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# 卓越成功股份有限公司

SUCCESS PRIME CORPORATION

## 112 年度年報

2023 ANNUAL REPORT

中華民國 April 15, 2024 刊印

Printed on April 15, 2024

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## **I. Company Spokesperson and Acting Spokesperson**

### Spokesperson

Name: Shu Ling Tseng

Title: General Manager

Tel: (02) 2389-9200

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### Acting spokesperson

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Title: Manager

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## **II. Headquarters, branch office, and factories**

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## **IV. Auditors**

CPAs: Chien-Hui Lu, An-Chih Cheng

CPA Firm: KPMG

Address: No. 11, Zhanye 1st Rd., East Dist., Hsinchu City (300091)

Website: <http://kpmg.com.tw>

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## **V. Overseas Securities Exchange: N/A.**

## **VI. Company Website: <https://www.chenliedu2496.com/tw/>**

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# I. Report to the Shareholders

Dear Shareholders,

In 2023, the COVID-19 pandemic gradually subsided, and in-person teaching returned to normal. Under the stable management of the group, the revenue situation of each subsidiary continued to recover, showing a commendable growth in the group's annual revenue. Chenli Education, a subsidiary of the group, not only stabilized the number of high school students but also continued to expand the numbers of junior high and elementary school students. Each operational location delivered outstanding performance. In addition to revenue growth, the group also promoted a paperless policy in 2023, optimized administrative processes, and implemented lean cost management, resulting in an increase in net profit after tax from 11.28% to 13.53%.

## 1. 2023 Annual Business Report

### (1) Business Plan Outcome

The consolidated net operating income in 2023 is NT\$764,815 thousand, which is 8.91% higher than 2022 figure of NT\$702,257 thousand. The consolidated net profit attributable to the parent Company only in 2023 is NT\$103,644 thousand, which increased by 31.69% compared to 2022 figure of NT\$78,704 thousand. The increase in consolidated operating income is mainly due to the continued expansion of junior high and elementary divisions. The increase in consolidated net profit is primarily attributed to the growth in operating income driving the growth in net profit.

### (2) Budget Implementation

The Company has not disclosed financial forecasts.

### (3) Analysis of Financial Income, Expenditure and Profitability

Units: NT\$ thousands; %

Item/Year		Consolidated		Individual	
		2023	2022	2023	2022
Income and expenditure	Operating Income	122,007	95,043	30,757	30,461
	Non-operating Income and Expenses	3,325	3,333	79,722	54,182
	Pre-tax Income	125,332	98,376	110,479	84,643
	Net Income	103,487	79,261	103,644	78,704
Analysis of profitability	Return on asset	7.83	6.40	11.94	9.41
	Return on equity	12.43	9.90	12.51	9.87
	Pre-tax income to paid-in Capital ratio (%)	65.61	51.50	57.84	44.31
	Net Profit Margin	13.53	11.28	44.47	35.49
	EPS (NT\$)	Non-adjusted		Adjusted	
		5.48	4.16	5.48	4.16
		-	-	-	-

### (4) Analysis of Financial Income, Expenditure and Profitability

The Corporation's main business is education service with faculty and curriculum management for primary and secondary education, there is no R&D fee investments in 2023.

## 2. 2024 Business Plan Prospects

### (1) Operation Strategy, Planning and Key Marketing Policies

- i. A. Under the umbrella of the group, "Chenli Education" offers professional teaching resources, providing comprehensive planning and specialized services from primary school entrance to private junior high school, junior high school entrance exams, high school entrance exams, subject-specific exams, and second-stage interviews. Leveraging Chenli Education's robust educational platform as a foundation, in 2024, we will actively expand the enrollment of comprehensive subjects in the junior high school departments of each branch and offer summer and winter camp programs, while also expanding enrollment in elementary schools. We anticipate becoming the growth engine for each branch school.
- ii. Chenli Education plans to establish 3 directly operated schools, covering elementary, junior high, and high school levels, in the rapidly growing population area of Zhubei. This initiative is expected to become a key development highlight in 2024. Besides aiming to enhance the academic performance of students in Zhubei, it also aims to increase brand exposure.
- iii. In 2023, Chenli Education made a strategic investment in establishing a company in Indonesia. It anticipates entering the local primary and secondary school markets with online mathematics learning and assessment systems. Additionally, it plans to offer Chinese language courses targeting the expatriate white-collar professionals in Taiwan. The aim of this multinational expansion is to enhance the capabilities of the overall system at an early stage.
- iv. The group, a leader in the supplementary education industry, has pioneered a collaboration with FarHugs, an online psychological counseling platform, breaking ground in the field of academic advancement. This partnership aims to provide mental health services alongside academic support, aligning with the United Nations Sustainable Development Goals (SDGs) for quality education and well-being. Through this initiative, the group seeks to enhance students' academic performance while also nurturing their well-being.
- v. In addition to maintaining its original collaboration models with STEMath Thinking Mathematics and curriculum-compliant mathematics programs, as well as partnerships with Childcare Kid and the private Elite Elementary School, Chenli Elementary School under the group has further expanded its cooperation to include junior high school science and mathematics subjects. Currently, both the number of collaborating partners and the geographic coverage are continuously expanding, with promising revenue prospects from junior high school subject offerings.
- vi. The group's investment in the Xue-mi Company, which ventures into online adult vocational education courses in fields such as graphic design, front-end engineering, web design, and audiovisual media, is expected to yield better-than-expected revenue and profits.

## (2) Sales Volume Forecast and Basis

The group's steadily growing comprehensive subject schools for academic advancement are expected to continue experiencing slight growth in 2024. High school services will be expanded to maintain market share, while junior high schools will expand their locations, subjects, and grades, collaborating with local childcare centers. The development of elementary and preschool sectors is still in the exploratory stage, with promising growth prospects in the future.

## **3. Impact from Future Development Strategies, External Market Environment, Legal Environment, and Global Environment**

The cram school education industry is a licensed industry regulated by the central government and approved by the municipal government. Our corporate value is to operate legally and pay meticulous attention to public safety, which all of our business operating locations fit all the legal criteria.

Although Taiwan is facing severe population decline, specific areas such as Zhubei, Taoyuan, and Linkou still show a positive population growth trend. These areas also represent untapped markets. In addition to planning to establish a directly operated school in Zhubei in 2024, we also do not rule out the possibility of acquiring local startup teams. With excellent and comprehensive corporate governance, compliance auditing, and financial management, we believe that post-investment synergies can be achieved. In the future, we will closely monitor changes in the external competitive environment, regulatory environment, and overall operating environment, and adjust the company's development strategy in a timely manner to ensure that the company maintains a competitive advantage and sustainability in future development, and to return long-term support to shareholders.

The corporation will try its best to generate more revenue streams, and we hope to reward the shareholders for their many years of support with better operating results.

Chairman: Shu-Ling Tseng

## II. Company Profile

1. Date of incorporation: June 15, 1991.

### 2. Company History

Year	Important Events
1991	Jun. Prime Optical Fiber Co., Ltd. was formally established, the registered capital is NT\$ 100 million, the amount of paid-in capital is NT\$ 50 million.
1992	Sep. The first trial output of the 2.5μm Multimode pre-body.
1994	Feb. Held "FDDI" Standard type 62.5μm Multi-mode Fiber "product conference.
	Mar. "Excellent POFC" The domestic registration of the trademark is complete.
	Apr. Exhaust Gas Treatment and Recycling" R&D Project (12 months period) awarded by the Authority.
	Jul. "POFC" Trademark US registration completed.
	Aug. Fiber Cladding Layer to 500μm Successful processing technology development.
	Dec. Dispersion-Shift Fiber was successfully developed.
1996	Oct. "POFC" Trademark registration is complete in mainland China.
	Nov. Obtained ISO-9002 international quality certification from SGS European Quality Certification Institute.
	Dec. Completed the development of the preform production unit.
1999	Nov. Completion of the Ministry of Economy to assist small and medium-sized enterprises to develop a nine-month "large-scale multi-mode pre-system" technology development case.
2000	May. Joined 3M The Company's Fiber to Table Strategy Alliance program.
2001	Aug. "PHOTO SENSITIVE FIBER" Award the fourth Outstanding Optoelectronic Products Award by the Optoelectronics Association".
2002	Mar. Officially listed on the Taiwan Securities centralized market.
	Dec. Obtained ISO-9001 (2000 Annual edition) of the National Quality certification.
2003	Mar. The new Zhunan factory located in the fourth phase of Zhuke officially started construction.
	Apr. Officially issued ECB and successfully raised US\$10 million.
2004	Apr. Won the "Excellent Technology Award Winner" of TOCIA's 2nd Taiwan Optical Communication Elite Award for "High-temperature CVD Erbium-doped Optical Fiber Preform and Optical Fiber Manufacturing Process Technology".
	Nov. The company officially moved to the Zhunan Base of Hsinchu Science Park.
	Dec. "Development and application of integrated fiber grating Sensing system" is supported by the Bamboo Bureau's Innovation Technology Research and Development award.
2005	Mar. The self-developed "Optical Fiber Bending Gauge" won the "Outstanding Product Award" in the 3rd Taiwan Optical Communication Elite Awards hosted by TOCIA.
	May. "Optical fiber laser Module Development Plan" by the Ministry of Economy industry branch subsidies.
	Jun. Signed an important contract for COATING technology transfer and purchase of GGP Fiber from us with A company in the United States.
2006	Dec. Successfully developed the first fiber laser module.
2008	Jan. 3M (Taiwan) Co., Ltd. visited the factory to carry out FTTH on-site vertical optical cable connector (NPC) and connection sub-construction education and training, and issued a training certificate to the Company's trainees after the meeting.
	Mar. All ECB was fully converted into the Company's common stock, and therefore introduced a new professional investor - Singapore Dark Horse Asset Management Co., Ltd., becoming the Company's largest shareholder.
	Sep. Products such as high-strength lead-through optical cables, high-strength bending-resistant indoor optical cables, and high-strength optical fiber patch cords have passed the test specifications of Chunghwa Telecom.
2009	Feb. Obtained ISO-9001 (2008 Annual edition) international quality certification.
	May. Obtained the trademark rights of BendSafe™ in Taiwan.



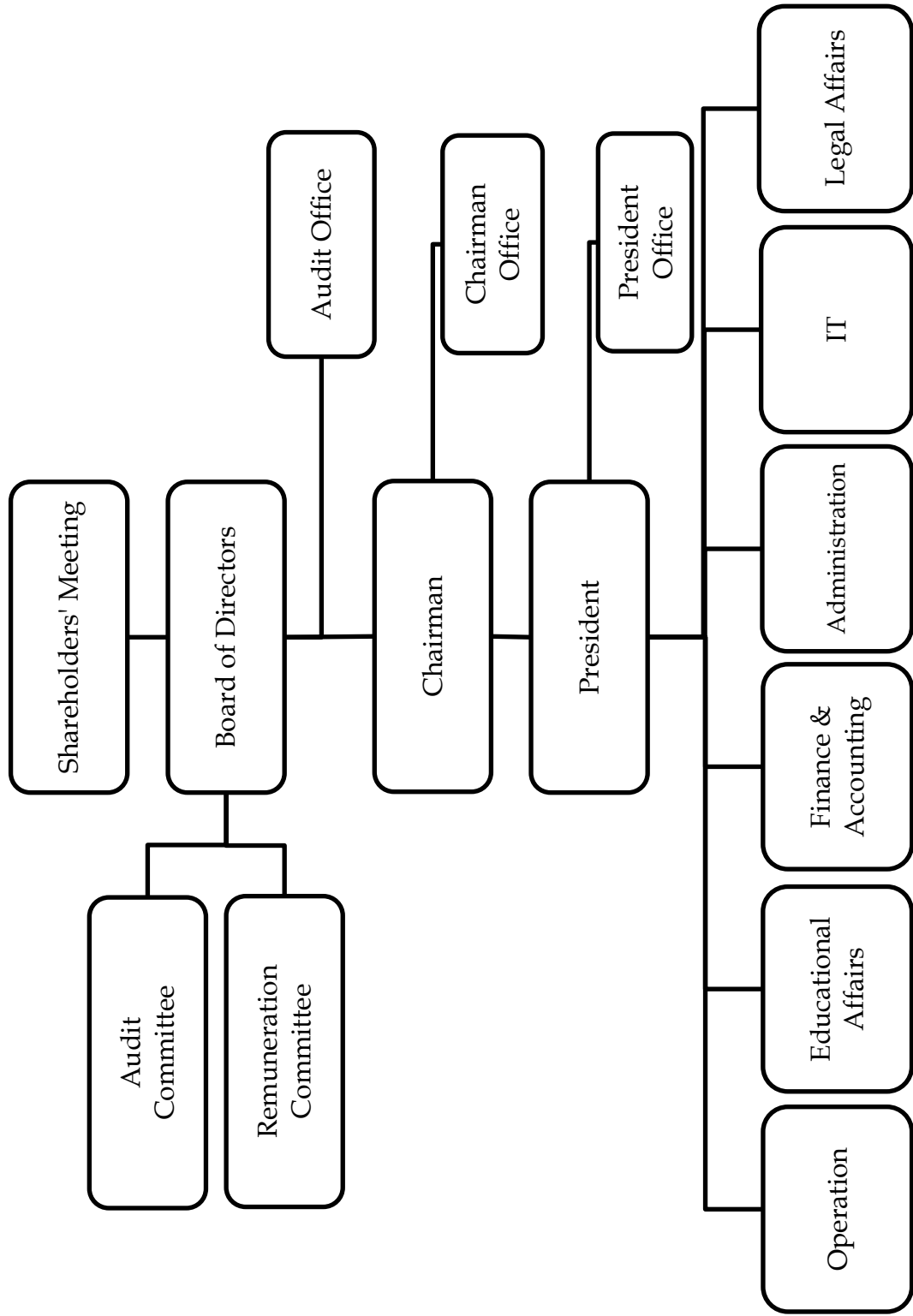
Year	Important Events
2009	Sep. BendSafe™ products are adopted by Intel Corporation in the latest Light Peak solution and published in IDF.
	Oct. A new type of patent in Taiwan is obtained from the structure of the monthly axle-free cable winding body.
	Nov. The industry-university-research cooperation project with Tsinghua University "research on advanced high-power near-infrared and visible light band fiber lasers for scientific research and industrial applications" was funded by the State Science and Technology Commission.
	Dec. Cooperate with Xuming Optoelectronics in the smart building energy saving and carbon reduction plan. Obtained NSPO to purchase a batch of high-strength bending-resistant optical fibers, and successfully completed delivery acceptance, making BendSafe™ optical fibers successfully used in national space programs.
2010	Feb. Non-axle cable winding body structure to obtain a new type of patent in mainland China.
	Mar. Obtained high-strength bending fiber (Bend Safe™) Trademark rights in mainland China.
	Apr. Launched high-strength optical fiber cable with innovative "shaftless carton packaging" to break through the obstacle of FTTH.
	Oct. The industry-university cooperation project with Tsinghua University - "Research on Novel Optical Fiber for Light Peak Technology" was awarded the National Science Council R&D Advanced Research Project Grant.
2011	Jun. Participated in the Taipei International Optoelectronics Exhibition and demonstrated the advantages of 'BendSafe™ for FTTH cabling construction', which include more efficient use of manpower, time and cost.
	Sep. The Company sets up the Remuneration Committee in accordance with the provisions of the relevant laws and regulations.
2012	Feb. The Company hired Dr. Stan Lumish, an American optical communications expert, as a senior consultant.
	May. Established an audit committee in accordance with relevant laws and regulations in order to promote corporate governance.
	Jul. Provisional shareholders' meeting resolution through the Company changed its name to "excellent Success Co., Ltd." (Success Prime Corporation)☞
	Aug. Science Park Authority approved the filing Company changed its name to "excellent Success Co., Ltd." (Success Prime Corporation).
2014	Oct. Witty Sino Investment Co., Ltd. made a public acquisition of the SPC's common stock shares.
2015	Jun. Participated in the <2015 Annual cross-Strait Optical communication Forum> sponsored by Cross-Strait Optical Communication Industry Alliance Council.
	Jun. Application for scientific industrial Park R&D Cooperation program "R&D of high energy noise-like pulsed fiber laser for material processing" was developed by the Hsinchu Science Industrial Park Authority of the Ministry of Science and Technology to develop the cooperation grant for excellence in industry and science.
	Sep. General Manager Heng Tai Xiang participated in 2015 OF week Seminar on optical communication technology and applications, presented at the conference "How to create a rugged fiber entry solution for new hard skin fibers".
	Nov. exercise of employee equity first application for recognition and listing.
2016	Invisible fiber successfully won two Chinese bids (Inner Mongolia + China Telecom in Shaoguan, Guangdong), reaching the milestone of entering the bid mode from a small number of individual samples.
	May. The AGM resolved to pass the case of capital reduction to make up for losses and private placement to handle the case of cash capital increase and issuance of ordinary shares.
	Oct. Acquisition of 1,680,000 common stock shares of Chen Li Education Co., Ltd., with a shareholding ratio of 15%.
2017	Mar. Acquisition of 8,176,000 common stock shares of Chen Li Education Co., Ltd., with the cumulative shareholding ratio is 88%.
	Chen Li Education Co., Ltd. began to be incorporated into the consolidated statements.

Year	Important Events
2017	Jul. Acquisition of 1,344,000 common stock shares of Chen Li Education Co., Ltd., with the cumulative shareholding ratio is 100%.
	Oct. Set up subsidiary Prime Optical Fiber Co., Ltd.
2018	Jan. Prime Education Consulting Co., Ltd. was jointly established with Yi He Short-term cram school, in order to expand the supplementary education market in Kaohsiung.
	Mar. Share subscription warrants of 800,000 Share.
	Aug. NT\$ 8,314 thousand was transferred from capital reserves.
2019	Oct. Acquired Chuang-Si Technology Co., Ltd. and be renamed as "Chen Li Elm Co., Ltd.", in order to develop primary school digital education products beyond subjects.
2020	Jan. Li-ren Education Co., Ltd. was jointly established with the head of the biology team, in order to expand its operations to the field of biology teaching.
	Feb. Chen Li Zhiyi Education Co., Ltd. was triggle jointly established with a teacher Min-ru Zhang, and with the chairman of Eagle Institute, which is first American English brand locally, in order to expand the operation to the Zhubei area of Hsinchu.
	Mar. The BOD have passed a resolution on the sale of the Optic fiber business Division. The sale of this division will be transferred to the Corporation's 100% owned subsidiary-Prime Optical Fiber Corporation. The base date of this sale is on May 15,2020.
	Jul. The Board of Directors has approved a resolution to dispose the optical fiber subsidiary.
	Aug. Capital reserve transferred to common stock \$17,260 Thousand NT.
	Sep. Acquisition of 490,000 common stock shares of Prime Education Consulting Co., Ltd., with the cumulative shareholding ratio is 100%. The entity is renamed as "Here Co., Ltd.".
2021	Jul. Moved out of Hsinchu Science Park and moved to Zhongzheng District, Taipei City.
	Jul. The treasury shares were cancelled and the capital was reduced by NT\$850,000.
	Dec. Due to the impact of the pandemic, Chen Lizhiyi Education Co., Ltd., which was mainly engaged in Hsinchu and Zhubei, was dissolved and liquidated.

### III. Corporate Governance Report

#### 1. Organization

##### (1) Organization Chart



## (2) Functions of the Main Departments

Dept.	Functions
Chairman Office	1.Assist in establishing long-, mid-, and short-term operational strategies and objectives.
	2.Coordinate the planning of the overall business systems and the guidelines of management of the Company.
President Office	1.Coordinate organizational operation, process improvement and supervision of the responsibilities of each department.
	2.Assist the senior management level in operational decision analysis
Audit Office	1.Inspect operational risks of the group, improve abnormalities, and supervise the effectiveness of the implementation of operational plans.
	2.Inspect annual audit plan and abnormal events.
Operation	1.Assist in establishing the developmental strategies and objectives of enterprise digital business
	2.Digital business retail business development unit: Middle school, high school, vocational school.
	3.Assessment and development of the digital business of learning center licensing
	4.Cooperate with physical learning centers to develop solutions for integration of virtual and physical business.
Finance & Accounting	1.Accounting processing, accounting report preparation and analysis of the group.
	2.Fund management and funds raising management of the group.
	3.Financial insurance management and execution of relevant laws relating to stock affairs management of the group.
Administration	1.Human resource planning, recruitment and appointment, salary management, education and training, employee welfare relations and other related matters.
	2.Establish related management measures including salary adjustment, performance reward operations and human resources.
	3.General affairs and equipment/property management.
	4.Responsible for teachers, teaching materials, publicity advertisements, equipment and external procurement and request for funding.
	5.Request for reimbursement of general affairs expenses and management of supplier evaluation.
	6.Responsible for the repair and maintenance of the general affairs of the factory, the safety and sanitation of the general office and schools.
IT	1.Information security policy formulation and information security management.
	2.Hardware and computer system maintenance and drafting of network management and information system architecture.
	3.System writing, maintenance and support and integration of management information operations, etc.
	4.Information equipment management.
Educational Affairs	1.Arrangement and management of professional teachers and teacher training.
	2.Curriculum planning and management.
	3.Graphic design reproduction and management (including print and online).
	4.Arrangement and management of teaching materials, promotional activities, and advertisements.
	5.Operation and management of the Teaching Affairs Office of middle and high schools.
	6.Digital photography and event photography.
Legal Affairs	1.Responsible for handling legal affairs relating to the operation of the Company.
	2.Intellectual property rights management, litigation, and contract review, etc.

## 2. Directors, Supervisors, General Manager, Deputy General Manager, Departmental Manager, and Management Team

### (1) Directors and Supervisors

April 15, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouses & Minor Shareholding		Shareholding by Nominee Arrangement		Experience/ Education	Current Positions at SPC or others	Other executives, directors, or supervisors within the spouse or 2 <sup>nd</sup> of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C	Shu-Ling Tseng	F 66	2022.06.09	3	2019.01.23 (Note 1)	978,728	5.12%	1,441,728	7.55%	320,000	1.68%	-	-	(Note 5)	(Note 5)	Director	Min-Chun Chen	Spouse	Note 4
Director	R.O.C	Min-Chun Chen	M 66	2022.06.09	3	2019.01.21 (Note 2)	236,000	1.24%	320,000	1.68%	1,441,728	7.55%	-	-	(Note 5)	(Note 5)	Director	Yen-Shuan Chen Yun Chen	Within 2 <sup>nd</sup> degree Within 2 <sup>nd</sup> degree	Note 4
Director	Samoa	Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	-	2022.06.09	3	2017.01.18	1,890,039	9.90%	1,890,039	9.90%	-	-	-	-	(Note 5)	(Note 5)	Chairman	Shu-Ling Tseng	Spouse	-
	R.O.C	Representative: Xiang-Qi Fang	M 45	2022.06.09	3	2019.05.02	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	Director	Yen-Shuan Chen	Within 2 <sup>nd</sup> degree	-
	R.O.C	Representative: Jin-Ru Cheng	F 62	2022.06.09	3	2017.01.18 (Note 3)	140,933	0.74%	140,000	0.73%	-	-	-	-	(Note 5)	(Note 5)	Director	Yun Chen	Within 2 <sup>nd</sup> degree	-
Director	Samoa	Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	-	2022.06.09	3	2019.05.02	1,890,039	9.90%	1,890,039	9.90%	-	-	-	-	(Note 5)	(Note 5)	-	-	-	-
	R.O.C	Representative: Yen-Shuan Chen	F 37	2022.06.09	3	2019.05.02	44,000	0.23%	216,000	1.13%	-	-	-	-	(Note 5)	(Note 5)	Director	Min-Chun Chen	Within 2 <sup>nd</sup> degree	-
	R.O.C	Representative: Yun Chen	F 27	2022.06.09	3	2019.05.02	58,000	0.30%	254,000	1.33%	-	-	-	-	(Note 5)	(Note 5)	Chairman	Shu-Ling Tseng Yun Chen	Within 2 <sup>nd</sup> degree Within 2 <sup>nd</sup> degree	-
Independent Director	R.O.C	Bing-Quan Shi	M 48	2022.06.09	3	2019.05.02	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	None	None	None	-
Independent Director	R.O.C	Pei-Jun Hong	F 37	2022.06.09	3	2019.05.02	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	None	None	None	-
Independent Director	R.O.C	Ying-De Wu	M 45	2022.06.09	3	2020.06.18	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	None	None	None	-
Independent Director	R.O.C	Chih-Chieh Tsai	M 57	2023.06.16	Same as this term	2023.06.16	-	-	-	-	-	-	-	-	(Note 5)	(Note 5)	None	None	None	-

Note 1: Acted as the director on 2019.01.23 while being the representative of Endow Capital Management Inc., and was elected as the natural person director at AGM on 2019.05.02.

Note 2: Acted as the director on 2019.01.21 while being the representative of Endow Capital Management Inc., and was elected as the Chairman on 2019.01.30 by the Board; and was elected as a natural person director at the AGM on 2019.05.02.

Note 3: Acted as the director on 2017.01.18 while being the representative of Endow Capital Management Inc., then resigned after reassignment by the legal person on 2018.12.24; and was acted as the director on 2020.09.30 while being the representative of Endow Capital Management Inc. again.

Note 4: The Chairman of the Board, Shu-Lin Tseng, is also the President of the Company, and to strengthen the independence of the Board of Directors, the Company had added 1 more independent director in 2023 to improve the capacity of the Board and strengthen supervision. At present, the Company has implemented the following measures,

- (1) The 4 independent directors are experts in finance and accounting and law and can effectively exert their functions of supervision.
- (2) The directors are arranged to participate the continuing education courses designed for directors every year provided by external organizations such as SFC to improve the operational efficiency of the Board.
- (3) Independent directors in the Audit Committee and Remuneration Committee can discuss freely and give suggestions to the Board of Directors for their reference so as to realize corporate governance.
- (4) More than half of the directors of the Board are not the employees or managerial officers.

Note 5: Education/ work experience and other concurrent positions within the Company or elsewhere of the directors and representative of the Company,

Title	Name	Work (Academic) Experience	Currently Holding Positions of the Company and Other Companies
Chairman	Shu-Ling Tseng	National Taiwan University, Bachelor of Foreign Language Studies National Taiwan University, EMBA	Success Prime Corporation, President CHENLI Education Group Limited, Chairman CHENLI Education Group (HK) Limited, Chairman Chen Li (Xiamen) Culture Communication, Representative Taitung Qidian International Experimental Education Institution, Chairman Future School Foundation Taitung Yuren High School, Director
Director	Min-Chun Chen	National Tsinghua University, EMBA National Tsinghua University, Bachelor of Industrial Engineering Bachelor	Chen Li Education Technology, Chairman King's Metal Fiber Technologies Co., Ltd, Director TRL-I Advanced Technology Inc, Director TRL-I Biotech Inc, Director TRL-I International, Chairman
Representative	Xiang-Qi Fang	Fu Jen Catholic University, International Institute of Innovation and Entrepreneurship Fengjia University, Bachelor of Accounting	Asia Pacific Fuel Cell Technologies, Director SULDE International Consulting Corporation, Chairman and President SULDE Strategy, Chairman
Representative	Jin-Ru Cheng	National Taiwan University, EMBA Chinese Culture University, Bachelor of Economics	Future School Foundation Taitung Yuren High School, Director Taitung Qidian International Experimental Education Institution, Director En Dian Asset Management, Supervisor
Representative	Yen-Shuan Chen	University of Washington, Bachelor of Graphic Design	None
Representative	Yun Chen	McGill University, Bachelor of Finance	YHHER CPAs, Partner Accountant
Independent Director	Bing-Quan Shi	TamKang University, Masters of Accounting	Lian Hong Art Company Limited, Independent Director
Independent Director	Pei-Jun Hong	National Taiwan University, Masters of Law National Taipei University, Bachelor of Law	Tengri International Law Firm, Attorney and Director
Independent Director	Ying-De Wu	USA Washington University in St Louis, JD. USA Washington University in St Louis, LL.M. USA Case Western Reserve University, LL.M. Chinese Culture University, Bachelor of Law and Politics	Chinese Culture University, Dean of Law Department and Director of Law Graduate School National Taiwan University International Business Department, Assistant Professor National Taipei University, Assistant Law Professor Financial Ombudsman Institution, Evaluation Committee Member
Independent Director	Chih-Chieh Tsai	National Taipei University, Masters of Business Administration National Yang Ming Chiao Tung University Electrophysics	Chien Ta CPAs, Director Chieh Teng Industrial Economic Consultant Co., Ltd, Chairman Tien Jen Chu Green Technology Co., Ltd, Chairman Home happiness integration service Co., Ltd, Director

### Major shareholders of the institutional shareholders

April 15, 2024

Name of Institutional Shareholders	Major Shareholders
Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	CHEN, YEN-SHUEN ( 100% )
Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	CHEN TSENG, SHU-LING ( 100% )

i. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Criteria Name	Professional Qualification and Experience	Independence Criteria	Numbers of Concurrently Serving(Note)
Shu-Ling Tseng	National Taiwan University, EMBA. Have more than five years of working experience in company business. Success Prime Corporation, Director None of the provisions of Article 30 of the Company Law apply.	Employed by the Group. Appointed by the company as a director of the Group's subsidiary. She and her spouse hold about 9.22% of the Company's shares. Spouse of director Min-Chun Chen, and is within the second degree of kinship with directors Yen-Shuen Chen and Yun Chen.	-
Min-Chun Chen	National Tsinghua University, EMBA. Have more than five years of working experience in company business. Chen Li Education, Founder. None of the provisions of Article 30 of the Company Law apply.	Employed by the Group. He and his spouse hold about 9.22% of the Company's shares. Spouse of director Shu-Ling Tseng, and is within the second degree of kinship with directors Yen-Shuen Chen and Yun Chen.	-
Endow Capital Management Inc. Representative: Xiang-Qi Fang	Fengjia University, Bachelor of Accounting More than five years working experience in business, finance and accounting. None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Do not own any shares of the company.	2
Endow Capital Management Inc. Representative: Jing-Ru Cheng	National Taiwan University, EMBA. Have more than five years of working experience in company business. Was Chen Li Education, Vice General Manager None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Hold 0.73% of Company shares.	-
Bash Consulting Inc. Representative: Yen-Shuen Chen	University of Washington, Bachelor of Graphic Design Have more than five years of working experience in company business. Was Success Prime Corporation, Graphic Editor None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Hold 1.13% of Company shares. Within the second degree of kinship with directors Min-Chun Chen, Shu-Ling Tseng and Yun Chen.	-
Bash Consulting Inc. Representative: Yun Chen	McGill University, Bachelor of Finance. Have more than five years of working experience in company business. Was Chen Li Education, Founder Executive Assistant. None of the provisions of Article 30 of the Company Law apply.	As Corporate representative director. Hold 1.33% of Company shares. Within the second degree of kinship with directors Min-Chun Chen, Shu-Ling Tseng and Yen-Shuen Chen.	-
Bing-Quan Shi	TamKang University, Masters of Accounting. More than five years working experience in finance and accounting. Holds R.O.C CPA License. In 2002, joined Deloitte & Touche as the Audit Executive Manager; In 2010, joined JYH HER CPAs as Partner Accountant. During practice, obtained the certification of evaluation accountant of the R.O.C. Convener of the Audit Committee. Remuneration Committee member. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	1

Criteria Name	Professional Qualification and Experience	Independence Criteria	Numbers of Concurrently Serving(Note)
Pei-Jun Hong	National Taiwan University, Masters of Law More than five years working experience in business and law. Holds attorney license of R.O.C. The main practice areas are general civil and criminal litigation cases, corporate and securities business incidents, administrative relief incidents, and government legal affairs. Member of Audit Committee. Convener of the Remuneration Committee. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	1
Ying-De Wu	USA Washington University in St. Louis, J.D. USA Washington University in St. Louis, L.L.M. USA Case Western Reserve University, L.L.M. Chinese Culture University, Bachelor of Law and Politics More than five years working experience in law. Chinese Culture University, Law Professor Central Police University, Assistant Law Professor National Taipei University, Assistant Law Professor National Taipei University of Business, Assistant Finance Professor Member of Audit and Remuneration Committee. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	-
Chih-Chieh Tsai	National Taipei University, Masters of Business Administration. More than five years working experience in finance and accounting. Holds R.O.C CPA License. Chien Ta CPAs, Director Member of Audit Committee. None of the provisions of Article 30 of the Company Law apply.	There are no matters in Article 3 of the "Measures for the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed", which is in line with the independence criteria. Neither the independent directors themselves, their spouses, or relatives within the second degree of relatives hold company shares, nor do they hold company shares in the name of others. No business, legal, financial, accounting or other services provided by the company or affiliated companies in the past two years.	2

Note: Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director.

## ii. Diversity and Independence of the Board of Directors

### (i) Diversity of the Board of Directors

The Company advocates and respects the policy of diversification of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the election of directors adopts a candidate nomination system, and the Board of Directors examines whether the candidates are in line with the Company's operations in accordance with the Company's Procedure for the Election of Directors in terms of diversified plans for operations, business model and development needs, including but not limited to, the gender, age, nationality, culture, and professional skills of the candidates. Specific management goals are as follows:



- A. Each gender of the Board of Directors shall account for more than one-third (inclusive) of the total number of directors.
- B. The number of the directors who are also the managerial officers of the Company shall not exceed one-third of the total number of the directors.
- C. At least two independent directors shall serve no more than three consecutive terms.

The Company currently has 10 directors (including 4 independent directors), and the implementation of diversification is as follows:

- A. 5 male directors (including 3 independent directors), accounting for 50%; 5 female directors (including 1 independent director), accounting for 50%.
- B. 1 part-time managerial officer, accounting for 10%, 2 directors are also the employees of the Group (including managerial officers), accounting for 20%.
- C. 4 independent directors, accounting for 40%. No independent director has served more than three consecutive terms.
- D. Diversification of the background of individual director

April 15, 2024

Title	Name	Nationality	Gender	Term of Independent Director	Age (years)			Professional background			Core capability				
					25~40	41~55	56~70	A1	A2	A3	B1	B2	B3	B4	B5
Director	Ming-Jun Chen	ROC	M	-			✓	✓			✓	✓			✓
Director	Shu-Lin Tseng	ROC	F	-			✓	✓			✓	✓		✓	✓
Director	Xiang-Qi Fang	ROC	M	-		✓			✓		✓		✓	✓	
Director	Gin-Ru Cheng	ROC	F	-			✓	✓			✓	✓			✓
Director	Yen-Hsuan Chen	ROC	F	-	✓			✓			✓	✓			✓
Director	Yun Chen	ROC	F	-	✓			✓			✓	✓	✓		✓
Independent Director	Bing-Qan Shi	ROC	M	4~6Years		✓		✓	✓		✓	✓		✓	
Independent Director	Pei-Jun Hong	ROC	F	4~6 Years	✓			✓		✓		✓	✓		
Independent Director	Yin-De Wu	ROC	M	4~6 Years		✓		✓		✓	✓	✓	✓		
Independent Director	Chih-Chieh Tsai	ROC	M	Less than 3years			✓		✓		✓			✓	

Note

Professional background			Core capability				
A1	A2	A3	B1	B2	B3	B4	B5
Industry	Finance & Accounting	Law	Business management	Industrial knowledge	Law	Finance and accounting	Marketing

## (ii) Board's independence

The current Board of Directors is consisting of 10 directors and among which 4 are independent directors, accounting for 40%. More than half of the directors are not spouses or primary or secondary kins of each other and therefore meeting the provision set forth in Article 26-3, Paragraph 3 of the Securities and Exchange Act. In addition, the Company has established the Audit Committee and is therefore exempted from Article 26-3, Paragraph 4 of the Securities and Exchange Act. In summary, the Board of Directors of the Company is independent.

(2) President, Vice Presidents, Assistant Vice Presidents, and supervisors of Departments and Branches

April 15, 2024

Title	Nation-ality	Name	Gender	Date Elected	Current Shareholding		Spouses & Minor Shareholding		Shareholding by Nominee Arrangement		Experience/Education	Current Positions at other company	Executives within the spouse or 2nd of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relati- onship	
President	ROC	Shu-Lin Tseng	F	2017.07.13	1,441,728	7.55%	320,000	1.68%	-	-	National Taiwan University Master of Management (EMBA) Department of Foreign Languages, National Taiwan University	Refer to p.10	None	None	None	Note
Finance & Accounting Supervisor	ROC	Hsiang-Yi Lo	F	2019.01.28 (Note 2)	10,000	0.05%	-	-	-	-	Finance & Accounting Manager of Chen-Li Education Group Co., Ltd. Manager of Deloitte & Touche Manager	None	None	None	None	-
Corporate Governance Officer	ROC	Ching-Fen Lin	F	2022.11.09	-	-	-	-	-	-	TamKang University, Bachelor of Accounting Plastron Precision Co., Ltd., Head of Finance	None	None	None	None	-

Note : The Chairman of the Board, Shu-Lin Tseng, is also the President of the Company, and to strengthen the independence of the Board of Directors, the Company had added 1 more independent director in 2023 to improve the capacity of the Board and strengthen supervision. At present, the Company has implemented the following measures,

(1) The 4 independent directors are experts in finance and accounting and law and can effectively exert their functions of supervision.

