (notes (6)(c) and (6)(r))	1,521,768	30.0	2,878,824	44.7	2170	Accounts payable	977,696	19.2	1,594,428	24.7
1180	Accounts receivable due from related parties, net (notes (6)(c), (6)(r) and (7))	107,993	2.1	22,695	0.4	2180	Accounts payable to related parties (note (7))	137,177	2.7	115,636	1.8
1200	Other receivables (note (7))	58,406	1.1	5,325	0.1	2200	Other payables (note (7))	192,573	3.8	279,409	4.3
1310	Inventories (note (6)(d))	816,251	16.1	1,742,545	27.0	2230	Current tax liabilities	55,056	1.1	121,764	1.9
1410	Prepayments	9,190	0.2	6,332	0.1	2280	Current lease liabilities (note (6)(l))	5,774	0.1	5,598	0.1
1470	Other current assets (note (8))	3,988	0.1	2,133	-	2300	Other current liabilities	<u>55,710</u>	<u>1.1</u>	<u>58,816</u>	<u>0.9</u>
1476	Other current financial assets (note (6)(a))	<u>429,500</u>	<u>8.4</u>	<u>-</u>	<u>-</u>			<u>1,808,922</u>	<u>35.6</u>	<u>2,830,463</u>	<u>43.9</u>
		<u>4,298,285</u>	<u>84.6</u>	<u>5,541,484</u>	<u>86.0</u>	Non-current liabilities:					
Non-current assets:						2530	Bonds payable (note (6)(k))	330,871	6.5	-	-
1510	Non-current financial assets at fair value through profit or loss (note (6)(k))	760	-	-	-	2540	Long-term borrowings (note (6)(j))	400,000	7.9	1,000,000	15.5
1550	Investments accounted for using equity method (notes (6)(e) and (7))	504,439	9.9	621,646	9.7	2560	Non-current tax liabilities	50,267	1.0	18,369	0.3
1600	Property, plant and equipment (note (6)(g))	186,682	3.7	214,278	3.3	2570	Deferred tax liabilities (note (6)(n))	628	-	538	-
1755	Right-of-use assets (note (6)(h))	12,404	0.3	14,290	0.2	2580	Non-current lease liabilities (note (6)(l))	6,772	0.1	8,802	0.2
1780	Intangible assets	1,787	-	966	-	2640	Non-current net defined benefit liabilities (note (6)(m))	<u>1,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
1840	Deferred tax assets (note (6)(n))	78,132	1.5	47,237	0.8			<u>789,556</u>	<u>15.5</u>	<u>1,027,709</u>	<u>16.0</u>
1920	Refundable deposits	943	-	2,233	-	Total liabilities		<u>2,598,478</u>	<u>51.1</u>	<u>3,858,172</u>	<u>59.9</u>
1975	Non-current net defined benefit assets (note (6)(m))	<u>-</u>	<u>-</u>	<u>1,513</u>	<u>-</u>	Equity attributable to owners of parent (notes (6)(k) and (6)(o)):					
		<u>785,147</u>	<u>15.4</u>	<u>902,163</u>	<u>14.0</u>	3110	Ordinary shares	883,059	17.4	803,059	12.5
Total assets		<u>\$ 5,083,432</u>	<u>100.0</u>	<u>6,443,647</u>	<u>100.0</u>	3200	Capital surplus	860,717	16.9	640,924	9.9
						3310	Legal reserves	378,829	7.5	356,678	5.5
						3350	Unappropriated retained earnings	330,283	6.5	745,943	11.6
						3400	Other equity interest	<u>32,066</u>	<u>0.6</u>	<u>38,871</u>	<u>0.6</u>
						Total equity		<u>2,484,954</u>	<u>48.9</u>	<u>2,585,475</u>	<u>40.1</u>
						Total liabilities and equity		<u>\$ 5,083,432</u>	<u>100.0</u>	<u>6,443,647</u>	<u>100.0</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CELXPRT ENERGY CORPORATION
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (notes (6)(r) and (7))	\$ 7,087,078	100.0	11,090,325	100.0
5110	Operating costs (notes (6)(d), (6)(m), (7) and (12))	<u>6,682,103</u>	<u>94.3</u>	<u>10,187,549</u>	<u>91.9</u>
	Gross profit from operations	404,975	5.7	902,776	8.1
5910	Less: Unrealized loss from sales	<u>121</u>	<u>-</u>	<u>-</u>	<u>-</u>
5900	Gross profit from operations, net	<u>404,854</u>	<u>5.7</u>	<u>902,776</u>	<u>8.1</u>
6000	Operating expenses (notes (6)(m), (6)(s), (7) and (12)):				
6100	Selling expenses	147,413	2.1	238,973	2.2
6200	Administrative expenses	176,622	2.5	200,481	1.8
6300	Research and development expenses	175,237	2.4	204,787	1.8
6450	Gains on reversal of expected credit losses (note (6)(c))	<u>(2,905)</u>	<u>-</u>	<u>(917)</u>	<u>-</u>
		<u>496,367</u>	<u>7.0</u>	<u>643,324</u>	<u>5.8</u>
6900	Net operating (loss) income	<u>(91,513)</u>	<u>(1.3)</u>	<u>259,452</u>	<u>2.3</u>
	Non-operating income and expenses:				
7100	Interest income	19,013	0.3	3,315	-
7190	Other income (note (6)(t))	6,635	0.1	31,611	0.3
7050	Finance costs (notes (6)(k) and (6)(l))	(55,430)	(0.8)	(33,934)	(0.3)
7630	Foreign exchange (losses) gains, net (note (6)(u))	(3,150)	-	143,424	1.3
7635	Losses on financial assets (liabilities) at fair value through profit or loss (note (6)(k))	(3,680)	(0.1)	-	-
7590	Other expenses (note (6)(t))	(61,995)	(0.9)	(35,997)	(0.3)
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	<u>(112,174)</u>	<u>(1.6)</u>	<u>(79,069)</u>	<u>(0.7)</u>
		<u>(210,781)</u>	<u>(3.0)</u>	<u>29,350</u>	<u>0.3</u>
7900	(Loss) profit before tax	(302,294)	(4.3)	288,802	2.6
7950	Less: Income tax (benefit) expenses (note (6)(n))	<u>(31,647)</u>	<u>(0.5)</u>	<u>68,196</u>	<u>0.6</u>
8200	Net (loss) profit	<u>(270,647)</u>	<u>(3.8)</u>	<u>220,606</u>	<u>2.0</u>
8300	Other comprehensive (loss) income:				
8310	Items that will not be reclassified to profit or loss:				
8311	(Losses) gains on remeasurements of defined benefit plans (note (6)(m))	(2,981)	-	2,977	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(n))	<u>(596)</u>	<u>-</u>	<u>595</u>	<u>-</u>
		<u>(2,385)</u>	<u>-</u>	<u>2,382</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(5,028)	(0.1)	18,536	0.2
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	(1,777)	-	-	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(6,805)</u>	<u>(0.1)</u>	<u>18,536</u>	<u>0.2</u>
8300	Other comprehensive (loss) income	<u>(9,190)</u>	<u>(0.1)</u>	<u>20,918</u>	<u>0.2</u>
8500	Total comprehensive (loss) income	<u>\$ (279,837)</u>	<u>(3.9)</u>	<u>241,524</u>	<u>2.2</u>
	Earnings per share (note (6)(q))				
9750	Basic (losses) earnings per share	<u>\$ (3.27)</u>		<u>2.75</u>	
9850	Diluted (losses) earnings per share	<u>\$ (3.27)</u>		<u>2.71</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CELPERT ENERGY CORPORATION**Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

						Other equity interest			
				Retained earnings			Unrealized losses on		
				Unappropriated	Total	Exchange	financial assets	Total other	Total equity
	Ordinary	Capital	Legal	retained	retained	differences on	measured at fair	equity	
	shares	surplus	reserves	earnings	earnings	translation of	value through	interest	
						foreign	other		
						financial	comprehensive		
						statements	income		
Balance at January 1, 2022	\$ 803,059	640,924	325,092	716,634	1,041,726	20,335	-	20,335	2,506,044
Profit for the year ended December 31, 2022	-	-	-	220,606	220,606	-	-	-	220,606
Other comprehensive income for the year ended December 31, 2022	-	-	-	2,382	2,382	18,536	-	18,536	20,918
Total comprehensive income for the year ended December 31, 2022	-	-	-	222,988	222,988	18,536	-	18,536	241,524
Appropriation and distribution of retained earnings:									
Legal reserves appropriated	-	-	31,586	(31,586)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(160,612)	(160,612)	-	-	-	(160,612)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(1,481)	(1,481)	-	-	-	(1,481)
Balance at December 31, 2022	803,059	640,924	356,678	745,943	1,102,621	38,871	-	38,871	2,585,475
Loss for the year ended December 31, 2023	-	-	-	(270,647)	(270,647)	-	-	-	(270,647)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	(2,385)	(2,385)	(5,028)	(1,777)	(6,805)	(9,190)
Total comprehensive loss for the year ended December 31, 2023	-	-	-	(273,032)	(273,032)	(5,028)	(1,777)	(6,805)	(279,837)
Appropriation and distribution of retained earnings:									
Legal reserves appropriated	-	-	22,151	(22,151)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(120,459)	(120,459)	-	-	-	(120,459)
Issuance of ordinary shares	80,000	131,200	-	-	-	-	-	-	211,200
Conversion of convertible bonds	-	84,201	-	-	-	-	-	-	84,201
Changes in ownership interests in a subsidiary	-	-	-	(18)	(18)	-	-	-	(18)
Share-based payments	-	4,392	-	-	-	-	-	-	4,392
Balance at December 31, 2023	\$ 883,059	860,717	378,829	330,283	709,112	33,843	(1,777)	32,066	2,484,954

