REPON

Stock Code：6584

NAN JUEN INTERNATIONAL CO., LTD.

2023 Annual Report

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Market Observation Post System： http://mops.twse.com.tw

1. Company Spokesperson and Deputy Spokesperson:

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Company Address and Phone Number:

Head Office: 6th Floor, No. 202 Xingfu Road, Taoyuan District, Taoyuan City
Taoyuan Plant Address: No. 3, Wenhua Lane, Shanying Road, Guishan District, Taoyuan City
Phone: (03) 364-2777
Yunke Plant 1 Address: No. 40, Kegong 7th Road, Douliu City, Yunlin County
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2. Stock Transfer Agency:

Name: KGI Securities Co., Ltd. Stock Transfer Agency Department
Address: 5th Floor, No. 2, Section 1, Chongqing South Road, Zhongzheng District, Taipei City
Website: http://www.KGIeWorld.com.tw
Phone: (02) 2389-2999

3. Most Recent Financial Report Certifying Accountants and Firm:

Accountants: Lin Hengsheng, Xu Mingfang
Firm Name: KPMG
Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City (Taipei 101 Building)
Website: http://www.kpmg.com.tw
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4. Trading Venue for Overseas Listed Securities: None.

5. Company Website: http://www.repon.com.tw

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1. Letter to Shareholders

Looking back to last year, in 2023, due to the impact of end customers' continued destocking and the slowdown of capital expenditures by large US-based cloud service providers (CSPs), resulting in a decrease in consolidated operating revenue and operating income compared to the previous year, plus the devaluation of the US dollar resulted in net income of NT$8.33 million.

Global inflation is expected to slow gradually this year. The overall US economy remains strong and resilient, with the rate-cutting cycle boosting private investment and consumer momentum. The destocking process among customers is expected to be completed, and favorable factors such as the gradual recovery of the CSP industry, the surge in demand for AI servers, and others will contribute to the expansion of our company's business size.

In recent years, the Company has continued to develop a variety of new products for server slides, with some of the new production lines being mass-produced to boost revenue. Product portfolio optimization helps to increase the overall average selling price (ASP), and the economics of production scale and automation production efficiency improve as well. This will help to reduce product manufacturing costs, and the overall product gross profit margin is expected to increase.

The Company is committed to the management philosophies of "Touching Management," "Happy Business," and "Putting people first for the better." The Company's operating principles are integrity, integrity, and innovation in order to create the most balanced value for society, employees, customers, and shareholders. we also devote to sustainable manufacturing measures that contribute to circulatory use of resources on earth. I would like to express my sincere gratitude to all customers, suppliers, shareholders, and all colleagues for their long-term support and care. Thank you!

I. 2023 Business results

(I) Business plan implementation results:

Unit: NTD

	The Company		The Company and consolidated subsidiaries	
	2023	2022	2023	2022
Sales revenue	1,202,636	1,885,928	1,324,276	1,998,723
Cost of goods sold	992,123	1,537,443	1,085,424	1,636,480
Gross profit	210,513	348,485	238,852	362,243
Operating expenses	205,890	252,704	229,360	277,396
Net operating profit	5,499	94,308	9,492	84,847
Non-operating income (expenses)	(3,559)	78,089	(4,771)	87,550
Net gains (losses) before tax	1,940	172,397	4,721	172,397
Income tax expenditure (interest)	(6,388)	41,740	(3,607)	41,740
Net income (loss)	8,328	130,657	8,328	130,657

(II) Budget implementation: The Company's budget is only used for internal performance management and is not disclosed to the public.

(III) Analysis of financial income, expenditure and profitability

	Analysis Items	2023	2022
Financial structure	Liabilities to assets ratio (%)	44.98%	55.28%
	Long-term capital to property, plant and equipment (%)	109.46%	109.28%
Solvency	Current ratio (%)	117.25%	124.88%
	Quick ratio (%)	85.32%	86.67%
	Times interest earned (times)	1.19	8.12
Profitability	Return on assets (%)	0.79%	4.13%
	Return on equity (%)	0.48%	9.07%
	Net profit margin (%)	0.63%	6.54%
	Earnings per share (NT$)	0.13	2.26

(IV) Research and development

The Company's R&D expenses in 2023 and 2022 were NT$41,833 thousand and NT$40,525 thousand, respectively, accounting for 3.16% and 2.03% of operating revenues, respectively. This is mainly due to the continuous development of a variety of heavy-duty thin steel balls by the Company for large-scale data center customers type server slides and thin friction server slides, a new generation of hidden high-end cabinet slides, low-profile three-section buffer slides, and a variety of high-load functional slides.