(2) The directors are arranged to participate the continuing education courses designed for directors every year provided by external organizations such as SFC to improve the operational efficiency of the Board.

(3) Independent directors in the Audit Committee and Remuneration Committee can discuss freely and give suggestions to the Board of Directors for their reference so as to realize corporate governance.

(4) More than half of the directors of the Board are not the employees or managerial officers.

### 3. Remunerations to Directors (including Independent Directors), Supervisors, President, and Vice Presidents in recent years

#### (1) Remuneration to Directors (including Independent Directors)

December 31, 2023 Unit: NT\$ thousands; thousand shares																	
Title	Name	Director's remuneration				Total compensation (A+B+C+D) and the ratio of total compensation (A+B+C+D) to net income (%)		Relevant Remuneration Received by Directors Who are Also Employees				Total of A, B, C, D, E, F, and G and the ratio of the total of A, B, C, D, E, F, and G on the net income		Remuneration from investor companies other than subsidiaries or the parent company			
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C) (Note)		Fees for conducting business (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)			Employee Compensation (G) (Note)		
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock		The company	All companies in the consolidated financial statements	
Chairman	Shu-Ling Tseng	60	60	-	-	178	178	18	18	256	5,510	-	261	-	261	6,027	None
Director	Min-Chun Chen	60	60	-	-	178	178	18	18	256	-	1,243	326	-	326	1,892	None
Director	Endow Capital Management Inc. Representative: Xiang-Qi Fang	60	60	-	-	178	178	18	18	256	-	-	-	-	-	256	None
Director	Endow Capital Management Inc. Representative: Jin-Ru Cheng	60	60	-	-	178	178	15	15	253	-	-	-	-	-	253	None
Director	Bash Consultant Inc. Representative: Yen-Shuan Chen	60	60	-	-	178	178	18	18	256	40	2	-	-	-	298	None
Director	Bash Consultant Inc. Representative: Yun Chen	60	60	-	-	178	178	15	15	253	-	-	-	-	-	253	None
Independent Director	Bing-Quan Shi	120	120	-	-	177	177	18	18	315	-	-	-	-	-	315	None
Independent Director	Pei-Jun Hong	120	120	-	-	177	177	18	18	315	-	-	-	-	-	315	None
Independent Director	Ying-De Wu	120	120	-	-	177	177	18	18	315	-	-	-	-	-	315	None
Independent Director	Chih-Chieh Tsai	65	65	-	-	136	136	9	9	210	-	-	-	-	-	210	None
1. Description of the policy, system, standards and structure of the remuneration paid to the Directors and Independent Directors of the Company and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: (1) According to the Company's Articles of Association, the remunerations paid to the Company's directors, regardless of operating profit or loss, may be determined based on individual contribution with reference to domestic and foreign industry standards by the Board of Directors upon authorization. For independent directors, reasonable remunerations may be determined separately and different from the general directors. In addition, as indicated in the Articles of Association that if there is profit in the year, no more than 5% shall be appropriated as the remunerations for directors. (2) The remunerations paid to the Company's directors is determined by the Remuneration Committee based on the participation in and contribution of each director to the operation of the Company following linking the reasonableness and fairness of performance risks with the remuneration received and the evaluation results will be submitted to the Board of Directors for resolution. 2. Except as disclosed above, remuneration received by directors in the most recent year for services rendered to the all companies in the financial statements (e.g. acting as a non-employee consultant to parent company/all companies in the financial statements/investee companies): Director Yun Chen provided the translation services for the English version of the annual report of the shareholders' meeting for the SPC, and the amount was NT\$100,000. (1) Director Yun Chen, she provided the translation services for the English version of part of the annual report of the shareholders' meeting for the SPC, and the amount was NT\$2,000. (2) Director Yen-Shuan Chen, she provides labor services such as editing teaching materials to the group, and the amount was NT\$69,000. (3) Director Min-Chun Chen, he serves as a teacher for the group, and the amount was NT\$837,000.																	

Note: The remunerations paid to the directors and employees in 2023 have not yet been distribute. The numbers in this table is estimated in accordance with the regulations governing remunerations for directors, managerial officers, and functional members, and the remuneration for employees is estimated based on the proportion of the actual distribution of the last year.

(2) Remunerations to Supervisors: The SPC has established the Audit Committee to replace supervisors and therefore this is not applicable.

(3) Remunerations to President and Vice Presidents

December 31, 2023 Unit: NT\$ thousands; thousand shares

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances, etc. (C)		Remuneration for employees (D) (Note)				(A+B+C+D) and the ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements	The Company	All companies in the financial statements		
								Cash	Stock				Cash	
President	Shu-Lin Tseng	1,801	1,801	-	-	3,709	3,709	261	-	261	-	5,771 5.57%	5,771 5.57%	None

Note: The remunerations to the employees for 2023 have not been actually distributed. The numbers in the table is calculated based on the proportion of the actual distribution of the last year.

(4) Individual Remuneration Paid to Each of the Top Five Management Personnel

December 31, 2023 Unit: NT\$ thousands; thousand shares														
Title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances, etc. (C)		Remuneration for employees (D) (Note3)				(A+B+C+D) and the ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from investee companies other than subsidiaries or the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		The Company	All companies in the financial statements				
							Cash	Stock			Cash	Stock		
President	Shu-Lin Tseng	1,801	1,801	-	-	3,709	3,709	261	-	261	-	5,771 5.57%	5,771 5.57%	無
Finance & Accounting Supervisor	Hsiang-Yi Lo	1,234	1,234	73	73	1,436	1,436	157	-	187	-	2,900 2.80%	2,930 2.83%	無
Corporate Governance Officer(Note 2)	Ching-Fen Lin	723	723	44	44	93	93	26	-	63	-	886 0.85%	923 0.89%	無

Note 1: In 2023, only 3 directors of the Company met the criteria of the "Top Five Managerial Officers" as specified by the competent authority.

Note 2: The remunerations to the employees for 2023 have not been actually distributed. The numbers in the table is calculated based on the proportion of the actual distribution of the last year.

- (5) Name of the managerial officer who distribute the remunerations to the employees and the status on distribution

December 31, 2023 ; Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income(%)
Executive Officers	President	Shu-Lin Tseng	-	444	444	0.43%
	Finance & Accounting Supervisor	Hsiang-Yi Lo				
	Corporate Governance Officer	Ching-Fen Lin				

Note: The remunerations to the employees for 2023 have not been actually distributed. The numbers in the table is calculated based on the proportion of the actual distribution of the last year.

- (6) Analysis and explanation of the total remunerations paid to Directors, President and Vice Presidents as a percentage of profit after tax reported in standalone or consolidated financial statements in the most recent two years, and description of the policy, standards, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks
- i. Total remunerations to Directors, President and Vice Presidents of the Company as a percentage of profit after tax reported in standalone or individual financial statements in the most recent two years

Unit: NT\$ thousands

Remuneration Item	The Company				All companies in the consolidated financial statements			
	2022		2023		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	2,473	3.14%	2,685	2.59%	2,473	3.14%	2,685	2.59%
President and Vice Presidents	2,657	3.38%	5,771	5.57%	2,657	3.38%	5,771	5.57%
Total	5,130	6.52%	8,456	8.16%	5,130	6.52%	8,456	8.16%

In 2023 and 2022, the total remuneration paid to the directors, managerial officers, and Vice Presidents by the Company and all companies in the consolidated statements accounted for 8.16% and 6.47% of the net profit after tax, respectively. The increase in total payment this year was mainly due to the increase in net income after tax compared with last year, and the performance bonus calculated based on profitability and operating results increased accordingly.

- ii. The policies, standards, and combination of paying remunerations and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks

The company's directors' remuneration is handled in accordance with the company's articles of association and the "Remuneration Management Measures for Directors, Managers and Functional Committee Members" (hereinafter referred to as the "Remuneration Management Measures"). It is first assessed by the remuneration committee and then determined by the board of directors, including the performance of the company's duties. Regardless of the fixed remuneration paid from operating profits and losses, the travel expenses paid when attending the

board of directors, and the distribution of no more than 5% of the profits of the current year as directors' remuneration, the amount of individual directors' remuneration is based on their participation in the company's operations (such as The level of attendance and participation in the board of directors) and the value of contribution are calculated and distributed in accordance with the regulations on remuneration management; for part-time employees, the distribution includes fixed salary, retirement pension allocated in accordance with the law and performance bonus calculated based on operating results, etc.

The company's managers' remuneration is also determined in accordance with the remuneration management regulations and is determined by the board of directors after assessment by the remuneration committee. In addition to fixed salaries, retirement pensions allocated in accordance with the law and allocations of not less than 3% based on the current year's profit status, In addition to employee remuneration, there are also year-end and performance bonuses calculated based on the company's annual operating results.

The company's procedures for setting remuneration and the combination of remuneration payment are determined in accordance with the organizational regulations of the Salary and Remuneration Committee and the Remuneration Management Measures. Its scope is consistent with the standards for remuneration of directors and managers in the standards for matters that should be recorded in the annual report of a publicly issued company, and is provided in advance. The remuneration committee will make an assessment and decide on it at the board of directors, and review the remuneration system in a timely manner based on the actual operating conditions and relevant laws. And because the remuneration package includes directors' remuneration and employee remuneration distributed based on the current year's profit status, as well as year-end and performance bonuses calculated based on the company's annual operating results, it can be seen that the amount of remuneration has a positive correlation with operating performance and future risks.

#### 4. Implementation of corporate governance

##### (1) Operations of the Board of Directors

The BOD met 6 times in 2023. The details of attendance are as follows:

Title	Name	Actual Attendance Number of times	Attendance by proxy Number of times	Actual Attendance rate (%)	Note
Chairman	Shu-Ling Tseng	6	-	100%	
Director	Min-Chun Chen	6	-	100%	
Director	Endow Capital Management Inc. Representative: Xiang-Qi Fang	6	-	100%	
Director	Endow Capital Management Inc. Representative: Jin-Ru Cheng	5	1	83%	
Director	Bash Consultant Inc. Representative: Yen-Shuan Chen	6	-	100%	
Director	Bash Consultant Inc. Representative: Yun Chen	5	1	83%	
Independent Director	Bing-Quan Shi	6	-	100%	
Independent Director	Pei-Jun Hong	6	-	100%	
Independent Director	Ying-De Wu	6	-	100%	
Independent Director	Chih-Chieh Tsai	3	-	100%	New-appointed on 2023.06.16

Other matters that require reporting:

1. Should any of the following take place in a board meeting, the date and the ordinal number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions shall be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act

Date and the ordinal number of board meeting	Agenda item(s)	Opinion(s) of the independent director(s)	Response of the Company to the independent director's opinion(s)	Resolution of the Board of Directors
2023.03.09 13th-term 4th	1. 2022 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. 2022 Business Report and Financial Statements. 3. 2022 earnings distribution proposal. 4. Independence assessment of CPAs. 5. Appointment of CPAs and remuneration.	No objection or qualified opinion.	Not applicable.	The Chair passed the matter without objection from all directors and independent directors in attendance.
2023.05.10 13th-term 5th	1. Consolidated financial report for Q1 2023.			
2023.06.07 13th-term 6th	1. Change visa accounting firm and visa accountant from Q2 2023.			
2023.08.03 13th-term 7th	1. Consolidated financial report for Q2 2023.			
2023.11.09 13th-term 8th	1. Consolidated financial report for Q3 2023.			
2023.12.05 13th-term 9th	1. Independence assessment, appointment and remuneration of CPAs.			

- (2) Aside from the above matters, other resolutions adopted by the Board of Directors to which an independent director has expressed objections or qualified opinions on record or in writing: N/A.

2. Status on recusals of directors due to conflicts of interests:

Date of board meeting	Name	Agenda item(s)	Reason for recusal due to conflicts of interests	Voting on the agenda item
2022.05.10	Shu-Lin Tseng Ming-Jun Chen Yen-Hsuan Chen Yun Chen	Distribution of the employees' remuneration for 2022.	Shu-Lin Tseng and Ming-Jun Chen received the distributed remuneration, Yen-Hsuan Chen and Yun Chen are secondary kins of Shu-Lin Tseng and Ming-Jun Chen and therefore are considered to have conflicts of interests.	Recused in accordance with the laws and did not participate in the discussion and voting.

3. Status on implementation of self evaluation of the Board of Directors

Cycle	Period	Scope	Method	Contents
At least once a year	Year 2023	Individual director member	Self-evaluation of the board members	Familiarity with the goals and missions of the Company: 9.60 Recognition of duties as Directors: 9.90 Degree of participation in Company operations: 9.73 Management of internal relations and communication: 9.60 Directors' professionalism and continuing education: 9.97 Internal controls: 9.63 Other: 10.00
		The overall Board of Directors	Self-evaluation of the board members	Degree of participation in Company operations: 9.68 Improving the quality of the Board of Directors' decision making: 9.93 Composition and structure of the Board of Directors: 10.00 Election and continuing education of the Directors: 9.95 Internal controls: 9.90
		Audit Committee	Self-evaluation of the committee members	Degree of participation in Company operations: 10.00 Knowledge of the duties of the functional committee: 10.00 Improvement of the quality of functional committee's decisions: 9.96 Functional committee composition and election of members: 10.00 Internal controls: 9.67
		Remuneration Committee	Self-evaluation of the committee members	Degree of participation in Company operations: 9.68 Knowledge of the duties of the functional committee: 9.93 Improvement of the quality of functional committee's decisions: 10.00 Functional committee composition and election of members: 9.95

The results of the 2023 performance evaluation were reported to the Board of Directors on March 8, 2024. After reviewing the evaluation results, the scores of each item for 2023 were all excellent. Overall, the operating performance was good, the operation was smooth and meet the requirements of corporate governance.

4. An evaluation of the goals set for strengthening the functions of the Board of Directors and implementation status during the current and immediately preceding fiscal years

- (1) Periodic discussion and revision of various regulations to comply with the existing laws and regulations and meet the needs of management practices, so as to ensure the legitimacy of various regulations.
- (2) Take initiatives to arrange various continuing education courses for directors so as to facilitate directors' access to relevant information and upkeep their core value and professional advantages as well as abilities. All directors of the Company had completed the required number of hours of continuing education for directors and supervisors of listed companies in 2023, a total of 26 courses were taken and the total number of hours was 81 hours (see p. 28 of the Annual Report for detail).
- (3) To improve information transparency, the Company has designed "Information for Investors", "Corporate Governance", and "Stakeholders" sections on the official website and provides relevant information in Chinese and English. Important information of the Board of Directors was also published on <https://mops.twse.com.tw> promptly to avoid inconsistency in information.
- (4) The Company purchases the "liability insurance for directors and managerial officers and reviews the contents of the insurance policy periodically to verify that the amount insured and coverage meet the needs.



## (2) Status on the operations of the Audit Committee

The Audit Committee of the Company is consisting of 3 independent directors, and for their professional qualifications and experiences, please see p.11~p.12 of the Annual Report.

The Audit Committee's primary responsibility is to assist the board of directors in performing its duty to oversee the accounting, auditing, and financial reporting processes in the Company and the quality of financial management. Matters reviewed by the Audit Committee according to its responsibility include,

- i. Formulation or revision of the internal control system in accordance with the provisions specified in Article 14-1 of the Securities and Exchange Act.
- ii. Evaluation of the Effectiveness of the Internal Control System.
- iii. Handling procedures for conducting major financial business such as asset acquisition or disposal, engaging in derivatives trading, providing loans to others, making endorsements for others or guarantees shall be in accordance with the provision of Article 36-1 of the Securities and Exchange Act.
- iv. Matters in which the director has an interest in.
- v. Engaging in major assets or derivatives trading.
- vi. Material loans, endorsements, or making guarantees.
- vii. Raising, issuing or private placement of securities with equity nature.
- viii. Appointment, dismissal or remuneration of the certified public accountants (CPAs).
- ix. Appointment and dismissal of financial, accounting or internal audit supervisors.
- x. The annual financial report signed or sealed by the Chairman, managerial officers and accounting supervisor and the Q2 Financial Report that shall be audited and certified by an accountant.
- xi. Other major matters stipulated by the Company or the competent authority.

The Audit Committee met 6 times in 2023. The details of the attendance of independent directors are as follows,

Title	Name	Actual Attendance Number of times	Attendance by proxy Number of times	Actual attendance rate (%)	Note
Independent Director (Convener)	Bing-Qan Shi	6	0	100%	
Independent Director	Pei-Jun Hong	6	0	100%	
Independent Director	Yin-De Wu	6	0	100%	
Independent Director	Chih-Chieh Tsai	3	0	100%	Ner-appointed on 2023.06.16
Other matters that require reporting					
1. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's response to the resolutions of the Audit Committee shall be recorded under the following circumstances during the operations of the Audit Committee.					

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

Date and the ordinal number of board meetings held by the Audit Committee	Agenda item(s)	Contents of the objections, qualified opinions or major suggestions from independent directors	Resolutions of the Audit Committee	The Company's response to the Audit Committee's opinions
2023.03.09 5th-term 4th	1. 2022 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. 2022 Business Report and Financial Statements. 3. 2022 earnings distribution proposal. 4. Independence assessment of CPAs. 5. Appointment of CPAs and remuneration.	None.	The Chair passed the matter after consulting all the members in attendance.	The result was proposed to the Board of Directors of the Company for resolution.
2023.05.10 5th-term 5th	1. Consolidated financial report for Q1 2023.			
2023.06.07 5th-term 6th	1. Change visa accounting firm and visa accountant from Q2 2023.			
2023.08.03 5th-term 7th	1. Consolidated financial report for Q2 2023.			
2023.11.09 5th-term 8th	1. Consolidated financial report for Q3 2023.			
2023.12.05 5th-term 9th	1. Independence assessment, appointment and remuneration of CPAs.			

(2) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee: N/A.

2. When there are recusals of independent directors due to conflicts of interests, names of the independent directors, contents of resolutions, reasons of recusal, and voting participation shall be stated: N/A.

3. Communication between Independent Directors and internal auditors and accountants

(1) After reviewing the monthly audit report, the internal audit supervisor will submit the report to each of the independent director withing the prescribed time limit and submit the report to the Board of Directors on a quarterly basis. In 2023, the independent directors did not raise objections to the relevant reports, and the communication was good. Communications were also conducted before commencing the Audit Committee's meeting, and related internal control system or management regulations were also revised accordingly in accordance with the amendment to the laws and regulations and actual operation conditions.

(2) The Company's CPAs communicate well with the independent directors and will attend the Audit Committee's meeting when necessary to separately discuss the matters such as the responsibility and independence of the annual report and the status on the inspection of the internal control system and key inspection items and other matters as required by laws with independent directors. During the process, the independent directors may discuss any questions or thoughts with the CPA and the CPA will provide further explanation. The independent directors and accountants have contact information, and can also communicate with each other by e-mail and telephone at any time according to their needs. The communication was good.

4. Summary of 2023 work priorities

(1) Review of the Financial Report

The Board of Directors has prepared and submitted the 2022 Business Report, financial statements, consolidated financial statements, and individual financial statements, and earnings distribution proposal, and among which the consolidated financial statements and individual financial statements have been audited by Accountant Jin-Chuan Shi and Accountant Yong-Ming Qiu of Deloitte & Touche CPA and they have submitted an audit report with no reservations. The aforementioned Business Report, financial statements, consolidated financial statements, and individual financial statements have been reviewed by the Audit Committee as correctly portraying the Company's business activities. The 2023

Q1~Q3 Financial Report have also been reviewed and passed by the Audit Committee before being submitted for discussion by the Board of Directors.

(2) Evaluation of the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including the control measures like finance, business, risk management, information security, outsourcing, and regulatory compliance), and reviewed the Company's audit department, CPAs, and periodic reports from management, including risk management and regulatory compliance. The Audit Committee believes that the Company's risk management and internal control systems are effective, and that the Company has adopted the control mechanisms necessary to monitor and correct violations.

(3) Appointment of CPAs

The Audit Committee is entrusted with the responsibility of supervising the independence of the certified public accounting firm to ensure the fairness of the financial statements. To ensure the independence of the certified accounting firm, the Audit Committee formulated an independence assessment form with reference to Article 47 of the Accountants Law and Accounting Bulletin No. 10 of the Code of Ethics for Accountants, "Integrity, Fairness, Objectivity, and Independence", and evaluated whether the accounting firm is related to the Company, has business or financial interest relation with the Company based on the independence, professionalism and eligibility of the accountant. On March 14, 2023, the Audit Committee reviewed and approved that Accountant Jin-Chuan Shi and Accountant Yong-Ming Qiu of Deloitte & Touche CPA both met the requirements of the independence standards and were qualified to serve as the CPAs to process the financial and tax certification for the Company, and appointed him as the company's accounting accountant for 2023. However, after subsequent consideration of the company's internal management needs, it was reviewed and approved on June 7, 2023 that accountants Chien-Hui Lu and An-Chih Cheng of KPMG met the independence assessment standards and were qualified to serve as the company's financial and tax certification accountants. He was re-appointed as the company's certified accountant starting from the Q2 2023; it was reviewed and approved on December 5, 2023 that accountants Chien-Hui Lu and An-Chih Cheng of KPMG met the independence assessment standards and were qualified to serve as the company's auditors. Financial and tax certification accountant, appointed as the company's 2024 certification accountant.

(3) Corporate governance practices and deviations with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment item	Operations (Note)		Deviations and reasons	
	Y	N		
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?" from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons	✓		To establish a good system of corporate governance, the Company has established the Corporate Governance Best-Practice Principles in 2017 and continued to make revisions in accordance with external laws and regulations while disclosing such information on the official website of the Company.	None
2. Shareholding structure & Shareholders' equity				
(1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	✓		In addition to the stock affairs agency, the Company also has established relevant departments such as spokespersons, proxy spokespersons, and stock affairs units to handle shareholder-related matters, and these departments can handle related issues effectively.	None
(2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	✓		The Company has a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders by interacting with the major shareholders and keep good communication while paying attention to important matters that may cause changes to the shares.	None
(3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	✓		The management responsibilities of assets, finance and accounting between the Company and affiliated enterprises are operated independently. In addition, we have established the "Operational Guidelines for the Supervision of Subsidiaries" and all operations are comply with the provisions of the guidelines.	None
(4) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	✓		The Company have established the "Insider Trading Prevention Rules", which prohibits the internal staff from trading securities based on information yet to be public on the market.	None
3. Composition and responsibilities of the Board of Directors				
(1) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		The Company has established the diversity policy in the Corporate Governance Best Practice Principles. The nomination and selection of members of the Board of Directors follows the provisions of the company's articles of association and adopts a candidate nomination system. In addition to evaluating the qualifications of each candidate's academic experience, relevant provisions of the Procedure for the Election of Directors and the Corporate Governance Best Practice	None

Assessment item	Operations (Note)			Deviations and reasons
	Y	N	Summary	
			Principles are also enforced to ensure the diversity and independence of the members of the Board of Directors. For the status on implementation of diversity of the Board of Directors, please refer to p.12~p.13 of the Annual Report.	
(2) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?		✓	The Company has established a Remuneration Committee and an Audit Committee, and we will also establish other types of functional committees as needed in the future.	Relevant committees will be established depending on future needs.
(3) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		The Company has established the guidelines governing performance evaluation of the Board of Directors and the evaluation is conducted at least once a year. In 2023, the Board Performance Evaluation has been completed in early 2024 and the result was reported to the BOD on March 8, 2024. In the future, the Company will decide whether to utilize the evaluation result in determining the remuneration of individual director or nomination for consecutive terms depending on the overall operations. The evaluation results of the Board of Directors and functional committees for 2023 can be found on p.20 of the Annual Report.	None
(4) Does the Company periodically evaluate the level of independence of the CPA?	✓		The Audit Committee and the Board of Directors of the Company review the level of Independence and eligibility of CPAs every year. In addition to the requirements of submission of a declaration of independence and Audit Quality Indicators (AQI), the level of independence stipulated in Article 47 of the Accounts Law and the contents of "Integrity, Fairness, Objectivity, and Independence" stipulated in the Accounting Bulletin No. 10 of the Code of Ethics for Accountants, were referenced to formulate an assessment form for evaluating the level of independence of the CPAs. For key items relating to evaluation of CPA's independence, see p.28 of the Annual Report. The most recent evaluation was approved by the Audit Committee and BOD on Dec 5, 2023.	None
4. For TWSE/TPEX-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' )	✓		The Company has approved the corporate governance supervisor to protect the shareholders' interests and strengthen the competence of the BOD. She has more than three years of experience in stock affairs in listed companies as a supervisor. The key responsibilities are as follows: 1.Process the Board of Directors' and shareholders' meeting-related matters in accordance with laws.	None

Assessment item	Operations (Note)		Deviations and reasons
	Y	N	
meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?			<p>2. Prepare the minutes of the Board of Directors' and shareholders' meetings.</p> <p>3. Assist in director appointment and continuing education.</p> <p>4. Provide information required for the operation of the Board of Directors.</p> <p>5. Assist directors to comply with laws and regulations.</p> <p>6. Report to the BOD the results of its review of whether the qualifications of independent directors at the time of nomination, election and during their term of office comply with relevant laws and regulations.</p> <p>7. Handle matters related to director changes.</p> <p>8. Other matters stipulated in the Articles of Incorporation or contracts.</p>
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?	✓		<p>The Company has set up a section specific for stakeholders on the official website to provide the contact information of spokesperson and relating business departments, so that the stakeholders' concern will be handled properly via a smooth communication channel.</p> <p>The Group also has a communication channel for employees to give feedback to communicate with the management of the Company.</p>
6. Has the Company hired a professional stock affairs agency to handle tasks and issues relating to convening shareholder's meetings?	✓		<p>The Company has appointed a professional stock affairs agency, The Transfer Agency Department of Grand Fortune Securities Co., Ltd., to handle matters relating to shareholder's meetings.</p>
7. Information Disclosure			
(1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	✓		<p>The Company has established a website to disclose information regarding the Company's financial, business and corporate governance status. For the details of the website, see XI on the inside of the cover of the Annual Report.</p>
(2) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	✓		<p>The Company has a spokesperson system, which represents the Company for making announcements. In general, the stock affairs unit is responsible for the disclosure of company information, and a bilingual website in Chinese and English is set up to facilitate the understanding of foreign investors.</p>
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		✓	<p>The Company announces and submits the annual financial report within the time limit specified by the law, and announces and submits its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>



Assessment item	Operations (Note)			Deviations and reasons
	Y	N	Summary	
8. Does the Company have other information that contributes to better understanding of its corporate governance standing (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors and supervisors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors and supervisors)?	✓		<p>1. The Company has established an Employee Welfare Committee and implemented a pension system to protect the rights and interests of its employees, such as arranging regular health exams, organizing employee tours from time to time, and conducting various employee trainings, and to care for employees' physical as well as mental health and learning and development.</p> <p>2. The Company's official website has set up a section of Information for Investors, which includes a communication channel for stakeholders to ensure effective communication between stakeholders and the Company.</p> <p>3. All directors are required to complete at least 6 hours of continuing education courses. For status on continuing education, see p.28.</p> <p>4. The Company has established a internal control system and a number of internal rules in accordance with laws to conduct various risk management and evaluation. In addition, the internal audit unit will conduct periodic and random inspections to inspect the status on implementation of the internal control system.</p> <p>5. The Company maintains a good relationship with the customers and strictly adheres to the contracts signed with customers and relevant provisions to safeguard customers' rights and interests and provide good service quality.</p> <p>6. The Company has purchased liability insurance for directors from MSIG Mingtai Insurance Company, Limited. in the amount of US\$5,000,000 for 2023.</p>	None
9. Please describe improvements in terms of the results of the Corporate Governance Evaluation System issued by the Taiwan Stock Exchange (TWSE) in recent years and propose areas and measures to be given priority where improvement will be needed.				
No.	Topic		Improvements or prioritized items and measures	
2.3	Are the Chairman of the Board of Directors and the President or other persons of equivalent rank (top managerial officers) not the same person or spouses or first-degree relatives of each other?		The number of independent directors had increased in 2023.	
2.21	Is the company's corporate governance manager full-time, with the scope of duties and further education status stated on the company's website and annual report?		The head of corporate governance also has the position of audit agent, and whether to adjust his concurrent position will be evaluated again.	
2.22	Whether the company has an audit committee or a functional committee at the board level (such as a risk management committee) to supervise risk management, formulate risk management policies and procedures approved by the board of directors, and disclose the risk management organizational structure, risk management procedures and operations, And report to the board of directors at least once a year?		The company has a risk management team, which is supervised and managed by the general manager. We will re-evaluate whether to upgrade the supervisory level in the future.	

Note 1: Status on directors' participation in continuing education in 2023

Title	Name	Date	Organizer	Course Name	Hours
Director	Shu-Lin Tseng	06/02/2023	SFI	2022 Seminar on Prevention of Insider Trading	3
		07/04/2023	TWSE	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
Director	Ming-Jun Chen	06/09/2023	SFI	2023 Seminar on Prevention of Insider Trading	3
		11/29/2023	SFI	2023 Insider Equity Legal Compliance Awareness Briefing	3
Legal Director Representative	Xiang-Qi Fang	06/09/2023	SFI	2023 Seminar on Prevention of Insider Trading	2
		10/18/2023	SFI	Talent sustainability challenges after the epidemic	3
		10/26/2023	SFI	Shareholders' meetings, management rights and equity strategies	3
Legal Director Representative	Gin-Ru Cheng	11/09/2023	SFI	Discussion on corporate financial statement fraud cases	3
		11/17/2023	SFI	Practical discussion on money laundering prevention and combating terrorist financing	3
Legal Director Representative	Yen-Hsuan Chen	06/02/2023	SFI	2023 Seminar on Prevention of Insider Trading	3
		11/29/2023	SFI	2023 Insider Equity Legal Compliance Awareness Briefing	3
Legal Director Representative	Yun Chen	06/02/2023	SFI	2023 Seminar on Prevention of Insider Trading	3
		11/29/2023	SFI	2023 Insider Equity Legal Compliance Awareness Briefing	3
Independent Director	Bing-Qan Shi	12/08/2023	SFI	Accurately grasp the ESG sustainability equation	3
		12/08/2023	SFI	Recent legal updates and responses	3
Independent Director	Pei-Jun Hong	06/09/2023	SFI	2023 Seminar on Prevention of Insider Trading	3
		10/26/2023	SFI	Shareholders' meetings, management rights and equity strategies	3
Independent Director	Yin-De Wu	06/02/2023	SFI	2023 Seminar on Prevention of Insider Trading	3
		06/02/2023	TCGA	Commercial Litigation and Dispute Resolution Practice Discussion	3
		09/19/2023	COSDA	How do enterprises achieve their ESG goals with effectiveness	3
		09/20/2023	COSDA	Global Tax Reform and Corporate Tax Governance from the perspective of ESG trends and the epidemic environment	3
		09/26/2023	COSDA	New thought of risk management in the digital transformation for future	3
		10/24/2023	COSDA	Related Regulations: Legal Framework and Case Study Analysis of Insider Trading	3
Independent Director	Chih-Chieh Tsai	05/26/2023	TCGA	Risks are everywhere, how to effectively manage them?	3
		05/26/2023	TCGA	Risk management and crisis management	3
		06/29/2023	TCGA	Looking at the information security governance strategies of listed companies from the perspective of sustainable development of ESG companies	3

SFI: Securities and Futures Institute

TWSE: Taiwan Stock Exchange

TCGA: Taiwan Corporate Governance Association

COSDA: Corporate Operating and Sustainable Development Association

Note 2: Important items for evaluation of CPA independence

Possible items that affect CPA independence	Evaluation results:
I. Is there any situation in which "independence is affected by self-interest" as stipulated in Article 8 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
II. Is there any situation in which "independence is affected by self-assessment" as stipulated in Article 9 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
III. Is there any situation in which "independence is affected by defense" as stipulated in Article 10 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
IV. Is there any situation in which "independence is affected by familiarity" as stipulated in Article 11 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
V. Is there any situation in which "independence is affected by coercion" as stipulated in Article 12 of the Accounting Bulletin No. 10 of the Code of Ethics for Accountants?	No
VI. Do the accountants in practice of the accounting firm have any of the situations stipulated in Article 47, Paragraph 1, Subparagraphs 1, 2, 4, and 5?	No
VII. Does the corporate accounting firm have any of the situations stipulated in Article 47, Paragraph 1, Subparagraphs 4-6? The Deloitte & Touche CPA & The KPMG CPA are not corporate accounting firm and therefore this provision does not apply.	N/A.



(4) Composition, duties, and operation of the Remuneration Committee or Nomination Committee

i. Information on members of the Remuneration Committee

Identity	Criteria	Professional qualifications and experience	Independence status	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director (Convener)	Pei-Jun Hong	Please refer to p.11~p.12	Please refer to p.11~p.12	1
Independent Director	Bing-Qan Shi	Please refer to p.11~p.12	Please refer to p.11~p.12	1
Independent Director	Yin-De Wu	Please refer to p.11~p.12	Please refer to p.11~p.12	-

ii. Information on the operation of the Remuneration Committee

- (i) The current Remuneration Committee of the Company has 3 members.
- (ii) Current term for Remuneration Committee members: From August 09, 2022 to June 08, 2025, of 2 meetings of the 2023 Remuneration Committee were held in the most recent year. The attendance was as follows:

Title	Name	Number of times of actual attendance	Number of times of attendance by proxy	Actual attendance rate (%)	Note
Convener (Independent Director)	Pei-Jun Hong	2	-	100%	
member (Independent Director)	Bing-Qan Shi	2	-	100%	
member (Independent Director)	Yin-De Wu	2	-	100%	

Other matters that require reporting:

- If the Board of Directors did not adopt or revise the recommendations of the Remuneration Committee, the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the Remuneration Committee shall be indicated: None.
- If a member opposes a resolution the Remuneration Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.
- Matters for communication and resolutions of the year

Date and the ordinal number of board meetings held by the Remuneration Committee	Agenda item(s)	Resolution	The Company's handling of the opinions of the Remuneration Committee members.
2023.03.14 6th-term 2nd	1.Distribution of remuneration to employees and directors for 2022.	The Chair passed the matter after consulting all the members in attendance.	The result was submitted to the Board of Directors and passed without objection by all directors in attendance.
2023.05.10 6th-term 3rd	1.Distribution of the amount of remuneration to directors for 2022. 2.Distribution of the amount of remuneration to employees for 2022.		

- iii. Composition, duties, and operation of the Nomination Committee: The Company has not yet established a Nomination Committee and therefore this provision does not apply.