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CELPERT ENERGY CORPORATION**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (302,294)	288,802
Adjustments:		
Adjustments to reconcile (loss) profit:		
Depreciation expense	46,649	52,367
Amortization expense	1,221	3,475
Gains on reversal of expected credit loss	(2,905)	(917)
Net loss on financial assets at fair value through profit or loss	3,680	-
Interest expense	55,430	33,934
Interest income	(19,013)	(3,315)
Share-based payments	4,274	-
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	112,174	79,069
Others	105	268
Total adjustments to reconcile (loss) profit	<u>201,615</u>	<u>164,881</u>
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,274,663	1,612,784
(Increase) decrease in other receivables	(52,000)	6,676
Decrease (increase) in inventories	926,294	(2,717)
(Increase) decrease in prepayments and other current assets	(4,713)	952
Decrease in current contract liabilities	(6,168)	(30,615)
Decrease in notes and accounts payable	(595,191)	(916,706)
Decrease in other payables and other current liabilities	(89,646)	(7,174)
Decrease in net defined benefit liabilities	(450)	(470)
Total changes in operating assets and liabilities	<u>1,452,789</u>	<u>662,730</u>
Cash inflow generated from operations	1,352,110	1,116,413
Interest received	17,932	3,315
Interest paid	(41,541)	(32,231)
Income taxes paid	<u>(33,372)</u>	<u>(19,923)</u>
Net cash flows from operating activities	<u>1,295,129</u>	<u>1,067,574</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(32,098)	-
Acquisition of investments accounted for using equity method	-	(85,000)
Acquisition of property, plant and equipment	(11,490)	(58,169)
Decrease in refundable deposits	1,290	-
Acquisition of intangible assets	(2,042)	(448)
Increase in other current financial assets	<u>(429,500)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(473,840)</u>	<u>(143,617)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(263,708)	(608,043)
Proceeds from issuance of convertible corporate bonds	395,820	-
Proceeds from long-term borrowings	200,000	450,000
Repayments of long-term borrowings	(800,000)	(100,000)
Payment of lease liabilities	(6,904)	(7,150)
Cash dividends paid	(120,459)	(160,612)
Proceeds from issue of ordinary shares	<u>211,200</u>	<u>-</u>
Net cash flows used in financing activities	<u>(384,051)</u>	<u>(425,805)</u>
Net increase in cash and cash equivalents	437,238	498,152
Cash and cash equivalents at beginning of period	<u>883,630</u>	<u>385,478</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,320,868</u></u>	<u><u>883,630</u></u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CELPERT ENERGY CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Celpert Energy Corporation (the “Company”). was incorporated on November 20, 1997 and registered under the Ministry of Economic Affairs, R.O.C.. The major business activities of the Company are manufacturing, processing and trading of battery packs and power supply related products for the 3C industry.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the Board of Directors on March 15, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated annual financial statements have been prepared on the historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(o).

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are 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. The time deposits, bills and bonds sold under repurchase agreements which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; or fair value through other comprehensive income (FVOCI) debt investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, refundable deposits and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and

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- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;

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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amount net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statements, are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | |
|--|--------------|
| 1) Buildings and construction | 1 ~ 31 years |
| 2) Machinery and equipment | 1 ~ 8 years |
| 3) Office and transportation equipment | 1 ~ 10 years |
| 4) The major components of plant and equipment included the main buildings of the plant, electromechanical equipment and elevator engineering. Those plant and equipment are depreciated according to their useful lives respectively. | |

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments; including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of video equipment that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

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Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives of computer softwares are 2 years.

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Recognition of revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company is principally engaged in manufacturing and trading of battery packs and power supply related products for the 3C industry. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company offers trade discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated trade discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected trade discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Company confirms the number of shares subscribed by the employees.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction i) affects neither accounting nor taxable profits (losses) and ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The additional on unappropriated retained earnings is recognized as current tax expense in the following year after the earnings distribution plan is resolved by annual shareholders' meeting.

(r) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as distribution of employee's compensation in shares yet to be approved.

(s) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no significant judgments involved in the accounting policies that have significant effect on the amounts recognized in the financial statements.

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

The following accounting estimates and assumptions with uncertainty pose a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year, the related information as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the valuation of inventories is mainly determined based on the future demand for products within a specific period. Due to the nature of industry, there may be differences in the valuation of inventories. Please refer to note (6)(d) for further details of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	\$ 359	1,155
Checking accounts and demand deposits	952,049	882,475
Time deposits	368,460	-
	<u>\$ 1,320,868</u>	<u>883,630</u>

As of December 31, 2023 and 2022, the time deposits with maturities over three months from the acquisition date amounted to \$429,500 and \$0, respectively. These time deposits are recorded as other current financial assets.

Please refer to note (6)(u) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income:		
Corporate bonds	<u>\$ 30,321</u>	<u>-</u>

(i) Debt investments at fair value through other comprehensive income

The Company has assessed that the following securities were held within a business model whose objective was achieved by both collecting contractual cash flows and trading securities. Therefore, they have been classified as financial assets at fair value through other comprehensive income.

- 1) The Company acquired 30-year USD corporate bonds of Taiwan Semiconductor Manufacturing Co., Ltd (TSMC), with a consideration of \$32,098 in January 2023. The bonds have a coupon rate of 4.5%, with interest that is payable semi-annually, and will mature in April 2052.

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

- (ii) For the credit risk and market risk, please refer to note (6)(u).
- (iii) As of December 31, 2023, the Company did not provide any financial assets at fair value through other comprehensive as collaterals for its loans.
- (c) Accounts receivable, net (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable (including related parties) - measured as amortized cost	\$ 1,629,839	2,904,502
Less: Loss allowance	<u>(78)</u>	<u>(2,983)</u>
	<u>\$ 1,629,761</u>	<u>2,901,519</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for its receivables. In order to measure the expected credit losses, accounts receivable including related parties have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, included the experience of historical credit loss and reasonable forecast of future economic conditions. The loss allowances were determined as follows:

December 31, 2023			
Credit rating	Gross carrying amount	Weighted-average loss rate	Loss allowance
A	\$ 366,710	0.001%	4
B	1,146,431	0.005%	57
C	4,376	0.100%	4
D	<u>112,322</u>	0.012%	<u>13</u>
	<u>\$ 1,629,839</u>		<u>78</u>

December 31, 2022			
Credit rating	Gross carrying amount	Weighted-average loss rate	Loss allowance
A	\$ 405,646	0.001%	4
B	194,152	0.005%	10
C	2,097,517	0.100%	2,098
D	<u>207,187</u>	0.421%	<u>871</u>
	<u>\$ 2,904,502</u>		<u>2,983</u>

(Continued)

CELXPRT ENERGY CORPORATION
Notes to the Financial Statements

The aging analysis of accounts receivable (including related parties) was as follows:

	December 31, 2023	December 31, 2022
Current	\$ 1,629,726	2,818,364
1 to 30 days overdue	88	56,871
31 to 60 days overdue	25	29,267
	<u>\$ 1,629,839</u>	<u>2,904,502</u>

The movements in the allowance for impairment loss (including related parties) were as follows:

	2023	2022
Balance on January 1	\$ 2,983	3,900
Impairment loss reversed	(2,905)	(917)
Balance on December 31	<u>\$ 78</u>	<u>2,983</u>

As of December 31, 2023 and 2022, the Company did not provide any accounts receivable (including related parties) as collateral for its loans.

(d) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 336,593	840,038
Work in progress	23,875	47,924
Finished goods	455,783	854,583
	<u>\$ 816,251</u>	<u>1,742,545</u>

(i) For the years ended December 31, 2023 and 2022, the inventory cost recognized as operating costs and expenses amounted to \$6,651,560 and \$10,185,347, respectively.

(ii) For the years ended December 31, 2023 and 2022, the write-down of inventories due to inventories obsolescence and slow movements amounted to \$21,885 and \$2,015, respectively. In 2023 and 2022, the inventory related unallocated production overheads are both \$0. In 2023 and 2022, inventory obsolescence recognized amounted to \$8,658 and \$187, respectively. The aforementioned expenses had been recorded as operating costs.

(iii) As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(e) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using equity method at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 504,439</u>	<u>621,646</u>

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

- (i) Please refer to the consolidated financial statement for the year ended December 31, 2023.
- (ii) As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using equity method as collaterals for its loans.

(f) Changes in ownership interests in a subsidiary

Keelgo Energy Co., Ltd issued additional ordinary shares in December 2022. As the Company did not acquire additional shares in accordance with its original shareholding percentage, the percentage of shareholding decreased from 100% to 85.15%, and a decrease in retained earnings amounting to \$1,481 was adjusted.