II. Summary of the 2024 business plan

(I) Business policy

1. Development of high-value products
2. Smart and lean production
3. Digital cost control
4. Intensive research and innovation, technology rooted
5. ESG Sustainability Management Philosophy

(II) Expected sales volume and basis

The United States' overall economy is expected to grow moderately in 2024 as a result of the Federal Reserve's interest rate cuts. Furthermore, as corporate destocking policies near completion, the manufacturing sector's business cycle will be revived, driving demand for a variety of consumer durable goods including building materials, furniture, hardware tools, and household appliances. This trend is expected to help recover demand for ball bearing slides in North America.

According to DIGITIMES Research, with the recovery of general-purpose server shipments, the full year server shipments in 2024 are expected to grow by 3.8%, reaching 15 million units; The global shipments of AI servers are 1.67 million units, with an annual growth rate of 38.7%. However, the growth rate of global machine shipments in 2024 is only 2~3%. The Company expects that with the end of cloud service providers (CSPs) general-purpose servers inventory destocking, high-volume shipments of new platform servers, and the mass production and shipment of several new AI server slides products, these will help increase overall sales average unit price (ASP), optimize product portfolio, and expand global market share in 2024.

Considering the business development strategies of each product, the estimated customer order feedback, the estimated schedule of new product mass production, and the capacity supply status, the Company estimated that the average unit price and sales volume of the products in 2024 will grow significantly compared to the same period of last year.

(III) Important production and marketing policies

1. Production policy

(1) To strengthen the coordination mechanism between production and sales to achieve the economies of scale in production.

(2) Implement the level and stable production, supplemented by digital management, and plan to introduce digital transformation.

(3) Implement lean production management to reduce manufacturing costs and speed up the production process.

(4) Strengthen new product development and production capabilities, provide customized R&D services, and increase customer dependence.

(5) Strengthen the vertical integration capabilities of institutional R&D, mold development, and machine design to shorten the time of mass production to meet customer needs.

(6) Expand the patent layout and increase the technical content of products to construct competition barriers in the industry.

2. Marketing policy

(1) Server slides products: The Company is actively pursuing a number of new product development projects, such as universal server slide and AI server slide that are delivered to several large server customers, in order to optimize the product mix and improve product profitability.

(2) Home appliance DIN slide products: Increase the sales penetration of existing large international home appliance brand customers, and strive to enter the supply chain of other home appliance brand big manufacturers.

(3) Office furniture slide products: Execute a number of new functional product sales strategies to increase product added value and create product differentiation.

(4) Home and cabinet slide products: Promoting the mass production plan for the new generation of hidden slide products, strengthening the cost performance ratio of products, and optimizing the brand value.

(5) Tool cabinet slide products: With the advantages of customized service and innovative development, we can meet customer needs for a long time, while increasing the sales proportion of high value-added products to avoid the red sea competition of low-end products.

III. Future development strategies of the Company

(I) Short-term development strategy

1. With the mass production and shipment of friction ball bearing slides for data center servers, the Company's development, design, and production capabilities of various high-load thin steel ball slides and thin friction slides are becoming more and more mature. The large US Cloud Service Providers (CSPs) plan to expand or replace data centers and collaborate on the development of next-generation server products at the early design stage to provide highly customized services to meet customers' special specifications. This will help to deepen the company's institutional development capabilities and gradually complete various product specifications, thereby greatly shortening the development and design process, and quickly responding to customer needs. In addition, with the spillover effects from the mass production of new server slides for large data center customers in the United States, the Company will strive to participate in new product development plans for other large data center customers and international server brand customers