(5) Status on the Company's implementation of sustainable development and deviations with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
1. Has the Company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?		✓	The Company has not yet set up a designated unit and the management teams lead relevant units based on the scope of their duties to jointly promote sustainable development.	Assessment planning
2. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly?	✓		<p>Considering the criticality of operations and the impact on major issues, the relevant risk assessment boundary is mainly based on the Company and important subsidiaries.</p> <p>The Company follows the principle of taking preventive measures in advance to reduce the losses caused by risks and regularly identifies, evaluates, handles and monitors potential risks that may keep the Company from achieving the goals as well as conducts periodic follow-ups and incorporates daily operation of relevant units.</p> <p>Risk management policies and strategies specific for environmental, social, and corporate governance were devised accordingly as follows:</p> <p>1.Environmental issues</p> <p>In terms of environmental protection, the Company has introduced various water-saving and power-saving measures and are committed to promoting and advocating the implementation of the recycling policies and made every effort to become an environmental friendly company.</p> <p>2.Social issues:</p> <p>(1)In terms of occupational health and safety, fire prevention managers are hired and various safety protection measures are established. We also conducted emergency drills such as fires and earthquakes periodically, and in response to the continued COVID-19 pandemic, all personnel entering and exiting are required to wear masks, measure temperature and carry out disinfection.</p> <p>(2) In terms of information security, we conducted periodic education and training for employees to improve their awareness of information security to avoid the risk of data breach, and we also have a confidentiality agreement and personal data protection to protect the rights and interests of stakeholders. In addition, we have established a firewall to</p>	None

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
			<p>enhance network security and avoid the risk of external malicious intrusion and attack.</p> <p>3. Corporate governance:</p> <p>(1) In terms of regulatory compliance, internal education and training were provided to advocate the corporate governance and regulations of the Company and to enhance the awareness of employees to comply with the regulations. In addition, internal control system were implemented to ensure every operation of the Company complied with relevant laws and regulations, and we also paid attention to the revisions of laws and regulations and review various internal rules to reduce the risk of non-compliance.</p> <p>(2) In terms of strengthening the functions of directors, relevant topics were planned for directors and directors were provided with the latest regulations, system development and policies, and liability insurance was purchased for directors to protect them from lawsuits or claims for compensation due to performing their duties.</p> <p>(3) In terms of stakeholders, various communication channels were established and frequent communications were conducted to reduce confrontation and misunderstanding, and we also set up an investor mailbox which was handled and replied by the spokesperson.</p>	
3. Environmental issues				
(1) Has the Company established a proper environmental management system based on the characteristics of the industry?	✓		The Company manages the environment in accordance with the local relevant environmental safety and hygiene regulations.	None
(2) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		The Company promotes recycling and is committed to activities such as the implementation of garbage sorting and recycling of available resources so as to protect the earth's resources and protect environmental hygiene.	None
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?		✓	In response to the impact of climate change on operating activities, the company maintains an active focus on energy conservation, carbon reduction and greenhouse gas reduction.	No material deviation

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
(4) Has the company made statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water reduction or other waste management?		✓	The BOD has approved and set the greenhouse gas inventory and verification schedule, and has begun the first inventory operation. Although the company has no explicit relevant management policies, it has taken practical actions such as electronicizing form documents, increasing the setting temperature of air conditioners to save energy, and recycling resources.	The first greenhouse gas inventory operation will begin in 2024.
4. Social issues				
(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company carries out such policies and procedures in accordance with the Labor Standards Act and Labor Insurance Act, Employees' Welfare Funds Act, and relevant laws.	None
(2) Has the company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		The Company manages employee salaries and leave systems in accordance with the Labor Standards Act, manages the relevant welfare measures in accordance with the Employees' Welfare Funds Act, and allocates no less than 3% of the profits of the year to employees' remuneration according to the Articles of Association based on the number of years worked and performance evaluation results. In addition, we also have mid-year and year-end bonus systems, allowances for perfect attendance on holidays, summer recruitment award, and bonuses for recruitment and stay on duty, etc. to motivate our employees to work together for the Company's goal.	None
(3) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?	✓		In order to provide a safe and healthy working environment, we hired Type A occupational safety and health supervisors, fire prevention managers, strengthened the training and popularization of first-aid personnel, established various safety protection measures, conducted regular emergency escape and evacuation drills for fires and earthquakes, and provided on-site services of occupational medical treatment and occupational nursing twice a year and twice a month, respectively, in accordance with the provision stipulated in Article 4 of the Labor Health Protection Regulations of the Ministry of Labor.	None
(4) Does the Company have in place effective tools to help employees with career planning and development?	✓		The Company provides comprehensive education and training for new employees and conduct professional courses and training for specific positions and related agents periodically, and we also actively cultivate management talents at all levels and perform fire and disaster prevention training and periodic on-the-job trainings for the advancement of first-aid personnel and employee skills.	None

Assessment item	Operations (Note1)			Deviations and reasons
	Y	N	Summary (Note2)	
(5) Customer health and safety for specific products and services Does the Company comply with relevant laws and international standards in relation to customer privacy, marketing, and labeling of products and services and has the Company formulated relevant policies and complaint procedures to protect consumers' or customers' rights?	✓		The Company importance to customer opinions, and has provided a contact window and email on the official website and has also set up a specific section for stakeholders to ask questions, file a complaint or make a suggestion. The Company upholds the principle of good faith to properly handle and give feedback to protect the rights and interests of customers.	None
(6) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and requested their reports on the implementation of such regulations?	✓		Prior to cooperation, the Company will evaluate the suitability of suppliers according to internal procedures and conduct regular audits and evaluations to ensure that suppliers follow relevant norms on issues such as environmental protection, safety or hygiene.	None
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the reports above?		✓	We has started compiling the sustainability report, but currently there is no timetable for obtaining confirmation or guarantee opinions from a third-party verification unit.	No material deviation
6. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Board of Directors passed the "Corporate Responsibility Principles" of the Company in June, 2017 and the revised version of the aforementioned principles in November, 2021 to strengthen the implementation of corporate social responsibility. The Company conducts periodic review on the implementation status and make improvements based on the results, and no material deviation has been reported thus far.				
7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: None.				

(6) Status on ethical corporate management and deviations with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessment item	Operations (Note1)		Deviations and reasons
	Y	N	
<p>1. Establishment of the policies and approaches for ethical corporate management</p> <p>(1) ) Has the Company established the ethical corporate management policies approved by the Board of Directors and stated the policies and practices in its bylaws or external correspondence to maintain business integrity? Are the Board of Directors and the managerial officers committed in fulfilling this commitment?</p> <p>(2) ) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed operating activities with higher risk of unethical conducts on a regular basis, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(3) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>No material deviation</p> <p>None</p> <p>None</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Does the Company evaluate the integrity record of the counterparty and clearly stipulate the terms of good faith behavior in the contract signed with the counterparty involved in the transaction?</p> <p>(2) Does the Company have a unit under the Board of Directors that is charged with promoting ethical corporate management and regularly (at least once every year) reports to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>None</p> <p>No material deviation</p> <p>None</p>



Assessment item	Operations (Note1)		Deviations and reasons
	Y	N	
		Summary (Note2)	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Has the Company designated its internal audit unit to devise relevant audit plans and audit the compliance with the prevention programs accordingly based on the results of assessment of the risk of involvement in unethical conduct or commissioned a CPA to conduct the audit?		✓ The Company has established internal audit plans and internal audit personnel conduct various audits by following these plans and report to the Board of Directors to ensure the design of the system and implementation remain effective.	No material deviation
(5) Did the Company periodically provide internal and external training programs on integrity management?		✓ The Company has not yet periodically provide internal and external training programs on ethical corporate management.	Relevant internal and external education and training will be planned and arranged.
3. Implementation of the Company's whistleblowing System			
(1) Has the Company established concrete whistleblowing system and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓	The Company has established the Personnel Regulations and reward and punishment rules in addition to a suggestion box. In case of a (suspected) violation, the staff can report such event to the Company directly and designated personnel will be assigned specifically for the complaine.	None
(2) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓	The Company has established the Personnel Regulations and reward and punishment rules and the complainant's information will be kept confidential as required.	No material deviation
(3) Has the Company adopted measures for protecting the whistle-blower against improper treatment or retaliation?	✓	The Company has established the Personnel Regulations and reward and punishment rules and the complainant's information will be kept confidential as required to protect the complainant from inappropriate treatment due to filing the complaint.	None
4. Enhancing information disclosure Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?		✓ The Company has not yet established the principles of ethical corporate management.	Such principles will be formulated depending on the situation of the Company.
5. The Company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and clearly articulate the differences between its operations and the established code. The Company has not yet established the principles of ethical corporate management as of this moment.			
6. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management:			
(1) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act or other laws or regulations regarding commercial activities as the underlying basic premise to facilitate ethical corporate management.			
(2) The Company signs a confidentiality agreement with its employees and all employees are prohibited to disclose the secrets of the Company known in handling of affairs and business and have the obligation to keep the Company's business secrets confidential.			
(3) The Company has established the Insider Trading Prevention Rules, which clearly stipulate that directors, managerial officers, and employees of the Company are not allowed to disclose important information of the Company to others and are prohibited to inquire or collect the Company's undisclosed Material Inside Information from those who possess such information, and Material Inside Information that is not gained in the process of performing their business must not be disclosed to others.			

- (7) If the Company has formulated a corporate governance code of conduct and related guidelines, the method of access to such code and guidelines must be disclosed :  
<https://reurl.cc/pLOmqr>
- (8) Other useful information for explaining corporate governance practices: None.
- (9) Status on implementation of internal control system
- Statement on Internal Control: Refer to p. 37.
  - If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: N/A.
- (10) Disciplinary actions imposed by law on the Company or its employees, disciplinary actions imposed by the Company on its employees for violation of internal control regulations, and the possible significant impact such disciplinary actions might have on shareholder equity or securities prices, as well as the content of the disciplinary actions and deficiencies and improvements in the most recent year and up to the publication date of this Annual Report: None.
- (11) Important resolutions adopted in shareholders meetings and Board of Directors' meetings in the past year and up to the date of printing: Refer to p.38.
- (12) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: None.
- (13) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Governance Officer, and Chief R&D Officer in the past year and up to the date of printing: None.

#### Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	We plan to establish a sustainability working group, with the general manager as the convener, to hold regular meetings and report climate change issues and implementation status to the board of directors.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The sustainability working group is being planned and established.
3. Describe the financial impact of extreme weather events and transformative actions.	The sustainability working group is being planned and established.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The sustainability working group is being planned and established.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The sustainability working group is being planned and established.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The sustainability working group is being planned and established.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The sustainability working group is being planned and established.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The sustainability working group is being planned and established.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	The sustainability working group is being planned and established. The first inventory of greenhouse gases is already underway, and follow-up planning will be carried out after the inventory is completed.



# Success Prime Corporation

## Statement on Internal Control System

Date: March 8, 2024

This Statement of Internal Control System is issued based on the self-evaluation results of the Company for year 2023:

- I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and managerial officers. In this regard the Company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.
- II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in Governing Regulations for Public Company's Establishment of Internal Control System (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the abovementioned items, please refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 8, 2024, where the 10 attending Directors (including 1 proxy), no director expressed dissenting opinions and all affirmed the content of this Statement.

Success Prime Corporation  
Chairman: Shu-Lin Tseng  
President: Shu-Lin Tseng

Important resolutions of the shareholders' meeting and board of directors in the most recent year and up to the publication date of this Annual Report

i. Major resolutions made at the AGM and status on their implementation

Convene Date	Important resolutions	Status on implementation
June 16, 2023 AGM (Physical)	1. Approval of the Business Report and Financial Statements for 2022. 2. Approval of the earnings distribution proposal for 2022.	1. Proceed in accordance with the resolutions. 2. April 22, 2023 was set as the Ex-dividend date and cash dividends was distributed on May 9, 2023.

ii. Important resolutions of the BOD

Convene Date	Important resolutions
March 14, 2023	1. 2022 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. Distribution of remuneration to employees and directors for 2022. 3. Business Report, individual financial Statements, and consolidated financial report for 2022. 4. Distribution of earnings for 2022. 5. Distribution of earnings-cash dividends for 2022. 6. Addition of one independent directors of the Company. 7. Nomination of independent director candidates. 8. Setting the date, location, and reason for convening shareholders' meeting for 2023. 9. Evaluation of CPA independence. 10. Appointment of CPAs and remuneration.
May 6, 2023	1. Consolidated financial report for Q1 2023. 2. Distribution of the directors' remuneration for 2022. 3. Distribution of the employees' remuneration for 2022. 4. Appointment case of directors and supervisors of group subsidiaries.
June 7, 2023	1. Change visa accounting firm and visa accountant from Q2 2023. 2. Case of changing the registered address of the company's location. 3. The case of abolishing the Taipei Branch of our company.
August 3, 2023	1. Consolidated financial report for Q2 2023. 2. Renew of the line of credit to Taipei Fubon Bank. 3. Revision of the "Corporate Social Responsibility Code of Practice" and renaming it to the "Sustainable Development Code of Practice".
November 9, 2023	1. Consolidated financial report for Q3 2023.
December 5, 2023	1. Audit plan for 2024. 2. Internal budget for 2024. 3. Independence assessment, appointment and remuneration of CPAs.
March 9, 2024	1. 2023 Evaluation of the Effectiveness of the Internal Control System and Statement of Internal Control System 2. Distribution of remuneration to employees and directors for 2023. 3. Business Report, individual financial Statements, and consolidated financial report for 2023. 4. Distribution of earnings for 2023. 5. Distribution of earnings-cash dividends for 2023. 6. Setting the date, location, and reason for convening shareholders' meeting for 2024.

## 5. Compensation for the service of the CPAs

- (1) The amount of the audit and non-audit fees paid to certifying accountants, the firm of the certifying accountants, and its affiliates, and the contents of the non-audit service

Unit: NT\$ thousands

Name of accounting firm	Name of Accountant:	Period Covered by CPA's Audit	Audit fee	Non-audit fee	Total	Note
Deloitte & Touche	Jin-Chuan Shi	2023 Q1	550	-	550	-
	Yong-Ming Qiu					
KPMG	Chien-Hui Lu	2023 Q2~Q4	1,350	470	1,820	Internal management needs
	An-Chih Cheng					

Note: The non-audit fee was NT\$270,000 for tax certification and NT\$200,000 for transfer pricing report.

- i. The Company changes accounting firm and the amount of audit fee paid in the year of change is less than that in the year before:

Year	Audit fee	Reason for change
2022	2,280	Consider the company's future operational development and internal management needs.
2023	1,900	

- ii. the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed.

Unit: NT\$ thousands

Amount	%	Reason
380	16.67%	Consider the company's future operational development and internal management needs.

## 6. Information on Changes to Accountants

- (1) Regarding previous CPA

Date of change	June 7, 2023		
Reasons for change and explanation	Internal adjustment of the certifying accounting firm		
Termination initiated by client or accountant declined to accept the appointment	Counterparty		Client
	Scenario	CPA	
	Termination initiated by client		✓
	CPA declined to accept (continue) the appointment		
Audit opinions other than unqualified opinions issued in the past two years and reasons	N/A.		
Opinions different from those of issuer	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or procedures of auditing
			Others
	None	✓	
	Explanation:		
OTHER DISCLOSURES (Situations required to be disclosed as stipulated in Article 10, Subparagraph 6, Items 1, Point 4 to Point 7 of the Regulations)	N/A.		

(2) Regarding succeeding CPA

Name of firm	KPMG
Name of Accountant:	Chien-Hui Lu, An-Chih Cheng
Date of appointment	June 7, 2023
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	None
Succeeding CPAs' written opinions that are different from those of the previous CPAs	None

(3) The former CPA's reply to Article 10, Subparagraph 6, Item 1 and Item 2, Point 3 of the Regulations: None.

**7. The Chairman, President and Financial or Accounting Managerial Officer of the Company who had worked for the Independent CPA or its affiliate in the past year:**  
None.

**8. Share transfer by directors, supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report**

- (1) Change in share equity among directors, supervisors, managerial officers, and major shareholders

Unit: shares

Title	Name	2023		As of April 15, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & President	Shu-Lin Tseng	418,000	-	-	-
Director	Ming-Jun Chen	-	-	-	-
Legal Person as Director	Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	-	-	-	-
Representative of Legal Person	Representative of Endow Capital Management Inc. Xiang-Qi Fang	-	-	-	-
Representative of Legal Person	Representative of Endow Capital Management Inc. Jin-Ru Cheng	-	-	(933)	-
Legal Person as Director	Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	-	-	-	-
Representative of Legal Person	Representative of Bash Consultant Inc. Yen-Hsuan Chen	172,000	-	-	-
Representative of Legal Person	Representative of Bash Consultant Inc. Yun Chen	2,000	-	-	-
Independent Director	Bing-Qan Shi	-	-	-	-
Independent Director	Pei-Jun Hong	-	-	-	-
Independent Director	Yin-De Wu	-	-	-	-
Independent Director	Chih-Chieh Tsai	-	-	-	-
Finance & Accounting Supervisor	Hsiang-Yi Lo	-	-	-	-
Corporate Governance Officer	Ching-Fen Lin	-	-	-	-

- (2) The related parties of equity transfers: None.

- (3) Share pledge information: None.

**9. Information on the relationship between any of the top ten shareholders (related party, spouse, or primary or secondary kin)**

April 15, 2024; Unit: shares

Name	Current Shareholding		Spouses & Minor Shareholding		Shareholding by Nominee Arrangement		Name and relationship between the top ten shareholders, or spouses or relatives within 2 <sup>nd</sup> degrees		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account	1,890,039	9.90%	-	-	-	-	-	-	-
Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account	1,890,039	9.90%	-	-	-	-	-	-	-
Witty Sino Investment Co., Ltd.	1,737,020	9.09%	-	-	-	-	-	-	-
Shu-Ling Tseng	1,441,728	7.55%	320,000	1.68%	-	-	Min-Chun Chen Shu-Cheng Tseng Wei Chen	Spouse Within 2 <sup>nd</sup> degree Within 2 <sup>nd</sup> degree	-
Shu-Cheng Tseng	945,564	4.95%	-	-	-	-	Min-Chun Chen Shu-Ling Tseng	Within 2 <sup>nd</sup> degree Within 2 <sup>nd</sup> degree	-
Wei Chen	491,651	2.57%	-	-	-	-	Min-Chun Chen Shu-Ling Tseng	Within 2 <sup>nd</sup> degree Within 2 <sup>nd</sup> degree	-
Taipei Fubon Bank Be entrusted for Optimistic Forward Inc. Investment specific account	432,000	2.26%	-	-	-	-	-	-	-
Min-Chun Chen	320,000	1.68%	1,441,728	7.55%	-	-	Shu-Ling Tseng Shu-Cheng Tseng Wei Chen	Spouse Within 2 <sup>nd</sup> degree Within 2 <sup>nd</sup> degree	-
Xiu-shan Wang	302,000	1.58%	-	-	-	-	-	-	-
En Dian Asset Management Co., Ltd	256,000	1.34%	-	-	-	-	-	-	-

**10. Number of shares held by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same invested enterprise, and the comprehensive shareholding percentage calculated by combining them.**

December 31, 2023; Unit: Shares

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chen Li Education Co., Ltd.	6,000,000	100%	-	-	6,000,000	100%
Here Co., Ltd.	1,000,000	100%	-	-	1,000,000	100%
Chen Li Elm Co., Ltd.	1,000,000	100%	-	-	1,000,000	100%
Li-Ren Education Co., Ltd.	300,000	60%	-	-	300,000	60%
Xuemi Co., Ltd.	410,985	47.43%	-	-	410,985	47.43%

Note: Investment of the Company made by the equity method.

## IV. Capital Overview

### 1. Capital & Shares

#### (1) Sources of Capital Stock

April 15, 2024 ; Unit: NT\$ thousands / thousands shares

Years	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares (Thousands)	Amount (NT\$ Thousands)	Shares (Thousands)	Amount (NT\$ Thousands)	Sources of Capital	Note	Other
1991.06	10	10,000	100,000	5,000	50,000	Cash replenishment 37,500 Replenishment of technical units 12,500	-	1990.12.29(79) Yuan Tou Zi No.15123
1992.11	10	10,000	100,000	10,000	100,000	Cash replenishment 37,500 Replenishment of technical units 12,500	-	-
1993.11	10	20,000	200,000	12,500	125,000	Cash replenishment 25,000	-	1993.11.16(82) Yuan Tou Zi No.14737
1994.09	10	20,000	200,000	17,500	175,000	Cash replenishment 50,000	-	-
1996.07	10	40,000	400,000	40,000	400,000	Cash replenishment 225,000	-	1996.05.16(85) Yuan Tou Zi No.07414
1997.09	10	120,000	1,200,000	60,000	600,000	Cash replenishment 200,000	-	1997.07.17(86) Taiwan Financial Certificates(1) No. 53384
2000.08	10	120,000	1,200,000	62,000	620,000	Cash replenishment 20,000	-	2000.07.11 (89) Taiwan Financial Certificates(1) No. 59923
2002.07	10	120,000	1,200,000	74,330	743,300	Surplus to increase capital 123,300	-	2002.07.17 (91) Taiwan Financial Certificates(1) No.0910139852
2004.08	10	120,000	1,200,000	42,801	428,010	Reduction of capital 315,290	-	2004.08.09 PSC (1)No.0930132052
2007.04	10	120,000	1,200,000	66,521	665,211	Overseas convertible Corporate debt transfer to equity 237,201.36	-	2007.05.29 (96) Yuan Shang Zi No.14395
2008.04	1.98	250,000	2,500,000	206,925	2,069,252	Overseas convertible Corporate debt transfer to equity 395,959.61	-	2008.05.26 (97) Yuan Shang Zi No.14228
2008.12	1.17	250,000	2,500,000	221,027	2,210,277	Private Cash Replenishment 1 41,025.65	-	2008.12.18 (97) Yuan Shang Zi No.36121
2009.11	1.81	250,000	2,500,000	237,602	2,376,023	Private Cash Replenishment 1 65,745.86	-	2009.11.09 (98) Yuan Shang Zi No.30801
2010.02	-	250,000	2,500,000	36,133	361,336	Reduction of capital 12,014,687.4 (In-circulation shares include 4,665,995 Shares for private equity, not yet on the market)	-	2010.02.24 (99) Yuan Shang Zi No.4674
2013.07	10	250,000	2,500,000	39,133	391,336	Private Cash Replenishment 30,000	-	2013.08.09 (102) Yuan Shang Zi No.1020024195
2015.06	6.3	250,000	2,500,000	46,133	461,336	Private Cash Replenishment 70,000	-	2015.06.29 (104) Zhu Tou Zi No.20150018177
2016.03	10	250,000	2,500,000	46,757	467,576	The exercise of shareholding voucher 6,240	-	2016.03.10 (105) Zhu Shang Zi No.1050006170
2016.08	10	250,000	2,500,000	46,917	469,176	The exercise of shareholding voucher 1,600	-	2016.08.02 (105) Zhu Shang Zi No.1050021155
2016.08	-	250,000	2,500,000	7,560	75,600	Reduction of capital 393,575.86	-	
2016.09	73.25	250,000	2,500,000	15,760	157,600	Private Cash Replenishment 82,000	-	2016.09.12 (105) Zhu Shang Zi No.1050025323
2017.08	10	200,000	2,000,000	16,548	165,480	Capital reserve transfer and replenishment 7,880	-	2017.09.06 (106) Zhu Shang Zi No.1060024094
2018.03	10	200,000	2,000,000	16,628	166,280	The exercise of shareholding voucher 800	-	2018.05.04 (107) Zhu Shang Zi No.1070013752
2018.08	10	200,000	2,000,000	17,459	174,594	Capital reserve Transfer of capital 8,314	-	2018.08.06 (107) Zhu Shang Zi No.1070023770
2020.07	10	200,000	2,000,000	19,185	191,854	Capital reserve Transfer of capital 17,260	-	2020.08.18 (109) Zhu Shang Zi No.1090023115
2021.07	10	200,000	2,000,000	19,100	191,004	Cancellation of treasury shares reduce capital by 850	-	2021.09.03 (2021) Fu Industrial Business No. 11050958140

Note: Capital Increased by Assets Other than Cash.

April 15, 2024 ; Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
普通股	19,100,440	180,899,560	200,000,000	Shares of listed companies, including 178,000 Shares Treasury shares.

## (2) Shareholder Structure

April 15, 2024

Shareholder structure Number	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign institutions and Foreigners	Domestic Natural Persons	Total
Shareholders	-	1	31	16	4,776	4,824
Shareholding (shares)	-	57	2,623,501	4,404,785	12,072,097	19,100,440
Ratio	-	0.00%	13.74%	23.06%	63.20%	100.00%

## (3) Shareholding Dispersion

April 15, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (shares)	Ratio(%)
1 - 999	3,223	237,227	1.24%
1,000 - 5,000	1,330	2,347,591	12.29%
5,001 - 10,000	126	929,711	4.88%
10,001 - 15,000	36	444,880	2.33%
15,001 - 20,000	18	326,234	1.71%
20,001 - 30,000	25	621,147	3.25%
30,001 - 40,000	9	319,765	1.67%
40,001 - 50,000	14	626,087	3.28%
50,001 - 100,000	20	1,387,477	7.26%
100,001 - 200,000	10	1,436,673	7.52%
200,001 - 400,000	6	1,595,607	8.35%
400,001 - 600,000	2	923,651	4.84%
600,001 - 800,000	-	-	-
800,001 - 1,000,000	1	945,564	4.95%
1,000,001 or over	4	6,958,826	36.43%
Total	4,824	19,100,440	100.00%

## (4) List of Major Shareholders

April 15, 2024

Name	Shares	Shareholding (shares)	Ratio(%)
Far Eastern Int'l Bank Be entrusted for Endow Capital Management Inc. Investment specific account		1,890,039	9.90%
Far Eastern Int'l Bank Be entrusted for Bash Consultant Inc. Investment specific account		1,890,039	9.90%
Witty Sino Investment Co., Ltd.		1,737,020	9.09%
Shu-Ling Tseng		1,441,728	7.55%
Shu-Cheng Tseng		945,564	4.95%
Wei Chen		491,651	2.57%
Taipei Fubon Bank Be entrusted for Optimistic Forward Inc. Investment specific account		432,000	2.26%
Min-Chun Chen		320,000	1.68%
Xiu-shan Wang		302,000	1.58%
En Dian Asset Management Co., Ltd		256,000	1.34%



(5) Market value per share, net worth, surplus, dividend and related data for the last two years

Unit: NT\$

Item \ Year		2022	2023	As of April 15, 2024 (Note 8)
Market Price per Share (Note 1)	Highest	50.30	64.30	79.00
	Lowest	44.35	47.15	58.50
	Average	47.45	54.74	68.91
Net Worth per Share	Distribution	42.32	44.47	-
	After Distribution (Note 2)	39.02	39.79	-
Earnings per Share	Weighted Average Shares(Thousand shares)		18,922	18,922
	EPS	Before Diluted	4.16	5.48
		After Diluted (Note 3)	-	-
Dividends per Share	Cash Dividends		3.30	4.68
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-
Return on Investment	Price / Earnings Ratio (Note 5)		11.45	9.73
	Price / Dividend Ratio (Note 6)		14.44	11.39
	Cash Dividend Yield Rate (Note 7)		6.93%	8.78%

Note 1: List the highest and lowest market prices of common shares in each year, and calculate the average market price of each year based on the transaction value and transaction volume by each year.

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

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

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

Note 5: Price / Earnings ratio = average closing price per share for the year ÷ earnings per share.

Note 6: Price / Dividend ratio = average closing price per share for the year ÷ cash dividend per share.

Note 7: Cash Dividend Yield Rate = cash dividend per share ÷ average closing price per share for the year.

Note 8: As of the printed date of the annual report, there is no net value per share and earnings per share calculated based on the 2023Q1 financial information reviewed by accountants; the remaining columns are the information for the current year as of the printed date of the annual report.

(6) Dividend policy and implementation status of the Company

i. Dividend allocation policy as stipulated in the Articles of Incorporation

If there is a profit after-tax in the company's annual final accounts, it shall first make up for losses in previous years and allocate 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital.

Depending on operational needs or legal requirements, the special surplus reserve may be set aside or reversal. If there is any remaining balance, and it is the same as the accumulated undistributed earnings of previous years, considering the company's business needs and retaining it as undistributed earnings, the board of directors will prepare a surplus distribution plan and submit it to the shareholders' meeting for resolution.

The Company is in a stable growth stage. The dividend policy will consider the industrial environment and earnings status, future capital expenditure needs and long-term financial planning. If there is any surplus to distribute dividends, the total dividends distributed to shareholders should not be less than 10% of the current year's earnings minus the adjustments. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the remaining part shall be distributed in the form of stock dividends.

Suppose the Company distributes dividends, earnings, or all or part of the legal reserve and capital surplus in cash distribution to shareholders. It may authorize the board of directors with more than two-thirds of the directors present and the consent of more than half. Then report the appropriations to the shareholders' meeting.

ii. The proposed dividend distribution of the AGM

The company's articles of association authorize the board of directors to make a special resolution to distribute cash dividends and report to the shareholders' meeting.

The 2023 earnings distribution plan was approved by the BOD on March 84, 2024, with a cash dividend of NT\$88,557,019 (NT\$4.68 per share), and will be report in the AGM on June 13, 2024.

(7) The Impact of issuance of bonus shares on the Company's business performance, earnings per share and shareholders' return on investment

There is no issuance of bonus shares proposed at the shareholders meeting, hence it is not applicable.

(8) Remuneration of employees, directors and supervisors

i. The extent or scope of remuneration of employees and directors contained in the Articles of Incorporation

If the Company has any profit in the year, it shall make no less than 3% Remuneration and not higher for employees 5% Remuneration for directors. However, when the Company has accumulated losses, it should pre-reserve the amount of the repair code. The person to whom the preceding employee is paid for stock or cash, including employees of subordinate companies who meet certain conditions.

ii. The estimated basis for the evaluation of the remuneration amount of employees and directors in this period, the basis for calculating the number of shares in the distribution of stock dividends and the accounting treatment if the actual distribution amount is different from the estimated number of accounts.

In 2023, the basis for evaluating the remuneration of employees and directors is to set aside 3% of the pre-tax net profit before deducting the remuneration of employees and directors in the current year as employee compensation and 1.5% as director compensation. If employee compensation is distributed in shares, the basis for calculating the number of shares is based on the closing price on the day before the resolution of the board of directors. If there is a difference between the actual distribution amount and the estimated amount, it will be treated as a change in accounting estimates and listed as profit or loss for the following year.

iii. The Board of directors and distribution of remuneration

- (i) Employee compensation distributed by cash or stock and compensation of directors and supervisors

Unit: NT\$

Distributed Items Allotment status	Employee Remuneration -Stock	Employee Remuneration -Cash	Board remuneration
Actual distributed amount approved by the Board	-	3,470,548	1,735,274
Annual estimated amount of expenses recognized	-	3,470,548	1,735,274
Differences	-	-	-
Differences and explanations	N/A	N/A	N/A

- (ii) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation

The Board of Directors does not propose to distribute employee remuneration by stocks this time, so it is not applicable.

- iv. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Unit: NT\$

Distributed Items Allotment status	Employee Remuneration -Stock	Employee Remuneration -Cash	Board remuneration
Actual distributed amount approved by the Board	-	2,658,952	1,329,476
Annual estimated amount of expenses recognized	-	2,658,952	1,329,476
Differences	-	-	-
Differences and explanations	N/A	N/A	N/A

(9) Buy-back Shares in the Company

- Completion of the implementation in the most recent year and up to the date of printing of the annual report: None.
- Continued implementation in the most recent year and up to the date of printing of the annual report: None.

**2. Company Debt:** None.

**3. Preferred Stock processing situation:** None.

**4. Overseas Depository Certificate processing situation:** None.

**5. Procedures of Employee Stock Option Certificate:** None.

**6. Restricted Stock Awards for Employees:** None.

**7. Mergers and acquisitions or transfer of other companies' shares to issue new shares:** None.

**8. Implementation of the capital:** N/A.

## V. Operating Overview

### 1. Business Activities

#### (1) Business Scope

##### i. Main areas of business operations

The main business is to provide tutoring staffing and course management services, as well as tutoring services for elementary, middle and high school students in all major subjects.

##### ii. Revenue distribution

Unit: NT\$ thousands

Item	Revenue distribution	
	Total Sales	%
Education Services	762,352	99.68%
Others	2,463	0.32%
Total	764,815	100.00%

##### iii. Current products / services

The company's educational business includes in-person tutoring, consulting, digital learning, and preschool board game courses. We offer a comprehensive educational platform.

##### (i) High School Division

We provide comprehensive services including single-subject progression courses such as Chen Li Math, Peter's English, Hao Chiang English, Chang Yung Physics, Tang Yu Physics, Lee Che Chemistry, Li Yan Chinese, and Yin Chin Biology, as well as comprehensive tutorial courses for college entrance exams, Advanced Subjects Test (AST), and admission written/oral interviews. We also offer courses that cater to the specific needs of students such as pre-exam intensive learning camp, learning resume certifications, TMT, and AMC testing.

##### (ii) Junior High and Elementary School Division

Junior high school subject comprehensive courses: We use a large group classroom teaching method combined with one-on-one or one-to-many individual instructions, including subject comprehensive courses for seventh to ninth-grades. We follow the curriculum to teach test-taking skills to help students excel in the education system.

STEM science and mathematics, basic mathematics, core mathematics, and critical thinking mathematics course series courses for elementary school students: We offer small group parent-child learning mode to teach students logical and reasoning abilities, combining science, mechanical modules, programming languages, and math skills to help students establish the foundation for becoming future elites.

We also have courses aligned with elementary school curriculums such as mathematical ability and logical mathematics, as well as classes or licensed teaching materials in cooperation with institutions such as private elementary schools, day care centers, and children's English learning centers.

(iii) Digital services

Since our in-person education services cover all subjects and age groups from preschool to senior high school, we have started to develop cloud-based learning services to provide more comprehensive services to students with different needs in different regions. We aim to areas that are beyond the reach of the in-person mode in order to achieve the goal of real and the virtual integration.

Currently, our main courses and services include providing cross-platform, cross-device (Android/iOS; computer/mobile/tablet) video courses in high school mathematics, vocational mathematics, and university calculus concepts. We also offer online Q&A services for students.

We have also expanded our adult online off-the-job training courses, including UI/UX, graphic design, front-end engineering, web design, and audio-visual self-media courses. In line with the speed of digitization in the pandemic era, we can provide services to the general public, in addition to the needs of the millions of Chen Li students who have graduated in the past.

iv. New products/services under development

Due to the widespread availability of digital devices and bandwidth, as well as the gradual decrease in costs, coupled with the government's policy guidance and promotion, parents and students have become more accepting of digital learning. Additionally, data analysis and suggestions from digital services or tools can strengthen students' learning competency. Therefore, the company will develop new products/services based on our complete and solid in-person foundation.

- (i) The elementary school STEM science and math course already has a complete teaching and faculty system, and has performed well in local and international math-related competitions. Further planning is to develop digital courses and learning platforms, creating the only STEM science and math flagship product and service in Taiwan that combines in-person and digital learning modes, extending the concept of science and math education to elementary school level. In addition to collaborating with various local children's English education systems, we have also started to collaborate with well-known private elementary schools, providing comprehensive advance math and science education courses, cultivating core competitiveness from early childhood and elementary school.
- (ii) We adopted an active development strategy for digital education products and services, integrated internal faculty, marketing, teaching materials, and online digital learning service system app resources through cloud-based schools, and actively developed cloud-based smart digital courses for high school and junior high school, including online teaching materials and online problem-solving Q&A services.
  - A. Digital courses and printed teaching materials: High school math, college entrance exam/general review, college calculus.
  - B. Smart test evaluation and diagnosis system: Elementary school, Junior high school, high school, all subjects.
  - C. Online tutoring services.

- (iii) We collaborate with the Department of Computer Science, National Tsing Hua University, to develop the IA Q sticker assessment system, extending from elementary school to junior high school, from math to other subjects, and from Chinese to English, Indonesian, and other multilingual systems. It not only enhances learning efficiency but is also the best engine to accelerate the company's growth.

## (2) Industry Overview

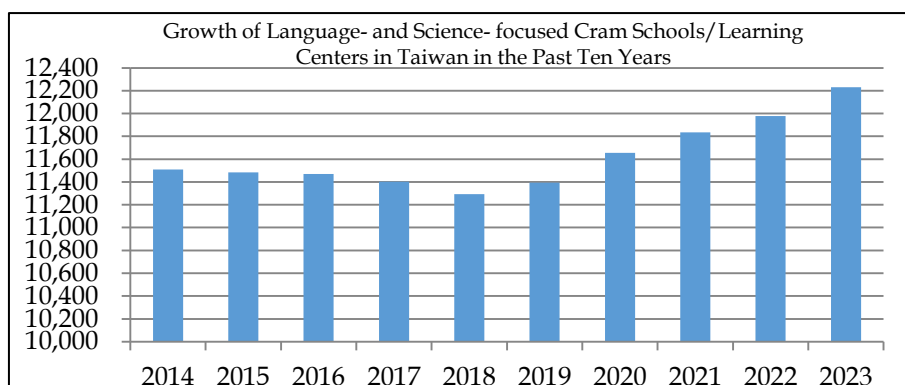
### i. Current trends and outlook of the industry

The prevalence and diversity of Taiwan's advancement-oriented cram school/learning center (tutoring) culture has made it a commonplace phenomenon in the daily lives of students and parents. Under the dominance of the academic advancement-oriented and degree-focused culture, the cram school industry provides various types of educational services, which gradually developed into a systematic and chain-like enterprise structure.

In recent years, the Department of Statistics, Ministry of Education, pointed out that due to the deepening impact of declining birth rates, the educational culture of valuing academic achievement, combined with the knowledge-based economy, lifelong learning and return-to-education programs, it has offset the impact of the declining birth rate. Therefore, the GDP has remained relatively stable from 2009 to 2023.

In 2021, the worsening COVID-19 pandemic accelerated the growth of the online course market share, even in the K12 education field, which requires in-person guidance and tutoring. As the pandemic situation improved, parents began pushing their children back to physical classrooms when online courses showed lower effectiveness compared to in-person ones. However, regional and individual guidance for the lower age group in junior high and elementary schools has risen from 5% to over 10% in the past five years.