(g) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

		Land	Buildings and construction	Machinery and equipment	Office and transportation equipment	Construction in progress and equipment under test	Total
Cost:							
Balance on January 1, 2023	\$	46,636	217,387	301,489	22,096	14,547	602,155
Additions		-	-	9,512	2,492	113	12,117
Disposals		-	(6,016)	(17,507)	(910)	-	(24,433)
Reclassifications		-	-	6,401	-	(6,401)	-
Balance on December 31, 2023	\$	<u>46,636</u>	<u>211,371</u>	<u>299,895</u>	<u>23,678</u>	<u>8,259</u>	<u>589,839</u>
Balance on January 1, 2022	\$	46,636	212,416	285,203	37,401	17,937	599,593
Additions		-	4,971	32,433	5,081	8,020	50,505
Disposals		-	-	(27,263)	(20,386)	-	(47,649)
Reclassifications		-	-	11,116	-	(11,410)	(294)
Balance on January 1, 2022	\$	<u>46,636</u>	<u>217,387</u>	<u>301,489</u>	<u>22,096</u>	<u>14,547</u>	<u>602,155</u>
Depreciation:							
Balance on January 1, 2023	\$	-	116,648	257,001	14,228	-	387,877
Depreciation for the period		-	11,210	25,253	3,250	-	39,713
Disposals		-	(6,016)	(17,507)	(910)	-	(24,433)
Balance on December 31, 2023	\$	<u>-</u>	<u>121,842</u>	<u>264,747</u>	<u>16,568</u>	<u>-</u>	<u>403,157</u>
Balance on January 1, 2022	\$	-	105,987	251,930	32,122	-	390,039
Depreciation for the period		-	10,661	32,017	2,491	-	45,169
Disposals		-	-	(26,946)	(20,385)	-	(47,331)
Balance on December 31, 2022	\$	<u>-</u>	<u>116,648</u>	<u>257,001</u>	<u>14,228</u>	<u>-</u>	<u>387,877</u>
Carrying amount:							
Balance on December 31, 2023	\$	<u>46,636</u>	<u>89,529</u>	<u>35,148</u>	<u>7,110</u>	<u>8,259</u>	<u>186,682</u>
Balance on January 1, 2022	\$	<u>46,636</u>	<u>106,429</u>	<u>33,273</u>	<u>5,279</u>	<u>17,937</u>	<u>209,554</u>
Balance on December 31, 2022	\$	<u>46,636</u>	<u>100,739</u>	<u>44,488</u>	<u>7,868</u>	<u>14,547</u>	<u>214,278</u>

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had not been pledged as collateral or restricted.

(h) Right-of-use assets

The Company leases many assets including buildings and other equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 18,439	7,051	25,490
Additions	2,422	2,628	5,050
Disposal	<u>(1,070)</u>	<u>(4,307)</u>	<u>(5,377)</u>
Balance on December 31, 2023	<u><u>\$ 19,791</u></u>	<u><u>5,372</u></u>	<u><u>25,163</u></u>
Balance on January 1, 2022	\$ 17,022	4,711	21,733
Additions	3,440	2,340	5,780
Disposal	<u>(2,023)</u>	<u>-</u>	<u>(2,023)</u>
Balance on December 31, 2022	<u><u>\$ 18,439</u></u>	<u><u>7,051</u></u>	<u><u>25,490</u></u>
Depreciation :			
Balance on January 1, 2023	\$ 6,619	4,581	11,200
Depreciation for the period	5,014	1,922	6,936
Disposal	<u>(1,070)</u>	<u>(4,307)</u>	<u>(5,377)</u>
Balance on December 31, 2023	<u><u>\$ 10,563</u></u>	<u><u>2,196</u></u>	<u><u>12,759</u></u>
Balance on January 1, 2022	\$ 3,445	2,580	6,025
Depreciation for the period	5,197	2,001	7,198
Disposal	<u>(2,023)</u>	<u>-</u>	<u>(2,023)</u>
Balance on December 31, 2022	<u><u>\$ 6,619</u></u>	<u><u>4,581</u></u>	<u><u>11,200</u></u>
Carrying amount:			
Balance on December 31, 2023	<u><u>\$ 9,228</u></u>	<u><u>3,176</u></u>	<u><u>12,404</u></u>
Balance on January 1, 2022	<u><u>\$ 13,577</u></u>	<u><u>2,131</u></u>	<u><u>15,708</u></u>
Balance on December 31, 2022	<u><u>\$ 11,820</u></u>	<u><u>2,470</u></u>	<u><u>14,290</u></u>

(i) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit loans	<u><u>\$ 378,852</u></u>	<u><u>642,560</u></u>
Unused credit lines	<u><u>\$ 3,694,153</u></u>	<u><u>3,088,958</u></u>
Range of interest rates	<u><u>1.95%~6.364%</u></u>	<u><u>0.75%~5.71%</u></u>

As of December 31, 2023 and 2022, the Company did not provide any assets as collaterals for its short-term borrowings.

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CELXPRT ENERGY CORPORATION
Notes to the Financial Statements

(j) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 400,000	1,000,000
Less: Current portion	-	-
Total	<u><u>\$ 400,000</u></u>	<u><u>1,000,000</u></u>
Unused credit lines	<u><u>\$ 1,600,000</u></u>	<u><u>1,000,000</u></u>
Range of interest rates	<u><u>1.95%~2.28%</u></u>	<u><u>0.90%~2.0%</u></u>
Maturity period	<u><u>March 2025~ December 2025</u></u>	<u><u>March 2024~ November 2024</u></u>

(i) Additions or deductions of borrowings

The Company proceeded new loans amounting to \$200,000 and \$450,000 in 2023 and 2022, respectively. The repayment of long-term borrowings (including early settlement) amounted to \$800,000 and \$100,000 in 2023 and 2022, respectively.

(ii) The Company did not provide any assets as collaterals for its long-term borrowings.

(iii) For information on the Company's interest risk and liquidity risk, please refer to note (6)(u).

(k) Bonds payable

(i) The Company issued the third domestic unsecured convertible bonds at 100% of the par value, with a total amount of \$400,000 on June 2, 2023.

1) The main terms of the convertible bonds were as follows:

- a) Interest rate : 0%
- b) Duration : Three years (June 2, 2023 to June 2, 2026)
- c) Terms of conversion:

- i) The bondholders may request for conversion of the convertible bonds to the Company's ordinary shares, at any time between three months after the issuance date (September 3, 2023) and the maturity date (June 2, 2026), except for the following periods: 1. The period in which transfer of ordinary shares is suspended by the laws; 2. The period starts from 15 business days before the book closure date for issuance of the bonus shares, book closure date for cash dividends, book closure date for rights issue, to the record date for distribution of entitlements; 3. The period starts from the base date of capital reduction to the day before the reissuance of shares transacted after the capital reduction; 4. The period starts from the starting date of the suspension of conversion for the change of the share's par value to the date before the trading date of the reissuance of shares.

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CELPERT ENERGY CORPORATION

Notes to the Financial Statements

- ii) Conversion price: The conversion price was determined at NTD35 per share upon share issuance.
- d) Redemption method: The Company may redeem the bonds under the following conditions:
 - i) At any time between three months after the issuance date (September 3, 2023) and forty days before the maturity date (April 23, 2026), if the closing price of the Company's ordinary shares exceeds the current conversion price by 30% (inclusive) for consecutive thirty business days, the Company may redeem the bonds at the face value within the next thirty business days.
 - i) At any time between three months after the issuance date (September 3, 2023) and forty days before the maturity date (April 23, 2026), if the outstanding balance of the convertible bonds is less than 10% of the original issuance amount, the Company may call back the convertible bonds from the bondholders in cash at the face value of the bonds.
- (ii) The details of bonds payable were as follows:

	December 31, 2023
Total convertible bonds issued	\$ 400,000
Unamortized discounted bonds payable	(69,129)
Balance of bonds payable at the reporting date	<u><u>\$ 330,871</u></u>
Embedded derivative – call options, included in non-current financial assets	
at fair value through profit or loss	<u><u>\$ 760</u></u>
Equity component – conversion options, included in capital surplus– share options	<u><u>\$ 84,201</u></u>
	<u><u>2023</u></u>
Embedded derivative instruments – losses resulting from call option at fair value, included in losses on financial assets at fair value through profit or loss	<u><u>\$ 3,680</u></u>
Interest expense	<u><u>\$ 14,812</u></u>

- (iii) The Company separates the conversion option from liabilities and recognizes them as equity and liabilities, respectively. The relevant information was as follows:

The compound interest present values of the convertible bonds' face value	
at issuance	\$ 316,059
The embedded derivative assets at issuance – call option	(4,440)
The equity components at issuance	<u>84,201</u>
Total amount of bonds payable at issuance	<u><u>\$ 395,820</u></u>

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

The effective interest rate of the third convertible bonds was 8.1676%.

The relevant costs incurred for issuance of the abovementioned convertible bonds amounted to \$4,180, of which the costs were allocated to the liabilities and equity components in proportion to the relative fair values. The transaction costs related to liabilities amounted to \$3,301, which were amortized at the effective interest rate over the duration of the convertible bonds. The transaction costs related to the equity component of \$879 will not be remeasured after the initial recognition.

(l) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ <u>5,774</u>	<u>5,598</u>
Non-current	\$ <u>6,772</u>	<u>8,802</u>

For the maturity analysis, please refer to note (6)(u).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ <u>193</u>	<u>187</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,385</u>	<u>220</u>
Expenses relating to short-term leases	\$ <u>901</u>	<u>881</u>

The amounts recognized in the statements of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	\$ <u>9,383</u>	<u>8,438</u>

(i) Building leases

The Company leases buildings for its office space and car parks with the lease period of one to five years.

(ii) Other leases

The Company leases office equipment and transportation equipment with lease period of three to five years.

The Company also leases office equipment and video equipment with lease period of less than one year. These leases are short term leases or leases of low-value assets. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ (9,223)	(8,287)
Fair value of plan assets	8,205	9,800
Net defined benefit (liabilities) assets	\$ (1,018)	1,513

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefit based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations of Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, the minimum earnings shall not less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$8,205 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations were as follows:

	2023	2022
Defined benefit obligations on January 1	\$ (8,287)	(11,090)
Current service costs and interest	(107)	(77)
Remeasurements on the net defined benefit (liabilities) assets	(3,047)	2,285
Benefits paid by the plan	2,218	595
Defined benefit obligations on December 31	\$ (9,223)	(8,287)

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

3) Movements of fair value of plan assets

The movements in the fair value of the defined benefit plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets on January 1	\$ 9,800	9,156
Expected return on plan assets	130	65
Remeasurements in net defined benefit assets (liabilities)	66	692
Contributions paid by the employer	427	482
Benefit paid by the plan	<u>(2,218)</u>	<u>(595)</u>
Fair value of plan assets on December 31	<u><u>\$ 8,205</u></u>	<u><u>9,800</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Net interest of net defined benefit assets (liabilities)	<u>\$ (23)</u>	<u>12</u>
Operating costs	\$ 9	3
Selling expenses	10	3
Administrative expenses	(54)	2
Research and development expenses	<u>12</u>	<u>4</u>
	<u><u>\$ (23)</u></u>	<u><u>12</u></u>

5) Remeasurements of net defined benefit plans that recognized in other comprehensive income

The remeasurements of net defined benefit plans that recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ (3,557)	(6,534)
Recognized during the period	<u>(2,981)</u>	<u>2,977</u>
Balance on December 31	<u><u>\$ (6,538)</u></u>	<u><u>(3,557)</u></u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.28 %	1.29 %
Future salary increase rate	1.50 %	1.50 %

(Continued)

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Notes to the Financial Statements

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date amounted to \$424.