in order to optimize product sales portfolios.
2. Continue to develop various functional products such as high-end concealed cabinet slides and heavy-duty slides to increase the proportion of high value-added products in the sales portfolio and increase the overall average selling price of products.
3. Actively invest R&D resources to strengthen the ability and speed of R&D design and mechanism development to quickly meet customization needs and increase customer dependence.
4. Integrate some product specifications to simplify the manufacturing process and improve production efficiency, continue to promote equipment automation and start the digital transformation plan, increase the output value of each plant to reduce the unit manufacturing cost amortization, and optimize costs to accelerate the recovery of capital expenditures.
5. Strengthen the marketing function of the subsidiaries in the US, provide local real-time services, and strengthen customer relationship management, in order to expand the business scale in the North American market.
6. Implement the quality control plan, establish a quality brand image, and increase market share.

(II) Long-term development strategy
1. Continue to promote the development strategy of high value-added products to avoid the red sea competition of low-end products and reduce the risk of global operation.
2. Establish an R&D center, train key talents, build design and development capabilities, and lay the cornerstone of the Company's long-term development.
3. Introduce the digital transformation plan, plan the establishment of an intelligent production model, and implement lean production.
4. Build an international brand image, establish a distribution network in major markets around the world, increase market penetration, and diversify market risks.
5. Expand into the development and manufacturing of other functional hardware products and use existing sales channels and brand advantages to provide comprehensive solutions for products and increase customers' willingness to purchase.
6. Seek cross-industry strategic alliances and combine existing advantages in other industries to enhance the Company's long-term competitiveness.

IV. Impacts from the external competitive environment, regulatory environment, and overall business environment

With the general improvement of people's living standards, the application of slide products has become increasingly widespread in recent years, and the penetration level in various application industries has gradually increased, which helps the long-term market demand. Additionally, slides are a technology-intensive and R&D-intensive industry. Precision manufacturing technology, vertically integrated manufacturing processes, patent thresholds, and brand recognition are the core competitiveness of the industry's development, contributing to a significant industry threshold and relatively low market competition. However, the competition in the low-end standard product market in China has been fierce in recent years. The Company continues to invest in R&D resources, increase the proportion of various functional products, enhance product added value, and optimize customized services to differentiate in the market.

Facing the continued deterioration of technology and trade competition between China and the United States, the global trend of reshaping supply chains, ongoing geopolitical conflicts such as the unresolved Russia-Ukraine war and the resurgence of conflict in the Middle East, port congestion in maritime shipping, extreme weather events, and other uncertain factors in the overall operating environment. Additionally, with inflation showing no significant signs of easing, the Federal Reserve's interest rate adjustment remains uncertain, impacting financial market interest rates and exchange rate fluctuations. The Company closely monitors the overall economic development and domestic and foreign policy trends in major markets worldwide, responding to changes in market conditions to strengthen risk management capabilities.

The company constantly monitors the technological changes and developments in the relevant industries, keeping abreast of the dynamic trends in the application industries of various products. We continue to invest in research and development resources to meet the timelines for customer's new product development and complete the mass production process, complemented by equipment automation and implementation of data management mechanisms. Simultaneously, we apply for patents for various design and development achievements to raise industry entry barriers and enhance the company's long-term competitiveness.

Finally, we wish all shareholders

Healthy, Joyful and All the Best

NAN JUEN INTERNATIONAL CO., LTD.

Chairman: Chin-Lan Lee

2. Company Profile

I. Date of establishment: June 19, 1984

II. Company history:

1977 The founder of Nan Juen started a small sheet metal workshop.

1983 Started to produce ball bearing slides.

1984 The Company was formally established in Xinzhuang City, Taipei County, formerly known as NAN JUEN INDUSTRIAL CO., LTD.

1989 REPON INDUSTRIAL CO., LTD was established in Beigang Town, Yunlin County, specializing in the manufacture of bearing slide.
Created the green Repon brand to market worldwide.

1991 Launched under the locomotive brand . The trademark is sold in China and Southeast Asia, and the locomotive has become a byword for high-quality ball bearing slide in these markets.

1992 Commencement of the Company's R&D of dedicated production equipment and molds.

1996 Passed the ISO9002 certification.

2000 NAN JUEN INDUSTRIAL CO., LTD. changed its name to NAN JUEN INTERNATIONAL CO., LTD. and expanded production capacity and moved to Yingge Township, Taipei County.