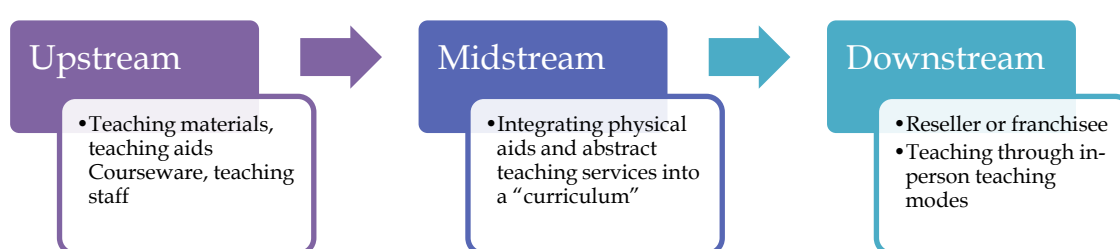
Although the overall education and training market size seems to have remained the same, the expansion and market size of academic-oriented tutoring industry is gradually becoming saturated. According to the statistics of the Ministry of Education in the past decade, the growth of language and science tutoring classes has gradually slowed down and shown a slightly saturated trend.



Source: Information management system for short-term tutoring classes in special municipalities and cities/counties of the Ministry of Education in 2024.

ii. The correlation among upstream, midstream, and downstream industries

Due to its special nature of selling “teaching services,” the tutoring industry’s products are abstract courses and services, and tangible teaching materials and aids are its supplements. Most tutoring businesses are not of large-scale or franchising nature and require external procurement of raw materials such as teaching materials and aids since they lack the ability to develop teaching materials and train teaching staff. Chen Li Educational Group, on the other hand, has the capability of self-developing teaching materials, courseware, and training teaching staff, which is not influenced by upstream industrial fluctuations. As a wholly-owned direct operation education group, it is not constrained by downstream industries. Therefore, it is an all-around education group with a complete industrial chain.



iii. Various trends in product development

In the current situation where the market demand is limited and companies need to continuously expand profits, if Taiwan’s academic advancement tutoring industry wants to create higher corporate profits, it needs to compete fiercely with its peers domestically, seek digital transformation, pursue refinement and high-cost service models, and expand corporate territory through mergers, integrations, or seek external development by seeking larger markets and profits to expand into new markets.

In order to create positive future development and leverage the resources of various education departments under the Group, a dual-track strategy of “direct operation + alliance” will be used to quickly develop blank markets and expand market share. The development strategy will be based on the physical branches of Chen Li Educational Group, a subsidiary of the Group, which includes:

- (i) Establish a digital department to explore markets in areas where Chen Li branches have not yet reached.
- (ii) In response to the implementation of the Curriculum Guidelines of 12-Year Basic Education, the high school department has gradually launched certification courses, digital courses, testing courses, and related planning such as adjusting the progress and classification of exam-related courses.
- (iii) Strengthen digital services such as online appointment-based tutoring and uninterrupted online lesson observation in response to the pandemic situation.
- (iv) Continuously expand into the fields of general subjects for junior high and elementary schools.

Chen Li Elementary, a subsidiary of the Group, focuses on STEAM education for preschool and elementary school students. It has already negotiated the introduction of formal courses for the entire school year with private schools,

and has also carried out cooperation projects with other tutoring channels in the form of “teacher dispatch + textbook sales” or “teacher training + textbook sales” through alliances.

The subsidiary Li Ren Education has brought together the top brand in biology and nature, Chiang Meng Xi, to make its product curriculum more diverse and competitive.

#### iv. Competition

Chen Li Educational Group, a subsidiary of the Group, is the most comprehensive and competitive education and tutoring company in Taiwan that integrates the 12-Year Basic Education. It has 11 branches across the north, central, and southern regions of Taiwan, and has gradually extended from the specialized field of high school mathematics to high school general subjects, junior high general subjects, and elementary school gifted education program, making it a leading enterprise in Taiwan’s academic advancement education.

The establishment of Chen Li Elementary has expanded downward to focus on preschool and elementary school education, improving the one-stop platform and education service to enhance the competitiveness of academic advancement education and liberal education.

### (3) Overview of Technology and R&D

#### i. R&D expenses of the latest year, up to the print date of the annual report

The Group’s main business is to provide short-term tutoring services and teacher dispatch services, and there is no dedicated R&D department. There was no R&D expenditure in the fiscal year 2023.

#### ii. Successfully developed technologies and products

- (i) High school general education, vocational high school mathematics, junior high school mathematics, elementary school curriculum mathematical ability, elementary school STEM digital electronic courseware.
- (ii) Elementary school, junior high school, high school general education smart diagnostic testing system.
- (iii) Online tutoring services and integrated services for problem-solving Q&A



#### (4) Long- and Short-Term Business Development Plans

##### i. Short-term Development

- (i) Continuously improve the market share of the “Chen Li Educational Group,” “Chen Li Elementary,” and “Here Educational Corporation” brands.

In addition to the existing high school tutoring business, we will vigorously develop the education segment for junior high and elementary schools, and continue to expand the number of branch schools under the K12 framework. In 2023, seven physical classrooms of the primary school were set up, one-to-many individual instruction was provided to comprehensively carry out the curriculum ability mathematics and Olympic gold medal class small classes, and the full cooperation with the Anqin Children’s American Class Department under the epidemic situation was helpful to the development of Chenli Primary School Revenue growth.

- (ii) Continuously increase the variety of course products and expand into junior high and elementary schools, while continuing to deepen the customer base in private elementary schools and children’s English, in order to accelerate revenue and profit growth.
- (iii) In the Zhubei area where the population is growing, directly operated elementary schools, junior high schools and high schools have been opened.

##### ii. Mid-term Development

- (i) Continue to invest resources in online courses, increase investment in optimizing course systems, and strive to make adult off-the-job training and online learning related fields a major growth engine for the company.
- (ii) In the North, Central and South District of the Children's Beauty Tuition School, the cooperation extends from elementary schools to junior high schools in mathematics and science.

##### iii. Long-term Development

With leadership brand and competitiveness, Success Prime will continue to deepen our roots, expand from elementary schools, extend upwards to adult off-the-job training courses, and provide online and offline synchronized services. We will also expand to Southeast Asian countries, building a global Chinese education service platform.

## 2. Market and Sales Overview

### (1) Market analysis

#### i. Major product sales regions

Sales regions	2023		2022	
	Amount	%	Amount	%
Taiwan	764,815	100.00%	702,257	100.00%
Total	764,815	100.00%	702,257	100.00%

ii. Future market supply and demand and future growth

The severe pandemic situation in 2021 accelerated the growth and deployment of digitalization, but after the pandemic eased from 2022, physical classrooms still demonstrated an indispensable necessity. The impact of declining birth rate and the pandemic has led to the continuous phenomenon of the “strong getting stronger and the weak disappearing” in the education industry. Although the impact of declining birth rates has prevented explosive growth in the education industry, the unwavering demand is still a characteristic of the industry, and market demand and expansion potential still exist.

Under the banner of Success Prime, its subsidiaries, which mainly operate physical classrooms, are actively expanding their market share in junior high schools and elementary schools while maintaining their own growth momentum. Relying on strong management and marketing capabilities and experience, the company provides various cooperation models for regional cram schools at various metropolitan branch schools, such as introducing teacher marketing or profit sharing, providing course materials and brand licensing, and introducing individual tutoring and small group classes, to provide parents with multiple choices and meet their one-stop needs.

The future trend of market polarization will further help Success Prime develop high-end product courses for younger age groups. Externally, it aims for double-digit growth in junior high schools and elementary schools, and provides high-end course content to increase per capita consumption. Internally, it aims for lean management to reduce personnel and increase performance to achieve the highest efficiency and effectiveness.

iii. Competitive niches

Chen Li Educational Group, the most important subsidiary of Success Prime, has been around for more than 30 years since it started as a cram school, becoming Taiwan’s largest education service group, as well as the most comprehensive and competitive education and tutoring company in Taiwan that integrates the 12-Year Basic Education. It has 11 branches across Taiwan, and has gradually extended from the specialized field of high school mathematics to high school general subjects, junior high general subjects, and elementary school gifted education program, making it a leading enterprise in Taiwan’s academic advancement education. Whether it’s the quality and sophistication of teaching, marketing, enrollment, curriculum, products, management, and service, Chen Li Educational Group is a leader in the industry.

Therefore, the core competitiveness of Chen Li Educational Group is as follows:

(i) Superior teaching staff replication system

Most of Taiwan’s cram schools/learning centers starts with famous teachers, creating cram school myths through the halo of one well-known teacher. However, the teaching effectiveness of Chen Li Educational Group’s teacher training is evident, and it has gradually become the leader in Taiwan’s cram school industry, with its brand image established.

(ii) Directly-operated branch schools throughout Taiwan for more than 10 years

Most of Taiwan’s cram schools/learning centers expand through franchise chain stores, with limited directly-operated physical branch schools, making it difficult to accurately maintain the quality of teaching and brand image. Chen

Li Educational Group operates through a directly-operated model, and its brand can be seen everywhere. The management team of each branch school mostly consists of multi-talented personnel trained personally by Chen Li Educational Group, integrating teaching, administration, and marketing, stationed at each branch school to carry out management and deployment, as to maintain operational stability and ensure the consistency and quality of teaching services.

- (iii) A three-in-one business model that integrates teaching faculty, administrative management, and brand management

The successful formula for a supplementary education company is a three-in-one business model that balances the quality of teaching faculty, administrative efficiency, and brand management.

- (iv) An integrated model with physical classes as the core supported by virtual services: Physical courses as the main mode of operation, providing free virtual services

The subsidiary Chen Li Educational Group's has established a student market with physical branches as its main business and revenue stream, which are the primary channels for teaching and enrollment. It has also created a virtual education platform and a mobile app, providing free personalized educational services for in-class students and parents. Through the advantages of the virtual platform, such as no time or space restrictions, the platform offers features such as pre-class preparation, post-class review, testing and diagnosis, remedial recommendations, scheduling systems, and important scheduling reminders. Parents can also use the platform to check their children's attendance and learning progress. The company aims to convert virtual traffic into sales and promote its brand and educational services through virtual recommendations. The company also provides free trial services for new students, encouraging them to enter the physical market for face-to-face courses through the promotional offers available online. It offers diagnostic analysis for large-scale tests for returning students, recommending remedial courses and creating personalized learning plans.

Chen Li Educational Group, which focuses on high school students, has expanded its business to include middle and elementary schools. Chen Li Elementary, established specifically for elementary school children, uses major children's English brands as channels to quickly expand its STEMath courses. It has entered various elite private schools with courses on mathematics, science, and nature, becoming the most competitive differentiated course for elite education supply. The company's market reputation and revenue growth have grown in parallel, making it the growth engine for the Group's future.

- iv. Favorable and unfavorable factors to long-term development and response measures

- (i) Favorable factors

- A. With more than 30 years of experience in the Taiwanese supplementary education industry and having gone through the transition from quantity to quality in the market, the company is skilled in detailed management of teams, and creating high-quality educational services.

- B. The high cost of cultivating renowned teachers and building teaching teams

to serve as continuity and extension.

- C. Standardized R&D, teaching, and administrative processes to establish the brand's durability and stability.
  - D. Individualized guidance and learning strategies to help each child with different learning performances to achieve comprehensive layout and learning planning, seeking the best effort strategy and gaining individual learning performance.
  - E. As Taiwan's largest comprehensive supplementary education provider, integrate real and virtual through the strength and high penetration of the physical stores.
- (ii) Unfavorable factors
- A. Due to Taiwan's declining birth rate and changes in education policies, the market for elementary, junior high, high school, and digital education is changing dramatically. The company focuses mainly on the high school market, but needs to actively expand into the elementary and preschool markets and increase digital market share to cope with changes.
  - B. Teachers must be quantified to meet the huge market demand and business model, while the high turnover rate of part-time teachers, whose administrative control and quality of teaching cause endless problems.
- (iii) Response measures
- A. Maintain stable profitability based on the continuity of business in Taiwan. We will not excessively shift our focus due to cross-border markets but maintain a steady footing to reduce investment risks.
  - B. Using physical branches as the main charging area, while virtual apps and websites provide free educational services to establish an integrated strategy of physical supported by the virtual, and controlling input costs in accordance with the acceptance level of virtual markets.
  - C. The pandemic has accelerated the acceptance and penetration of online education, adjusting the proportion of online and offline virtual integration, adapting to the second-level math of the Curriculum Guidelines of 12-Year Basic Education in Taiwan, learning resumes, and independent learning. Using the expansion of the "one school district, one Chen Li" through various channels for elementary schools, provide digital system platforms and set up formal courses such as thinking math, DIY, and science experiments, as well as summer and winter camps. Improve teacher training and high retention rates, create a high ranking list and revenue for franchise authorized schools, and work together to create a win-win situation, becoming a key driving force for growth, and driving the Group to create another peak.
  - D. Develop elementary school and preschool board game courses, invest in adult online off-the-job training, and optimize the Q sticker smart assessment system as a starting point for development of the New Southbound Policy.

(2) Major applications and manufacturing processes of core products

i. Major applications of core products

The company mainly provides short-term academic counseling and related consulting and management services for elementary, junior high, and high school subjects' tutorial courses to assist students in preparing for entrance exams.

ii. Manufacturing processes of products

The company mainly provides labor services and does not have a production process, so this question is not applicable.

(3) Supply status of primary raw materials

The company mainly provides labor services and does not have a production process, so this question is not applicable.

(4) Customers who accounted for more than 10% of the total purchase (sales) in the last two years

i. Major suppliers in the last two calendar years

Unit: NT\$ thousands

Item	2022				2023			
	Company Name	Amount	% of net supplies	Relationship with issuer	Company Name	Amount	% of net supplies	Relationship with issuer
1	036	38,489	17.34	None	036	36,735	15.46	None
2	Others	183,429	82.66	None	Others	200,954	84.54	None
	NetSupplies	221,918	100.00		NetSupplies	237,689	100.00	

Note: The company's main suppliers in the education business are teachers and textbook printers.

ii. Major clients in the last two calendar years

In the group, education (tutoring business) is the main business. Its sales mainly come from tuition fees from physical tutoring classes. Due to the nature of the industry, sales are relatively dispersed, and there were no customers accounting for more than 10% of the total sales in the past two years. The consolidated company net sales in 2022 and 2023 were NT\$ 702,257 thousands and NT\$ 764,815 thousands, respectively.

(5) Production in the Last Two Years

The company mainly provides labor services and is not in the manufacturing industry, so there is no production volume value.

(6) Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments and Sales Quantity	Year		2022				2023			
			Local		Export		Local		Export	
	Quantity		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Education Services	-		-	698,675	-	-	-	762,352	-	-
Others	-		-	3,582	-	-	-	2,463	-	-
Total	-		-	702,257	-	-	-	764,815	-	-

### 3. Employees

Item \ Year		2022	2023	As of April 15, 2024
Number of employees	Indirect labor	220	219	215
	Production line labor	-	-	-
	Total	220	219	215
Average age		35.18	36.25	36.79
Average years of service		5.33	6.18	6.42
Academic qualification	PhD	0.4%	-	-
	Master	4.1%	5.5%	6.0%
	University/College	85.0%	84.4%	84.2%
	High school	9.1%	8.7%	8.4%
	Below high school	1.4%	1.4%	1.4%

### 4. Environmental Protection Expenditure Information

List the losses suffered due to pollution of the environment in the most recent years up to the publication date of this annual report (including compensation and results of environmental protection audits that violated environmental protection laws and regulations; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: None.

### 5. Employees-Employer Relations

(1) The company's employee welfare measures, continuing education, training, retirement regulations and their actual implementation, along with employer-employee agreements, and measures for protecting employee rights.

#### i. Employee welfare measures

- (i) In order to promote unity and teamwork and create a better future together, in addition to allocating no less than 3% of the annual profit as employee remuneration, the company provides employees with opportunities to invest in the company to enhance their sense of belonging and teamwork, and jointly participate in the company's growth.
- (ii) The company not only complies with regulations to insure each employee for labor insurance, health insurance, and pension, but also provides additional group accident insurance for employees, arranges regular health checkups, and introduces on-site medical services with occupational doctors and nurses to ensure employee health.
- (iii) The company respects the spirit of human rights and gender equality, actively promotes gender equality, and implements it in our system. We establish a substantive gender equality environment by not discriminating based on gender in employee salary, performance evaluation, or promotion opportunities. We also employ disadvantaged workers, practice workplace safety and health management, emphasize employee education and training, strengthen team consensus and organizational identity, and provide operation department birthday leave to enhance employee motivation and efficiency. These efforts have resulted in significant achievements.

- (iv) The company is committed to providing a friendly environment and related measures to help employees balance work and family. These include: family care leave, maternity leave, paternity leave, childbirth benefits, childcare allowance, and childcare extended unpaid leave without discrimination based on gender or job position.
- (v) The Employee Welfare Committee provides subsidies for marriage and funerals, as well as birthday, holiday, and Teacher's Day bonuses. Additionally, we occasionally organize employee travel or provide travel subsidies to alleviate work stress and promote the relations among personnel and their families, thereby improving morale.

ii. continuing education and training

The company has always been dedicated to cultivating talent. New employees receive comprehensive new employee education and training, while specific job positions and relevant agents receive regular professional training. We actively cultivate management talent at all levels, provide on-the-job study incentives to encourage personnel to continue their education, and occasionally invite professional lecturers for training to strengthen our company's human capital and enhance our market competitiveness.

The employee education and training statistics are as follows:

Item	Class times	Persons	Hours	Cost (thousands)
New staff	28	36	56	-
Professional functions	11	130	4,680	-
Supervisory functions	3	32	352	143
Licenses and legal requirements	19	19	94	39
Total	61	218	5,182	182

iii. Retirement System

The company's local employees are fully subject to the new retirement system under the Labor Pension Act. Retirement pension is allocated to the personal account of each employee at the Bureau of Labor Insurance, with 6% of each employee's monthly salary contributed. The allocated amount for 2023 was NT\$ 8,006 thousands.

The retirement application procedure and criteria for our local employees are shown in the following table:

	Employee-initiated retirement	Company-initiated retirement
Criteria	(1) Employees aged 55 or older who have worked for 15 years or more (2) Employees who have worked for 25 years or more (3) Employees aged 60 or older who have worked for 10 years or more	(1) Employees who are aged 65 or older (2) Employees who are physically or mentally unable to perform their duties.
Procedure	The application is initiated by the employee and becomes effective upon approval.	The company notifies the employee of the relevant procedures and the application becomes effective.

iv. Labor-management agreement status

The company continuously listens to employee feedback through various channels and responds and communicates promptly. At the same time, we hold regular labor-management meetings in accordance with the law, and maintain a harmonious and friendly labor-management relations through rational communication.

v. Measures for protecting employee rights

The company adopts a positive attitude in actively protecting the rights and benefits that employees are entitled to under the law. When formulating relevant policies, we fully consider the impact on employee rights and strive to achieve the maximum balance between the interests of the company and its employees. We also emphasize two-way communication and are committed to providing open and transparent communication channels between managers and personnel at all levels, in order to ensure that all employees can communicate and share their ideas with management without fear of discrimination, retaliation, threats, or harassment regarding work conditions, management methods, etc.

- (2) List the losses suffered due to labor disputes in the most recent two years up to the publication date of this annual report (including violations of the Labor Standards Act in the results of labor inspections; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained.

Both labor and management agreements of the company are based on the Labor Standards Act and relevant laws, and comply with the personnel management regulations established for employees when they enter the company. No significant labor-management disputes have occurred in the current and previous fiscal year up to the date of printing of this annual report.

## 6. Cyber security management

- (1) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

i. Cyber security risk management framework

The information unit of the company is responsible for coordinating and executing information security policies, promoting information security messages, enhancing the awareness of employees on information security, and conducting periodic information security checks to strengthen information security management. The audit unit conducts periodic audits according to the audit plan each year to evaluate the effectiveness of the company's internal control over information operations.

ii. Cyber security policy

- (i) Strengthen employees' awareness of information security to prevent accidental errors caused by human factors.
- (ii) Prevent the leakage of sensitive data and maintain physical environment security.



- (iii) Implement daily maintenance effectively to ensure sustainable operation.
- iii. Concrete management programs
  - (i) Conduct periodic information security and personal information protection education and promotion operations. Newly hired personnel must sign a confidentiality agreement.
  - (ii) Personnel who may have access to confidential or sensitive information through hiring/appointment should undergo appropriate security assessments. Access permissions should be adjusted immediately when personnel change their job positions or leave the company.
  - (iii) Before scrapping information equipment, confirm that confidential, sensitive data, and copyright software have been removed or overwritten from the hard drive.
  - (iv) Personal computers are installed with antivirus software and updated regularly with virus code updates. Unauthorized software is prohibited from use. User login accounts and passwords should be managed by designated personnel, and employees should be required to change system passwords periodically to maintain account security. External connections should have security control mechanisms such as firewalls.
  - (v) Appropriate backup, redundancy, or monitoring mechanisms have been established for important information systems or equipment, and periodic recovery and emergency prevention drills are conducted.
  - (vi) Periodically evaluate and update information security policies to ensure compliance with relevant laws and regulations. Execute security assessments regularly to ensure that if any information security incidents occur, they can be responded to and handled promptly and appropriately.

iv. Investments in resources for cyber security management

The company places great emphasis on information security and sets an appropriate budget each year to strengthen information technology and security protection. In 2022, the company invested approximately NT\$ 380,000 in software and hardware expenses related to information security management.

- (2) Any losses suffered by the company in the most recent year and as of the date the annual report was printed due to significant cybersecurity incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## **7. Important Contracts**

the contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year: None.

## VI. Financial Overview

### 1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

#### (1) Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		291,797	231,652	265,968	294,439	404,046
long term investment (Note 2)		9,360	9,360	9,820	44,605	46,960
Property, plant and equipment		309,114	294,015	287,490	292,300	281,430
Right-of-use assets		222,391	105,685	100,149	138,668	100,291
Intangible assets		497,860	494,788	492,223	489,350	487,748
Other assets		157,981	128,003	59,038	55,130	44,936
Total assets		1,488,503	1,263,503	1,214,688	1,314,492	1,365,411
Current liabilities	Before distribution	513,097	366,691	352,111	409,385	455,865
	After distribution (Note 3)	538,988	451,329	408,878	471,828	544,423
Non-current liabilities		183,860	85,365	72,785	94,237	55,583
Total liabilities	Before distribution	526,515	696,957	452,056	424,896	503,622
	After distribution (Note 3)	696,957	452,056	424,896	503,622	511,448
Equity attributable to the owner of the parent company		785,628	807,801	786,467	808,253	849,312
Capital stock		174,594	191,854	191,004	191,004	191,004
Capital surplus		367,081	341,190	309,100	293,962	293,962
Retained earnings	Before distribution	268,509	311,511	301,291	338,210	379,411
	After distribution (Note 3)	251,249	255,086	259,662	275,767	290,853
Other equity interest		(2,600)	(2,392)	(2,522)	(2,517)	(2,659)
Treasury stock		(21,956)	(34,362)	(12,406)	(12,406)	(12,406)
Non-controlling interest		5,918	3,646	3,325	2,617	4,651
Total equity	Before distribution	791,546	811,447	789,792	810,870	853,963
	After distribution (Note 3)	765,655	726,809	733,025	748,427	765,405

Note 1: The financial information for the year 2019 ~ 2023 has been verified by an accountant.

Note 2: Long-term investments include non-current financial assets at fair value through other comprehensive income, non-current financial assets measured at amortized cost, and investments using the equity method.

Note 3: The figures after distribution in 2023 are based on the situation of the board of directors' resolution.

## (2) Condensed parent company only balance sheet over the last five years

Unit: NT\$ thousands

Year Item		Financial Summary for The Last 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		162,052	79,928	52,772	34,043	110,014
long term investment (Note 2)		699,866	718,458	716,453	776,381	732,703
Property, plant and equipment		4,639	-	-	-	-
Right-of-use assets		84,596	-	-	-	-
Intangible assets		500	119	44	-	473
Other assets		89,401	58,165	50,601	44,505	37,932
Total assets		1,041,054	856,670	819,870	854,929	881,122
Current liabilities	Before distribution	156,933	29,084	33,058	46,331	31,465
	After distribution (Note 3)	182,824	113,722	89,825	108,774	120,023
Non-current liabilities		98,493	19,785	345	345	345
Total liabilities	Before distribution	255,426	48,869	33,403	46,676	31,810
	After distribution (Note 3)	281,317	133,507	90,170	109,119	120,368
Equity attributable to the owner of the parent company		785,628	807,801	786,467	808,253	849,312
Capital stock		174,594	191,854	191,004	191,004	191,004
Capital surplus		367,081	341,190	309,100	293,962	293,962
Retained earnings	Before distribution	268,509	311,511	301,291	338,210	379,411
	After distribution (Note 3)	251,249	255,086	259,662	275,767	290,853
Other equity interest		(2,600)	(2,392)	(2,522)	(2,517)	(2,659)
Treasury stock		(21,956)	(34,362)	(12,406)	(12,406)	(12,406)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	785,628	807,801	786,467	808,253	849,312
	After distribution (Note 3)	759,737	723,163	729,700	745,810	760,754

Note 1: The financial information for the year 2019 ~ 2023 has been verified by an accountant.

Note 2: Long-term investments include non-current financial assets at fair value through other comprehensive income, non-current financial assets measured at amortized cost, and investments using the equity method.

Note 3: The figures after distribution in 2023 are based on the situation of the board of directors' resolution.

(3) Condensed consolidated income statement over the last five years

Unit: NT\$ thousands, EPS is NT\$

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	881,610	776,397	661,920	702,257	764,815
Operating margin	394,972	371,972	320,521	352,201	402,166
Operating profit and loss	85,548	71,543	77,493	95,043	122,007
Out-of-business income and expenditure	1,438	12,261	(3,237)	3,333	3,325
Net profit before tax (loss)	86,986	83,804	74,256	98,376	125,332
Continued business unit net profit for the current period (loss)	76,977	62,913	56,623	79,261	103,487
Loss of closed units	-	-	-	-	-
Net profit for the current period (loss)	76,977	62,913	56,623	79,261	103,487
Other consolidated gains and losses for the current period (NET after-tax amount)	(1,772)	858	(130)	5	(237)
Total consolidated gains and losses for the current period	75,205	63,771	56,493	79,266	103,250
Net profit belongs to parent Company owner	76,118	62,234	56,900	78,704	103,644
Net profit attributable to non-controlling interests	859	679	(277)	557	(157)
Total combined profit and loss attributable to parent Company owners	74,346	63,092	56,770	78,709	103,502
Total combined profit and loss attributable to non-controlling interests	859	679	(277)	557	(252)
Earnings per share (Loss) (NT\$)	4.01	3.30	3.02	4.16	5.48

Note 1: The financial information for the year 2019 ~ 2023 has been verified and verified by an accountant.

(4) Condensed parent company only income statement over the last five years

Unit: NT\$ thousands, EPS is NT\$

Item \ Year	Financial Summary for The Last 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	454,271	323,451	218,012	221,762	233,042
Operating margin	127,068	67,934	51,167	52,442	55,413
Operating profit and loss	48,042	26,789	33,098	30,461	30,757
Out-of-business income and expenditure	30,517	47,291	31,219	54,182	79,722
Net profit before tax (loss)	78,559	74,080	64,317	84,643	110,479
Continued business unit net profit for the current period (loss)	76,118	62,234	56,900	78,704	103,644
Loss of closed units	-	-	-	-	-
Net profit for the current period (loss)	76,118	62,234	56,900	78,704	103,644
Other consolidated gains and losses for the current period (NET after-tax amount)	(1,772)	858	(130)	5	(142)
Total consolidated gains and losses for the current period	74,346	63,092	56,770	78,709	103,502
Net profit belongs to parent Company owner	76,118	62,234	56,900	78,704	103,644
Net profit attributable to non-controlling interests	-	-	-	-	-
Total combined profit and loss attributable to parent Company owners	74,346	63,092	56,770	78,709	103,502
Total combined profit and loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share (Loss) (NT\$)	4.01	3.30	3.02	4.16	5.48

Note 1: The financial information for the year 2019 ~ 2023 has been verified and verified by an accountant.

(5) Independent Auditors' Opinions Over Last Five Fiscal Years

Visa Year	Accounting firm	Name of CPA	Audit opinions
2019	Deloitte & Touche	Jin-Chuan Shi 、Shu-Lin Liu	An Unmodified Opinion
2020	Deloitte & Touche	Jin-Chuan Shi 、Shu-Lin Liu	An Unmodified Opinion
2021	Deloitte & Touche	Jin-Chuan Shi 、Yung-Ming Chiu	An Unmodified Opinion
2022	Deloitte & Touche	Jin-Chuan Shi 、Yung-Ming Chiu	An Unmodified Opinion
2023	KPMG	Chien-Hui Lu 、An-Chih Cheng	An Unmodified Opinion plus other matters paragraph

## 2. Financial Analysis for the Last Five Fiscal Years

### (1) Consolidated Financial Analysis

Item (Note 3)		Year	Financial Summary for The Last 5 Years (Note 1)				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio		46.82	35.77	34.97	38.31	37.45
	Ratio of long-term capital to property, plant and equipment		315.54	305.02	300.03	309.65	323.18
Solvency (%)	Current ratio		56.86	63.17	75.53	71.92	88.63
	Quick ratio		51.47	60.81	72.99	70.15	86.77
	Interest earned ratio		14.51	23.97	36.04	46.92	69.15
Operating performance	Accounts receivable turnover (times)		13.41	21.76	73.14	162.99	242.37
	Average collection period		27.21	16.77	4.99	2.23	1.50
	Inventory turnover (times)		6.54	12.06	117.48	115.51	109.67
	Accounts payable turnover (times)		17.83	17.90	16.03	15.37	14.77
	Average days in sales		55.81	30.26	3.10	3.15	3.32
	Property, plant and equipment turnover (times)		2.87	2.57	2.27	2.42	2.66
	Total assets turnover (times)		0.62	0.56	0.53	0.55	0.57
Profitability	Return on total assets (%)		5.86	4.78	4.71	6.40	7.83
	Return on stockholders' equity (%)		9.75	7.84	7.07	9.90	12.43
	Pre-tax income to paid-in capital (%)		49.82	43.68	38.87	51.50	65.61
	Profit ratio (%)		8.73	8.10	8.55	11.28	13.53
	Earnings per share (NT\$)		4.01	3.30	3.02	4.16	5.48
Cash flow	Cash flow ratio (%)		38.63	37.62	44.84	51.65	51.12
	Cash flow adequacy ratio (%)		1.49	1.65	1.56	1.42	2.31
	Cash reinvestment ratio (%)		40.18	32.98	23.91	49.36	46.13
Leverage	Operating leverage		2.07	2.20	2.00	1.76	1.61
	Financial leverage		1.08	1.05	1.02	1.02	1.01

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Current ratio and quick ratio: Funds from operating profits are used as time deposits, and current assets increase, resulting in an increase in the relevant ratios.
2. Interest coverage ratio, ratio of pre-tax net profit to paid-in capital: An increase in pre-tax net profit will lead to an increase in related ratios.
3. Accounts receivable turnover rate: Due to the adjustment of the company's operating model, the average accounts receivable decreased, and the accounts receivable turnover rate increased.
4. Average days to collect cash: Carrying on from the previous paragraph, as the turnover rate of accounts receivable increases, the average number of days to collect cash decreases.
5. Return on assets, return on equity and earnings per share: net profit after tax increased, causing the relevant ratios to increase.
6. Cash flow ratio: Due to the increase in pre-tax net profit, operating cash inflow increases, and the cash flow ratio rises accordingly.

Note 1: The financial information for the year 2019 ~ 2023 has been verified and verified by an accountant.

Note 2: The calculation formula of financial analysis is as follows:

## 1. Financial structure

- (1) Debt Ratio = Total Liabilities / Total Assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant, and Equipment.

## 2. Solvency

- (1) Current ratio = Current Assets / Current Liabilities.
- (2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
- (3) Interest earned ratio = Net income before Tax and Interest / Interest Expenses.

## 3. Operating performance

- (1) Accounts receivable turnover (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
- (2) Average collection period =  $365 / \text{Receivables Turnover Rate}$ .
- (3) Inventory turnover = Cost of Sales / Average Inventory.
- (4) Accounts payable turnover (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
- (5) Average days in sales =  $365 / \text{Inventory Turnover Rate}$ .
- (6) Property, plant and equipment turnover = Net Sales / Average Net Property, Plant, and Equipment.
- (7) Total assets turnover = Net Sales / Average Total Assets.

## 4. Profitability

- (1) Return on total assets = [Net income + Interest expenses x (1 - interest rates)] / Average total asset.
- (2) Return on stockholders' equity = Net Income / Average Total Equity.
- (3) Profit ratio = Net Income / Net Sales.
- (4) Earnings per share = (Income Attributable to Owners of Parent Company - Dividends on Preferred Stock) / Weighted Average Number of Shares Issued.

## 5. Cash flow

- (1) Cash flow ratio = Net Cash Flow from Operating Activities / Current Liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital).

## 6. Leverage

- (1) Operating leverage = (Net cash flow from operating activities cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital).
- (2) Financial leverage = Operating Income / (Operating Income - Interest Expenses).

(2) Parent Company Only Statements of Financial Analysis

Item (Note 3)		Financial Summary for The Last 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	24.53	5.70	4.07	5.45	3.61
	Ratio of long-term capital to property, plant and equipment	19,058.43	-	-	-	-
Solvency (%)	Current ratio	103.26	274.81	159.63	73.47	349.63
	Quick ratio	89.14	274.61	159.47	72.62	349.13
	Interest earned ratio	23.61	54.72	248.37	415.91	1,228.54
Operating performance	Accounts receivable turnover (times)	4.89	7.64	9.83	9.78	9.78
	Average collection period	74.64	47.77	37.13	37.32	37.32
	Inventory turnover (times)	4.41	7.97	-	-	-
	Accounts payable turnover (times)	14.13	14.06	10.02	9.92	10.13
	Average days in sales	82.76	45.79	-	-	-
	Property, plant and equipment turnover (times)	84.99	139.44	-	-	-
	Total assets turnover (times)	0.44	0.34	0.26	0.26	0.26
Profitability	Return on total assets (%)	7.73	6.67	6.81	9.41	11.94
	Return on stockholders' equity (%)	9.72	7.81	7.14	9.87	12.51
	Pre-tax income to paid-in capital (%)	44.99	38.61	33.67	44.31	57.84
	Profit ratio (%)	16.75	19.24	26.09	35.49	44.47
	Earnings per share (NT\$)	4.01	3.30	3.02	4.16	5.48
Cash flow	Cash flow ratio (%)	92.77	221.63	102.18	71.36	115.87
	Cash flow adequacy ratio (%)	1.08	1.20	0.96	0.77	1.02
	Cash reinvestment ratio (%)	-	-	-	-	-
Leverage	Operating leverage	1.30	1.21	1.00	1.00	1.00
	Financial leverage	1.07	1.05	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Liabilities-to-Assets Ratio: As the company reduces its capital, returns shares, continues to make profits, and repays the borrowings of its subsidiaries, total assets increase and total liabilities decrease, resulting in a decrease in the debt-to-assets ratio.
2. Current ratio and quick ratio: Because the company reduces capital, returns shares and continues to make profits, current assets increase. At the same time, due to the decrease in borrowing amount, current liabilities decrease, causing the current ratio and quick ratio to increase.
3. Interest coverage ratio, ratio of pre-tax net profit to paid-in capital: An increase in pre-tax net profit will lead to an increase in related ratios.
4. Return on assets, return on equity, net profit margin, earnings per share: As the profit and loss share of subsidiaries and affiliated enterprises using the equity method increases, the net profit after tax increases, and the relevant ratios rise accordingly.
5. Cash flow ratio: As the amount of borrowings decreases, current liabilities decrease, and the cash flow ratio increases.
6. Cash flow adequacy ratio: Due to the five-year capital expenditure + inventory increase + the decrease in cash dividends, the cash flow adequacy ratio increased.

Note 1: The financial information for the year 2019 ~ 2023 has been verified by the accountant.

Note 2: The calculation formula for financial analysis is shown on the previous page.



### **3. Audit committee's review report for the most recent year's financial statement**

#### **Success Prime Corporation Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 Business Report, Consolidated and Subsidiary Financial Statements, and distribution of earnings proposal. Accountants Chien-Hui Lu and An-Chih Cheng of CPA firm of KPMG was retained to audit SPC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Success Prime Corporation. According to relevant requirements of the Securities and Exchange Act (Article 14-4) and the Corporate Law (Article 219), we hereby submit this report.