The weighted-average lifetime of the defined benefit plan is 2 years.

7) Sensitivity analysis

If the key actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of the defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	\$ (134)	137
Future salary increasing rate	114	(112)
December 31, 2022		
Discount rate	(133)	136
Future salary increasing rate	115	(113)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocate a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$13,252 and \$13,029 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(n) Income taxes

(i) Income tax expenses

- 1) The details of income tax (benefits) expenses for the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ -	99,700
Additional tax on unappropriated retained earnings	-	3,071
Adjustment for prior periods	<u>(1,438)</u>	<u>(2,167)</u>
	<u>(1,438)</u>	<u>100,604</u>
Deferred tax benefits		
Origination and reversal of temporary differences	<u>(30,209)</u>	<u>(32,408)</u>
Income tax (benefits) expenses	<u>\$ (31,647)</u>	<u>68,196</u>

- 2) The amounts of income tax (benefits) expenses recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified to profit or loss:		
(Losses) gains on remeasurement of defined benefit plans	<u>\$ (596)</u>	<u>595</u>

- 3) Reconciliations of income tax (benefits) expenses and (loss) profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
(Loss) profit before tax	\$ (302,294)	288,802
Income tax using local tax rate of the Company	\$ (60,459)	57,760
Over provision in prior periods	(1,438)	(2,167)
Change in unrecognized temporary differences	23,392	15,868
Impairment loss on investments in domestic companies	-	(10,590)
Net gains or losses from domestic investments accounted using the equity method	(958)	(54)
Additional tax on unappropriated retained earnings	-	3,071
Non-deductible expenses	3,698	-
Others	<u>4,118</u>	<u>4,308</u>
	<u>\$ (31,647)</u>	<u>68,196</u>

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CELXPRT ENERGY CORPORATION
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets(liabilities)

The Company is able to control the timing of the reversal of the part of temporary differences associated with investments in subsidiaries as at December 31, 2023 and 2022. Also, management believed that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax assets (liabilities). Details were as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to		
investments in subsidiaries	\$ 429,763	312,800
Unrecognized deferred tax assets	\$ 85,953	62,561

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Defined benefit plans	Unrealized exchange gains and others	Total
Deferred tax liabilities:			
Balance at January 1, 2023	\$ 538	-	538
Recognized in profit or loss	90	-	90
Balance at December 31, 2023	\$ 628	-	628
Balance at January 1, 2022	\$ 444	17,755	18,199
Recognized in profit or loss	94	(17,755)	(17,661)
Balance at December 31, 2022	\$ 538	-	538

(Continued)

CELPERT ENERGY CORPORATION
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	Inventory obsolescence	Losses deductible	Unrealized exchange losses and others	Total
Deferred tax assets:				
Balance at January 1, 2023	\$ 30,742	-	16,495	47,237
Recognized in profit or loss	4,377	28,862	(2,940)	30,299
Recognized in other				
comprehensive income	-	-	596	596
Balance at December 31, 2023	<u>\$ 35,119</u>	<u>28,862</u>	<u>14,151</u>	<u>78,132</u>
Balance at January 1, 2022	\$ 30,339	-	2,746	33,085
Recognized in profit or loss	403	-	14,344	14,747
Recognized in other				
comprehensive income	-	-	(595)	(595)
Balance at December 31, 2022	<u>\$ 30,742</u>	<u>-</u>	<u>16,495</u>	<u>47,237</u>

- (iii) The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2023, the information of the Company's unused tax losses for which deferred tax assets were recognized was as follows:

Year of loss	Deductible amount	Expiry year
2023 (Estimated)	<u>\$ 144,310</u>	2033

- (iv) The Company's tax returns for the years through 2020 was assessed by the Taipei National Tax Administration.
- (o) Capital and other equity
- (i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized ordinary shares consisted of 150,000 thousand shares with a par value of NTD10 per share amounted to \$1,500,000 of which 88,306 thousand and 80,306 thousand shares were issued, respectively. All the shares issued were paid upon issuance.

On March 10, 2023, the Company resolved by the Board of Directors to issue 8,000 thousand new shares with a par value of NTD10 per share. The new shares were issued at NTD26.4 per share, and total fund raising amounted to \$211,200. 15% of the total number of shares issued was reserved for the employees' subscription, with September 12, 2023, as the base date for the capital increase, the relevant statutory registration procedures have been completed, and all issued shares were paid up upon issuance.

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(ii) Capital surplus

The details of capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 723,600	592,400
Issuance of shares reserved for employee subscription	4,392	-
Capital surplus from redemption of convertible bonds-treasury shares	46	46
Capital surplus from the recognition of equity items related to the buyback of convertible bonds	48,478	48,478
Issuance of convertible bonds	84,201	-
	<u>\$ 860,717</u>	<u>640,924</u>

In accordance with the R.O.C. Company Act, realized capital surplus can only be distributed as share capital or distributed as cash dividends to the shareholders in proportion to their original shareholdings after offsetting losses. The aforementioned capital surplus includes share premiums and earnings from donated assets received. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

The capital surplus recognized as an equity item as a result of the issuance of convertible bonds by the Company is not included in the capital surplus items stipulated in Article 241 of the Company Act and cannot be used for capital increase according to the law.

As of December 31, 2023 and 2022, in accordance with the stipulated in Article 241 of the Company Act, the realized capital surplus that the Company shall be used for share issuance or cash dividends distribution amounted to \$727,992 and \$592,400, respectively.

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation, if there are earnings in the annual financial statements of the Company, the Director's remuneration and employee benefits shall be provided first, and after being approved for distribution by the Board of Directors, the income taxes and donations shall be paid, and then set aside the legal reserves at 10% of the remaining earnings. However, if the accumulated legal reserves equal to the Company's paidin capital, this limit shall not apply. In addition, a special reserve of the same amount as the reduction in shareholders' equity items that occurred in the current year shall be allocated. When the reduction in shareholders' equity items is reversed, a portion of it may be transferred to the current year's earning distribution. If there are still earnings, along with undistributed earnings accumulated from the previous year, the Board of Directors shall prepare a proposal for profit distribution, and when issuing new shares, it shall be submitted to the shareholders' meeting for approval of distribution.

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CELPERT ENERGY CORPORATION

Notes to the Financial Statements

In accordance with the provisions of Paragraph 5 of Article 240 of the Company Law, the Company authorized the Board of Directors to distribute all or part of the dividends and bonuses or all or part of the legal reserves and capital surplus as stipulated in Paragraph 1 of Article 241 of the Company Law in the form of cash distribution with the presence of more than two-thirds of the directors and the resolution of more than half of the directors, and report to the shareholders' meeting.

The industry to which the Company belongs is currently in a growth stage. The dividend distribution policy should take into account factors such as the Company's current and future investment environment, capital requirements, domestic and international competition, and capital budgeting, while considering shareholders' interests, balancing dividends, and the Company's long-term financial planning. The Board of Directors shall formulate a distribution proposal each year under the law and report to the shareholders' meeting. The Company may consider factors such as financial, business, and operational performance when determining the dividend distribution. If the Company has earnings available for distribution in the current year, the general principle is to allocate an amount not less than 30% of the current year net profit after tax for dividends, and the cash dividends to be distributed are expected to account for at least 50% of the dividends payable to shareholders.

1) Legal reserves

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserves by issuing new shares or by distributing cash dividends to shareholders, and only the portion of the legal reserves which exceeds 25% of the paid-in capital may be distributed.

2) Special reserves

In accordance with the Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the currentperiod total net reduction of other shareholder's equity. A portion of undistributed priorperiod earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On March 10, 2023 and March 4, 2022, the earnings distribution plan on cash dividends for the years ended 2022 and 2021 were resolved by the Board of Directors' meetings, respectively. On June 15, 2023 and June 15, 2022, the distribution of other earnings for the years ended 2022 and 2021 were resolved by the shareholders' meeting, respectively.

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

The relevant earnings distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NTD)	Total amount	Amount per share (NTD)	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.5	<u>120,459</u>	2.0	<u>160,612</u>

On March 15, 2024, the Company resolved by the Board of Directors' that the Company had a net loss after tax in 2023 and did not intend to distribute cash dividends.

The related information of the earnings distribution for the year ended December 31, 2023, can be accessed through the Market Observation Post System website.

(p) Share-based payment

On March 10, 2023, the Company issued new shares through the resolution of the Board of Directors to increase capital in cash, reserving 15% of the new shares, amounting to 1,200 thousand shares, to be preemptively subscribed by the employees, and the actual number of shares subscribed by the employees was 1,112 thousand shares.