2001 Passed QS9000 quality system certification.

2002 Established Suzhou Repon Industrial Co., Ltd. as an important OEM partner of the Company.

2003 Founded in Yingge Township, Taipei County, Repon Technology Co., Ltd. specializes in "home appliances," "industrial special applications," "servers," and other product applications.
Began to implement 6S management to increase production capacity and create a comfortable and orderly work environment for employees.

2005 Passed the IISO9001:2000 certification.

2008 Renewed CIS to reshape and enhance the brand imagine for global marketing.
Passed the QC080000 Hazardous Substance Management System certification.

2009 Passed the ISO14001 environmental management standard.

Passed the proposal of "Information Application Guidance for the Value Chain System" of Industrial Development Bureau, Ministry of Economic Affairs.
Won the 12th Rising Star Award of the Ministry of Economic Affairs

2010	NAN JUEN INTERNATIONAL CO., LTD. merged with REPON INDUSTRIAL CO., LTD. and Repon Technology Co., Ltd. REPON INDUSTRIAL CO., LTD. and Repon Technology Co., Ltd. were dissolved, while NAN JUEN INTERNATIONAL CO., LTD. remained as the surviving company. The merged company has a paid-in capital of NT$140 million. Won the 6th national HRD innovation prize - group section. Passed the ISO9001:2008 certification.
2011	Won the 19th Taiwan Excellence with A5808 drawer frame with LED lighting. NT$60 million of new shares were issued for capitalization of capital reserve from additional paid-in capital, and then the paid-in capital amounted to NT$200 million.
2012	Douliu Plant started mass production. The ground-breaking ceremony for the construction of Yunke Plant was held. Established the "Joint Laboratory for Precision Ball Bearing Slide Roll Forming Technology Development" with the Kaohsiung University of Applied Sciences.
2013	Won the 21st Taiwan excellence awards with Concealed slides for wooden drawer + LED lighting and SB tool-less – super thin server slides
2014	Approved for consultancy from branding Taiwan campaign the 2nd phase. Won the 22nd Taiwan excellence with the 6th generation of soft close with press-release. The Chairperson Chin-Lan Lee was awarded with 16th top 10 excellent Entrepreneurs by OEMA. Increased capital by surplus and issued new shares for NT$200 million; the paid-in capital amounted to NT$400 million after the capital increase.
2015	Won the 23rd Taiwan excellence with Double Wall System for Wardrobe. Qualified for the 3rd Mittlestand Potential Enterprise. Signed an "Employment-learning Industry-Academia Cooperation" contract with Chung Yuan Christian University to **cultivate** long-term talents.
2016	Conducted capital increase from earnings for NT$80 million and issuance of new shares for NT$40 million. The paid-in capital became NT$520 million after the capital increase. Established Suzhou Nan Juen Trade Co., Ltd. to market and distribute in mainland China. The Company's shares were listed on the Emerging Stock Exchange on August 1, 2016. Elect independent directors and set up an audit committee in advance to promote corporate governance.
2017	Won the 25th Taiwan excellence awards with EASY DOWN for office furniture. Yunke Plant 1 and Yunke Plant 2 started mass production, and planned to introduce intelligent production.

40th anniversary of Repon Group.

2018 The U.S. subsidiary, REPON (USA), INC., was established to handle the North American market.
Won the 26th Taiwan Excellence Award with the "New Easy Down + R Cube" System.
The "New Easy Down System" won the Outstanding Furniture Accessories of the Interzum Guangzhou 2018.
Acquired German hardware manufacturer's PÖTTKER Transforming furniture exclusive agent right in Mainland China and Taiwan to provide comprehensive product solutions.

2019 "77K Inter Lock Soft Close System " won the 27th Taiwan Excellence Award.
Passed the qualification review for the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" of the Ministry of Economic Affairs.
The Company moved from Yingge District, New Taipei City to Taoyuan District, Taoyuan City.
Passed certification from two large US data center customers and several server system integration vendors.

2020 Passed the ISO14001: 2015 environmental management system and ISO 45001: 2018 occupational safety and health management system certifications.
Won the 29th Taiwan Excellence Award with the "Two-way Soft Close system".