TO SPC 2024 AGM

Audit Committee Convener:

Bing- Quan Shi

March 8, 2024

- 4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices: p.78 to p.138.**
- 5. A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items: p.139 to p.187.**
- 6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

## VII. Review and Analysis of Financial Position and Financial Performance, and a Listing of Risks

### 1. Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	294,439	404,046	109,607	37.23%
Long term investment	44,605	46,960	2,355	5.28%
Property, plant and equipment	292,300	281,430	(10,870)	(3.72%)
Right-of-use assets	138,668	100,291	(38,377)	(27.68%)
Intangible assets	489,350	487,748	(1,602)	(0.33%)
Other assets	55,130	44,936	(10,194)	(18.49%)
Total assets	1,314,492	1,365,411	50,919	3.87%
Current liabilities	409,385	455,865	46,480	11.35%
Other liabilities	94,237	55,583	(38,654)	(41.02%)
Total liabilities	503,622	511,448	7,826	1.55%
Ordinary shares	191,004	191,004	-	-
Capital surplus	293,962	293,962	-	-
Legal reserve	44,613	52,468	7,855	17.61%
Legal reserve	2,522	2,517	(5)	(0.20%)
Unappropriated retained earnings	291,075	324,426	33,351	11.46%
Other equity	(2,517)	(2,659)	(142)	5.64%
Treasury shares	(12,406)	(12,406)	-	-
Total equity attributable to owners of the Company	808,253	849,312	41,059	5.08%
Total equity	810,870	853,963	43,093	5.31%
<p>Analysis of changes in the increase and decrease ratio exceeding 20%:</p> <p>1.Current assets: Mainly due to the increase in financial assets measured at amortized cost, mainly due to the use of operating profits as time deposits.</p> <p>2.Right-of-use assets and other liabilities: The lease mainly represents a period-by-period amortization of the right-of-use assets and the payment of rent, resulting in a decrease in lease liabilities.</p>				

## 2. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Net operating income	702,257	764,815	62,558	8.91%
Operating costs	350,056	362,649	12,593	3.60%
Gross profit	352,201	402,166	49,965	14.19%
Operating expenses	257,158	280,159	23,001	8.94%
Net Income from operations	95,043	122,007	26,964	28.37%
Non-operating income and expenditure	3,333	3,325	(8)	(0.24%)
Net profit before tax	98,376	125,332	26,956	27.40%
Income Tax expense	(19,115)	(21,845)	(2,730)	14.28%
Net profit (loss) for the year	79,261	103,487	24,226	30.56%
Other consolidated gains and losses	5	(237)	(242)	(4840.00%)
Total consolidated gains and losses for the year	79,266	103,250	23,984	30.26%
Analysis of changes in the increase and decrease ratio exceeding 20%:				
1.The increase in operating net profit, net profit before tax, net profit for the year and total comprehensive profit and loss for the year was mainly due to the expansion of revenue growth of small and medium-sized enterprises in China and the effective control of costs and expenses.				
2.Decrease in other comprehensive gains and losses: Mainly due to the recognition of exchange differences in the translation of financial reports of foreign operating institutions.				

## 3. Analysis of Cash Flow

### (1) Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Item \ Year	2022	2023	Amount of change
Operating activities	211,465	233,044	21,579
Investing activities	(100,464)	(151,610)	(51,806)
Financing activities	(121,859)	(115,345)	6,514
Analysis of changes in cash flow:			
1.Increase in cash outflow from investing activities: mainly due to the use of idle funds as time deposits with original maturities exceeding 3 months.			

(2) Analysis of responses to liquidity risks and cash liquidity in the coming year

Unit: NT\$ thousands

Cash Balance beginning period (1)	Estimated net cash flow from operating activities throughout the year (2)	Estimated annual cash outflow (3)	Estimated amount of cash surplus (insufficient) (1) + (2) - (3)	Remedy for Liquidity shortfall	
				Investment Plan	Financial Plan
183,689	230,000	256,063	157,626	-	-
Remedial measures and liquidity analysis of expected cash shortfall: None.					

**4. Recent Years Major Capital Expenditures and Impact on Financial and Business:**  
None.

**5. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits / Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year**

(1) Reinvestment policy in the recent year, main reasons for its profit or loss, and improvement plan

December 31, 2023

Explanation Item	Investment amount (NT\$ thousands)	Policies	The main reason for profit or loss	Improvement Plan
XUEMI Co., Ltd.	34,000	Expand the online learning and education market.	The company's operation is stable.	N/A
Accuagile Co., Ltd.	4,500	Looking for educational digital training system providers of strategic alliances to establish long-term cooperative relations.	The company's operation is still in a rudimentary stage.	N/A
Xueli Technology Co., Ltd.	400	Looking for educational digital training system providers of strategic alliances to establish long-term cooperative relations.	The company's operation is still in a rudimentary stage.	N/A
Min Medical Co., Ltd	3,500	Expand the mental health online digital platform market.	The company's operation is still in a rudimentary stage.	N/A

(2) Investment plan for the coming year

In the future, the Company will still consider the market demand, operating conditions, and future capital situation. The Company carefully evaluates the need for long-term investment following the operating policies.

**6. Risk Management**

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

i. Interest rate fluctuations

The Company's interest expenses (loan interest from bank) in 2022 and 2023 were NT\$49 thousand and NT\$0 thousand, respectively, accounting for 0.01% and 0.00% of net operating income, respectively, and accounting for net profit before tax 0.05% and 0.00% respectively, so the impact of changes in interest rates on the company's operating income and net profit before taxation is still limited.

In the future, the company will regularly evaluate bank borrowing interest rates and maintain good relations with banks in order to obtain a more favorable interest rate when there is a demand for borrowing and reduce interest expenses.

ii. Foreign exchange rate fluctuations

The company's exchange (loss) profit in 2022 and 2023 was mainly due to exchange rate changes in holding foreign currency fixed deposits. As a result, the exchange (loss) of the company in 2022 and 2023 was NT\$1,023 thousand and (NT\$77) thousand respectively, accounting for 0.15% and (0.01%) of the net operating income respectively, accounting for the pre-tax. The net profit was 1.04% and (0.06%) respectively, and the exchange rate change would not have a significant impact on the Company's profit or loss.

iii. Inflation

Due to the characteristics of the industry, the company has only a few procurement items, and inflation does not impose significant impact on the company's profit or loss.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Loans of funds to Others or Endorsement Guarantees, and Derivatives Transactions

The Company has established the Procedures for Loaning of Funds to Others, the Operating Procedures for Endorsements and Guarantees, the Procedures for Handling Derivatives Transactions, and the Procedures for Acquisition and Disposal of Assets. All processes adhere strictly to these procedures in order to keep operation and financial risks under control.

As of the beginning of 2019 to the printing date of this Annual Report, the Company has not engaged in high-risk and leveraged financial investments. Neither did the Company loan any funds or provide any endorsements/guarantees to other parties.

(3) Future R&D Projects and the Expected Expenditure

The Company's core business is the education service of contracting tutoring teachers and course management labor services, engaging in tutoring courses of various major subjects in primary schools, middle schools, and high schools as well. The Company has no investment in research and development costs.

(4) Changes in Domestic and Overseas Policies and Laws That Have an Impact on the Company's Financial and Business and the Countermeasures

In addition to the jurisdiction of the Ministry of Education of the central government, the education department of each county and city government also stipulates its individual laws and regulations. Therefore, the establishment and management of tutorial classes will vary in different counties and cities. Cheng also has differences in different counties and cities, so the company regularly inquires about the latest changes in laws and regulations of each county and city government to reduce the significant impact on the company's financial business.

(5) Impact of Changes in Technology and Industry to the Company's Finance and Business and the Countermeasures

The education industry that mainly focuses on physical courses has rapidly developed online parts. In addition to online tutoring services, the Company follows the 108 syllabus to develop multiple courses such as second-stage interviews, learning resumes, and independent learning. In response to the impact of the coronavirus pneumonia epidemic, the Company adjusted the operating strategy, adopted a teaching method of suspending classes without stopping learning, and

provided cram school students with live broadcast courses, online makeup lessons, online tutoring, and other services to provide educational services continually.

In the most recent year and up to the date of publication of the annual report, the company has not had any material impact on the company's financial business due to technological changes (including information security risks) and industrial changes.

(6) Impact of Corporate Image Change on Risk Management and Response Measures: None.

(7) Expected Benefits and Potential Risks of Merger and Acquisition: None.

(8) Expected Benefits and Potential Risks of Merger and Acquisition: None.

(9) Risks Relating to the Concentration of Purchasing or Sales and the Countermeasures

Since the core of the Corporation is mainly education, its purchase are mainly teaching fees and printing costs. The Corporation generally maintain good long-term liaison with existing suppliers; many projects have more than two suppliers to avoid the risk of supply shortages.

Because it is mainly education (tutoring business), its sales are mainly tuition income from physical tutoring classes. Due to industrial characteristics, sales customers are more scattered. There have been no customers who accounted for more than 10% of net sales in the last two years Therefore, there should be no risk of concentration of sales.

(10) The Impact of Mass Transfer of Equity or Change by Directors, Supervisors, or Shareholders with over than 10% Interest on the Company, Associated Risks and Response Measures

In the most recent year and as of the date of publication of the annual report, the company 's directors or large shareholders holding more than 10% of the shares, maintained a generally stable shareholding ratio. Do not cause significant adverse effects.

(11) The Impact of Change of Operating Rights on the Company, Associated Risk and Response Measures: None.

(12) Litigation or non-litigation events shall list the major litigation of the company and its directors, supervisors, general managers, substantive principals, major shareholders holding more than 10% of the shares and subordinate companies that have been determined by judgment or are still in the department , Non-litigation or administrative litigation events, the results of which may have a significant impact on shareholders 'equity or securities prices, should disclose their disputed facts, the amount of the target, the date of the start of the lawsuit, the main parties involved in the litigation and the handling situation as of the date of publication of the annual report: None.

(13) Other Important Risks and Countermeasures: None.

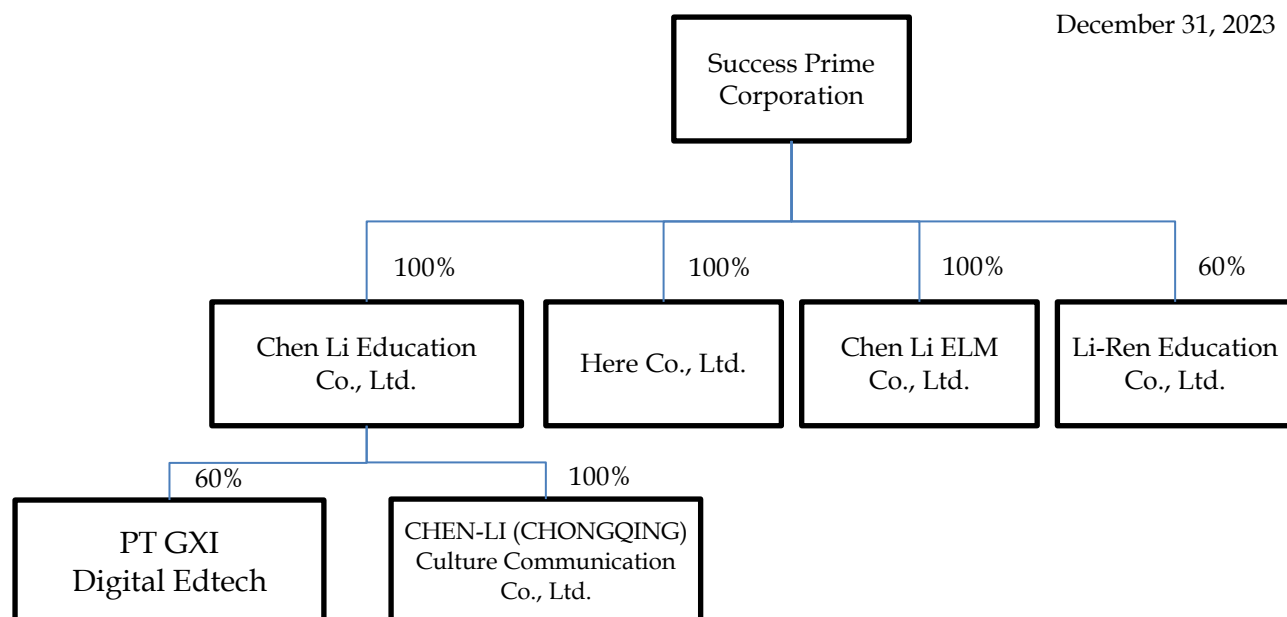
**7. Other Significant Events:** None.

## VIII. Special Disclosure

### 1. Summary of Affiliated Companies

#### (1) Overview of related companies

##### i. Corporate Affiliation Chart



##### ii. Basic information of related subsidiaries

December 31, 2023, Unit: NT\$ thousands

Company Name	Date of establishment	Address	Amount of capital received	Main business Operations
Chen Li Education Co., Ltd.	2010/11	22F-11, No. 50, Section 1, Zhongxiao West Road, Zhongzeng Dist, Taipei City	60000	Education services
Chen-Li (ChongQing) Culture Communication Ltd.	2016/06	No. 25-1, Building 1, No. 18 Shiyang Road, Jiulongpo District, Chongqing, China	28,516	Culture Communication
PT GXI Digital Edtech	2023/03	Runata Building, Jl. Kyai Tapa No.99A, RT.4/RW.16, Tomang, Kec. Grogol petamburan, Kota Jakarta Barat, Daerah Khusus Ibukota Jakarta 11440	7,000	Education services
Here Co., Ltd.	2018/01	1F, No.163 Baotai Road, Qianzhen District, Kaohsiung City	10,000	Education services
Chen Li ELM Ltd.	2018/04	22F-11, No. 50, Section 1, Zhongxiao West Road, Zhongzeng Dist, Taipei City	10,000	Education services
Li-Ren Education Co., Ltd.	2020/01	9F-4, No. 2, Sec. 1, Kaifeng St., Zhongzheng Dist., Taipei City	5,000	Education services

iii. Presumed to be in Effective Control of the Same Shareholder Information with the Affiliate: None

#### iv. Overall Business Scope of Affiliated Companies

It is mainly engaged in education services for elementary schools, junior high schools and senior high schools, short-term cram school classes and education consulting services.

v. Directors, Supervisors, and President in all Affiliated Companies

December 31, 2023, Unit: NT\$ thousands

Company Name	Title	Name or Representative	Shares Held	
			Shares	%
Success Prime Corporation	Chairman	Shu-Ling Tseng	1,441,728	7.55%
	Director	Min-Chun Chen	320,000	1.68%
	Corporate Director	Endow Capital Management Inc.	1,890,039	9.90%
		Representative: Xiang-Qi Fang	-	-
		Representative: Jing-Ru Cheng	140,933	0.74%
	Corporate Director	Bash Consultant Inc.	1,890,039	9.90%
		Representative: Yen-Shuen Chen	216,000	1.13%
		Representative: Yun Chen	254,000	1.33%
	Independent Director	Bing-Quan Shi	-	-
	Independent Director	Pei-Jun Hong	-	-
	Independent Director	Ying-De Wu	-	-
	Independent Director	Chih-Chieh Tsai	-	-
Chen Li Education Co., Ltd.	Corporate Director	Success Prime Corporation	6,000,000	100.00%
		Representative : Shu-Ling Tseng	-	-
CHENLI (CHONGQING) Culture Communication Co., Ltd.	Corporate Director	Chen Li Education Co., Ltd.	(Contribution) 28,516	100.00%
		Representative : Shu-Ling Tseng	-	-
	Supervisor	Xue-Hua Hu	-	-
PT GXI Digital Edtech	Chairman	Shu-Yu Guo	(Contribution)1,000	20%
	Director	Shu-Ling Tseng	-	-
	Director	Min-Chun Chen	-	-
	Supervisor	Fang-Ren Guo	(Contribution)1,000	20%
	Supervisor	Yen-An Chen	-	-
Here Co., Ltd.	Corporate Director	Success Prime Corporation	1,000,000	100.00%
		Representative : Shu-Ling Tseng	-	-
Chen Li ELM Co., Ltd.	Corporate Director	Success Prime Corporation	1,000,000	100.00%
		Representative : Shu-Ling Tseng	-	-
Li-Ren Education Co., Ltd.	Chairman	Li-Ren Yin	200,000	40.00%
	Corporate Director	Success Prime Corporation	300,000	60.00%
		Representative : Shu-Ling Tseng	-	-
		Representative: Min-Chun Chen	-	-
	Supervisor	Wei Chen	-	-



## vi. Operational Highlights of Affiliated Companies

December 31, 2023, Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Net Profit (Loss) (after tax)
Success Prime Corporation	191,004	881,122	31,810	849,312	233,042	30,757	103,644
Chen Li Education	60,000	643,786	466,965	176,821	641,031	80,305	67,674
CHEN LI Education Group Limited (Note 1)	-	-	-	-	-	(108)	(59)
CHEN LI Education Group (HK) Limited (Note 2)	-	-	-	-	-	-	-
CHENLI (CHONGQING) Culture Communication Co., Ltd.	28,516	7	-	7	-	(1)	(1)
PT GXI Digital Edtech	7,000	4,791	5	4,786	-	(2,095)	(1,978)
Here Co., Ltd.	10,000	34,926	26,172	8,754	72,372	2,246	1,748
Chen Li ELM Co., Ltd	10,000	26,825	9,220	17,605	35,582	8,551	6,989
Li-Ren Education Co., Ltd	5,000	8,018	1,177	6,841	12,260	1,923	1,586

Note1 : Completed the liquidation declaration in November 2023.

Note2 : Completed the liquidation declaration in August 2023.

### (2) Consolidated financial statements of Affiliates

#### DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Success Prime Corporation as of and for the year ended December 31, 2023, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10 “Consolidated Financial Statements”. In addition, all the relevant information required to be disclosed in the consolidated financial statements have been disclosed. Hence, we do not prepare a separate set of consolidated financial statements.

Very truly yours,

Company Name: Success Prime Corporation

Chairman: Shu-Ling Tseng

March 8, 2024

(3) Affiliation Report : None.

2. Private Placement Securities of the Most Recent Year and Up to the Printing Date of this Annual Report: None.
3. Subsidiaries' Holding or Disposing the Company's Shares in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report: N/A.
4. Other Necessary Supplement: None.
5. The Events Resulting in Significant Impact to Shareholders' Equity or Stock Prices Under Article 36(3) (ii) of Securities and Exchange Act in the Most Recent Fiscal Year and Up to the Printing Date of this Annual Report.: None.

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Success Prime Corporation

### Opinion

We have audited the consolidated financial statements of Success Prime Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follow:

### 1. Revenue Recognition of Education Services

Please refer to Note 4 (15) "Summary of significant accounting policies – Revenue recognition", Note 6 (19) "Description of significant accounting – Operating revenue" to the consolidated financial statements.

Description of key audit matter:

The Group main source of business revenue is from education service. The revenue recognition of the Group. Education Service, collect student prepaid full tuition payment, then calculated and recognized as revenue according to the actual teaching timeline of the course. Due to the wide range of education service revenue from various courses offered, and the large volume of transactions, the auditors believe that the correctness of the revenue calculation from education services may possess potential risks and therefore list it as a key audit matter.

How the matter was addressed in our audit:

The accountant's main audit procedures for the above key audit matters include understanding and testing the design and implementation effectiveness of the main internal controls for the calculation process of education service income; verifying the correctness of the relevant information used by the combined company to calculate the education service income statement, including auditing Check whether the tuition fees collected in advance from students are consistent with those recorded in the account, and check the consistency of the teaching period used to calculate income in the student revenue sharing calculation sheet with the actual class schedule of students; test the rationality of the calculation formula in the student revenue sharing calculation sheet, and Recalculate its correctness.

### 2. Assessment of Goodwill and Trademark Impairment

Please refer to Note 4 (12) and Note (13) "Summary of significant accounting policies – Intangible Assets and Non-financial Assets". Regarding the uncertainty of accounting estimates and assumptions in goodwill impairment assessment, please refer to the five major sources of uncertainty in accounting judgments, estimates and assumptions in the notes to the consolidated financial report for details. Note 6 (9) "Description of significant accounting – Goodwill and Trademark Impairment" to the consolidated financial statements.

Description of key audit matter:

Since the amount of goodwill and trademark rights of the merged company accounts for 36% of the total assets and the amount is significant, resulting from mergers and acquisitions, as the merged company is susceptible to fluctuations in the market environment and other factors, the impairment of this goodwill and trademark rights is Assessment is important; the asset impairment assessment includes the process of identifying the cash-generating unit, determining the assessment model, determining important assumptions and calculating the recoverable amount. The assessment

process is complex and involves subjective judgment by the management, so they are classified as key audit matters.

How the matter was addressed in our audit:

The accountant's main audit procedures for the above key audit matters; understand the process and basis for management's estimation of the revenue growth rate and profit margin predicted by the future operating outlook, and whether recent operating results, historical trends and industry profiles are considered; evaluate management Whether the recoverable amount calculated based on the value-in-use model and the assumptions used are consistent with the company's current and industry conditions, and re-executed and verified.

### **Other Matters**

1. Issuance of review report on individual financial reports

Success Prime Corporation has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022. The audit report issued by our accountant with an unqualified opinion and paragraphs on other matters in the year 2023 of the Republic of China is on record; the audit report issued by other accountants with an unqualified opinion in the year 2022 of the Republic of China is on record.

2. The former accountant issued an unqualified audit report

The consolidated financial report of the merged company for the year 2023 was audited by other accountants, and an unqualified audit report was issued on March 14, 2022.

### **Responsibility of Management and Governance Units over the Consolidated Financial Statements**

The responsibility of the Management is to formulate the Consolidated Financial Statements in accordance to the financial reports preparation guidelines by securities issuer and be approved by the Financial Supervisory Commission; to release Consolidated Financial Statements that is prepared through effective international Financial Reporting Standards, International accounting standards, and permissible interpretation notices; to maintain the necessary internal controls relating to the preparation of Consolidated Financial Statements, ensuring that the Consolidated Financial Statements do not contain significant false representations of fraud or error.

In preparing the Consolidated Financial Statements, the responsibilities of the management also include assessing the ability of the Success Prime Corp. to sustain its operations, the disclosure of related matters, and the adoption of the accounting basis for sustainable operations, unless the Management intends to liquidate Success Prime Corp. or terminate business, or other options that are not practical besides than liquidation or closure.

The governance unit of the Success Prime Corp. (the Audit Committee included) has the responsibility to supervise financial reporting procedures.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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 Chien-Hui Lu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 consolidated financial statements are those generally applied in the Republic of China.*

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

**SUCCESS PRIME CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (note 6(1))	\$ 183,689	14	\$ 217,894	17
1136	Financial assets at amortized cost – current (notes 6(2) and 8)	209,038	16	64,071	5
1150	Notes receivables, net (note 6(4))	52	-	203	-
1170	Accounts receivable, net (note 6(4))	2,753	-	2,219	-
1180	Accounts receivable – related parties, net (note 7)	21	-	1,063	-
1200	Other receivables	-	-	300	-
1220	Current income tax assets	3	-	525	-
130X	Inventories (note 6(5))	3,848	-	2,765	-
1470	Other current assets (notes 6(12) and 7)	4,642	-	5,399	-
	Total current assets	<u>404,046</u>	<u>30</u>	<u>294,439</u>	<u>22</u>
Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(3))	8,400	1	4,900	-
1535	Financial assets at amortized cost – non-current (notes 6(2) and 8)	4,900	-	4,900	-
1550	Investments accounted for using the equity method (note 6(6))	33,660	2	34,805	3
1660	Property, plant and equipment (notes 6(7), 7 and 8)	281,430	21	292,300	22
1755	Right-of-use assets (notes 6(8) and 7)	100,291	7	138,668	11
1781	Trademarks (note 6(9))	404,144	30	404,144	31
1805	Goodwill (note 6(9))	81,419	6	81,419	6
1821	Intangible assets (note 6(10))	2,185	-	3,787	-
1840	Deferred income tax assets (note 6(16))	7,511	-	15,918	1
1981	Cash surrender value of term life insurance (note 6(11))	25,412	2	25,248	2
1990	Other non current assets (notes 6(12) and 7)	12,013	1	13,964	1
	Total non-current assets	<u>961,365</u>	<u>70</u>	<u>1,020,053</u>	<u>78</u>
	Total assets	<u>\$ 1,365,411</u>	<u>100</u>	<u>\$ 1,314,492</u>	<u>100</u>
LIABILITIES AND EQUITY					
Current liabilities					
2130	Contract liabilities- current (note 6(19))	\$ 310,819	23	\$ 270,843	21
2150	Notes payables (note 6(13))	20	-	70	-
2170	Accounts payable (note 6(19))	25,073	2	23,806	2
2180	Accounts payable to related parties (note 7)	51	-	53	-
2200	Other payables (note 6(14))	50,864	4	46,853	3
2220	Other payables to related parties (note 7)	-	-	105	-
2230	Current income tax liabilities	12,485	1	12,271	1
2280	Lease liabilities-current (note 6(8) and 7)	52,288	3	51,688	4
2300	Other current liabilities	4,265	-	3,696	-
	Total current liabilities	<u>455,865</u>	<u>33</u>	<u>409,385</u>	<u>31</u>
Non-current liabilities					
2550	Provisions – noncurrent (note 6(16))	3,180	-	2,980	-
2570	Deferred income tax liabilities – non-current (note 6(16))	2,517	-	2,484	-
2580	Lease liabilities- non-current (notes 6(8) and 7)	49,886	4	88,773	7
	Total non-current liabilities	<u>55,583</u>	<u>4</u>	<u>94,237</u>	<u>7</u>
	Total liabilities	<u>511,448</u>	<u>37</u>	<u>503,622</u>	<u>38</u>
Equity (note 6(17))					
3100	Ordinary shares	191,004	14	191,004	15
3200	Capital surplus	293,962	22	293,962	22
3300	Retained earnings	379,411	28		26
3400	Other equity	( 2,659)	-	( 2,517)	-
3500	Treasury shares	( 12,406)	( 1)	( 12,406)	( 1)
	Total equity attributable to owners of the Company	<u>849,312</u>	<u>63</u>	<u>808,253</u>	<u>62</u>
36XX	Non-controlling interests	4,651	-	2,617	-
	Total equity	<u>853,963</u>	<u>63</u>	<u>810,870</u>	<u>62</u>
	Total liabilities and equity	<u>\$ 1,365,411</u>	<u>100</u>	<u>\$ 1,314,492</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

**SUCCESS PRIME CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(19) and 7)	\$ 764,815	100	\$ 702,257	100
5000	Operating costs (note 7)	<u>362,649</u>	<u>47</u>	<u>350,056</u>	<u>50</u>
5950	Gross profit	<u>402,166</u>	<u>53</u>	<u>352,201</u>	<u>50</u>
	Operating expensess (notes 6(15), (24) and 7)				
6100	Marketing expenses	63,425	8	60,141	8
6200	General and administrative expenses	<u>216,734</u>	<u>28</u>	<u>197,017</u>	<u>28</u>
	Total operating expenses	<u>280,159</u>	<u>36</u>	<u>257,158</u>	<u>36</u>
	Net Income from operations	<u>122,007</u>	<u>17</u>	<u>95,043</u>	<u>14</u>
	Non-operating income and expenses				
7010	Other income (note 7)	1,435	-	1,150	-
7020	Other gains and losses (notes 6(11)and 21)	147	-	2,219	-
7050	Finance costs (notes 6(21) and 7)	( 1,839 )	-	( 2,142 )	-
7060	Share of profit of associates accounted for using equity method( notes 6(6))	1,028	-	961	-
7100	Interest revenue	<u>2,554</u>	<u>-</u>	<u>1,145</u>	<u>-</u>
	Total non-operating income and expenses	<u>3,325</u>	<u>-</u>	<u>3,333</u>	<u>-</u>
7900	Income before income tax	125,332	17	98,376	14
7950	Income tax expense (notes 6(16))	<u>21,845</u>	<u>3</u>	<u>19,115</u>	<u>3</u>
8200	Net income for the year	<u>103,487</u>	<u>14</u>	<u>79,261</u>	<u>11</u>
8300	Other comprehensive income (loss)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	( 237 )	-	5	-
8500	Total comprehensive income for the year	<u>\$ 103,250</u>	<u>14</u>	<u>\$ 79,266</u>	<u>11</u>
	Net income (loss) attributable to:				
8610	Shareholders of the parent	\$ 103,644	14	\$ 78,704	11
8620	Non-controlling interests	( 157 )	-	557	-
		<u>\$ 103,487</u>	<u>14</u>	<u>\$ 79,261</u>	<u>11</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the parent	\$ 103,502	14	\$ 78,709	11
8720	Non-controlling interests	( 252 )	-	557	-
		<u>\$ 103,250</u>	<u>14</u>	<u>\$ 79,266</u>	<u>11</u>
	Earnings per share (New Taiwan Dollars) (note 6(18))				
9750	Basic earnings per share	<u>\$ 5.48</u>		<u>\$ 4.16</u>	
9850	Diluted earnings per share	<u>\$ 5.46</u>		<u>\$ 4.15</u>	

See accompanying notes to consolidated financial statements.



**SUCCESS PRIME CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company										Total equity attributable to owners of the Company	Non-controlling interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translating foreign operations	Treasury Shares	Company				
Balance at January 1, 2022	\$ 191,004	309,100	39,992	2,392	258,907	301,291	(2,522)	(12,406)	786,467	3,325	789,792		
Net income for the year	-	-	-	-	78,704	78,704	-	-	78,704	557	79,261		
Other comprehensive income (loss) for the year	-	-	-	-	-	-	5	-	5	-	5		
Total comprehensive income (loss) for the year	-	-	-	-	78,704	78,704	5	-	78,709	557	79,266		
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	4,621	-	(4,621)	-	-	-	-	-	-		
Special reserve	-	-	-	130	(130)	-	-	-	-	-	-		
Cash dividends of common shares	-	-	-	-	(41,629)	(41,629)	-	-	(41,629)	-	(41,629)		
Cash dividends distributed from capital surplus	-	(15,138)	-	-	-	-	-	-	(15,138)	-	(15,138)		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(156)	(156)	-	-	(156)	-	(156)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,265)	(1,265)		
Balance at December 31, 2022	191,004	293,962	44,613	2,522	291,075	338,210	(2,517)	(12,406)	808,253	2,617	810,870		
Net income for the year	-	-	-	-	103,644	103,644	-	-	103,644	(157)	103,487		
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(142)	-	(142)	(95)	(237)		
Total comprehensive income (loss) for the year	-	-	-	-	103,644	103,644	(142)	-	103,502	(252)	103,250		
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	7,855	-	(7,855)	-	-	-	-	-	-		
Special reserve	-	-	-	(5)	5	-	-	-	-	-	-		
Cash dividends of common shares	-	-	-	-	(62,443)	(62,443)	-	-	(62,443)	-	(62,443)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	2,286	2,286		
Balance at December 31, 2023	\$ 191,004	293,962	52,468	2,517	324,426	379,411	(2,659)	(12,406)	849,312	4,651	853,963		

See accompanying notes to consolidated financial statements.

**SUCCESS PRIME CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from operating activities		
Income before income tax	\$ 125,332	\$ 98,376
Adjustments for:		
Depreciation expense	72,305	70,162
Amortization expense	3,010	2,873
Finance costs	1,839	2,142
Interest income	( 2,554)	( 1,145)
Share of loss (profit) of associates accounted for using equity method	( 1,028)	( 961)
Net loss (gain) on foreign exchange	314	( 1,297)
Decrease (increase) in cash surrender value of term life insurance	( 164)	( 2,185)
Gain on lease modification	( 60)	( 578)
Total adjustments to reconcile profit (loss)	<u>73,662</u>	<u>69,011</u>
Changes in operating assets and liabilities:		
Notes receivables	151	( 112)
Accounts receivables	( 534)	1,509
Accounts receivable from related parties	1,042	250
Other receivables	300	330
Inventories	( 1,083)	531
Other current assets	553	512
Notes payable	( 270)	( 270)
Contract liabilities	39,976	32,124
Notes payables	( 50)	( 270)
Accounts payable	1,267	2,542
Accounts payable to related parties	( 2)	53
Other payables	3,920	11,783
Other payables to related parties		
Provisions	-	( 260)
Other current liabilities	<u>569</u>	<u>947</u>
Total changes in operating assets and liabilities	<u>46,004</u>	<u>50,044</u>
Cash generated from operations	244,998	217,431
Interest received	2,554	1,145
Interest paid	( 1,839)	( 2,142)
Income taxes paid	<u>( 12,669)</u>	<u>( 4,969)</u>
Net cash generated from operating activities	<u>233,044</u>	<u>211,465</u>

( Continued )

( Continued )

	2023	2022
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 3,500)	(\$ 13,000)
Acquisition of financial assets at amortized cost	( 230,674)	( 75,269)
Disposal of financial assets at amortized cost	85,450	27,820
Acquisition of associates	-	( 21,000)
Acquisition of property, plant and equipment	( 4,798)	( 19,517)
Increase in refundable deposits	( 490)	( 4,172)
Decrease in refundable deposits	1,433	4,674
Purchases of intangible assets	1,204	-
Dividends received	<u>2,173</u>	<u>-</u>
Net cash generated used in investing activities	( <u>151,610</u> )	( <u>100,134</u> )
Cash flows from financing activities		
Decrease in short-term loans	-	( 10,000)
Repayments of lease liabilities	( 55,188)	( 53,827)
Issuance of cash dividends	( 62,443)	( 56,767)
Changes in non-controlling interests	<u>2,286</u>	( <u>1,265</u> )
Net cash used in financing activities	( <u>115,345</u> )	( <u>121,859</u> )
Effects of exchange rate changes on the balance of cash held in foreign currencies	( <u>294</u> )	<u>1,031</u>
Net decrease in cash and cash equivalents	( 34,205 )	( 9,827 )
Cash and cash equivalents at the beginning of the year	<u>217,894</u>	<u>227,721</u>
Cash and cash equivalents at the end of the year	<u>\$ 183,689</u>	<u>\$ 217,894</u>

See accompanying notes to consolidated financial statements.

**SUCCESS PRIME CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars)**

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Income taxes paid	<u>( 12,669)</u>	<u>( 4,969)</u>
Net cash generated from operating activities	<u>233,044</u>	<u>211,465</u>

( Continued )

( Continued )

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See accompanying notes to consolidated financial statements.

**SUCCESS PRIME CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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**1. GENERAL**

Success Prime Corporation (hereinafter referred to as the Group) was established on June 15, 1991. The core business of the Group and its subsidiaries (hereinafter referred to as the Consolidated Group) is contracting teachers and course management services across primary, middle, and high-school institutions. On March 2002, the Group's shares were listed on the Taiwan Stock Exchange (TWSE).

**2. THE AUTHORIZATION OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

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

The Group has started to apply the following newly revised International Financial Reporting Standards since January 1, 2023, and has not had a significant impact on the consolidated financial report.

- 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 Consolidated Group has started to apply the following newly revised the International Financial Reporting Standards since May 23, 2023, and has not had any significant impact on the consolidated financial report.

Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rule"

- (2) Impact of not adopting International Financial Reporting Standards endorsed by the FSC

The consolidated group assessment shall be subject to the following newly revised International Financial Reporting Standards that took effect on January 1, 2024, and will not have a significant impact on the consolidated financial report.

- 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 liabilities arising from sale and leaseback transaction”

(3) The IFRSs in issue but not yet endorsed and issued into effect by the FSC

The interpretations issued and amended by The International Standards Board but not endorsed by the FSC are as listed below:

- 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
- Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”
- IFRS 21 “Lack of Exchangeability”

As of the release date of this consolidated financial report, the Group is still evaluating the impact of the above amendments, excluding IFRS 17 “Insurance contracts” and its amendment, to other standards and interpretations on its financial status and financial performance, and the relevant impact will be disclosed when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies adopted in this consolidated financial report is as follows. Unless otherwise stated, the following accounting policies have been applied consistently to all periods presented in this consolidated financial report.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers IAS, IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) as endorsed and issued into effect by the FSC.

(2) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, other comprehensive income as measured by fair value, measured at fair value.

2. Functional currency and presentation currency

The functional currency of each entity within the Group is the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Group’s functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

### (3) Basis of consolidation

#### 1) Principles of preparation of the consolidated financial statements

The consolidated financial statements are prepared by the Group and entities controlled by the Group (its subsidiaries). The Group controls an invested entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intra-group balances and transactions, and any unrealized income and expenses arising from Intra-group transactions are eliminated in the consolidated financial statements.

From the date of acquisition of control over the subsidiary, its financial statement is included in the consolidated financial statement until the date when it no longer has control. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to non-controlling interest even if the results in the non-controlling interests have a deficit balance.

The financial statements of the subsidiaries have been appropriately adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be directly recognized in equity, and the Group will attribute it to the owner of the parent.