	2023.12.31
	Issuance of shares reserved for employee subscription
Grant date	August 10, 2023
Number of shares granted	1,112 thousand shares
Recipients	Restricted to the employees of the Company and its subsidiaries
Vesting conditions	Instantly vested

(i) Fair value at grant date

The fair value of the share-based payment at the grant date were as follows:

	August 20, 2023
	Issuance of shares reserved for employee subscription
Fair value at grant date	NTD 6.75
Share price at grant date	NTD 33.15
Exercise price	NTD 26.4
Expected life (years)	Instantly vested

- (ii) In 2023, the expenses incurred by the Company due to the payment of shares were \$4,274 for share-based payment, the capital reserve was \$4,392, and the total amount of equity method investment and capital reserve adjustment arising from the subscription by employees of subsidiaries was \$118.

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(q) Earnings per share

(i) Basic (losses) earnings per share

The calculation of basic earnings per share was based on the net (loss) profit attributable to ordinary shareholders of the Company and the weighted-average number of outstanding ordinary shares . The relevant calculations were as follows:

1) (Loss) profit attributable to ordinary shareholders of the Company

	<u>2023</u>	<u>2022</u>
(Loss) profit attributable to ordinary shareholders of the Company	\$ <u>(270,647)</u>	<u>220,606</u>

2) Weighted-average number of outstanding ordinary shares (in thousands)

	<u>2023</u>	<u>2022</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>82,739</u>	<u>80,306</u>

	<u>2023</u>	<u>2022</u>
3) Basic (losses) earnings per share	\$ <u>(3.27)</u>	<u>2.75</u>

(ii) Diluted (losses) earnings per share

The calculation of the diluted earnings per share was based on the net (loss) profit attributable to ordinary shareholders of the Company after the adjustment of potential dilutive ordinary shares and the weighted average number of outstanding ordinary shares. The relevant calculations were as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>(270,647)</u>	<u>220,606</u>

2) Weighted-average number of outstanding ordinary shares(diluted) (in thousands)

	<u>2023</u>	<u>2022</u>
Weighted-average number of outstanding ordinary shares (basic) (in thousands)	82,739	80,306
Effect of employee share compensations	-	1,130
Effect of conversion of convertible bonds	-	-
Weighted-average number of outstanding ordinary shares (diluted) (in thousands)	<u>82,739</u>	<u>81,436</u>

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

	2023	2022
3) Diluted (losses) earnings per share	\$ <u>(3.27)</u>	<u>2.71</u>

The Company was in net loss after tax position for the year ended 2023, there was no ordinary shares with potential dilutive effect.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Taiwan	\$ 1,491,223	1,680,655
China	4,948,038	8,558,801
Others	<u>647,817</u>	<u>850,869</u>
	\$ <u>7,087,078</u>	<u>11,090,325</u>
Major products:		
Lithium battery packs	\$ 7,062,304	11,023,249
Others	<u>24,774</u>	<u>67,076</u>
	\$ <u>7,087,078</u>	<u>11,090,325</u>

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	\$ 1,629,839	2,904,502	4,517,286
Less: Loss allowance	<u>(78)</u>	<u>(2,983)</u>	<u>(3,900)</u>
	\$ <u>1,629,761</u>	<u>2,901,519</u>	<u>4,513,386</u>
Contract liabilities-Advance receipts	\$ <u>6,084</u>	<u>12,252</u>	<u>42,867</u>

For the details of accounts receivable and loss allowance, please refer to note (6)(c).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities balances at the beginning of the period were \$6,421 and \$31,774, respectively.

The movements in balances of contract assets and contract liabilities mainly arise from the timing difference between the satisfaction of performance obligations upon the transfer of goods or services and the receipt of collection.

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CELXPRT ENERGY CORPORATION
Notes to the Financial Statements

(s) Remuneration of employees and directors

In accordance with the articles of the Company, if the Company is making profit for the year, the Company should appropriate 3%~12% as remuneration to employees and remuneration to directors not exceeding 3%. However, if the Company has accumulated deficits, the profits shall first be offset against any deficit. The aforementioned employees include those in the subsidiaries who meet specific conditions and distribution methods were formulated by the Board of Directors.

The Company had net loss before tax in 2023, there was no provisions of remunerations of employees and directors. The provisions of remuneration of employees and directors in 2022 was \$32,908 and \$7,372, respectively, which was estimated on the basis of the amount of the Company's net profit before tax excluding employees' and directors' remuneration for each period multiplied by the distribution ratio of employees' and directors' remuneration as stipulated in the Articles of Association of the Company. The provisions were recognized as operating expenses in 2023 and 2022.

The amounts, as stated in the financial statements are identical to those of the actual distributions for 2023 and 2022. The related information can be accessed through the Market observation Post System website.

(t) Other income or expenses

(i) The other income in 2023 and 2022 were as follows:

	2023	2022
Disposal of slow moving materials	\$ 2,966	19,673
Gain on write-off of overdue payables benefit	-	9,010
Others	3,669	2,928
	\$ 6,635	31,611

(ii) The other expenses in 2023 and 2022 were as follows:

	2023	2022
Compensation losses	\$ 61,971	35,976
Others	24	21
	\$ 61,995	35,997

(u) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

CELXPRT ENERGY CORPORATION

Notes to the Financial Statements

2) Concentration of credit risk

The Company's customers are concentrated in the majority of high-tech computer industry customers. In order to reduce the credit risk of accounts receivable, the Company continuously evaluates the financial status of customers, and will require the customers to provide guarantees or guarantees when necessary. The Company regularly assesses the likelihood of accounts receivable to be collected and provides allowances for impairment loss, and loss allowance is always within the expectations of management. 76% and 79% of the Company's accounts receivable balances as at December 31, 2023 and 2022, respectively, were contributed by two major customers, resulting the Company exposed to a significant concentration of credit risk.

3) Credit risks of receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note (6)(c).

Financial assets measured at amortized cost, including other receivables and time deposits are considered to have low risk, and thus, the provisions of allowance for impairment loss during the period was limited to 12 months expected credit losses (regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g)).

As the counter parties and the performing parties of the Group's bank deposits and fixed income investments are banks with good credits or financial institutions with investment grade and above, these are considered to have low credit risk.

The movements in the loss allowance for the years ended December 31, 2023 and 2022 were as follows:

	Other receivables	
	2023	2022
Balance on December 31 (same as balance on January 1)	\$ 2,261	2,261

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 5 years</u>
December 31, 2023			
Non-derivative financial liabilities:			
Short-term borrowings	\$ (383,859)	(383,859)	-
Accounts payable (including related parties)	(1,114,873)	(1,114,873)	-
Other payables	(192,573)	(192,573)	-
Lease liabilities (including current portion)	(12,735)	(5,899)	(6,836)
Long-term borrowings	(414,409)	(8,501)	(405,908)
Bonds payable	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
	<u>\$ (2,518,449)</u>	<u>(1,705,705)</u>	<u>(812,744)</u>
December 31, 2022			
Non-derivative financial liabilities:			
Short-term borrowings	\$ (647,275)	(647,275)	-
Accounts payable (including related parties)	(1,710,064)	(1,710,064)	-
Other payables	(279,409)	(279,409)	-
Lease liabilities (including current portion)	(14,646)	(5,731)	(8,915)
Long-term borrowings	<u>(1,034,467)</u>	<u>(19,056)</u>	<u>(1,015,411)</u>
	<u>\$ (3,685,861)</u>	<u>(2,661,535)</u>	<u>(1,024,326)</u>

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	TWD	Foreign currency (in thousands)	Exchange rate	TWD
Financial assets:						
Monetary items						
USD	\$ 72,159	USD/NTD =30.705	2,215,642	102,106	USD/NTD =30.71	3,135,675
Financial liabilities:						
Monetary items						
USD	43,596	USD/NTD =30.705	1,338,615	79,613	USD/NTD =30.71	2,444,915

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through other comprehensive income, short-term borrowings, accounts payable, and other payables that are denominated in foreign currencies. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against the Company's functional currency as of December 31, 2023 and 2022, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	2023	2022
USD (against the NTD)		
Strengthening 5%	\$ 43,851	34,538
Weakening 5%	(43,851)	(34,538)

3) Foreign exchange gains and losses on monetary items

For the years ended December 31, 2023 and 2022, the net foreign exchange gains (losses), including both realized and unrealized, amounted to \$(3,150) and \$143,424, respectively.

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Variable rate instruments:		
Financial assets	\$ 951,603	882,008
Financial liabilities	<u>(778,852)</u>	<u>(1,430,802)</u>
	<u>\$ 172,751</u>	<u>(548,794)</u>

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest risk on the nonderivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment for the reasonably possible interest rate change.

Assuming the interest rate increases or decreases by 0.25% and all other variables remain constant, our profit before tax for the year 2023 and 2022 will decrease or increase by \$432 and \$1,372, respectively. This is primarily due to the Company's demand deposits and bank borrowings with variable interest rates.

(v) Fair value information

1) Types and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, the disclosure of fair value information is not required :

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

	December 31, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Derivative financial instruments- convertible bonds- embedded derivatives	\$ <u>760</u>	-	-	760	760
Financial assets at fair value through other comprehensive income:					
Domestic bonds	<u>30,321</u>	-	30,321	-	30,321
Financial assets at amortized cost:					
Cash and cash equivalents	\$ 1,320,868	-	-	-	-
Accounts receivables, net (including related parties)	1,629,761	-	-	-	-
Other receivables	58,406	-	-	-	-
Refundable deposits	943	-	-	-	-
Other current financial assets	<u>429,500</u>	-	-	-	-
	<u>\$ 3,470,559</u>				
Financial liabilities measured at amortized cost:					
Short-term borrowings	\$ 378,852	-	-	-	-
Accounts payable (including related parties)	1,114,873	-	-	-	-
Other payables	192,573	-	-	-	-
Bonds payable	330,871	-	-	377,640	377,640
Lease liabilities (including current portion)	12,546	-	-	-	-
Long-term borrowings	<u>400,000</u>	-	-	-	-
	<u>\$ 2,429,715</u>				

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

		December 31, 2022				
		Book value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at amortized cost:						
Cash and cash equivalents	\$	883,630	-	-	-	-
Accounts receivable (including related parties)		2,901,519	-	-	-	-
Other receivables		5,325	-	-	-	-
Refundable deposits		<u>2,233</u>	-	-	-	-
	\$	<u><u>3,792,707</u></u>				
Financial liabilities measured at amortized cost:						
Short-term borrowings	\$	642,560	-	-	-	-
Accounts payable (including related parties)		1,710,064	-	-	-	-
Other payables		279,409	-	-	-	-
Lease liabilities (including current portion)		14,400	-	-	-	-
Long-term borrowings		<u>1,000,000</u>	-	-	-	-
	\$	<u><u>3,646,433</u></u>				

2) Valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments are evaluated based on evaluation models widely accepted by market users, such as binomial options pricing models.