2021 Yunke Plant III officially started mass production for the production of thin friction type server ball bearing slides.
NT$5,000,000 was issued in new restricted employee shares for 2020. After the capital increase, the paid-in capital was NT$525,000,000.
New restricted employee shares of NT$60,000 were written off; after the capital reduction, the paid-in capital was NT$524,940,000.

2022 new shares were issued for NT$60,000,000 for cash, and the paid-in capital was NT$584,940,000 after the capital increase.
Joined the "Taiwan Climate Partnership" formed by eight major technology giants.
New restricted employee shares of NT$42,000 were written off; after the capital reduction, the paid-in capital was NT$584,898,000.
"7Q Heavy-Duty Two-way Slide System" won the 31st Taiwan Excellence Award.
On December 6, 2022, the review was approved for listing on the Taipei Exchange.

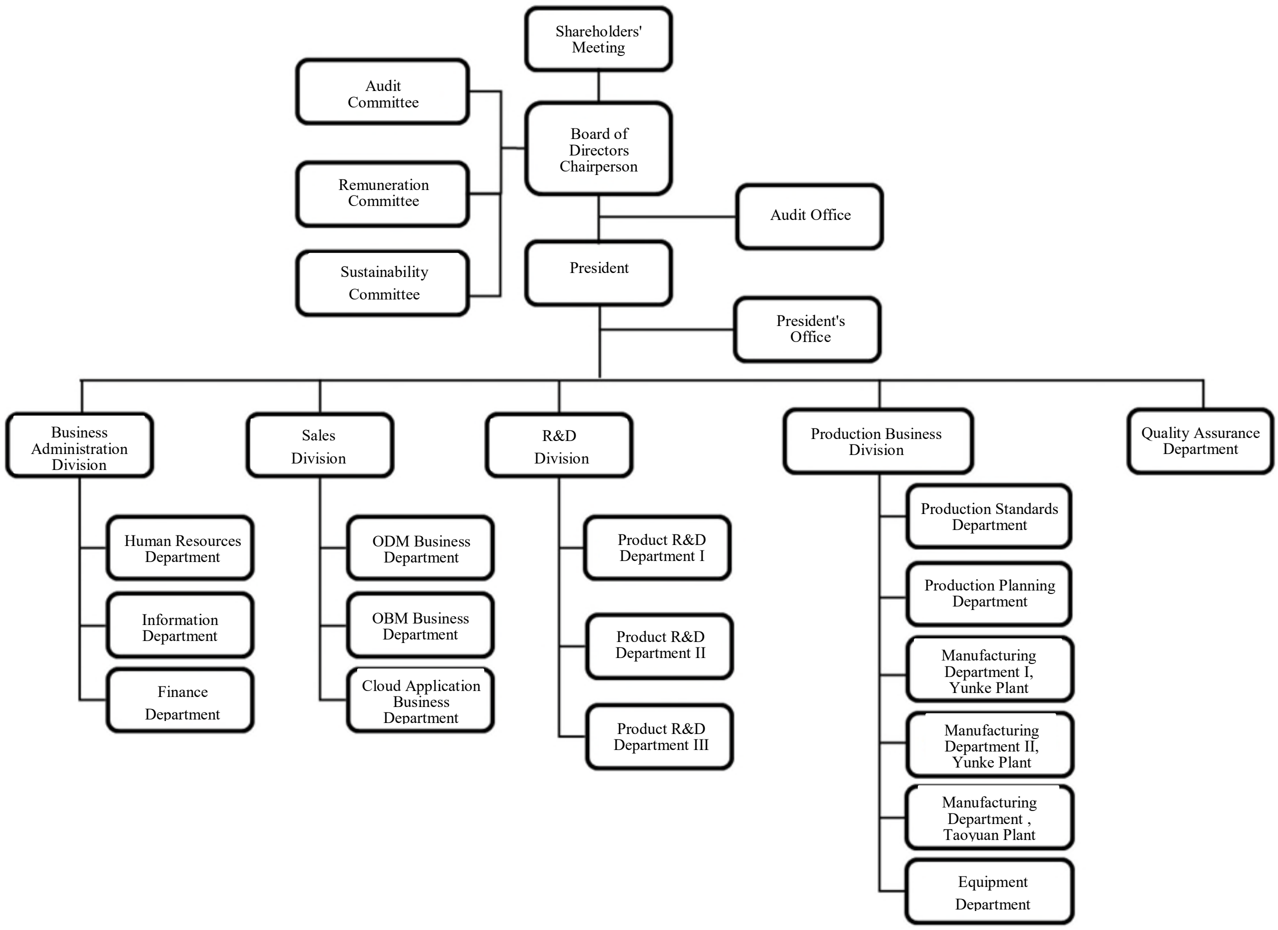
2023 Certified by the Responsible Business Alliance (RBA).
Conducted a cash capital increase of NT$73.2 million for new shares through public underwriting prior to listing on TWSE/GTSM and the initial paid-in capital was NT$658,098,000.
The Company's shares were listed on TPEx on May 18, 2023.
Won the 32nd Taiwan Excellence Award for its "Two-way Slide System" and "360-Degree Rotating Table Hardware."
New restricted employee shares of NT$1,692,000 were written off. After the capital reduction, the paid-in capital was NT$656,406,000.