When the Group loses control of a subsidiary, the assets (including goodwill), equity and non-controlling interest of the former subsidiary will be delisted from the book value on the date when control is lost, and the retained investment of the former subsidiary will subsequently revert back to the fair value on the date of the loss of control, as reflected in the consolidated financial reports. A gain or loss is recognized in profit or loss and is calculated as the difference between (1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

#### 2) The subsidiaries in the consolidated financial statement

This consolidated financial report includes the Group and its subsidiaries:



Name of Investment Group	Name of Subsidiary	Nature of Business	% of Ownership		Note
			December 31, 2023	December 31, 2022	
Success Prime Corp.	Chen Li Education Co., Ltd. (Chen Li Education)	Education services	100	100	-
	Here Enterprise Co., Ltd (Here Enterprise)	Education services	100	100	-
	Chen Li ELM Co., Ltd. (Chen Li ELM)	Education services	100	100	-
	Li-Ren Education Co., Ltd. (Li-Ren Education)	Education services	60	60	-
	Chen Li Zhiyi Education Co., Ltd. (Chen Li Zhiyi Education)	Education services	-	-	Note 1
	CHEN LI Education Group Limited(CHEN LI)	Holding Group	-	100	Note 1
Chen Li Education Co., Ltd.	CHENLI (CHONGQING) Culture Communication Co., Ltd. (Original Chen Li (Xiamen) Education Consulting Co., Ltd. (Chen Li (Xiamen)))	Cultural dissemination	100	100	Note 2
	PT GXI Digital Edtech (GXI)	Education services	60		Note 3
CHEN LI	CHEN LI Education Group (HK) Limited (CHEN LI (HK))	Holding Group	-	100%	Note 1

Note 1: CHEN LI, CHEN LI (HK) and Chen Li zhiyi were liquidated in November 2023, August 2023 and May 2022.

Note 2: Based on considering future operations and overall development planning, the group adjusted its organizational structure on July 4, 2022, through the Chen Li Education Board of Directors resolution. Chen Li Education directly invested in Chen Li (Xiamen), changed its name to Chen Li (Xiamen) Culture Communication Co., Ltd., and changed its business items to cultural dissemination-related businesses. The change mentioned above was approved by the People's Republic of China's local government on July 20, 2022, and was approved by the investment commission, MOEA of Taiwan on August 18, 2022. In addition, the business location of Chen Li (Xiamen) was moved to Chongqing and renamed Chen Li (Chongqing) Cultural Communication Co., Ltd. The aforementioned change application was approved by the Chinese local government on April 11, 2023.

Note 3: To further expand the Indonesian education market, the Group established a 60% owned subsidiary GXI in July 2023, and included it in the consolidated statements from the date of investment.

3) Subsidiaries not included in the consolidated financial report: None.

#### (4) Foreign currencies

When preparing financial statements, entities record transactions in their functional currency, other than the functional currency, at the exchange rate on the transaction date. Monetary items in foreign currency are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from monetary items settled or translated are recognized in profit or loss for the year. Non-monetary items in foreign currency measured at fair value are translated at the exchange rate on the date when

the fair value is determined. The resulting exchange differences are recognized in profit or loss for the year, except for those relating to fair value changes recognized in other comprehensive income, which are recognized in other comprehensive income. Non-monetary items in foreign currency measured at historical cost are translated at the exchange rate on the transaction date and are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, recognized in other comprehensive income. If all the interests in a foreign entities are consolidated or disposed of, or part of the interests in a subsidiary of foreign entities is disposed, all cumulative translation differences attributable to the parent company and related to that foreign operation will be reclassified to profit or loss.

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

Assets that meet one of the following conditions are classified as current assets. current assets. Assets that are not classified as current are classified as non-current.

- 1) Assets expected to be realized during its normal operating cycle, or intends to be sold, or consumed;
- 2) Assets held primarily for the purpose of trading;
- 3) Assets due to be realized within twelve months after the reporting period; and
- 4) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities. Liabilities that are not classified as current are classified as non-current.

- 1) Liabilities expected to be settled during its normal operating cycle;
- 2) Liabilities held primarily for the purpose of trading;
- 3) Liabilities due to be settled within 12 months after the reporting period; and
- 4) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. The terms of the liabilities, which may result in its settlement through the issuance of equity, do not affect its classification.

(6) Cash and Cash Equivalents

Cash consists of cash on hand, checking deposits and demand deposits. Cash equivalents consists of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes, are reported as cash equivalents.

## (7) Financial Instruments

Account receivables are realized when incurred. All other financial assets and liabilities shall be realized when the Group becomes a part to the contractual provisions of the instruments. A financial asset (unless it is a 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 issuance. An account receivable without a significant financing component is initially measured at the transaction price.

### 1) Financial Assets

If the purchase or sale of financial assets qualifies as normal transactions, all purchases and sales of financial assets are classified in a uniform manner by the Group, in which the purchases and sales of financial assets are processed on a trade date basis and settlement date accounting basis.

Classifications of the Group's financial assets: Financial assets classified as measured at amortized cost and fair value through other comprehensive income (FVOCI)-equity investment. Only when the business model for managing financial assets changes, all affected financial assets will be reclassified in accordance with the original regulations.

#### A. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the Group's financial asset investments meet both of the following conditions:

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

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.

#### B. Equity instrument investments as measured based on fair value through other comprehensive income

When the consolidated entity is initially realized, it may make an irrevocable election to designate equity instrument investments that are not held for trading and are not realized or valued by the acquirer in a business combination at fair value through other comprehensive income.

Equity instrument investments as measured based on fair value through other comprehensive income are evaluated through fair value basis. The subsequent changes in the fair value are reflected in other comprehensive income and accumulated in other equity. When investments are disposed, accumulated profits and losses are transferred directly to retained earnings and are not reclassified as profit or loss.

Dividends from equity instrument investments measured at fair value through other comprehensive income are realized in profit or loss when the right to receive payment by the Group is established unless the dividend clearly represents a recovery of part of the investment cost.

#### C. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including account receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on such a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when any of the following circumstance occurs, without consideration of the collaterals held:

- a. Any internal or external information indicates that a debtor is impossible to pay off the debts.
- b. Any contractual payment is overdue, unless any reasonable and supportable information demonstrates that a more lagging default criterion is more appropriate.

#### D. Derecognition of financial assets

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

## 2) Financial liabilities and Equity Instruments

### A. Classifications of liabilities and Equity

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

### B. Equity transactions

Equity instruments are defined as contracts that represent the remaining equity of the Group after its assets are deducted from all of its liabilities. Equity instruments issued by the Group are recognized at the amount obtained after deducting direct issuance costs.

### C. Derecognition of financial liabilities

The Group exclude financial liabilities when contractual obligations have been fulfilled, cancelled or expired. When the terms of a financial liability are modified and there is a significant difference in cash flow of the modified liability, the original financial liability will be removed and the new financial liability will be recognized at fair value based on the modified terms.

When excluding financial liabilities, the difference between their carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

### D. Offset of financial assets and liabilities

Financial assets and financial liabilities are offset and expressed as net amount in the balance sheet only when the Group currently has a legally enforceable right to offset and intends to settle on a net basis or to realize the assets and pay off the liabilities at the same time.

## (8) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

## (9) Investment in subsidiaries

Subsidiaries are parent company only entities controlled by the Group. The Group obtain significant financial and operational influence over its subsidiaries, whether non-controlling or joint-controlled.

The Group accounted for investment in subsidiaries using the equity method. Under the equity method, the investment is initially recognized at its costs and the amount of increase or decrease in the carrying amount of such investment after the date of acquisition depends on profits distributed and the Group's shares of profit/loss and other comprehensive income in the subsidiaries. In addition, changes in subsidiaries' other equity attributable to the Group are recognized according to the shareholding percentage.

Any excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the subsidiaries at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the subsidiaries. The Group records such a difference as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. If additional subscription of the new shares of subsidiaries results in a decrease in the ownership interest, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that subsidiaries is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of a subsidiary equals or exceeds the Group's interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the subsidiary), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the subsidiary.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to be a subsidiary. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the subsidiary attributable to the

retained interest and its fair value is included in the determination of the gain or loss on disposal of the subsidiary. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if that subsidiary had directly disposed of the related assets or liabilities.

When the Group transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Group's consolidated financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Group.

#### (10) Property, Plant and Equipment

##### 1) 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.

##### 2) Subsequent cost

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

##### 3) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line 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 for the current and comparative years of significant items of property, plant and equipment are as follows:

A. Building and structures	25~32 years
B. Machinery and equipment	3~5 years
C. Furniture and fixtures	3-5 years
D. Other equipment	3~5 years

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

## (11) Leases

### 1) Identifying a lease

The Group evaluates the contract as a lease on the date of establishment of the contract if it meets the following conditions:

- A. The contract involves the use of an identified asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- B. The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- C. The Group has the right to direct the use of the identifiable asset throughout the period of use.

### 2) As a lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.



Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

### 3) As a Lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

## (12) Intangible Assets

### 1) Goodwill

The goodwill obtained by the Group is measured by the amount of goodwill recognized on the date of acquisition as a cost, later valued by the amount after the cost minus the accumulated impairment loss.

For the purpose of the impairment test, goodwill is apportioned among the cash generation units or groups of cash generation units ("cash generation units") that the merger Group expects to benefit from the combined effect.

The cash generation unit of apportioned goodwill carries out the impairment test of that unit each year (and if there are indications that the unit may have already been impaired) by comparing the carrying amount of the unit containing goodwill with its recoverable amount. If the goodwill apportioned to the cash generation unit is obtained by the current merger, the unit shall conduct an impairment test before the end of the year. If the recoverable amount of goodwill's cash generation unit is less than the carrying amount, the impairment loss reduces the carrying amount of the cash generation unit of apportioned goodwill, and thus should reduce the carrying amount of each of assets in proportion to the carrying amount of other assets within the unit. Any impairment losses are directly recognized as current losses. The impairment loss of goodwill may not be rotated during the subsequent period.

When disposing an operation of the apportioned goodwill's cash generation unit, the goodwill value related to the disposition of the operation is included in the operation's carrying amount to determine the profit and loss of the disposition.

## 2) Other Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line method basis. The estimated useful lives, residual values, and amortization methods are reviewed by the Group at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

## 3) De-recognition

When derecognizing the intangible assets, the difference between the net disposition price and the asset's carrying amount is recognized as the profit and loss of the current period.

## 4) Amortization

Aside from goodwill and trademarks, the amortization of computer software costs 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. In this case, the estimated useful lives ranges from 3 to five years. Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate

## (13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and trademarks will be evaluated periodically with regards to impairment.

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. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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. Impairment losses are recognized immediately in profit or loss and first deducted the carrying amount of the cash-generating units after goodwill amortized and further deducted the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

Impairment loss from amortization of goodwill is irreversible. 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.

(14) Provision

The amount recognized as a provision (including the contractual obligation that the lease contract should be maintained or restored before returning it to the lessor) is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The Group shall recognize the disposal or multiple of personal property, plant and equipment as a provision liability to the extent that the Group has a disposal, multiple or similar obligation for the disposal or recurring obligation of the real estate, plant and equipment.

(15) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Goods sales revenue comes from the sale of various types of textbooks. As the above products arrive at the customer's designated location or at the time of departure, the customer has the right to set the price and use of the goods and has the primary responsibility for re-sales, and bear the risk of obsolescence of the goods, the Group should recognize revenue and accounts receivables at the time.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the education tutorial services consisting primary, middle and high school curriculum courses.

The Group provides educational services of academic courses in various subject disciplines, and the Group recognizes revenue based on the proportion of teaching services performed (based on the teaching progress).

(16) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants related to income are recognized as a reduction in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

(17) Employee benefits

1) Short-term employment benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Except for those related to business mergers and items directly recognized as in equity or other comprehensive income, current dividends and deferred income taxes should be recognized in profits and losses.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined by the Group according to the applicable tax laws of each tax jurisdiction. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits to the extent that it is probable that taxable profits will be available against.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

(19) Earnings per share

Basic EPS is calculated by dividing net income attributable to shareholders of the company by the weighted average number of common stocks outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the company and weighted-average number of common stocks outstanding during the year are adjusted for the effects of dilutive potential common stocks. The Group's dilutive potential common stocks include employee stock option warrants and estimated employee compensation.

(20) Life Insurance termination cash value

The life insurance termination cash value is the savings life insurance that the Chen Li Education Group insured for the employees and the Education Group is the beneficiary. If the premium paid is the contract termination cash value part, it is listed as the deduction of the annual insurance expenses, and the carrying amount of life insurance termination cash is added. If the period of the insurance expires or the contract is terminated, the amount received will be fully received, and the carrying amount of the life insurance termination cash value will be reduced.

(21) Operating Segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segments are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the consolidated financial statements in conformity with the Regulations and 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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) Judgment on substantial control over the investee

The Group held 47.43% of issued shares of XUEMI Co., Ltd. and the remaining shares were held by specific shareholders. Based on the previous experience, it is unlikely the Group would obtain more than half of the board seats and the voting rights in the shareholders meeting. As a result, the Group has no substantial control over XUEMI Co., Ltd.

(2) Impairment of goodwill

Determining whether goodwill is impaired requires the subjective judgement of the Group. This includes cash-generating units, an estimation of the value in use of the cash-generating units to which goodwill has been allocated, and the recovery amount of related cash-generating units. Information regarding the Impairment of goodwill and trademarks can be referred in food note 6(9).

## 6. Explanation of Significant Accounts

(1) CASH AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 3,165	\$ 2,826
Checking and saving accounts	165,524	171,068
Cash equivalents-time deposits	<u>15,000</u>	<u>44,000</u>
	<b><u>\$ 183,689</u></b>	<b><u>\$ 217,894</u></b>

Please refer to 6 (22) for the exchange rate risk and sensitivity analysis of financial asset and liabilities of the Group.

(2) FINANCIAL ASSETS AT AMORTIZED COST-CURRENT/NON-CURRENT

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturities exceeding 3 months	199,648	\$54,506
Time deposit Pledge	14,290	14,465
	<b><u>\$213,938</u></b>	<b><u>\$68,971</u></b>
Current	<b><u>\$209,038</u></b>	<b><u>\$64,071</u></b>
Non-current	<b><u>\$4,900</u></b>	<b><u>\$4,900</u></b>
Interest rate range	1.31%~3.85%	0.94%~3.50%
Maturation Range	2024.02~2024.11	2023.01~2023.11

- 1) The Group assesses that the expected credit risk of the financial assets measured is not high, and its credit risk has not increased after the original recognition.

2) For information on the pledge of financial assets measured at amortization costs, please refer to Note 8.

(3) FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI-NON-CURRENT

	December 31, 2023	December 31, 2022
Stock of domestic non-IPOs	<u>\$8,400</u>	<u>\$4,900</u>

The Group aimed to enhance its competitive advantage in the online education market. A resolution passed on April 26<sup>th</sup> 2022 by the board of directors to purchase 18% equity of XUEMI Co., Ltd. for NT\$13,000,000 in cash. Additionally, on December 1st 2022, the Group acquired 255,000 common shares for NT\$21,000,000 in cash, totaling a 47.43% ownership stake. Consequently, these investments were reclassified as equity method investments. Please refer to Note 6(6) for further details

The Group aimed to enhance its competitive advantage in the online mental health digital platform market. In May 2023, the Group participated in the cash capital increase of Mediot Co., Ltd. with NT\$3,500,000 in cash, acquiring a 5.33% equity stake.

The Group holds these equity instrument investments for long-term strategic purposes and not for transactional purposes, thus they have been designated as measured at fair value through other comprehensive income. None of the aforementioned financial assets have been pledged as collateral.

(4) NOTES RECEIVABLES AND ACCOUNTS RECEIVABLES

	December 31, 2023	December 31, 2022
Notes Receivables	\$ 52	\$ 203
Accounts receivables	<u>2,753</u>	<u>2,219</u>
	<u>\$ 2,805</u>	<u>\$ 2,422</u>
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 2,805</u>	<u>\$ 2,422</u>

Net amount of notes receivables and accounts receivables for the Group on January 1<sup>st</sup>, 2022 is NT\$3,819,000.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2023			
	Book value of notes and accounts receivable	Weighted- average loss rate(%)	Loss allowance provision
Current	\$ 2,799	-	-
1 to 90 days past due	6	-	-
	<u>\$ 2,805</u>		<u>-</u>

December 31, 2022			
	Book value of notes and accounts receivable	Weighted- average loss rate(%)	Loss allowance provision
Current	\$ 2,387	-	-
1 to 90 days past due	35	-	-
	<u>\$ 2,422</u>		<u>-</u>

The Group assessed the accounts receivables as of December 31, 2023 and 2022 that no provision for impairment losses was required for notes and account receivables.

#### (5) INVENTORIES

	December 31, 2023	December 31, 2022
Goods	<u>\$ 3,848</u>	<u>\$ 2,765</u>

The cost of goods sold related to the sales of goods and inventory in 2023 and 2022 were NT\$ 1,112,000 and NT\$1,074,000 respectively.

The inventories listed above were not pledged as collateral.

#### (6) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

- 1) Associate related to the Group under the equity method is significant, and the relevant information is as follows:

Name of Associate	Main Business	Operating location/ Country of registration	Equity ratio (%)	
			2023.12.31	2022.12.31
Xuemi Co., Ltd (Xuemi)	Online learning platform	Taiwan	47.43	47.43

	2023.12.31	2022.12.31
Closing carrying amount of equity in significant associates	<u>\$ 33,660</u>	<u>34,805</u>

	December 31, 2023	December 31, 2022
Gross profit attributable to the Group's share in associates	<u>\$ 1,028</u>	<u>961</u>

Summary of Xuemi's financial information

	December 31, 2023	December 31, 2022
Current assets	\$ 26,697	20,899
Non-current assets	10,889	2,349
Current liabilities	(15,320)	(9,083)



Non-current liabilities	(363)	-
Net assets	<u>\$ 21,903</u>	<u>14,165</u>

	December 31, 2023	December 31, 2022
Operating revenue	<u>\$ 77,536</u>	<u>56,688</u>
Gross profit	<u>\$ 12,320</u>	<u>5,092</u>
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 12,320</u>	<u>5,092</u>

To expand the online learning and education market, the Group was approved by the Board of Directors on April 26, 2022, to purchase 156,000 common shares of Xuemi with \$13,000 thousand in cash, with a shareholding ratio of 18% recognized as financial assets at fair value through other comprehensive income. In addition, on December 1, 2022, 255 thousand shares of Xuemi's common stock were purchased with cash of \$21,000 thousand, with a shareholding ratio of 47.43%. The Group gets a significant influence on the company. The financial assets were classified as investments using the equity method based on the fair value of \$12,844 thousand on the day when the significant influence was obtained. The unrealized evaluation losses of \$156 thousand included in other comprehensive income were transferred to retained earnings

2) Collateral

The above investment through the equity method is not pledged as collateral.

3) Audited Investment through the equity method

The share of profits and losses used for investments under the equity method is calculated based on the financial report audited by the accountant.

(7) PROPERTY, PLANT, EQUIPMENT

	Land	Building	Leasing of modified items	Office equipmen t	Total
Cost:					
January 1 <sup>st</sup> 2023 Balance	\$ 224,490	35,075	55,370	13,650	328,585
Additions	-	-	2,361	3,736	6,097
Disposals	-	-	(97)	(4,863)	(4,960)
December 31 <sup>st</sup> 2023 Balance	<u>\$ 224,490</u>	<u>35,075</u>	<u>57,634</u>	<u>12,523</u>	<u>329,722</u>
January 1 <sup>st</sup> 2022 Balance	\$ 224,490	35,075	47,548	16,514	323,627
Additions	-	-	13,741	6,389	20,130
Disposals	-	-	(5,919)	(9,253)	(15,172)
December 31 <sup>st</sup> 2022 Balance	<u>\$ 224,490</u>	<u>35,075</u>	<u>55,370</u>	<u>13,650</u>	<u>328,585</u>
Accumulated Depreciation					
January 1 <sup>st</sup> 2023 Balance	\$ -	6,547	23,241	6,497	36,285
Depreciations	-	891	11,394	4,682	16,967
Disposals	-	-	(97)	(4,863)	(4,960)
December 31 <sup>st</sup> 2023 Balance	<u>\$ -</u>	<u>7,438</u>	<u>34,538</u>	<u>6,316</u>	<u>48,292</u>
January 1 <sup>st</sup> 2022 Balance	\$ -	5,656	19,176	11,305	36,137
Depreciations	-	891	9,984	4,445	15,320
Disposals	-	-	(5,919)	(9,253)	(15,172)
December 31 <sup>st</sup> 2022 Balance	<u>\$ -</u>	<u>6,547</u>	<u>23,241</u>	<u>6,497</u>	<u>36,285</u>
Carrying amount:					
December 31 <sup>st</sup> , 2023	<u>\$ 224,490</u>	<u>27,637</u>	<u>23,096</u>	<u>6,207</u>	<u>281,430</u>
December 31 <sup>st</sup> , 2022	<u>\$ 224,490</u>	<u>28,528</u>	<u>32,129</u>	<u>7,153</u>	<u>292,300</u>

Property, plant, and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 8.

(8) LEASE ARRANGEMENTS

1) Rights-of-use assets

The main purpose of lease arrangements of the Group is to lease the building. The details of its cost and accumulated depreciation are as follows:

	<u>December 31<sup>st</sup>, 2023</u>	<u>December 31<sup>st</sup>, 2022</u>
Cost :		
January 1 <sup>st</sup> balance	\$ 214,513	210,164
Additions	16,961	110,720
Disposals	<u>(7,449)</u>	<u>(106,371)</u>
December 31 <sup>st</sup> balance	<u><b>\$ 224,025</b></u>	<u><b>214,513</b></u>
Accumulated depreciation		
January 1 <sup>st</sup> balance	\$ 75,845	110,015
Additions	55,338	54,842
Disposals	<u>(7,449)</u>	<u>(89,012)</u>
December 31 <sup>st</sup> balance	<u><b>\$ 123,734</b></u>	<u><b>75,845</b></u>
Carrying amount:		
December 31 <sup>st</sup>	<u><b>\$ 100,291</b></u>	<u><b>138,668</b></u>

2) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u><b>\$ 52,288</b></u>	<u><b>51,688</b></u>
Non-current	<u><b>\$ 49,886</b></u>	<u><b>88,773</b></u>

For maturity analysis, please refer to Note 6 (22) Financial Instruments.

The amount of lease recognized as profit or loss is at follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest expense of lease liabilities	<u><b>\$ 1,839</b></u>	<u><b>2,093</b></u>
Short-term lease expense	<u><b>\$ 5,025</b></u>	<u><b>4,490</b></u>

The amounts of lease recognized in the consolidated cash flow statement are as follows:

	<u>December 31<sup>st</sup> 2023</u>	<u>December 31<sup>st</sup> 2022</u>
Total cash outflow from lease	<u><b>\$ 62,052</b></u>	<u><b>60,410</b></u>

The Group leases the buildings as office space. The lease term of the office space is generally three to seven years. Some leases include the option to extend the lease period for the same period as the original contract when the lease period expires.

(9) GOODWILL AND TRADEMARKS

	For the Years Ended December 31	
	2023	2022
Goodwill	<u>\$ 81,419</u>	<u>\$ 81,419</u>
Trademarks	<u>\$404,144</u>	<u>\$404,144</u>

The Goodwill and Trademark value of Group's acquisition of Chen Li Education in March 2017, and mainly comes from the expected growth of future revenue from Education enterprise.

The intangible asset, trademark, has a legal life of 10 years but is renewable every 10 years at minimal cost. Management believes the Group will renew the trademark continuously and has the ability to do so. Various studies on areas including product life cycles, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supported its opinion that there is no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows. Therefore, the trademark is considered to have an indefinite useful life. The trademark will not be amortized until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. The Group conducted impairment tests on goodwill and trademark rights on both December 31, 2022 and 2023. After the assessment, the recoverable amount of the cash-generating unit was greater than its carrying amount, so no impairment loss was recognized.

The recoverable amount of the cash-generating unit is determined on the basis of the value-in-use, and the cash flow estimate of the financial management budget approved by the Group for the next five years is calculated, and the annual discount rates of 11.48% and 11.86% are calculated in 2023 and 2022 respectively. The cash flow estimate for the financial budget is based on historical data and estimates of future industry changes. The management believes that any reasonably possible change in the key assumptions underlying the recoverable amount will not result in the total carrying amount of the cash-generating unit to exceed the total recoverable amount.

(10) OTHER INTANGIBLE ASSETS

Other intangible assets of the Group are mainly consists of computer software. The details of its cost and accumulated amortization are as follows:

	December 31 2023	December 31 2022
Cost:		
January 1 <sup>st</sup> balance	\$ 14,322	14,465
Additions	1,408	-
Disposals	<u>(2,774)</u>	<u>(143)</u>
December 31 <sup>st</sup> balance	<u><b>\$ 12,956</b></u>	<u><b>14,322</b></u>
Accumulated amortization		
January 1 <sup>st</sup> balance	\$ 10,535	7,805
Additions	3,010	2,873
Disposals	<u>(2,774)</u>	<u>(143)</u>
December 31 <sup>st</sup> balance	<u><b>\$ 10,771</b></u>	<u><b>10,535</b></u>
	December 31 2023	December 31 2022
Carrying amount		
December 31 <sup>st</sup>	<u><b>\$ 2,185</b></u>	<u><b>3,787</b></u>

Other intangible assets noted above are not pledged as collateral for bank borrowings.

(11) LIFE INSURANCE TERMINATION CASH VALUE

	For the Years Ended December 31	
	2023	2022
Year-Start Balance	\$ 25,248	\$ 23,063
Increase (decrease) due to the cash value of life insurance termination current year	<u>164</u>	<u>2,185</u>
Year-End Balance	<u><b>\$ 25,412</b></u>	<u><b>\$ 25,248</b></u>

(12) OTHER CURRENT AND NON-CURRENT ASSETS

	December 31, 2023	December 31, 2022
<u>(1) Current</u>		
Prepayments and prepaid fees	\$ 4,625	\$ 4,451
Other	<u>17</u>	<u>948</u>
	<u><b>\$ 4,642</b></u>	<u><b>\$ 5,399</b></u>
<u>(2) Non-current</u>		
Refundable Deposit	\$ 12,013	\$ 12,956
Prepaid Equipment Payment	<u>-</u>	<u>1,008</u>
	<u><b>\$ 12,013</b></u>	<u><b>\$ 13,964</b></u>

(13) ACCOUNTS PAYABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	\$ 20,	\$ 70
Hourly fee payables to Teachers	20,907	20,125
Others	<u>4,166</u>	<u>3,681</u>
	<u><b>\$ 25,093</b></u>	<u><b>\$ 23,876</b></u>

(14) OTHER PAYABLES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	\$ 31,653	\$ 28,097
Compensation payables to Employees and Directors	6,122	4,632
Others	<u>13,089</u>	<u>14,124</u>
	<u><b>\$ 50,864</b></u>	<u><b>\$ 46,853</b></u>

(15) EMPLOYEE BENEFITS

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Under this plan, the only payment and obligation of the Group with respect to the retirement benefit plan is to make the specified fixed contributions to the Bureau of Labor Insurance.

The pension expenses determined by the Group under the pension provision method in 2023 and 2022 are NT\$8,006 thousand and NT\$7,874 thousand respectively, which have been allocated to the Labor Insurance Bureau.

(16) INCOME TAXES

1) Major components of income tax expense recognized in profit or loss:

	<u>December 31 2023</u>	<u>December 31 2022</u>
Current tax		
In respect of the current year	\$ 12,987	12,287
Adjustments for prior year	5	122
Income tax expense of unappropriated earnings	<u>413</u>	<u>-</u>
	<u>13,405</u>	<u>12,409</u>
Deferred income tax		
Origination and reversal of temporary differences	<u>8,440</u>	<u>6,706</u>
	<u><b>\$ 21,845</b></u>	<u><b>19,115</b></u>

Reconciliations of income tax expense and profit before income tax expense were as follows:

	December 31, 2023	December 31, 2022
Profit before income tax	<u>\$ 125,332</u>	<u>98,376</u>
Income tax using the Group's domestic tax rate	\$ 25,066	19,675
Income tax expense of unappropriated earnings	413	-
Adjustments for the prior year	5	122
Permanent difference and others	<u>(3,639)</u>	<u>(682)</u>
Income tax expense	<u>\$ 21,845</u>	<u>19,115</u>

## 2) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	January 1 2022	Recognized in profit or loss	December 31 2022	Recognized in profit or loss	December 31 2023
Deferred tax assets:					
Loss on foreign investment accounted for using the equity method	\$ 1,643	-	1,643	(1,643)	-
Impairment loss	19,678	(6,157)	13,521	(6,918)	6,603
Others	1,196	(442)	754	154	908
	<u>\$ 22,517</u>	<u>(6,599)</u>	<u>15,918</u>	<u>(8,407)</u>	<u>7,511</u>
	January 1 2022	Recognized in profit or loss	December 31 2022	Recognized in profit or loss	December 31 2023
Deferred tax liabilities					
Land revaluation increment	\$ 2,232	-	2,232	-	2,232
Gain recognized in bargain purchase transactions	145	-	145	-	145
Gain/loss recognized in life insurance evaluation	-	107	107	33	140
	<u>\$ 2,377</u>	<u>107</u>	<u>2,484</u>	<u>33</u>	<u>2,517</u>

According to the amendments of the Income Tax Law, the domestic subsidiary of the parent company may offset the losses from the previous ten years, as determined by the tax authority, against the current year's net income before assessing the income tax again.

Related information of unused loss carry-forwards and expiry year as of December 31<sup>st</sup>, 2023 are as follows:

<b>Year</b>	<b>Expiry year</b>	<b>Available deduction</b>
2014(Assessed value)	2024	\$ 5,524
2015(Assessed value)	2025	24,784
2021(Assessed value)	2031	<u>2,706</u>
		<u><b>\$ 33,014</b></u>

The overseas subsidiary of the Group is eligible to offset the losses determined for each fiscal year according to local tax regulations against the taxable income of future years. As of December 31, 2023, the amount of tax impact related to prior year losses available for offsetting is NT\$4,554 thousand. The Group is confident that these losses will not be utilized in foreseeable future and hence, they are not recognized as deferred tax assets.

### 3) Income Tax Assessments

<b>Group Name</b>	<b>Approved Year</b>
Success Prime Corporation	2021
Chen Li Education	2021
Here Enterprise	2021
Chen Li ELM	2021
Li-Ren Education	2021

## (17) EQUITY

### 1) Capital in Ordinary shares

As of December 31, 2023 and 2022, the Group's authorized common shares amounted to \$2,000,000 thousand. The issued common shares amounted to \$191,004 thousand with par value of NT\$10 per share.

### 2) Capital Surplus

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Premium issuance of ordinary shares	\$ 287,079	\$ 287,709
Employees stock options exercised	2,591	2,591
Employees stock options expired	<u>4,292</u>	<u>4,292</u>
	<u><b>\$ 293,962</b></u>	<u><b>\$ 293,962</b></u>

In accordance with the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned realized capital surplus included share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

On June 9, 2022, the Group passed the shareholders' regular meeting on the capital reserve cash distribution case of 2021. The Group distributed cash from capital reserve of NT\$15,138,000 with NT\$0.80 per share. Please go to the Taiwan Stock Exchange "Market Observation Post System" for further inquiry.

### 3) Retained Earnings and Dividend Policy

The Group's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Group shall first offset its losses in previous years and then set aside the following items accordingly: Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals Group's paid-in capital; special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; any balance left over shall be allocated according to the resolution of the shareholders' meeting.

The Group's dividend policy will consider the industry environment, surplus status, future capital expenditure needs, and long-term financial planning. If there is any surplus to distribute dividends, the total amount of shareholder dividends distribution should not be lower than 10% of the current year's earnings after deducting the adjusted portion. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the other shall be distributed in the form of stock dividends.

On June 9<sup>th</sup> 2022, the Group, Per Articles 240 and 241 of the Company Law, authorizes the board of directors to have more than two-thirds of the directors present and the resolutions of more than half of the directors present, to distribute cash dividends and bonuses, and to pay cash by the provisions of the Company Law for capital reserve or statutory surplus reserve, and report to the shareholders meeting.

On June 9, 2022, the company's shareholders' meeting passed a resolution to amend the company's articles of association, specifying that when the net amount of other equity deductions accumulated in the previous period and the net increase in the fair value of investment real estate are listed as a special surplus reserve, if the undistributed surplus in the previous period is insufficient Withdrawal refers to the amount that is included in the undistributed surplus of the current period from the net profit after tax plus the net profit after tax for the current period. Before the revision of the Articles of Association, the company was accrued from the undistributed earnings of the previous period following the law.

The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Group incurs no loss, and authorized by the shareholders meeting.



The appropriation of earnings was as follows:

	For the Years Ended December 31	
	2022	2021
Resolution date of the Group's Board of Directors	March 14th, 2023	March 9th, 2021
Resolution date of the Group's Shareholders' meeting	June 16th, 2023	June 9th, 2022
Cash Dividends	\$ 62,443	\$ 41,629
Cash Dividends per share (NT\$)	3.30	2.20
Legal reserve	7,855	4,621
(Reversal) of Special reserve	(5)	130

Information on the appropriations of earnings mentioned above is available at the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation of 2023 earnings is as follows:

	For the Years Ended December 31, 2023
Resolution date of the Group's Board of Directors	March 8th, 2024
Cash Dividends	<u>\$ 88,558</u>
Cash Dividends per share (NT\$)	4.68
Legal reserve	10,364
Special reserve	142

The appropriation of 2023 earnings will be submitted to the shareholders' meeting on June 13<sup>th</sup> 2024. Information on the appropriations of earnings mentioned above is available at the Market Observation Post System website of the Taiwan Stock Exchange.

#### 4) Treasury shares

As of December 31, 2023 and 2022, the Group had repurchased a total of 178,000 treasury shares for the purpose of transferring the company's shares to employees in accordance with Article 167-1 of the Company Act. The cost amounts to NT\$ 12,406 thousand.

5) Other equity (net of tax)

Exchange differences on translation of foreign financial instruments

	For the Years Ended December 31	
	2023	2022
Balance at January 1 <sup>st</sup>	\$ (2,517)	\$ (2,522)
Foreign exchange differences (net of tax)	(142)	5
Balance at December 31 <sup>st</sup>	<u>\$ (2,659)</u>	<u>\$ (2,517)</u>

6) Non-controlling Interest

	2023	2022
Balance at January 1 <sup>st</sup>	\$ 2,617	\$ 3,325
Net profit	(157)	557
Foreign exchange differences	(95)	-
Increase of non-controlling interests in registered subsidiaries	2,800	-
Decrease of non-controlling interests in liquidated subsidiaries	-	(905)
Subsidiaries issue cash dividends to non-controlling equity shareholders	(514)	(360)
Balance at December 31 <sup>st</sup>	<u>\$4,651</u>	<u>\$2,617</u>

(18) EARNINGS PER SHARE

1) Basic earnings per share

	December 31, 2023	December 31, 2022
Net Income	<u>\$ 103,644</u>	<u>\$ 78,704</u>
Weighted average number of ordinary shares in computation of basic earnings (in thousands of shares)	<u>18,922</u>	<u>18,922</u>
Basic earnings per share (NT\$)	<u>5.48</u>	<u>4.16</u>

2) Diluted earnings per share

	2023	2022
Net Income	<u>\$ 103,644</u>	<u>\$ 78,704</u>
Weighted average number of ordinary shares in computation of basic earnings (in thousands of shares)	18,922	18,922
Effect of potentially dilutive ordinary shares (in thousand shares):		
Employees' compensation or bonuses issued to employees	66	64
	<u>18,988</u>	<u>18,986</u>
Diluted earnings per share (NT\$)	<u>\$5.46</u>	<u>\$4.15</u>

(19) REVENUE

1) Group's client contracts revenue:

	<u>2023</u>	<u>2022</u>
Educational service and consultancy	\$ 762,352	\$ 698,675
Others	<u>2,463</u>	<u>3,582</u>
	<u>\$ 764,815</u>	<u>\$ 702,257</u>

2) Remaining contracts balance

	<u>2023.12.31</u>	<u>2022.12.31</u>	<u>2022.1.1</u>
contracts balance-current	<u>\$ 310,819</u>	<u>270,843</u>	<u>238,719</u>

Disclosure of notes and account receivables impairment can be referred in Note 6(4). Receivables received from customers (tuition income), and the monthly income is transferred when the service is provided.

The opening balances of contract liabilities on January 1, 2023 and 2022 were recognized as income in 2023 and 2022, respectively, amounting to NT\$ 267,889 thousand and NT\$ 238,084 thousand.

(20) EMPLOYEES' COMPENSATION AND RENUMERATION OF DIRECTORS

The Company accrued its remunerations to employees and directors, at minimum rates of 3% and a maximum rate of 5%, of the net profit before income tax less the remunerations to employees and directors. The remunerations to employees and directors had been approved during the Group's board meetings held on March 8th, 2024 and March 14th, 2023, respectively, as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Compensation of employees	<u>\$ 3,471</u>	<u>\$ 2,659</u>
Remuneration of directors	<u>\$ 1,735</u>	<u>\$ 1,329</u>

If there is any change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the next following year.