3) There were no transferring from each level in the fair value hierarchy for the years ended December 31, 2023 and 2022.

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CELPERT ENERGY CORPORATION
Notes to the Financial Statements

4) Reconciliation of Level 3 fair value

	Fair value through profit or loss Derivative financial assets- convertible bonds
Balance on January 1, 2023	\$ -
Issuance	4,440
Total profit or loss	
Recognized in profit or loss	(3,680)
Balance on December 31, 2023	<u><u>\$ 760</u></u>

The aforementioned total losses were recognized in “ losses on financial assets (liabilities) at fair value through profit or loss”. The details of the assets which the Company held as of December 31, 2023 were as follows:

	2023
Total gains or losses	
Recognized in profit or loss (recorded as losses on financial assets (liabilities) at fair value through profit or loss)	<u><u>\$ (3,680)</u></u>

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “ Financial assets at fair value through other comprehensive income - call option of convertible bonds”.

Most of the fair value measurements of the Company categorized within Level 3 used single significant unobservable input.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fairvalue through profit or loss – call options of convertible bonds	Binomial convertible bonds pricing models	Volatility of 22.2% on December 31, 2023	The higher the volatility is, the higher the fair value will be.

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CELXPART ENERGY CORPORATION

Notes to the Financial Statements

- 6) Fair value measurements in Level 3 - sensitivity analysis of reasonably possible alternative assumptions For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Impacts of fair value change on profit or loss	
	Input value	Increase or decrease	Favorable	Unfavorable
December 31, 2023				
Financial assets at fair value through profit or loss-	Volatility	5%		
call options of convertible bonds			\$ 480	760

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(v) Financial risk management

(i) Overview

The Company has exposure to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company's finance management department provide business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through natural hedges. The Board of Directors regulated the use of financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. The Company has no transactions in financial instruments for the purpose of speculation.

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Notes to the Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the president, and are reviewed periodically. Customers that fail to meet the Company's benchmarked creditworthiness may transact with the Company only on a prepayment basis.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Company's customers are mainly from the high-tech industry. In order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Company regularly assesses the collectability of accounts receivable and recognizes allowance for impairment loss. The impairment losses are always within management's expectation.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or corporate entities; whether they are dealers, retailers or end customers; geographic regions, industries, account ages, due dates, and past financial difficulties. Customers that are graded as "high risk" are placed on a restricted customer list and transact with the Company only on a prepayment basis.

The Company set the allowance for impairment loss account to reflect the estimated losses for accounts receivable and other receivables and investment. The allowance for impairment loss account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The allowance for impairment loss account is based on historical collection record of similar financial assets.

2) Investments

The credit risks of the bank deposits, fixed income investments, and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

3) Guarantees

The Company's policy is to only provide financial guarantees only to its subsidiaries. Please refer to note (7) and (13)(a) for information of guarantees and endorsements to subsidiaries as of December 31, 2023 and 2022.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Loans and borrowings from the bank are essential source of liquidity for the Company. Please refer to notes (6)(i) and (6)(j) for the unused credit lines of bank borrowings as of December 31, 2023 and 2022.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in New Taiwan Dollars (NTD), US Dollars (USD) and Chinese Yuan (CNY).

The Company hedges accounts receivable and accounts payable denominated in a foreign currency. The Company uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date.

2) Interest rate risk

The Company borrows funds on variable interest rates, which has a risk exposure to changes in cash flows.

3) Other price risk

The Company does not hold any equity securities and hence is not exposed to equity instrument price risk.

(Continued)

CELPERT ENERGY CORPORATION

Notes to the Financial Statements

(w) Capital management

The Company maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is sufficient financial resource and operating plan to support working capital, capital expenditures, research and development expense, debt redemption, dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-equity ratio. To maintain a strong capital base, the Company enhances the return on equity by optimizing debt-to-equity ratio. The Company's debt to-equity ratio at the end of the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,598,478	3,858,172
Total equity	2,484,954	2,585,475
Debt-to-equity ratio	105 %	149 %

The decrease in debt-to-equity ratio as of December 31, 2023 compared to the one as of December 31, 2022 was mainly due to the decrease in accounts payable and borrowings.

(x) Non-cash investing and financing activities

(i) The Company's investing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022 were acquisition of right-of-use assets by lease, please refer to note (6)(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flow	Non-cash changes Changes in lease payments and others	December 31, 2023
Short-term borrowings	\$ 642,560	(263,708)	-	378,852
Lease liabilities	14,400	(6,904)	5,050	12,546
Bonds payable	-	395,820	(64,949)	330,871
Long-term borrowings	1,000,000	(600,000)	-	400,000
	\$ 1,656,960	(474,792)	(59,899)	1,122,269
	January 1, 2022	Cash flow	Non-cash changes Changes in lease payments	December 31, 2022
Short-term borrowings	\$ 1,250,603	(608,043)	-	642,560
Lease liabilities	15,770	(7,150)	5,780	14,400
Long-term borrowings	650,000	350,000	-	1,000,000
	\$ 1,916,373	(265,193)	5,780	1,656,960

(Continued)

CELXPART ENERGY CORPORATION
Notes to the Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Company and its subsidiaries during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Advance Smart Industrial Limited (ASIL)	The Company's subsidiary
Celxpert (Kunshan) Electron Company (Celxpert Kunshan)	The Company's subsidiary
PT. Celxpert Energy Indonesia (Celxpert Indonesia)	The Company's subsidiary
Keelgo Energy co., ltd. (Keelgo Energy)	The Company's subsidiary
Inspire Stars Limited (Inspire)	Substance related party before November 4, 2022
Chou, Yuan-Hsian	Substance related party before November 4, 2022

(b) Significant transactions with related parties

(i) Operating revenues

1) Sales

The amounts of significant sales by the Company to related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary-Keelgo Energy	\$ <u><u>148,492</u></u>	<u><u>52,844</u></u>

For the Company's sales to rrelated parties, there is no standard market price available for comparison. The credit terms for sales to related parties were 60-120 days, and the credit terms for general customers were 30-90 days for payment collection.

2) Processing income

The amounts of processing income collected by the Company for outsourced processing performed for the related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary- Keelgo Energy	\$ <u><u>37,258</u></u>	<u><u>-</u></u>

KEELGO ENERGY has directly supplied materials and entrusted our company to process and produce them since 2023. There is no general transaction price for comparison between the Company and its related parties. The credit period for sales to related parties is 60 120 days.

(Continued)

CELXPART ENERGY CORPORATION

Notes to the Financial Statements

3) Constructions income

The Company was entrusted by KEELGO ENERGY with the energy storage system engineering contract in 2023. The Company then awarded the contract to a non related party. It was determined that the Company was the agent and the relevant project costs were recorded as a deduction from the project income. In 2023, The amount of relevant transactions during the year was \$311.

(ii) Outsourced processing fee

The outsourced processing fee incurred by the Company to the related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary- ASIL	\$ -	320,652
Subsidiary- Celxpert (Kunshan)	<u>560,467</u>	<u>570,439</u>
	<u>\$ 560,467</u>	<u>891,091</u>

The Company supplied materials through ASIL and entrusted Celxpert(Kunshan) to process and produce the products before May 2022. Starting from June 2022, the Company directly supplied materials and entrusted Celxpert (Kunshan) to process and produce the products. The price of finished products purchased by the Company through triangular trade includes the amount of raw materials sold. The above transactions have been written off in the financial statements, and are not regarded as purchase processing. The amounts listed in the table are processing fees.

(iii) Receivables due from related parties

The details of the Company's receivables due from related parties were as follows:

<u>Account</u>	<u>Category of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Subsidiaries	\$ 107,993	22,695
Other receivables	Subsidiaries	<u>55,541</u>	<u>796</u>
		<u>\$ 163,534</u>	<u>23,491</u>

The Company's purchase of raw materials on behalf of KEELGO ENERGY amounted to \$63,168 in 2023. As of December 31, 2023, the unpaid amount was \$53,249, which was recorded under other receivables.

(iv) Property transactions

- 1) The Company sold machinery and equipment to ASIL in previous years, and the unrealized benefits arising from the transaction are listed as a deduction from long-term equity investments, and the sales benefits are recognized annually according to the benefit years. As of December 31, 2023 and 2022, the unrealized benefits arising from the above transactions are \$338 and \$354 respectively. See note 9.

(Continued)

CELPERT ENERGY CORPORATION

Notes to the Financial Statements

- 2) In December 2022, the Company acquired additional shares in Keelgo Energy upon share issuance, the percentage of shareholding decreased from 100% to 85.5%. Please refer to note (6)(f) for details.