NT$5 million was issued in new restricted employee shares for 2023. After the capital increase, the paid-in capital was NT$661,406,000 million.

3. Corporate Governance Report

I. Organizational system

(I) Organizational structure



(II) Businesses operated by major departments

By Department	Management of business
Audit Committee	It belongs to the Board of Directors, and the main functions and powers are as follows: Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act. Evaluation of the effectiveness of the internal control system. According to Article 36-1 of the Securities and Exchange Act, procedures for handling significant financial transactions must be established or amended, including acquiring or disposing of assets, derivative transactions, lending funds to others, endorsing or guaranteeing for others. Matters involving the interests of directors. Significant asset or derivative transactions. Material lending, endorsement, or guarantee. Offering, issuance or private placement of equity-type securities. Appointment, dismissal or remuneration of CPAs. Appointment and dismissal of financial, accounting or internal auditing officers. Annual and semi-annual financial reports. Business report and earnings distribution or loss off-setting proposals. Annual projected financial statements and capital expenditure budget. Other important matters regulated by the Company or the competent authority.
Remuneration Committee	It belongs to the Board of Directors, and the main functions and powers are as follows: Regularly review the Remuneration Committee Charter and propose amendments. Formulate and periodically review the performance evaluation standards, annual and long-term performance targets, and remuneration policies, systems, standards and structures of the Company's directors and managers, and disclose the content of the performance evaluation standards in the annual report. Regularly evaluate the Company's directors and managers' achievement of performance targets, and determine the content and amount of their individual remunerations based on the results of the performance evaluation standards. The results of individual performance evaluations of directors and managers, as well as the content and amount of individual remuneration, and the relevance and reasonableness of the performance evaluation results should be disclosed in the annual report, and reported to the shareholders' meeting.
Sustainability Committee	Belonging to the Board of Directors, the main responsibilities are as follows: Responsible for formulating the company's sustainability development policies, including setting goals, strategies, and execution plans for sustainability governance, integrity management, and environmental and social aspects. Responsible for tracking the implementation progress of the company's sustainability development, reviewing effectiveness, and revising goals. At least one meeting is held every six months, and regular reports are made to the Board of Directors. Focus on issues concerning various stakeholders, including shareholders, customers, suppliers, employees, government, non-profit organizations, communities, and media, and supervise communication plans. Oversee the preparation of sustainability reports.