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the consolidated financial statements for the year ended December 31, 2022.

Information regarding the 2023 and 2022 employees' compensation and remuneration of directors approved by the Group's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(21) NON-OPERATING INCOME AND EXPENSES

1) Other gains and losses

	For the Years Ended December 31	
	2023	2022
Life insurance evaluation benefit (loss)	\$ 164	2,185
Gain (loss) on net foreign currency exchange	(77)	1,023
Gains on lease modification	60	578
Others	-	(1,567)
	<u>\$ 147</u>	<u>2,219</u>

2) Financial Cost

	For the Years Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 1,839	\$ 2,093
Interest on bank loans	-	49
	<u>\$ 1,839</u>	<u>\$ 2,142</u>

(22) FINANCIAL INSTRUMENTS

1) Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Measured at amortized costs (Note 1)	\$ 412,466	\$ 303,606
Measured at FVTOCI- equity investment instrument	8,400	4,900
	<u>\$ 420,866</u>	<u>\$ 308,506</u>
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	<u>\$ 76,008</u>	<u>\$ 70,887</u>

Note 1: The balance consists of cash and cash equivalents, notes and accounts receivables, other receivables and refundable deposits (other current assets), which are measured at amortized cost.

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

2) Financial risk management objectives and policies

The main financial instruments of the Group include cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, equity instruments, notes payable, accounts payable, other payables borrowings and lease liabilities. The financial management department of the Group provides services for each business unit, coordinates the operation of entering the domestic and international financial markets, and monitors and manages the financial risks related to the operation of the Group by analyzing the risk internal risk report according to the degree of risk and breadth. These risks include

market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

### 3) Market Risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, and in interest rates.

#### A. Foreign currency risk

##### a. Exposure to foreign currency risk

The Group's financial assets exposed to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	453	30.705	13,909	302	30.710	9,274
CHINESE YUAN	2,274	4.327	9,840	2,243	4.408	9,887

##### b. Sensitivity Analysis

The Group's exposure to foreign currency risk primarily arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, as measured through non-functional currency evaluation. The sensitivity analysis only includes foreign currency monetary items that are in circulation and the conversion at the end of the period is adjusted by 1% of the exchange rate change. When the New Taiwan dollar appreciates or depreciates by 1% against each relevant currency, it increased/decreased the net profit before tax of the Group in 2023 and 2022 by \$237 thousand and \$192 thousand respectively.

##### c. Foreign exchange gains and losses on monetary items

The details of the Group's net foreign currency exchange gains/losses (including realized and unrealized) were as follows:

	December 31, 2023	December 31, 2022
USD	\$ 102	882
CNY	(179)	141
	<u>\$ (77)</u>	<u>1,023</u>

#### B. Interest Rate Risk

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If interest rates had been 0.1% higher and all other variables were held constant, the Group's net profit before income tax for the years ended December 31, 2023 and 2022 would have increased by \$376 thousand and \$267 thousand, respectively. Mainly due to the impact of variable interest rate cash and cash equivalents and financial assets measured at amortized cost.

#### C. Other price risk

The Group was exposed to equity price risks through its investments in domestic unlisted stock.

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting date.

If equity prices had been 10% higher or lower, the other comprehensive income before income tax for the years ended December 31, 2023 and 2022 would have increased or decreased by \$840 thousand and \$490 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

#### 4) Concentration of credit risk

##### A. Cash and cash equivalents

The Group's cash and cash equivalents are deposited with different financial institutions. The Group controls the credit risk exposure to each financial institution and believes that the Group's cash and cash equivalents do not pose a risk of a significant concentration of credit risk.

##### B. Accounts receivable and debt securities

Detail information on credit risk exposure regarding accounts receivable can be inferred from Note 6(4). Amortized cost financial assets can be inferred from Note 6(2). Please refer to Note 6(3) for details on financial assets at fair value through profit and loss and other comprehensive income regarding investment and loss allowance .

The financial assets mentioned above were with lower credit risk, so a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events of the financial instruments within 12 months after the reporting date.

#### 5) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Cash flow of contract	Within 1 year	1-5 years	Over 5 years
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 76,008	(76,008)	(76,008)	-	-
Lease liabilities (current and non-current)	102,174	(104,160)	(53,434)	(48,966)	(1,760)
	<u>\$ 178,182</u>	<u>(180,168)</u>	<u>(129,442)</u>	<u>(48,966)</u>	<u>(1,760)</u>

<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 70,887	(70,887)	(70,887)	-	-
Lease liabilities (current and non-current)	140,461	(143,621)	(53,205)	(86,016)	(4,400)
	<u>\$ 211,348</u>	<u>(214,508)</u>	<u>(124,092)</u>	<u>(86,016)</u>	<u>(4,400)</u>

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

#### 6) Fair value of financial instruments

##### A. Fair value measurements recognized in the consolidated balance sheets

Fair value measurements are grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

##### B. Fair value of financial instruments measured at fair value on a recurring basis

The following table presents the Group's financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic unlisted stocks	\$ -	-	8,400	8,400

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic unlisted stocks	\$ -	-	4,900	4,900

C. There were no transfers between fair value measurements for the years ended December 31, 2023 and 2022.

D. The reconciliations of Level 3 fair value measurements of financial instruments (accounted at fair value through OCI) using were as follows:

	December 31, 2023	December 31, 2022
Opening balance	\$ 4,900	4,900
Additions for the period	3,500	13,000
Investment using the equity method	-	(13,000)
Ending balance	\$ 8,400	4,900

E. Quantified information of significant unobservable inputs (Level 3)

The Group's financial instruments that use Level 3 inputs to measure fair value mainly include financial assets at fair value through profit or loss-equity investments.

Most of the Group's financial assets in Level 3 have several significant unobservable inputs, while its equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Valuation techniques and inputs for Level 3 fair value measurement:

<u>Categories of Financial Instrument</u>	<u>Valuation technique and input value</u>
Equity investment of unlisted entities	Market approach: assess the fair value of the investment target by referencing operating activities of the investee or market conditions of similar entities.



(23) CAPITAL MANAGEMENT

The capital structure of the Group consists of net debts (borrowings offset by cash and cash equivalents) and equity (comprising share capital, capital surplus, retained earnings and other equities).

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount.

The Group's debt-to-equity ratios at December 31, 2023 and 2022 were respectively as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 511,448	503,622
Total equity	853,963	810,870
Debt-to-adjusted-capital ration (%)	60	62

Note: As of December 31, 2023, there is no change in the method of capital management of the Group.

(24) INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CURRENT CASH FLOW

- 1) For leased right-of-use assets, please refer to note 6(8).
- 2) Reconciliations of liabilities arising from financing activities were as follows:

	January 1 2023	Cash flows	Others (note)	December 31 2023
Lease liabilities (current and non-current)	<u>\$ 140,461</u>	<u>(55,188)</u>	<u>16,901</u>	<u>102,174</u>
	January 1 2022	Cash flows	Others (note)	December 31 2022
Short-term borrowings	\$ 10,000	(10,000)	-	-
Lease liabilities (current and non-current)	<u>101,505</u>	<u>(53,827)</u>	<u>92,783</u>	<u>140,461</u>
Total liabilities from financing activities	<u>\$ 111,505</u>	<u>(63,827)</u>	<u>92,783</u>	<u>140,461</u>

Note: The Group leased offices for operational purpose in the 2023 and 2022, resulting in additional lease liabilities of NT\$16,961 thousand and NT\$110,720 thousand, respectively.

## 7. TRANSACTION WITH RELATED PARTIES

### (1) Related parties and their relationships associated with the Group

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Related parties</u>	<u>Relationship with the Group</u>
Shu-Ling Tseng	The Chairman of the company concurrently serves as the general manager
Min-Chun Chen	Spouse of the current Chairman (the Chairman of the company January 1, 2022-June 9, 2022)
Yen-Shuen Chen	Director of the company
Wei-Ru Chen	Spouse of Yihe Education General Manager
Kaohsiung City Private Jianjia Art and Science Short-term Tuition Class (Jianjia)	Current owner is the spouse of Yihe Education General Manager
SLUDE Strategy Co., Ltd.	Its chairman is the same person as the director of the company
Chen Li Education Foundation	Its chairman is the same person as the director of the company (Chairman of the foundation from January 1, 2022 -August 15, 2023 is also the Chairman of the Company)
Singularity International Academy(Singularity)	Its chairman is the same person as the chairman of the company
XUEMI CO., Ltd.	Associate
Yu-Ren Senior High School Taitung K12 Future School (Taitung Yu-Ren School )	Its chairman is the same person as the director of the company

### (2) Except for those disclosed in other notes to the consolidated financial report, other significant transactions with related parties are summarized as follows:

#### 1. Sales Revenue

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

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 190</u>	<u>\$ 14,619</u>

The Group provides services and product sales to related parties, and their payment conditions and transaction prices do not have significant income differences from non-related parties.

#### 2. Cost of Revenue

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Management	<u>\$ 906</u>	<u>\$ 260</u>

The Group operating costs to related parties are mainly hourly teachers' fees, and its payment terms and transaction prices are not significantly different from those of other suppliers.

### 3. Net receivables from related parties

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Other related parties	<u>\$ 21</u>	<u>\$ 1,063</u>

There is no guarantee for receipt of receivables from related parties in circulation. Amounts due from related parties as of December 31, 2023 and 2022 are not listed as allowance for losses.

### 4. Payable from related parties

Line Item	Related party Category / Name	December 31, 2023	December 31, 2022
Accounts payables	Main Management		
	Min-Chun Chen	<u>\$ 51</u>	<u>\$ 53</u>
Other payables	Associate	<u>\$</u>	<u>\$ 105</u>

### 5. Other transactions

Line Item	Related party Category / Name	December 31, 2023	December 31, 2022
Prepaid service	Other related parties		
Expense			
(as listed in other current assets)		<u>\$ 51</u>	<u>\$ 53</u>
Refundable deposits	Main Management		
(as listed in other non-current assets)	Shu-Ling Tseng	\$ 1,360	\$ 1,360
	Min-Chun Chen	<u>\$ 1,160</u>	<u>\$ 1,160</u>
		<u>\$ 2,520</u>	<u>\$ 2,520</u>
Lease liabilities	Main Management		
	Shu-Ling Tseng	\$ 9,527	\$ 17,755
	Min-Chun Chen	<u>\$ 6,919</u>	<u>\$ 13,748</u>
		<u>\$ 16,466</u>	<u>\$ 31,503</u>

Line Item	Related party Category / Name	December 31, 2023	December 31, 2022
Operating Expense	Other related parties	\$ 300	\$ 200
	Associate		<u>\$ 160</u>
		<u>\$ 300</u>	<u>\$ 360</u>
Financial Cost	Main Management	<u>\$ 303</u>	<u>\$ 498</u>
Non-operating revenue	Associate	<u>\$ 70</u>	

The Group's purchase prices for property, equipment, and use of rights assets from related parties are as follows:

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other assets	Related parties	\$ 600	-
Right-of-use assets	Main Management		
	Shu-Ling Tseng	\$ -	21,196
	Min-Chun Chen	-	20,489
		<u>\$ -</u>	<u>41,685</u>

The Group received cash dividends from related parties amounting to NT\$2,173 thousands for the year 2023, accounted for as a deduction under equity method investments. As of December 31st, 2023, the aforementioned amount has been fully collected.

The Group leases offices and teaching venues from related parties. The lease terms were mutually agreed upon by both parties, with rental payments made monthly according to the lease agreement. These transactions are accounted for under lease assets and lease liabilities.

The Group subleased a portion of its office space to associates. The lease terms were mutually agreed upon by both lessor and lessee, with rental payments collected monthly according to the lease agreement. The related rental income is accounted under the category of non-operating income.

### (3) Remuneration of Key Management Levels

	For the Years Ended December 31	
	2023	2022
Short term Employee Benefits	\$ 9,439	\$ 5,688
Post-employment benefits	66	86
	<u>\$ 9,505</u>	<u>\$ 5,774</u>

The remuneration of directors and other key management levels are determined by the Compensation Committee based on individual performance and market trends.

## 8. ASSETS PLEDGED AS COLLATERAL

The carrying values of ledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	Collateral for short-term loan (note 1)	\$ 219,898	220,598
Pledged certificate of deposits (classified as financial assets at amortized cost-current)	Credit card swiping machines	9,390	9,565
Pledged certificates of deposits (classified as financial assets at amortized cost-non-current)	Installation funds for cram school (note 2)	4,900	4,900
		<u>\$ 234,188</u>	<u>235,063</u>

Note 1: As of the December 31, 2023 and 2022, the unused financing credit were NT\$ 200,000 thousand and NT\$ 300,000 thousand respectively.

Note 2: According to the regulations of various local education bureaus where each branch of the subsidiary company Chen Li Education is located, after the registration approval of the cram schools, they undertake fixed-term deposits in the name of the cram schools as establishment funds. Without approval from the educational administrative authorities, funds shall not be disbursed.

**9. SIGNIFICANT COMMITMENT AND CONTINGENCIES : None**

**10. LOSS DUE TO MAJOR DISASTERS: None**

**11. SIGNIFICANT SUBSEQUENT EVENTS: None**

**12. OTHER:**

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	For the year ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	-	201,438	201,438	-	183,189	183,189
Labor and health insurance	-	19,434	19,434	-	18,291	18,291
Pension	-	8,006	8,006	-	7,874	7,874
Other employment benefits	-	7,745	7,745	-	8,414	8,414
Depreciation	70,900	1,405	72,305	68,876	1,286	70,162
Amortization	2,081	929	3,010	2,134	739	2,873

**13. NOTES DISCLOSURE ITEMS**

(1) Information on significant transactions:

The following is the information on significant transaction required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

1. Loan to others: please Table 1.
2. Endorsement for others: Table 2.
3. Holdings securities at the end of the period(excluding investment in subsidiaries, associates and joint-ventures): Table 3
4. Accumulatively buy or sell the same marketable securities amounting to NT\$300 million or paid-up capital of more than 20%: None.
5. The amount of property acquired is NT\$300 million or over 20% of paid-up capital: None.

6. The disposition of property amounts to NT\$300 million or over 20% of paid-up capital: None.
  7. The amount of import and sales with related parties amounts to NT\$100 million or over 20% of paid-up capital: Table 4.
  8. The receivables from the related party amounted to NT\$100 million or more than 20% of the paid-up capital: None.
  9. Engage in derivatives transactions: None.
  10. Business relationship, significant transactions and amounts between parent and subsidiaries and between the subsidiary companies themselves: Table 5.
- (2) Information on the investee Group: Table 6.
- (3) Chinese Investment Information:
1. The names of investees in Mainland China, the main businesses and products, and related information: Table 7.
  2. Limitation on investment in Mainland China: Table 7.
  3. Significant transactions: None.
- (4) Major shareholders:

Major Shareholders 'Name	Shareholding	Shares	Percentage
Far East International Commercial Bank entrusted custody of Endow Capital Management Co., Ltd. Investment Special account		1,890,039	9.89%
Far East International Commercial Bank entrusted custody of Bash Consulting Co., Ltd. Investment Special account		1,890,039	9.89%
Hui-hua Investment Co., Ltd		1,737,020	9.09%
Shu-Ling Tseng		1,441,728	7.54%

Note 1: Information about the substantial shareholders of this form is provided by the General Insurance Company on the last business day of the quarter. The total number of ordinary shares and special shares in which the calculation of shareholders' holding company has completed the unincorporated delivery (including treasury shares) is more than 5%. As to the number of shares recorded in the Group's financial reports that are not physically registered as delivered by the Group, the basis of the calculation may vary.

Note 2: The above information, if owned by shareholders who entrust their shares, are disclosed individually by the trustee in the trust account opened by the trustee. Regarding shareholders who, in accordance with securities trading regulations, report internal equity holdings exceeding ten percent, their holdings include shares held by themselves plus those entrusted to the trust and shares in which they have decision-making authority over trust assets. For information on the reporting of internal equity holdings by insiders, please refer to the "Market Operation Post System."

#### **14. DEPARTMENTAL INFORMATION**

The reportable operating department of the Group is only a single department of education; this department is mainly engaged in the business of elementary school, junior high school, and high school-related education courses. In addition, the Group's departmental profit and loss, departmental assets, and departmental

liabilities are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and consolidated comprehensive income statement.

(1) Revenue from major products and services

Please refer to Note 6(19).

(2) Regional Information

The Group's continuing business revenue from external customers is divided according to the operation location and non-current assets information of by asset location is as follows:

1. Revenue from external customers:

The geographical location of the Group's revenue from external customers is based in Taiwan. Please refer to Note 6(19).

2. Non-current assets:

Geographical Information	December 31, 2023	December 31, 2022
Taiwan	\$ 881,482	934,282

(3) Main Customer Information

For the years ended December 31, 2023 and 2022, there is not one single customer who accounts for more than 10% of the operating income on the income statement.

## SUCCESS PRIME CORPORATION AND SUBSIDIARIES

### FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Chen Li Education	The Group	Other receivables – related party	Yes	20,000	-	-	2.0%	(2)	-	Business turnover	-	-	-	70,728	70,728	-

Note 1 : The numbering column is described as follows :

(1) Issuer fill-in 0 °

(2) Companies as investee are numbered sequentially starting from 1.

Note 2 : The subject receiving the loans, shall be limited to the following circumstances:

(1) Subject companies with business relations with the SPC are inputted with 1.

(2) Necessary party with short-term financing capital is inputted with 2.

Note 3 : The total amount of capital loans of the company and the limits of individual objects are as follows:

(1) The total amount of funds loaned by the company to others shall not exceed 40% of the net value of the company's most recent financial statements.

(2) The total limit of the company's short-term financial loans and others shall not exceed 30% of the company's most recent net value of financial statements.

(3) The loan amount of individual target funds shall not exceed 10% of the net value of the company's most recent financial statements.

The total amount of Chen Li Education's fund loan and the limits of individual objects are as follows:

(1) The total amount of Chen Li Education's funds loaned to others shall not exceed 40% of the net value of Chen Li Education's latest financial statements.

(2) The loan amount of individual target funds shall not exceed 10% of the net value of Chen Li Education's latest financial statements.

(3) For companies that directly and indirectly hold 50% of the voting rights of Chen Li Education, the number of funds loaned to individual objects shall not exceed 40% of the net value of Chen Li Education's latest financial statement.

(4) The net value is mainly based on the latest financial statement (2023) of Chen Li Education audited by an accountant.

Note 4 : Refers to the authorized but unused borrowing limit approved by the Board of Directors.

Note 5 : The related transactions and the year-ending balances have been offset.



TABLE 2

## SUCCESS PRIME CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3 & 4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)								es	Parent	N	
1	Chen Li Education	The Company	(3)	\$ 530,462	\$ 300,000	\$ 200,000	\$ -	\$ -	113.11%	\$ 530,462	N	Y	N	-

Note 1 : The numbering column is described as follows:

- (1) Issuer fill in 0.
- (2) Companies as investee are numbered sequentially starting from 1.

Note 2 : The relationship between the endorser and guarantor has the following 7 types:

- (1) A company with business dealings.
- (2) A company that directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly and indirectly hold more than 50% of the voting shares of the company.
- (4) Inter-company companies where the company directly and indirectly holds more than 90% of the voting shares.
- (5) A company that is mutually insured according to the contract between inter-industry or co-founders based on the needs of the contracted project.
- (6) A company whose endorsement is guaranteed by all capital shareholders according to their shareholding ratio due to a joint investment relationship.
- (7) The inter-industry is engaged in the performance guarantee and joint guarantee of the pre-sale house sales contract regulated by the Consumer Protection Law.

Note 3 : The limit amount of the foreign endorsement guarantees of Chen Li Education Co., Ltd. are as follows:

- (1) For companies that directly and indirectly hold more than 50% of the voting rights of Chen Li Education, the total amount of endorsement guarantees and endorsement guarantees provided by Chen Li Education to a single object is based on the latest financial statements of Chen Li Education that have been audited or reviewed by accountants 300% of net worth is limited.
- (2) The net value is based on the most recent financial statements (2023) reviewed by Chen Li Education by accountants.

TABLE 3

## SUCCESS PRIME CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD (EXCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT-VENTURE EQUITY)

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars/Thousand of Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			maximum ownership percentage within the period	Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Taiwan unlisted shares							
	Accuagile Co., Ltd	-	Financial assets at FV/TOCI	1,500	\$ 4,500	15	\$ 4,500	-
Chen Li Education	Mediot Co., Ltd	-	Financial assets at FV/TOCI	4,667	\$ 3,500	5	\$ 3,500	-
	Xueli Technology Co., Ltd.	-	Financial assets at FV/TOCI	40	\$ 400	20	\$ 400	-

TABLE 4

# **SUCCESS PRIME CORPORATION AND SUBSIDIARIES**

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Group	Chen Li Education	Subsidiary	Service revenue	(\$ 224,092)	96%	Month end 30 days	Note 1	-	\$ 22,830	94%	Note 2

Note 1 : There are no other transactions of the same type available for comparison, and the terms of collection are agreed by both parties.

Note 2 : The related transactions and end-of-period balances have been offset.

TABLE 5

# SUCCESS PRIME CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		
				Financial Statement Accounts	Amount	Payment Terms % of Total Sales or Assets (Note 3)
0	The Group	Chen Li Education	1	Service revenue	224,092	Month end 30 days 29
0	The Group	Chen Li Education	1	Accounts receivables - related parties	22,830	Month end 30 days 2

Note 1 : The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

(1) The parent company fills in 0.

(2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2 : There are three types of relationship with the trader. The type of mark can be used. (If it is the same transaction between the parent company or each subsidiary, there is no need to repeat the disclosure. For example, the parent company's transaction to the subsidiary, if the parent company has been revealed that there is no need to repeat the disclosure of the subsidiary part; if the subsidiary's transaction to the subsidiary is disclosed, if another subsidiary has been disclosed, the other subsidiary does not need to disclose it repeatedly):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiaries to subsidiaries.

Note 3 : Other transactions that do not amount 1% of the total consolidated revenue or total assets ratio will not be disclosed.

TABLE 6

## SUCCESS PRIME CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INVESTEEES IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Thousands of Shares, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares (in thousands)	As of December 31, 2023		maximum ownership percentage within the period	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022		%	Carrying Amount				
The Group	Chen Li Education	Taiwan	Education services	638,370	711,370	6,000	100.00	660,579	100.00	67,674	67,648	Note 2 - 5
	Here Enterprise	Taiwan	Education and Consulting Services	13,900	13,900	1,000	100.00	8,754	100.00	1,748	1,748	Note 5
	Chen Li ELM	Taiwan	Education services	4,900	9,900	1,000	100.00	17,605	100.00	6,989	6,989	Note 3 - 5
	Li-Ren Education	Taiwan	Education services	3,000	3,000	300	60.00	4,105	60.00	1,586	952	Note 5
	XUEMI Co., Ltd.	Taiwan	Education services	34,000	34,000	411	47.43	33,660	47.43	12,230	1,028	Note 4
Chen Li Education	CHEN LI Education Group Limited	British Virgin Islands	Holding Company	-	40,543 (USD 1,292 thousand)	-	-	-	-	(59)	Note 1	Note 5
	GXI	Indonesia	Education services	5,000 (USD 160 thousand)	-	6,000	60.00	3,272	60.00	(1,978)	Note 1	Note 5
CHEN LI Education Group Limited	CHEN LI Education Group (HK) Limited	Hong Kong	Holding Company	-	30,059 (USD 952 thousand)	-	100.00	-	100.00	-	Note 1	Note 5

Note 1 : The profit and loss of the invested company is included in its investment company. To avoid confusion, it will not be expressed here.

Note 2 : Chenli Education set March 11, 2023, as the ex-dividend date, distributing cash dividends of NT\$21,000,000 from capital surplus. Additionally, on March 20,2023, it processed a cash reduction and refunded capital of NT\$52,000,000. The Group recovered the initial investment amounts of the aforementioned capital surplus cash dividends and capital refund on March 13, 2023, and April 12, Republic of China year 2023, respectively.

Note 3 : Chenli ELM, as of March 20,2023, processed a cash reduction and refunded capital of NT\$5,000,000. The Group has already retrieved the related investment capital on April 12, 2023.

Note 4 : Including the recognition of investment gains and losses related to Xuemi Co., Ltd and the amortization of intangible assets.

Note 5 : The related transactions and end-of-period balances have been offset.

# **SUCCESS PRIME CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment by the Group	maximum ownership percentage within the period (%)	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward								
Chen Li (Chongqing)	Cultural dissemination	28,516d	Invest through Chen Li Education	\$ 28,516	\$ -	\$ -	\$ 28,516	-	100.00	-	(\$ 1)	\$ 7	-	Note 3

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$28,516	\$28,516	\$106,092

Note 1 : According to the Investment Review Committee's regulations on investment or technical cooperation in the Mainland area, dated August 29, 2008, the upper limit for the cumulative amount of investment in the Mainland is 60% of the net worth

Note 2 : The financial statements are audited by the parent company's auditor based on the materiality standard of the consolidated entities.

Note 3: The related transactions and end-of-period balances have been offset

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Success Prime Corporation

### Opinion

We have audited the accompanying financial statements of Success Prime Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. We have determined the matters described below to be the key audit matters to be communicated in

our report:

Investments impairment assessment using the equity method

Please refer to Note 4(7) “Summary of significant accounting policies – Investments using the equity method” and Note 4(8) “Summary of significant accounting policies – Investment subsidiary. For an explanation of the valuation of investments using the equity method, please refer to Note 6 (5) Investments using the equity method in the individual financial report.

Description of key audit matter:

Since the investment amount of Success Prime Corporation using the equity method accounts for 82% of the total assets and the amount is significant, the evaluation of investments using the equity method is listed as a key item in the accountant's review.

How the matter was addressed in our audit:

The accountant's main audit procedures for the above key audit matters include accounting for the company's recognition of investment gains and losses in the invested company based on the shareholding ratio; on-site inventory of long-term equity investment securities and related certificates; discussions with management and understanding of its investment in subsidiaries. Evaluate relevant important matters to understand the correctness of the recognition of education service income of these subsidiaries and the reasonableness of the assessment of impairment of goodwill and trademark rights; evaluate whether the management's disclosure of relevant information in the notes to the financial report is appropriate.

**Other Matters**

The individual financial report of Success Prime Corporation for the year 2022 was audited by other accountants, and an unqualified audit report was issued on March 14, 2023.

**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 or supervisors) 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 the 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 Chien-Hui Lu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 consolidated financial statements are those generally applied in the Republic of China.*

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

(Expressed in Thousands of New Taiwan Dollars)

See accompanying notes to financial statements.

**Success Prime Corporation**  
**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (notes 6(13) and 7)</b>	\$ 233,042	100	221,762	100
5000	<b>Operating costs (note 7)</b>	<u>177,629</u>	<u>76</u>	<u>169,320</u>	<u>76</u>
5950	<b>Gross profit</b>	<u>55,413</u>	<u>24</u>	<u>52,442</u>	<u>24</u>
	<b>Operating expenses (notes 6(19), (14) and 7)</b>				
6100	Marketing expenses	230	-	1,143	1
6200	General and administrative expenses	<u>24,426</u>	<u>11</u>	<u>20,838</u>	<u>9</u>
	<b>Total operating expenses</b>	<u>24,656</u>	<u>11</u>	<u>21,981</u>	<u>10</u>
6900	<b>Net Income from operations</b>	<u>30,757</u>	<u>13</u>	<u>30,461</u>	<u>14</u>
	<b>Non-operating income and expenses</b>				
7010	Other income (notes 6(15) and 7)	952	-	986	-
7050	Finance costs (notes 6(15) and 7)	(90)	-	(204)	-
7070	Share of profit of associates accounted for using equity method( notes 6(5))	78,365	34	53,305	24
7100	Interest revenue	<u>495</u>	<u>-</u>	<u>95</u>	<u>-</u>
		<u>79,722</u>	<u>34</u>	<u>54,182</u>	<u>24</u>
7900	<b>Income before income tax</b>	110,479	47	84,643	38
7950	<b>Income tax expense (notes 6(10))</b>	<u>6,835</u>	<u>3</u>	<u>5,939</u>	<u>3</u>
8200	<b>Net income for the year</b>	<u>103,644</u>	<u>44</u>	<u>78,704</u>	<u>35</u>
8300	<b>Other comprehensive income (loss)</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
	Exchange differences on translating foreign operations	(142)	-	5	-
8361		<u>(142)</u>	<u>-</u>	<u>5</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 103,502</u>	<u>44</u>	<u>78,709</u>	<u>35</u>
	<b>Earnings per share (New Taiwan Dollars) (note 6(12))</b>				
9750	Basic earnings per share	<u>\$ 5.48</u>		<u>4.16</u>	
9850	Diluted earnings per share	<u>\$ 5.46</u>		<u>4.15</u>	

See accompanying notes to financial statements.

**Success Prime Corporation**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained Earnings					Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translating foreign operations	Treasury Shares	Total Equity
Balance at January 1, 2022	\$ 191,004	309,100	39,992	2,392	258,907	301,291	(2,522)	(12,406)	786,467
Net income for the year	-	-	-	-	78,704	78,704	-	-	78,704
Other comprehensive income (loss) for the year	-	-	-	-	-	-	5	-	5
Total comprehensive income (loss) for the year	-	-	-	-	78,704	78,704	5	-	78,709
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	4,621	-	(4,621)	-	-	-	-
Special reserve	-	-	-	130	(130)	-	-	-	-
Cash dividends of common shares	-	-	-	-	(41,629)	(41,629)	-	-	(41,629)
Cash dividends distributed from capital surplus	-	(15,138)	-	-	-	-	-	-	(15,138)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(156)	(156)	-	-	(156)
Balance at December 31, 2022	191,004	293,962	44,613	2,522	291,075	338,210	(2,517)	(12,406)	808,253
Net income for the year	-	-	-	-	103,644	103,644	-	-	103,644
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(142)	-	(142)
Total comprehensive income (loss) for the year	-	-	-	-	103,644	103,644	(142)	-	103,502
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	7,855	-	(7,855)	-	-	-	-
Special reserve	-	-	-	(5)	5	-	-	-	-
Cash dividends of common shares	-	-	-	-	(62,443)	(62,443)	-	-	(62,443)
Balance at December 31, 2023	\$ 191,004	293,962	52,468	2,517	324,426	379,411	(2,659)	(12,406)	849,312

See accompanying notes to financial statements.

# Success Prime Corporation

## Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 110,479	84,643
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	157	157
Amortization expense	135	44
Finance costs	90	204
Interest income	(495)	(95)
Share of loss (profit) of associates accounted for using equity method	(78,365)	(53,305)
Total adjustments to reconcile profit (loss)	(78,478)	(52,995)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivables	(647)	(724)
Accounts receivables- related parties	(257)	(682)
Other current assets	236	(342)
Contract liabilities	952	-
Accounts payable	229	742
Accounts payable- related parties	(7)	(25)
Other payables	3,545	2,513
Other current liabilities	22	43
Total changes in operating assets and liabilities	4,073	1,525
Cash generated from operations	36,074	33,173
Interest received	495	95
Interest paid	(90)	(204)
Income taxes paid	(20)	-
Net cash generated from operating activities	36,459	33,064
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3,500)	(13,000)
Acquisition of financial assets at amortized cost	(90,770)	(4,900)
Disposal of financial assets at amortized cost	21,760	9,800
Acquisition of associates	-	(21,000)
Net cash inflow on disposal of subsidiary	-	1,357
Invested companies using the equity method reduce capital and return shares	57,000	-
Increase in refundable deposits	(6)	-
Purchases of intangible assets	(608)	-
Dividends received from subsidiaries	68,401	25,869
Net cash generated from/(used in) investing activities	52,277	(1,874)
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	-	(10,000)
Increase other payables- related parties	-	20,000
Decrease other payables- related parties	(20,000)	-
Cash dividends paid	(62,443)	(56,767)
Net cash used in financing activities	(82,443)	(46,767)
Net increase (decrease) in cash and cash equivalents	6,293	(15,577)
Cash and cash equivalents at beginning of period	10,284	25,861
Cash and cash equivalents at end of period	\$ 16,577	10,284

See accompanying notes to financial statements.

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**1. Company history**

Success Prime Corporation (the “Company”) was established on June 15, 1991. The core business is contracting teachers and course management services. On March 2002, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

**2. Approval date and procedures of the financial statements**

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

**3. New standards, amendments and interpretations adopted**

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted. The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only 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 Group has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

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

The company has evaluated the application of the following newly revised International Financial Reporting Standards, effective from January 1, 113 (ROC), and determined that they are not expected to have a significant impact on the individual 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

The Accounting Standards Board has issued and amended the following standards and interpretations that have not yet been approved by the Financial Supervisory Commission:

- 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”

## **Success Prime Corporation**

### **Notes to the Parent Company Only Financial Statements**

- Amendments to IAS21“Lack of Exchangeability”

As of the date the parent company only financial statements were authorized for issue, except for IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts” is not relevant to the Company, the Company is evaluating the impact of its initial adoption of the remaining abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

#### **4. Summary of significant accounting policies**

The significant accounting policies presented in the parent company only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all the periods presented in the parent company only financial statements.

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(2) Basis of preparation

1) Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through other comprehensive income measured at fair value.

2) Functional and presentation currency

The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, and in which case, the exchange differences are also recognized directly in



**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and associates in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the NTD, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

**(4) 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.

- 1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is expected to be realized within twelve months after the reporting period; or
- 4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- 1) It is expected to be settled in the normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is due to be settled within twelve months after the reporting period; or
- 4) 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.

**(5) Cash and cash equivalents**

Cash comprises cash on hand, check deposits and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

(6) Financial instruments

Accounts receivable is 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 a trade 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. A trade receivable without a significant financing component is initially measured at the transaction price.<sup>1</sup> Financial assets

The Company classifies financial assets into the following categories: financial assets at amortized cost, investments in equity instruments at financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Only when the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.

1) Financial assets measured at amortized cost

If the company's financial assets meet both of the following conditions simultaneously, they are classified as financial assets measured at amortized cost:

- They are held within a certain business model where the objective is to hold the financial assets to collect contractual cash flows; 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.

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) Financial assets measured at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the company may make an irrevocable election to designate equity investments that are neither held for trading nor held for purposes of an associated business combination at fair value through other comprehensive income

Equity investments designated at fair value through OCI are measured at fair value, with subsequent fair value changes recognized in OCI and accumulated in other equity. Upon disposal of the investment, the cumulative gain or loss is transferred directly to retained earnings and not reclassified to profit or loss.

Dividends on equity investments designated at fair value through OCI are recognized in profit or loss when the company's right to receive payment is established, unless the dividends clearly represent a recovery of part of the

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

investment's cost.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events of the financial instruments within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events over the expected life of the financial instruments.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The portion of expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date are 12-month expected credit losses. Lifetime expected credit losses are the expected credit losses that arise if debtors default on their obligations at some time during the life of a financial instrument

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

A. Internal or external information shows that the debtor is unlikely to pay its creditors.

B. When a financial asset is overdue unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

4) De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

2. 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.

## **Success Prime Corporation**

### **Notes to the Parent Company Only Financial Statements**

#### **2) Equity instruments**

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.

#### **3) De-recognition of financial liabilities**

Financial liabilities are classified as measured at amortized cost or 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.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. On de-recognition 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.

#### **4) 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.

#### **(7) Investment in associates**

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

If the cost of acquisition exceeds the company's share of the identifiable net assets of the associate recognized at fair value less any impairment losses, the excess amount is recognized as goodwill. This goodwill is included in the carrying amount of the investment and is not amortized. If the company's share of the identifiable net assets of the associate recognized at fair value less any impairment losses exceeds the cost of acquisition, the excess amount is recognized in profit or loss for the period.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital

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surplus-changes in the Company's share of the equity of associates. If the Company's ownership interest is reduced due to the additional subscription of new shares of an associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When the Company determines impairment loss, the entire carrying amount of an investment in an associate is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

Profits and losses resulting from the transactions between the Company and associates are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to Company.

#### **(8) Investments 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, profit, other comprehensive income and equity in the parent company only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the parent company only financial statements. The changes in the parent's

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ownership interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(9) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(10) Intangible assets

1) Intangible assets acquired separately

Assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized using the straight-line method based on the following estimated useful lives: Technology license fees – the estimated life of the technology or the term of the technology transfer contract; software and system design costs – 3 years or contract period; patent and others – the economic life or contract period. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives are reported at cost less accumulated impairment losses.

2) De-recognition of intangible assets

On de-recognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

3) Amortization

Amortization is calculated based on the asset's cost minus estimated residual value and is recognized in profit or loss using the straight-line method over its estimated useful life of 3 years, starting from when the intangible asset is available for use.