(v) Royalty fees

The Company entered into a technology licensing agreement with Keelgo Energy, and the related royalty fees were recorded as operating cost. The details were as follows:

	2023	2022
Subsidiaries- Keelgo Energy	\$ <u><u>1,908</u></u>	<u><u>13,434</u></u>

(vi) Technical service fees

The related party of the Company provided after-sales service support to customers of the Company who are related parties, and the related fees were recorded as selling expenses. The details were as follows:

	2023	2022
Subsidiary- Keelgo Energy	\$ <u><u>2,848</u></u>	<u><u>7,038</u></u>

(vii) Payables to related parties

The Company incurred commission expenses and accounts commission payable through other related parties acting as intermediaries in related sales transactions. These were recorded as operating expenses and other payables, respectively. The details are as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary- ASIL	\$ 97,044	97,060
Accounts payable	Subsidiary- Celxpert (Kunshan)	40,133	18,576
Other payables	Subsidiary- Keelgo Energy	<u>1,663</u>	<u>21,495</u>
		\$ <u><u>138,840</u></u>	<u><u>137,131</u></u>

(viii) Commission expense

The Company incurred commission expenses and commission payable at the end of the period through other related parties acting as intermediaries in the introduction or handling of related sales transactions. These were recorded as operating expenses and other payables, respectively. The details are as follows:

	2023	2022
Commission expense:		
Other related party-Inspire	\$ <u><u>-</u></u>	<u><u>89,218</u></u>

(Continued)

CELXPART ENERGY CORPORATION
Notes to the Financial Statements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commission payable:		
Other related party-Inspire	\$ <u>-</u>	<u>-</u>

The aforementioned related party was related to the Company before November 4, 2022, and thus only transactions before that date were disclosed.

(ix) Professional service fee

Since August 2021, the Company engaged other related parties to provide professional service. The details were as follows:

	<u>Professional service fee (recognized as operating expenses)</u>		<u>Professional service fee payable (recognized as other payable)</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties	\$ <u>-</u>	<u>854</u>	<u>-</u>	<u>-</u>

The aforementioned related party was related to the Company before November 4, 2022, and thus only transactions before that date were disclosed.

(x) Guarantees and endorsements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary- Celxpert (Kunshan)	\$ 307,050 (USD 10,000 thousand)	245,680 (USD 8,000 thousand)
Subsidiary- Celxpert (Nantong)	-	66,120 (CNY 15,000 thousand)
Subsidiary- Keelgo Energy	<u>180,000</u>	<u>120,000</u>
	<u>\$ 487,050</u>	<u>431,800</u>

(xi) Loans to related parties

On May 6, 2022, the Board of Directors approved a loan of \$10,000 to Keelgo Energy to meet its short-term funding needs, with an annual interest rate of 1%. As of December 31, 2023, the loan has not been used.

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(c) Transactions with key management personnel

Key management personnel compensation comprised of:

	2023	2022
Short-term employee benefits	\$ 16,907	17,499
Post-employment benefits	520	541
Share-based payments	498	-
	<u>\$ 17,925</u>	<u>18,040</u>

Please refer to note (6)(p) for details on share-based payments.

(8) Pledged assets: None.

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	By function	2023			2022		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
By item							
Employee benefits							
Salary		44,395	216,906	261,301	43,560	242,640	286,200
Labor and health insurance		5,101	20,626	25,727	4,850	20,405	25,255
Pension		2,331	10,898	13,229	2,244	10,797	13,041
Remuneration of directors		-	102	102	-	7,477	7,477
Others		3,988	10,955	14,943	4,678	12,553	17,231
Depreciation		9,223	37,426	46,649	8,353	44,014	52,367
Amortization		-	1,221	1,221	-	3,475	3,475

Additional information on the numbers of employee and employee benefits were as follows:

	2023	2022
Number of employees	<u>325</u>	<u>360</u>
Non-employee directors	<u>8</u>	<u>7</u>
Average employee benefits	<u>\$ 994</u>	<u>968</u>
Average employee salary	<u>\$ 824</u>	<u>811</u>
Percentage change in average salary	<u>1.6 %</u>	
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

(Continued)

CELXPRT ENERGY CORPORATION

Notes to the Financial Statements

For the information of the Company's remuneration policy (which includes directors, managers and employees), please refer to below statement :

(i) Directors remuneration

According to the Article 28 of the Company's Articles of Incorporation, if the Company is making profit for the year, a maximum 3% of the profit before tax shall be allocated as remuneration to directors for that year. The remuneration will be accounted for in accordance with the "Director Remuneration Payment Procedures" of the Company and will be submitted for review and approval by the Remuneration Committee and the Board of Directors.

(ii) Executives' remuneration

According to "Salary Management Regulations" and "Welfare Benefits Operations Regulations" of the Company, relevant performance evaluations and compensation standards are reviewed and approved by the remuneration Committee and the Board of Directors prior to distribution.

(iii) Employees' remuneration

According to "Salary Management Measures", "Benefit Granting Operation Measures", "Performance Appraisal Management Measures" and "Rewards and Punishment Management Measures" of the Company and other relevant salary and remuneration regulations.

In addition to the basic salary, the employee's primary remuneration includes:

- 1) Employee profit-sharing bonuses: According to Article 28 of the Company's Articles of Incorporation, if the Company is making profit for the year, a 3% to 12% of the profit before tax shall be allocated to employee remuneration and will be distributed based on individual performance and contribution to the Company.
- 2) Year-end bonus: Issued based on the Company's operational performance and individual performance evaluations of the employees.
- 3) Annual promotion and salary adjustment: Promotions and salary adjustments are made annually based on the individual performance of the employees and the Company's operational performance.

(Continued)

CELPERT ENERGY CORPORATION

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2023:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of the loan (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance for bad debt	Collateral		Individual funding loan limits (note 3)	Maximum limit of fund financing (note 3)
													Item	Value		
0	The Company	Keelgo Energy	Other receivables	Yes	10,000	-	-	1%	2	-	Working capital	-	None	-	248,495	496,990

Note 1: The numbering method is as follows:

- 1) 0 represents the parent company
- 2) 1 represents a subsidiary company

Note 2: 1) represents a party with business transactions.

- 2) represents the necessity of short-term financing.

Note 3: Under the "Operation Procedure for Fund Lending to Others" of the Company, the total amount of fund lending shall not exceed 20% of the net worth as stated in the Company's most recently audited or reviewed financial statements by the accountant. For companies or banks that require short-term financing from the Company, the amount of individual loans shall not exceed 10% of the net worth of the Company.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars/ US Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Celpert (Kunshan)	Sub-subsidiary	993,981	312,550 (USD10,000)	307,050 (USD10,000)	307,050 (USD10,000)	-	12.36 %	993,981	Y	-	Y
0	The Company	Celpert (Nantong)	Sub-subsidiary	993,981	66,675 (CNY15,000)	-	-	-	- %	993,981	Y	-	Y
0	The Company	Keelgo Energy	Subsidiary	248,495	180,000	180,000	58,349	-	7.24 %	993,981	Y	-	-

Note 1: The total amount of the guarantee provided by the Company to third parties shall not exceed 40% of the latest net worth as reported in the financial statements. The maximum limit for guarantees provided to a single enterprise, except for subsidiaries in which the Company directly or indirectly holds more than 90% of the ordinary shares, shall not exceed 40% of the current net worth. For all other enterprises, the maximum limit shall not exceed 10% of the latest net worth as reported in the financial statements.

Note 2: The US dollar is converted to New Taiwan dollars using the exchange rate of 30.705 at the end of the period, while the Chinese yuan is converted to New Taiwan dollars using the exchange rate of 4.327 at the end of the period.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	TSMC 30-year USD corporate bonds	-	Current financial assets at fair value through other comprehensive income	-	30,321	-	30,321	

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Celpert (Kunshan)	Subsidiary	Processing fee	560,467	10 %	Depending on the funding needs	Under the Company's pricing policies	Adjustment based on funding needs	Accounts payable (40,133)	(4)%	(note 1)
Celpert (Kunshan)	The Company	Parent company	(Processing income)	(560,467)	(100)%	"	-		Accounts receivable 40,133	100%	
The Company	Keelgo Energy	Subsidiary	(Sale)	(148,492)	(2) %	note 2	No significant difference	No significant difference	Accounts receivable 20,641	1%	
Keelgo Energy	The Company	Parent company	Purchase	148,492	100 %	"	-		Accounts payable (20,641)	(100)%	

Note 1 : The balance represents the net amount of outsourced processing and the sale of raw materials.

Note 2 : The credit term before September 1, 2023 was 120 days, and after September 1, 2023, it was changed to 60 days.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss allowance for bad debts
					Amount	Action taken		
The Company	Keelgo Energy	Subsidiary	107,993 (note 2)	2.27	-		41,743	-

Note 1 : Information as of March 5, 2023.

Note 2 : Accounts receivable due from related parties include transactions such as sales, processing income and constructions income.

- (ix) Trading in derivative instruments:Please refer to notes (6)(k)

(Continued)

CELXPART ENERGY CORPORATION

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ US Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	CHL	British Virgin Islands	Foreign investment holding	752,490	752,490	24,631	100.00 %	399,203	(125,649)	(112,725)	Subsidiary
"	Celxpert Indonesia	Indonesia	Manufacturing, processing, and sales of battery packs and power supply related products.	40,767	40,767	18	100.00 %	6,310	(4,238)	(4,238)	Subsidiary
"	Keelgo Energy	Taiwan	Research and development and trading of lithium battery packs, energy storage systems and others	158,290	158,290	8,600	85.15 %	98,926	5,624	4,789	Subsidiary
CHL	ASIL	British Virgin Islands	Import and export trade	1,535 (USD50)	1,535 (USD50)	50	100.00 %	97,580 (USD3,178)	31 (USD1)	Recognized by CHL	Subsidiary
"	CHK	Hong Kong	Foreign investment holding	436,625 (USD14,220)	436,625 (USD14,220)	14,220	100.00 %	105,287 (USD3,429)	(90,411) (USD(2,902))	"	"
"	CEIL	SAMOA	"	-	-	(note 1)	100.00 %	-	-	"	"
"	CPEI	"	"	307,050 (USD10,000)	307,050 (USD10,000)	10,000	100.00 %	193,104 (USD6,289)	(36,015) (USD1,156)	"	"
Keelgo Energy	VoltaEdge Holdings Limited	British Virgin Islands	"	-	-	(note 1)	40.00 %	-	-	Recognized by Keelgo Energy	Associate

Note 1: The registration procedures have been completed, and the capital has not been injected yet.