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

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(11) Impairment of non-financial assets

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

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 cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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 first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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.

(12) Revenue recognition

After recognizing performance obligations in customer contracts, the company allocates the transaction price to each performance obligation and recognizes revenue when each obligation is satisfied. The company's revenue primarily comes from service revenue related to contracting teaching staff and course management services, which is recognized based on the proportion of services performed

(13) Government grants

The company is able to receive government grants without any attached conditions, it recognizes such grants as other income. However, government grants compensating the company for expenses or losses incurred are recognized systematically and in the same periods as the related expenses on a systematic basis.

(14) Employee benefits

1) Short-term employee benefits

Short-term employee benefits liabilities are measured at the undiscounted amount of expected payments for employee services rendered in exchange for those benefits.

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2) Defined contribution plans

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

(15) Income taxes

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

1) Current taxes

Current taxes comprise the expected tax payables or receivables on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using the statutory tax rate or the actual legislative tax rate at the reporting date. In accordance with the ROC Income Tax Act, an undistributed earnings from the companies located in the Republic of China is subject to an additional surtax. The surtax on un-appropriated earnings is expensed in the year the shareholders approved the distributions.

2) Deferred taxes

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax liabilities are recognized for temporary difference of future taxable income. Deferred tax assets are recognized for all 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 liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which a liability is settled or an asset is realized, based



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on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset only if the specific criteria are met.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**(16) Earnings per share**

Basic earnings per share are computed by dividing profit or loss of the period by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, profit or loss of the period and the weighted average number of common shares outstanding during the period are adjusted for the effects of dilutive potential common stock, assuming dilutive share equivalents had been issued. The effects of dilutive potential common stock include estimated employee compensation, employee stock options and convertible bonds.

**(17) Operating segments**

The Company has disclosed its operating segment information in the consolidated financial statements; hence, it needs not to be disclosed in the parent company only financial statements.

**5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty**

In preparing these parent company only financial statements in conformity with the Regulations, the management has made 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 following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

**(1) Judgment on whether there is substantive control over the investee company:**

The company holds 47.43% of the voting rights in XUEMI Co., Ltd. The remaining shares are concentrated among specific shareholders, and the company is unable to obtain a majority of seats on the board of directors of XUEMI Co., Ltd. It also does not hold the voting rights representing the majority of shares at shareholder meetings. Therefore, it is determined that the company does not have substantive control over XUEMI Co., Ltd.

**(2) Impairment of investments in subsidiaries:**

When there are indications of impairment suggesting that the investment in a subsidiary may have been impaired and the carrying amount may not be

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recoverable, the company promptly evaluates impairment related to the assets associated with that subsidiary from the perspective of the overall financial statements. The company's management evaluates the future cash flows of the cash-generating units to which the relevant assets belong, including assumptions such as sales growth rates and profit margins estimated by management. An appropriate discount rate is then determined for the calculation of present value to assess impairment.

**6. Description of significant accounts**

(1) Cash and cash equivalent

	December 31, 2023	December 31, 2022
Demand deposits	\$ 16,577	10,284

Please refer to note 6(16) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(2) Financial assets at amortized cost – current

	December 31, 2023	December 31, 2022
Time deposits (three months or longer)	\$ 69,010	-
Interest rate range	1.31%~1.33%	-
Maturity period	113.02~113.06	-

1) The company evaluates that the expected credit risk of the above financial assets is not high and that the credit risk has not increased since initial recognition.

2) The above financial assets are not secured by collateral. °

(3) Financial assets at fair value through other comprehensive income – non-current

	December 31, 2023	December 31, 2022
Domestic Unlisted shares	\$ 8,000	4,500

The company participated in the cash capital increase of Min Medical Co., Ltd. in May 2023 with a cash amount of \$3,500 thousand to enhance its competitive advantage in the online digital platform market for mental health. As a result, it acquired a 5.33% equity stake in Min Medical Co., Ltd.

The company holds these equity instrument investments as part of its long-term strategic investment and not for trading purposes. Therefore, they have been designated as measured at fair value through other comprehensive income. None of the above financial assets are secured by collateral.

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Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 1,437	790
Less: loss allowance	-	-
	<u>\$ 1,437</u>	<u>790</u>

As of January 1, 2022, the ending balance of accounts receivable, net was \$66 thousand.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of each debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Company's customer base.

The Company writes off an accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the accounts receivable are over two years past due, whichever occurs earlier. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's allowance matrix.

	December 31, 2023	
	Weighted average loss Rate (%)	Loss allowance
Current	<u>\$ 1,437</u>	<u>-</u>

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	December 31, 2022		
	Gross carrying amount	Weighted average loss Rate (%)	Loss allowance
Current	<u>\$ 790</u>	<u>-</u>	<u>-</u>

The Company assessed that there was no need to recognize impairment losses for accounts receivable for the year ended December 31, 2023, and 2022.

(4) Investments accounted for using the equity method

Summarizations of the Company investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 691,043	737,076
Associates	33,660	34,805
	<u>\$ 724,703</u>	<u>771,881</u>

1) Subsidiaries

Please refer to the consolidated financial statements for the year 2023 of the Republic of China.

2) The equity method investee of the Company is significant, and the relevant information is as follows:

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31, 2023	December 31, 2022
XUEMI Co., Ltd. (XUEMI)	Online learning platform	Taiwan	47.43	47.43

	December 31, 2023	December 31, 2022
The aggregated carrying amount of equity in significant associate	<u>\$ 33,660</u>	<u>34,805</u>
	<u>2023</u>	<u>2022</u>
The share of profit attributable to the Company from associate	<u>\$ 1,028</u>	<u>961</u>

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The aggregated financial information of XUEMI

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 26,697	20,899
Non-current assets	10,889	2,349
Current liabilities	(15,320)	(9,083)
Non-current liabilities	(363)	-
Net assets	<u>\$ 21,903</u>	<u>14,165</u>

	<b>For the years ended December 31, 2023</b>	<b>2022</b>
Operating revenue	<u>\$ 77,536</u>	<u>56,688</u>
Profit before income tax	\$ 12,320	5,092
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 12,320</u>	<u>5,092</u>

To expand the online learning and education market, the Group was approved by the Board of Directors on April 26, 2022, to purchase 156,000 common shares of Xuemi with \$13,000 thousand in cash, with a shareholding ratio of 18% recognized as financial assets at fair value through other comprehensive income. In addition, on December 1, 2022, 255 thousand shares of Xuemi's common stock were purchased with cash of \$21,000 thousand, with a shareholding ratio of 47.43%. The Group gets a significant influence on the company. The financial assets were classified as investments using the equity method based on the fair value of \$12,844 thousand on the day when the significant influence was obtained. The unrealized evaluation losses of \$156 thousand included in other comprehensive income were transferred to retained earnings.

3) Guarantee:

The equity method investments mentioned above are not provided as collateral.

4) Audited Equity Method Investments:

The share of profit or loss from equity method investments is calculated based on the audited financial reports.

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(5) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance as of December 31, 2023 (Balance as of January 1, 2023)	\$ 27,394	5,316	32,710
Balance as of December 31, 2022 (Balance as of January 1, 2022)	\$ 27,394	5,316	32,710
Accumulated depreciation:			
Balance as of January 1, 2023	\$ -	707	707
Depreciation	-	157	157
Balance as of December 31, 2023	\$ -	864	864
Balance as of January 1, 2022	\$ -	550	550
Depreciation	-	157	157
Balance as of December 31, 2022	\$ -	707	707
Book value:			
December 31, 2023	\$ 27,394	4,452	31,846
December 31, 2022	\$ 27,394	4,609	32,003
Fair value:			
December 31, 2023		\$ 40,080	
December 31, 2022		\$ 38,540	

The fair value of investment properties is measured by the Company's management using valuation models commonly used by market participants with Level 3 inputs. This valuation is based on market data similar to transaction prices for similar real estate, resulting in the fair value obtained from the valuation.

In June 2018, the Company purchased an office building in Hsinchu City for leasing purposes. Since July 2018, the property has been leased to its subsidiary, Chen Li Education. The future rental income receivable over the non-cancelable lease term is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Within one year	\$ 1,143	1,143
One to five years	1,714	2,857
	\$ 2,857	4,000

The rental income generated from investment properties in the years 2023 and 2022 of the Republic of China were NT\$1,174 thousand and NT\$1,172 thousand, respectively.

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The investment properties of the company are not provided as collateral.

(7) Accounts payable

	December 31, 2023	December 31, 2022
Payables for teacher hourly rates	\$ 17,449	17,256
Others	97	61
	<u>\$ 17,546</u>	<u>17,317</u>

(8) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payable	\$ 4,806	2,277
Payables for employee and director remuneration	5,206	3,988
Others	2,124	2,326
	<u>\$ 12,136</u>	<u>8,591</u>

(9) Employee benefits

The Company allocates 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 these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$315 a thousand and \$453 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Income tax

1) Income tax recognized in profit or loss:

	For the years ended December 31, 2023	2022
Current tax expense		
Income tax expense of un-appropriated earnings	\$ 413	-
Deferred tax expense		
Origination and reversal of temporary differences	6,422	5,939
	<u>\$ 6,835</u>	<u>5,939</u>

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Reconciliations of income tax expense and profit before income tax expense were as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u><u>\$ 110,479</u></u>	<u><u>84,643</u></u>
Income tax using the Company's domestic tax rate	\$ 22,096	16,929
Income tax expense of un-appropriated earnings	413	-
Permanent difference and others	<u>(15,674)</u>	<u>(10,990)</u>
Income tax expense	<u><u>\$ 6,835</u></u>	<u><u>5,939</u></u>

2) Deferred tax assets and liabilities

	<u>January 1, 2022</u>	<u>Recognized in profit or loss</u>	<u>December 31, 2022</u>	<u>Recognized in profit or loss</u>	<u>December 31, 2023</u>
Deferred tax assets:					
Deductible Loss	\$ 18,428	(5,944)	12,484	(6,422)	6,062
Others	13	5	18	-	18
	<u><u>\$ 18,441</u></u>	<u><u>(5,939)</u></u>	<u><u>12,502</u></u>	<u><u>(6,422)</u></u>	<u><u>6,080</u></u>
	<u>January 1, 2022</u>	<u>Recognized in profit or loss</u>	<u>December 31, 2022</u>	<u>Recognized in profit or loss</u>	<u>December 31, 2023</u>
Deferred tax liabilities:					
Others	<u><u>\$ 145</u></u>	<u><u>-</u></u>	<u><u>145</u></u>	<u><u>-</u></u>	<u><u>145</u></u>

In accordance with tax regulations, the Company may offset the current year's net profit with the accumulated losses from the previous ten fiscal years as determined by the tax authority, before reassessing income tax.

The accumulated losses as of December 31, 2023 of the Republic of China, which have not been deducted, and their deduction periods are as follows:

<u>Year</u>	<u>Final deductible period</u>	<u>Deductible amount</u>
2014(approved)	2024	\$ 5,524
2015(approved)	2025	24,784
		<u><u>\$ 30,308</u></u>

3) Examination and approval

The income tax returns of the Company had been examined and assessed by the tax authority through 2021.



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(11) Capital and Equity

1) Capital

As of December 31, 2023 and 2022 of the Republic of China, the authorized capital of the Company was both NT\$2,000,000 thousand, with a par value of NT\$10 per share. The registered paid-up capital for both years was NT\$191,004, thousand.

2) Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 287,079	287,079
Employee share options	2,591	2,591
Expired employee share options	4,292	4,292
	<u>\$ 293,962</u>	<u>293,962</u>

In accordance with the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned realized capital surplus included share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 % of the actual share capital amount.

On June 9, 2022 of the Republic of China, the Company resolved in the shareholders' meeting to distribute cash from the capital surplus for the fiscal year 110 of the Republic of China, distributing \$15,138 thousand in cash from the capital surplus, at NT\$0.80 per share. For further information, please refer to the Taiwan Stock Exchange's 'Public Information Observation Station'.

3) Retained earnings and dividend policy

According to the dividend distribution policy stipulated in the Company's articles of association, in the event of a surplus in the annual financial statements, taxes should first be paid, followed by the offsetting of accumulated losses, and then the allocation of 10% as legal reserve. However, if the accumulated legal reserve reaches the Company's paid-in capital, this requirement does not apply. The Company may also allocate or reverse special surplus reserves as required by operational needs, laws, or regulations of regulatory authorities. The remaining surplus, along with the accumulated undistributed earnings from the beginning of the period, after considering the Company's business needs, is proposed by the Board of Directors for the resolution of the shareholders' meeting for distribution. The dividend policy of the Company takes into consideration factors such as industry environment, operating conditions, future capital expenditure needs, and long-term financial planning. When distributing dividends from profits, the total amount of dividends distributed to shareholders should not be less than 10% of the adjusted profits for the year. The proportion of cash dividends distributed should not be less than 10% of the total dividends distributed for the year, with

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the remainder distributed in the form of stock dividends.

On June 9, 2022 of the Republic of China, the shareholders' meeting passed a resolution to amend the Company's articles of association in accordance with Articles 240 and 241 of the Company Law. The amendment authorizes the Board of Directors to distribute cash dividends and bonuses with the consent of two-thirds or more of the directors present and the majority of those present, and to distribute cash from the capital surplus or legal reserve in accordance with the Company Law, with a report to be made to the shareholders' meeting.

The shareholders' meeting on June 9, 2022 of the Republic of China passed a resolution to amend the Company's articles of association. It stipulates that when allocating to the special surplus reserve the net decrease in other equity items accumulated from previous periods and the net increase in fair value of investment properties, if the undistributed earnings from previous periods are insufficient to be allocated, the amount shall be allocated from the undistributed earnings of the current period, including items other than after-tax net profit and after-tax net profit. Prior to the amendment of the articles of association, the Company allocated based on undistributed earnings from previous periods.

If the Company generates profit for the year, the distribution of the legal reserve, either by new shares or by cash, shall be resolved in the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital. The Company's profit distribution plan is as follows:

	<b>For the years ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Resolution date of the Company's Board of Directors	March 14, 2023	March 9, 2022
Resolution date of the Company's Board of Shareholders	June 16, 2023	June 9, 2023
Cash dividends to shareholders	\$ 62,443	41,629
Cash dividends per share	3.30	2.20
Legal reserve	7,855	4,621
Special reserve	(5)	130

Information on the appropriations of earnings mentioned above is available at the Market Observation Post System website of the Taiwan Stock Exchange.

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The appropriation of 2023 earnings was as follows:

	<u>For the years ended December 31, 2023</u>
Resolution date of the Company's Board of Directors	March 8, 2024
Cash dividends to shareholders	\$ 88,558
Cash dividends per share	4.68
Legal reserve	10,364
Special reserve	142

The amount of legal reserve of 2023 will be submitted to the shareholders' meeting for approval on June 31, 2024. The relevant information will be available for inquiry on channels such as the Public Information Observation Station after the Company's related meeting resolutions.

4) Treasury shares

As of December 31, 2023 and 2022 of the Republic of China, the Company repurchased a total of 178 thousand treasury shares pursuant to Article 167-1 of the Company Act for the purpose of transferring the Company's shares to employees. The total cost was \$12,406 thousand.

5) Other equity (net of tax)

Exchange differences on translation of foreign financial statements

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (2,517)	(2,522)
Foreign exchange differences (net of tax)	(142)	5
Balance at December 31	<u>\$ (2,659)</u>	<u>(2,517)</u>

(12) Earnings per share

1) Basic earnings per share

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Net profit attributable to ordinary shareholders of the Company	\$ <u>103,644</u>	<u>78,704</u>
Weighted-average number of shares outstanding during the year (in thousands of shares)	<u>18,922</u>	<u>18,922</u>
Basic earnings per share (NTD)	<u>\$ 5.48</u>	<u>4.16</u>

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2) Diluted earnings per share

	For the years ended December 31,	
	2023	2022
Net profit attributable to ordinary shareholders of the Company	\$ 103,644	78,704
Weighted-average number of shares outstanding during the year (in thousands of shares)	18,922	18,922
Effect of dilutive potential ordinary shares		
Employee remuneration	66	64
	18,988	18,986
Diluted earnings per share (NTD)	\$ 5.46	4.15

(13) Operating revenue

1) Disaggregation of revenues from contracts with customers were as follows:

	For the years ended December 31,	
	2023	2022
Educational services	\$ 231,868	220,590
Rental income	1,174	1,172
	\$ 233,042	221,762

2) Contract liabilities balance

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities- Current	\$ 952	-	-

Please refer to Note 6(4) for disclosure on accounts receivable and their impairment.

The contract liabilities represent advance payments received from customers (tuition fees), which will be recognized as revenue when the services are provided. °

(14) Employees' compensation and remuneration of directors

The Company allocates employee and director remuneration at a ratio of not less than 3% and not more than 5% of the pre-tax profits before the distribution of employee and director remuneration for the current year. The Company's resolutions, as passed by the Board of Directors on March 8, 2024 and March 14, 2023 of the Republic of China, respectively, are as follows:

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Employees' compensation	<u>\$ 3,471</u>	<u>2,659</u>
Remuneration of directors	<u>\$ 1,735</u>	<u>1,329</u>

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2022.

Information on the employees' compensation and remuneration of directors of 2023 and 2022 resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(15) Non-operating income and expenses

1) Other income

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Management service revenue	<u>\$ 900</u>	<u>960</u>
Others	<u>52</u>	<u>26</u>
	<u>\$ 952</u>	<u>986</u>

2) Finance costs

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest on related-party loans	<u>\$ 87</u>	<u>153</u>
Interest on bank loans	<u>-</u>	<u>49</u>
Others	<u>3</u>	<u>2</u>
	<u>\$ 90</u>	<u>204</u>

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

(16) Financial instruments

1) Categories of financial instruments

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets		
Financial assets at amortized cost (Note 1)	\$ 109,860	33,647
Financial assets at FVTOCI	8,000	4,500
	<b><u>\$ 117,860</u></b>	<b><u>38,147</u></b>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	<b><u>\$ 29,974</u></b>	<b><u>46,207</u></b>

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, accounts receivable (including related parties) and refundable deposits

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable (including related parties), other payables (including related parties) and guarantee deposits received.

2) Financial risk management objectives and policies

The Company primarily manages its exposure to interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The Company's plans for material treasury activities must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties and reviewed in accordance with procedures required by relevant regulations or internal controls.

3) Market risk

The Company's activities were exposed primarily to the financial risks of interest rates.

A. Interest rate risk

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If interest rates had been 0.1% higher and all other variables were held constant, the Company's net profit before income tax for the years of 2023 and 2022 would have increased by \$86 thousand and \$10 thousand, respectively. Due to the impact of variable interest rate cash and cash equivalents and financial assets at amortized cost.

## Success Prime Corporation

### Notes to the Parent Company Only Financial Statements

#### B. Other price risk

The Company incurred price volatility due to its investments in domestic unlisted stocks °

The sensitivity analysis below was determined based on the Company's exposure to equity price risks at the end of the reporting date.

If equity prices had been 10% higher or lower, the other comprehensive income before income tax for the years of 2023 and 2022 would have increased or decreased by \$800 thousand and \$450 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

#### 4) Concentration of credit risk

##### A. Cash and cash equivalents

The Company's cash and cash equivalents are deposited with different financial institutions. The Company controls the credit risk exposure to each financial institution and believes that the Company's cash and cash equivalents do not pose a risk of a significant concentration of credit risk.

##### B. Receivables and debt securities

Please refer to note 6(4) for details on the credit risk exposure of accounts receivable. Please refer to note 6(2) for financial assets at amortized cost .Please refer to notes 6(3) for financial assets at fair value through other comprehensive income.

The financial assets mentioned above were with lower credit risk, so a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events of the financial instruments within 12 months after the reporting date.

#### 5) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Cash flow of contract	Within 1 year	1-5 years	Over 5 years
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 29,974	(29,974)	(29,774)	(200)	-
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 46,207	(46,207)	(46,007)	(200)	-

# Success Prime Corporation

## Notes to the Parent Company Only Financial Statements

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

### 6) Fair value of financial instruments

#### A. Fair value measurements recognized in the balance sheets

Fair value measurements are grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### B. Fair value of financial instruments measured at fair value on a recurring basis

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	\$ -	-	8,000	8,000

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	\$ -	-	4,500	4,500

C. There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

D. Details of changes in level 3 assets—Equity instruments without quoted market prices (recognized at Financial assets at fair value through other comprehensive income) are as follows:

	For the years ended December 31,	
	2023	2022
Opening balance	\$ 4,500	4,500
Additions during the period	3,500	13,000
Investments accounted for using the equity method	-	(13,000)
Closing balance	\$ 8,000	4,500



**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

**E. Quantitative Information about Significant Unobservable Inputs (Level 3) in Fair Value Measurement**

The Company's fair value measurements classified as Level 3 are equity securities investments measured at fair value through other comprehensive income.

The Company's Level 3 investments in unquoted equity instruments have multiple significant unobservable inputs. These inputs for unquoted equity instruments are independent of each other and therefore do not have interdependencies.

Valuation techniques and inputs for Level 3 fair value measurements:

<b>Financial Instrument</b>	
<b>Category</b>	<b>Techniques and Inputs</b>
Unlisted Equity Investments	Market Approach: Referring to recent operational activities of the investee or market conditions of similar entities to assess the fair value of the investee.

**(17) Capital management**

The capital structure of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity (comprising share capital, capital surplus, retained earnings and other equities).

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

Debt-to-equity ratios were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 31,810	46,676
Total equity	849,312	808,253
Debt-to-adjusted-capital ratio (%)	4	6

As of December 31, 2023, there is no change in the method of capital management of the Company.

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

- (18) Investing and financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>December 31, 2023</b>
Accounts payable to related parties	\$ 20,000	(20,000)	-

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>December 31, 2022</b>
Short-term borrowings	\$ 10,000	(10,000)	-
Accounts payable to related parties	-	20,000	20,000
Total liabilities from financing activities	\$ 10,000	10,000	20,000

**7. Related-party transactions**

- (1) Names and relationship with related parties

The followings are subsidiaries and related parties that have had transactions with the Company during the periods covered in the parent company only financial statements:

<b>Name of related party</b>	<b>Relationship with the Company</b>
Min-Chun Chen	Spouse of the Chairman of the Board of Directors of the Company (from January 1, 111 to June 9, 2022)
SLUDE Strategy Co., Ltd	Its chairman is the same person as the director of the company
Chen Li Education	Subsidiary
Here Enterprise	Subsidiary
Chen Li ELM	Subsidiary
Li-Ren Education	Subsidiary
Chenli Zhiyi	Formerly a subsidiary of the Company, but has been liquidated and concluded in May 2022

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

(2) Significant transactions with related parties

1) Operating revenues

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

<b>Accounting Items</b>	<b>Related Party Category / Name</b>	<b>For the years ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
Service Revenue	Subsidiary - Chen Li Education	\$ 224,092	214,496
Rental Income	Subsidiary - Chen Li Education	1,146	1,144
		<b>\$ 225,238</b>	<b>215,640</b>

The company provides services and rental income to related parties, and the payment terms and transaction prices are not significantly different from those with unrelated parties.

The investment properties of the company as of December 31, 2023 and December 31, 2022, were leased to its subsidiary Chen Li Education. The rental income is based on market rental rates, and a security deposit of \$200 thousand is collected.

2) Operating Cost

<b>Related Party Category / Name</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Subsidiary - Li-Ren Education	\$ 1,077	1,160
Management - Min-Chun Chen	837	260
	<b>\$ 1,914</b>	<b>1,420</b>

The company's operating costs related to related parties primarily consist of instructor hourly fees, and the payment terms and transaction prices do not significantly differ from those with other vendors.

3) Accounts receivable from related parties, net

<b>Related Party Category / Name</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>\$ 22,830</b>	<b>22,573</b>
Subsidiary - Chen Li Education		

The receivables between related parties are not collateralized. After evaluation, the company does not need to make provisions for expected credit losses.

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

4) Accounts payable to related parties

<b>Accounting Items</b>	<b>Related Party Category / Name</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts payable to related parties	Subsidiary - Li-Ren Education	\$ 41	46
	Management - Min-Chun Chen	51	53
		<u>\$ 92</u>	<u>99</u>

5) Other transactions

<b>Accounting Items</b>	<b>Related Party Category / Name</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Prepaid labor fees (Other current assets)	Other related parties	<u>\$ 100</u>	<u>100</u>

<b>Accounting Items</b>	<b>Related Party Category / Name</b>	<b>For the years ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
Operating expenses	Other related parties	<u>\$ 300</u>	<u>200</u>
Finance costs	Subsidiary - Chen Li Education	<u>\$ 90</u>	<u>155</u>
Non-operating income	Subsidiary - Chen Li ELM	<u>\$ 900</u>	<u>960</u>

In the fiscal years 2023 and 2022 of the Republic of China, dividends received from related parties amounted to \$68,401 thousand and \$25,869 thousand , respectively (recorded as deductions from equity method investments). As of December 31 ,2023 these amounts have been fully collected.

In the fiscal year 2023 of the Republic of China, related parties conducted a cash reduction of capital and refunded \$57,000 thousand to the company. As of December 31 of the fiscal year 2023, this amount has been fully received.

6) Endorsement Guarantee

The situation of endorsement guarantees by related parties for the company is as follows:

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

<u>Related Party Category / Name</u>	<u>For the years ended December 31,</u>			
	<u>2023</u>		<u>2022</u>	
	<u>The year-end balance</u>	<u>Actual amount disbursed.</u>	<u>The year-end balance</u>	<u>Actual amount disbursed.</u>
Subsidiary - Chen Li Education	<u>\$ 200,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>

7) Loan to Related Parties

The actual disbursement of funds lent to related parties by the company is as follows:

<u>Related Party Category / Name</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>The year-end balance</u>	<u>The year-end balance</u>
Subsidiary - Chen Li Education	<u>\$ -</u>	<u>20,000</u>

The interest expenses incurred by the company from loans to related parties for the years ended 2023 and 2022 were \$87 thousand and \$153 thousand, respectively. As of December 31, 2023 and 2022, the aforementioned interest expenses have been fully paid.

(3) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Short-term employee benefits	8,196	4,825
Post-employment benefits	-	42
	<u>\$ 8,196</u>	<u>4,867</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

8. Pledged assets: None

9. Commitments and contingencies: None

10. Losses due to major disasters: None

11. Subsequent events: None

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

**12. Other**

A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By item	For the year ended December 31,					
	2023			2022		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
<b>By function</b>						
Employee benefits						
Salary	-	15,884	15,884	-	12,232	12,232
Labor and health insurance	-	1,927	1,927	-	2,011	2,011
Pension	-	315	315	-	453	453
Remuneration of directors	-	2,685	2,685	-	2,473	2,473
Other	-	453	453	-	552	552
Depreciation	157	-	157	157	-	157
Amortization	-	135	135	-	44	44

The additional information regarding the number of employees and employee benefits expenses for the company is as follows:

	For the year ended December 31,	
	2023	2022
Number of employees	15	18
Number of directors who were not employees	8	7
Average employee benefit costs	\$ 2,654	1,386
Average employee salary expenses	\$ 2,269	1,112
Adjustment of average employee salary expenses	104.05%	
Supervisor's Remuneration (Note)	\$ -	-

Note: The Company has established an Audit Committee to replace the supervisory board system.

Remuneration policies for employee were as follows:

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

- (1) Employee compensation mainly consists of basic salary, meal allowances, attendance bonuses, performance bonuses, individual performance annual adjustments, and year-end bonuses, etc. Based on the overall economic environment of the company in the current year, operating profit, employee performance evaluations, and incentives for long-term employee development, while also considering factors such as the average market conditions in the industry and the correlation with future risks, reasonable compensation is provided for the respective positions.
- (2) The compensation policy for executives is determined based on the company's operational strategy, profitability, performance, contributions to duties, and consideration of future risks. It undergoes review by the Compensation Committee and is then submitted for approval by the Board of Directors.
- (3) The compensation policy for executives is determined based on the company's operational strategy, profitability, performance, contributions to duties, and consideration of future risks. It undergoes review by the Compensation Committee and is then submitted for approval by the Board of Directors.

**13. Addition disclosures**

- (1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

  - 1) Loans to other parties: Please refer to Table 1.
  - 2) Guarantees and endorsements for other parties: Please refer to Table 2.
  - 3) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
  - 4) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
  - 5) Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
  - 6) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
  - 7) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock :Please refer to Table 4.
  - 8) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
  - 9) Trading in derivative instruments: None.

**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 5.
- (3) Information on investment in Mainland China:
- 1) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 6.
  - 2) Limitation on investment in Mainland China: Please refer to Table 6.
  - 3) Significant transactions: None.
- (四) Major shareholders:

(in units of shares)

<b>Name of Major Shareholder</b>	<b>Shares</b>	<b>Number of Shares</b>	<b>Percentage of Ownership (%)</b>
Far East International Commercial Bank entrusted custody of Bash Consulting Co., Ltd. Investment Special Account		1,890,039	9.89%
Far East International Commercial Bank entrusted custody of Endow Capital Management Co., Ltd. Investment Special Account		1,890,039	9.89%
Witty Sino Holdings Co., Ltd.		1,737,020	9.09%
Shu-Ling Tseng		1,441,728	7.54%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of differences in the basis of preparation.

Note 2: If the aforementioned data contains shares which are held in trust by the shareholders, the data is disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance



**Success Prime Corporation**  
**Notes to the Parent Company Only Financial Statements**

with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on the reported share equity of insider, please refer to the Market Observation Post System

**14. Segment information**

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

**Success Prime Corporation**  
**Financing provided to others**  
**For the year ended December 31, 2023**

Table 1

(Amounts in Thousands)

No. (Note 1)	Lender	Borrower	Financial Statemented Account	Related Party	Highest Balance for the Period	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss Amount	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 4)
													Item Value	Item Value		
1	Chen Li Education	The Company	Other receivables	Yes	20,000	-	-	2.0%	2	-	Business turnover	-	-	-	70,728	70,728

Note 1: The numbering column is described as follows:

(1) Issuer fills in 0.

(2) Companies as investee are numbered sequentially starting from 1.

Note 2: Explanation of fund lending:

(1) Please enter 1 if there is business transactions involved

(2) Please enter 2 if there is a need for short-term financing.

Note 3: The total amount of capital loans of the company and the limits of individual objects are as follows:

(1) The total amount of funds loaned by the company to others shall not exceed 40% of the net value of the company's most recent financial statements.

(2) The total limit of the company's short-term financial loans and others shall not exceed 30% of the company's most recent net value of financial statements.

(3) The loan amount of individual target funds shall not exceed 10% of the net value of the company's most recent financial statements.

The total amount of Chen Li Education's fund loan and the limits of individual objects are as follows:

(1) The total amount of Chen Li Education's funds loaned to others shall not exceed 40% of the net value of Chen Li Education's latest financial statements.

(2) The loan amount of individual target funds shall not exceed 10% of the net value of Chen Li Education's latest financial statements.

(3) For companies that directly and indirectly hold 50% of the voting rights of Chen Li Education, the number of funds loaned to individual objects shall not exceed 40% of the net value of Chen Li Education's latest financial statement.

(4) The net value is mainly based on the latest financial statement (2023) of Chen Li Education audited by an accountant.

Note 4: The approved but not yet matured borrowing limit authorized by the board of directors.

**Success Prime Corporation**  
**Endorsements/guarantees provided**  
**For the year ended December 31, 2023**

Table 2

(Amounts in Thousands)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3,4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
1	Chen Li Education	The Company	3	530,462	300,000	200,000	-	-	113.11%	530,462	N	Y	N

Note 1: The numbering column is described as follows:

(1) Issuer fills in 0.

(2) Companies as investee are numbered sequentially starting from 1.

Note 2: The relationship between the endorser and guarantor has the following 7 types, just indicate the type:

(1) A company with business dealings °

(2) A company that directly and indirectly holds more than 50% of the voting shares.

(3) Companies that directly and indirectly hold more than 50% of the voting shares of the company.

(4) Inter-company companies where the company directly and indirectly holds more than 90% of the voting shares.

(5) A company that is mutually insured according to the contract between inter-industries or co-founders based on the needs of the contracted project.

(6) A company whose endorsement is guaranteed by all capital shareholders according to their shareholding ratio due to a joint investment relationship.

(7) The inter-industry is engaged in the performance guarantee and joint guarantee of the pre-sale house sales contract regulated by the Consumer Protection Law.

Note 3: The limit amount of the foreign endorsement guarantees of Chen Li Education Co., Ltd. are as follows:

(1) For companies that directly and indirectly hold more than 50% of the voting rights of Chen Li Education, the total amount of endorsement guarantees and endorsement guarantees provided by Chen Li Education to a single object is based on the latest financial statements of Chen Li Education that have been audited or reviewed by accountants 300% of net worth is limited.

(2) The net value is mainly based on the latest financial statement (2023) of Chen Li Education audited by an accountant.

# Success Prime Corporation

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

December 31, 2023

Table 3

(Shares in Thousands / Amounts in Thousands)

Name of Holder	Type and Name of Marketable Securities	Relationship with Company	Account Title	Ending Balance			Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value
The Company	<u>Taiwan non-listed stocks</u> Accuagile Co., Ltd	-	Financial assets at fair value through other comprehensive income — non-current	1,500	4,500	15	4,500
The Company	Min Medical Co., Ltd	-	Same as above	4,667	3,500	5	3,500

# Success Prime Corporation

## Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock For the year ended December 31, 2023

Table 4

(Amounts in Thousands)

Company Name	Types of Property	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sales	Amount	Percentage of Total Purchases/Sales (%)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable) (%)	
The Company	Chen Li Education	Subsidiary	Sales	(224,092)	(96)	Net 30 days after monthly closing	Note	None	22,830	94	-

Note: There are no other similar transactions available for comparison; the payment terms are agreed upon by both parties.

**Success Prime Corporation**  
**Information on Investees (Excluding Information on Investees in Mainland China)**

**For the year ended December 31, 2023**

Table 5

(Amount in Thousands))

Investor Company	Investee Company	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	Percentage of Ownership(%)			
The Company	Chen Li Education	Taiwan	Education services	638,370	711,370	6,000	100.00	660,579	67,648	Note 2
The Company	Here Enterprise	Taiwan	Education services	13,900	13,900	1,000	100.00	8,754	1,748	-
The Company	Chen Li ELM	Taiwan	Education services	4,900	9,900	1,000	100.00	17,605	6,989	Note 3
The Company	Li-Ren Education	Taiwan	Education services	3,000	3,000	300	60.00	4,105	1,586	-
The Company	XUEMI	Taiwan	Online learning platform	34,000	34,000	411	47.43	33,660	1,028	Note 4
Chen Li Education	CHEN LI Education Group Limited (CHEN LI)	British Virgin Islands	Holding Company	-	40,543 (USD1,292)	-	-	-	Note 1	-
Chen Li Education	PT GXI Digital Edtech	Indonesia	Education services	5,000 (USD160)	-	6,000	60.00	3,272	(1,978)	-
CHEN LI	CHEN LI Education Group (HK) Limited	Hong Kong	Holding Company	-	30,059 (USD952)	-	100.00	-	Note 1	-

Note 1: The share of profits/losses of the investee company is not disclosed herein as such amount is already included in the share of profits/losses of the investor company.

Note 2: Chen Li Education designated March 11, 2023 as the ex-dividend date distributing a cash dividend of \$21,000 thousands from capital surplus. Additionally, on March 20, 2023, it designated the reduction of capital date, refunding \$52,000 thousands in cash capital reduction. The Company respectively retrieved the initial investment amounts of the aforementioned capital surplus cash dividends and capital refund on March 13 and April 12, 2023.

Note 3: Chen Li ELM designated March 20, 2023 as the reduction of capital date, refunding \$5,000 thousands in cash capital reduction. The Company has already retrieved the related investment capital on April 12, 2023.

Note 4: Including the recognition of investment gains and losses on XUEMI, as well as the amortization of intangible assets.

**Success Prime Corporation**  
**Information on Investment in Mainland China**  
**For the year ended December 31, 2023**

Table 6

(Amounts in Thousands)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Investment Income (Losses)	Book Value	Accumulated Remittance of Earnings in as of December 31, 2023	Note
					Outflow	Inflow							
CHENLI (CHONGQING) Culture Communication Co., Ltd. (Original Chen Li (Xiamen) Education Consulting Co., Ltd. (Chen Li (Xiamen)))	Cultural dissemination	28,516	Invest through Chen Li Education	28,516	-	-	28,516	-	100.00	(1)	7	-	-

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 2)
28,516	28,516	106,092

Note 1: In accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008, the limitation on investment in Mainland China shall not exceed 60% of the Company's net worth.

Note 2: The financial statements are audited by the auditor of the parent company in accordance with the significant criteria of the group's composition.

**Success Prime Corporation**

**Chairman  
Shu-Ling Tseng**