Note 2: The USD amounts were converted into NTD using the balance sheet date exchange rate of 30.705 or the average exchange rate of 31.1548.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ US Dollars)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Celxpert (Kunshan)	Manufacturing and trading of battery parts and battery packs	Has been verified: 460,575 (USD15,000)	Indirect investment through CHK	436,165 (USD14,205)	-	-	436,165 (USD14,205)	(90,411) (USD(2,902))	100.00%	(90,411) (USD(2,902))	87,110 (USD2,837)	-
Celxpert (Nantong)	Manufacturing and trading of battery parts and battery packs	Has been verified: 307,050 (USD10,000)	Indirect investment through CPEI	307,050 (USD10,000)	-	-	307,050 (USD10,000)	(36,015) (USD(1,156))	100.00%	(36,015) (USD(1,156))	193,104 (USD6,289)	-
Celxpert (Changchun)	Operating car battery and electronic component recycling	-	Indirect investment through CEIL	-	-	-	-	-	-%	-	-	-

(Continued)

CELPERT ENERGY CORPORATION
Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars/ US Dollars)

Accumulated investment in mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
743,215 (USD24,205)	754,729 (USD24,580)	1,490,972

Note 1: The investment gains or losses of the current period are recognized according to the financial statements which have been audited by the certified public accountant of Taiwan parent company.

Note 2 : The USD amounts were converted into NTD using the balance sheet date exchange rate of 30.705 or the average exchange rate of 31.1548.

Note 3: The registration procedures have been completed, and the capital has not been injected yet.

(iii) Significant transactions:

The significant inter-company transactions with the investees in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Information about major shareholders: None.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

Celxpert Energy Corporation
Statement of Cash and Cash Equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Petty cash and cash on hand	NTD and foreign currencies	\$ <u>359</u>
Checking accounts	NTD	446
Demand deposits	NTD	611,919
	Foreign currencies (USD11,051 and RMB\$84)	339,684
Time deposits	Foreign currency (USD12,000)	<u>368,460</u>
		<u>1,320,509</u>
		<u><u>\$ 1,320,868</u></u>

Note: The exchange rate: USD1=NTD30.705 ; CNY1=NTD4.327.

Celxpert Energy Corporation
Statement of Accounts Receivables
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Customers</u>	<u>Description</u>	<u>Amount</u>
Accounts receivable:		
Company 1242	Extrenal operating revenues	\$ 1,018,173
Company 1000	"	238,698
Others (Note)	"	<u>264,975</u>
		1,521,846
Less: Loss allowance		<u>(78)</u>
		<u><u>\$ 1,521,768</u></u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

Celxpert Energy Corporation
Statement of Inventories
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Cost</u>	<u>Market price</u>
Raw materials	\$ 336,593	342,000
Work in progress	23,875	28,276
Finished goods	<u>455,783</u>	<u>500,815</u>
	<u>\$ 816,251</u>	<u>871,091</u>

Note: Market price based on net realizable value.

Celxpert Energy Corporation
Statement of Changes in Investments Accounted for using the Equity Method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Name	<u>Beginning Balance</u>		<u>Increase</u>		<u>Decrease</u>		Share of profit (loss) of investments accounted for using equity method	Exchange differences on translation of foreign financial statements	Unrealized gains	<u>Ending balance</u>				Collaterals or pledged assets
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				<u>Shares</u>	<u>Percentage of ownership</u>	<u>Amount</u>	<u>Amount</u>	
Celxpert Holdings Limited (BVI)	24,631	\$ 517,496	-	-	-	-	(112,725)	(5,230)	-	24,631	100 %	399,541	390,473	None
PT. Celxpere Energy Indonesia	18	10,346	-	-	-	-	(4,238)	202	-	18	99.99 %	6,310	6,310	"
Keelgo Energy Co., Ltd.	8,600	94,158	-	100 (Note 1)	-	-	4,789	-	(121)	8,600	85.15 %	98,926	99,047	"
Unrealized gains	-	(354)	-	-	-	-	-	-	16	-	-	(338)		
		<u>\$ 621,646</u>		<u>100</u>		<u>-</u>	<u>(112,174)</u>	<u>(5,028)</u>	<u>(105)</u>			<u>504,439</u>		

Note 1: Represents the adjustment of share-based payments resulting from the employees of subsidiary subscribing for the company's cash capital increase.

Celxpert Energy Corporation
Statement of Changes in Property, Plant and
Equipment
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Please refer to note (6)(g).

Celxpert Energy Corporation
Statement of Short-term Borrowings
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Loan commitments</u>	<u>Collaterals or pledged assets</u>	<u>Ending balance</u>
Mega International Commercial Bank Co., Ltd.	Credit loans	August 2023 ~ August 2024	6.004%~6.364%	307,050	None	\$ 147,526
Chang Hwa Commercial Bank, Ltd.	Credit loans	December 2023 ~ December 2024	1.95%	214,935	None	141,381
Bank of Panhsin	Credit loans	February 2023 ~ February 2024	2.34%	<u>200,000</u>	None	<u>89,945</u>
				<u>\$ 721,985</u>		<u>\$ 378,852</u>

Celxpert Energy Corporation
Statement of Accounts Payables
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Suppliers</u>	<u>Description</u>	<u>Amount</u>
Accounts payable:		
Zhuhai Cosmx Battery Co., Ltd.	Purchase from third party	\$ 206,314
Shanghai BYD Co., Ltd.	"	224,990
Others (Note)	"	<u>546,392</u>
		<u>\$ 977,696</u>

Note: The amount of individual supplier included in others does not exceed 5% of the account balance.

Celxpert Energy Corporation
Statement of Other Payables
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Other accrued expenses	Accrued employee benefits, import and export expenses, warranty expenses, mold and, etc.	\$ 92,891
Salaries and bounds payables	Salaries and estimated year-end bonuses for 2023	54,668
Remuneration of employee and director payables		18,239
Commission payables		13,362
Others (Note)		<u>13,413</u>
		<u>\$ 192,573</u>

Note: The amount of each item included in others does not exceed 5% of the account balance.

Celxpert Energy Corporation
Statement of Long-term Borrowings
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Type</u>	<u>Loan Amount</u>	<u>Contract Period</u>	<u>Rate</u>	<u>Collaterals or Pledged Assets</u>
Bank SinoPac Co., Ltd.	Working capital	\$ 100,000	December 2023 ~ December 2025	1.99 %	-
CTBC Financial Holding Co., Ltd	"	100,000	March 2023 ~ March 2025	2.28 %	-
Chang Hwa Commercial Bank, Ltd.	"	200,000	August 2023 ~ December 2025	2.11 %	-
		<u>400,000</u>			
Less: Long-term borrowings due within one year		<u>-</u>			
		<u><u>\$ 400,000</u></u>			

Celxpert Energy Corporation
Statement of Operating Revenues
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Quantity (thousand units)</u>	<u>Amount</u>
Lithium battery parks	12,911	\$ 7,062,304
Others	635	<u>24,774</u>
		<u><u>\$ 7,087,078</u></u>

Celxpert Energy Corporation
Statement of Operating Costs
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Amount</u>
Raw materials, beginning of the year	\$ 954,870
Add : Raw materials purchased	5,059,242
Less : Raw materials, end of the year	(438,677)
Materials used in outsourced processing	(5,148,999)
Cost of raw material sold	(28,043)
Raw materials used and other adjustments	<u>(17,710)</u>
Raw materials used in the current period	380,683
Direct labor costs	41,986
Manufacturing expenses	<u>735,367</u>
Manufacturing costs for the year	1,158,036
Add : Work in progress, beginning of the year	53,174
Semi-finished goods	1,708,150
Less : Work in process, end of the year	(32,015)
Materials used in outsourced processing	(1,690,155)
Cost of work in progress sold	(1,527)
Work in process used and other adjustments	(963)
Cost variances and other adjustments	<u>392</u>
Cost of finished goods	1,195,092
Add : Finished goods, beginning of the year	888,209
Cost of goods received from outsourcing	6,078,182
Less : Finished goods, end of the year	(521,153)
Materials used in outsourced processing	(184,440)
Outsourced processing fees transferred to manufacturing expenses	(695,296)
Cost variances and other adjustments	(143,143)
Other departmental usage reclassified as expenses and other adjustments	<u>(30,260)</u>
Cost of finished goods sold	6,587,191
Cost of raw materials and work in progress sold and others	29,570
Loss of inventory valuation	21,885
Loss of inventory scrap	8,658
Royalty and others	<u>34,799</u>
	<u><u>\$ 6,682,103</u></u>

Celxpert Energy Corporation
Statement of Operating Expenses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salaries and wages	\$ 41,464	85,857	100,483
Import and export expenses	22,045	-	-
Commission expenses	55,198	-	-
Entertainment expenses	1,626	8,930	-
Professional service fees	-	11,875	645
Depreciation	3	21,248	16,175
Certification expenses	-	-	23,313
Consumables	252	528	8,165
Others (Note)	26,825	48,184	26,456
	<u>\$ 147,413</u>	<u>176,622</u>	<u>175,237</u>

Note: The amount of each item included in others does not exceed 5% of the account balance.