By Department	Management of business
Audit Office	It belongs to the Board of Directors, and the main functions and powers are as follows: Responsible for the effectiveness and independence of internal audits, and regularly reported to the Audit Committee and the Board of Directors. Examine and assess the adequacy of the internal control system and supervise its effective implementation. Responsible for the audit of the Company's business, finance, and operation, anomaly analysis, and factual provision of improvement suggestions. Check and protect the security of the Company's assets, and assist the management to implement the Company's internal regulations and compliance. Responsible for the design and revision of the Company's internal control and internal audit systems. Responsible for the formulation and implementation of the Company's annual audit plan, as the basis for issuing the statement of internal control system, and planning and promoting the corporate governance system. Responsible for making improvement proposals and follow-up on the Company's internal control deficiencies.
President's Office	Formulate the company's operating guidelines, annual budget targets, important production and marketing policies, and long-term and short-term development strategies. Overall, daily operation decision-making and supervision, budget management and tracking, operating results analysis and improvement implementation. Implementation of board resolutions, as well as operations related to various securities regulations, corporate governance, and legal compliance. In charge of investor relations and external speaking policies. Planning of major capital expenditures, financing plans, and stock-based compensation. Planning and convening meetings of the Board of Directors and Shareholders' Meeting, and executing relevant stock affairs. Within the scope authorized by the Company's Articles of Incorporation or laws and regulations, the President is the Company's highest agent of internal management and external authorization.
Business Administration Division	Manages the general administration, establishment and implementation of human resources system, remuneration management, performance appraisal, talent recruitment, education and training, employee personal information management, daily supervision and management of labor safety, and resolution of labor-management disputes. Underwriting and policy management of labor insurance and insurance, property insurance (personal and property insurance), and various liability insurances. Asset management and the promotion and recording of files and documents (DCC). Contract review, legal negotiation, litigation, lawyer selection, internal legal services and other related business. Planning and execution of short, medium and long-term plans for the Company's computerization. Provide software and hardware related business such as information service, information equipment management, maintenance and integration. Construction and maintenance of security monitoring system. Credit line application for financial institutions, bank transactions, capital allocation, and capital planning. Expense review, accounting treatment, tax planning, preparation of financial statements, and analysis of operating data.
Sales Division	Formulate marketing strategies and sales plans, product development and planning layout, identify customer needs, collect market intelligence and trend analysis, and analyze competition in the industry. Responsible for reviewing sales contracts and orders, drafting transaction terms, customer credit evaluation, and business development management. Responsible for product sales, after-sales service, production-sales coordination, shipping management and customs clearance. Responsible for handling customer complaints, feedback on quality anomalies, and returns for repairs, and ensuring customer satisfaction.

By Department	Management of business
R&D Division	Responsible for the integrated planning and implementation of the company's product design, mechanism development and related parts approval projects. Responsible for the establishment of manufacturing processes, improvement of process quality, product environmental testing, and new process reliability testing, verification and improvement. Provide cross-departmental support for manufacturing technology, sales technology, and customer service, while taking into account issues such as cost, quality, and environmental technology. Formulate product BOM, technical documents and user manual. Control the blueprint and technical documents of the R&D Department. Intellectual property right application and management.
Production Business Division	Formulate the production equipment process SOP, standard capacity and various process inspection standards. Responsible for automation equipment improvement and intelligent production planning to achieve the Company's production capacity target. Responsible for the layout of production plants and planning of auxiliary facilities such as water, electricity, and gas. Self-made, externally purchased and improved equipment. In charge of mold design, production, improvement and maintenance, and access management for mold warehouse inventory. R&D department technology transfer and production implementation. Formulate the production plan and schedule according to the production and sales coordination, and execute the production order and material control management. Responsible for the procurement, warehousing, issuance, and storage management of raw materials, semi-finished products, commodities, consumables, and spare parts. Evaluation and management of outsourced process contracting. Responsible for tracking, comparing and analyzing purchase price trends, and completing supplier evaluations on a regular basis. Responsible for the production of ball bearing slides. In-process inspections and on-site management of defective slides are conducted.
Quality Assurance Department	Responsible for the maintenance of raw materials and products' quality verification system, product testing, and the formulation and implementation of quality assurance system. Promote the quality control management system, supervise quality control, and coordinate the resolution of quality problems. Establishment of inspection specifications, implementation of incoming inspection and finished product inspection. Calibration of quality and environmental protection instruments. Analysis and feedback of defective quality, tracking of quality and counseling of partners. Sample verification and commissioning product verification. Set quality goals and targets for the entire company based on organizational features. Through the quality audit activities, the current quality assurance system and implementation performance are sampled and evaluated, in order to fulfill the overall quality requirements, reflect the problem, and use it as the basis for business improvement. Through the monitoring and management of shipments, customer complaints and quality problems of returned goods are resolved in a customer service-oriented manner.

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

(I) Directors and supervisors

1. Information on directors and supervisors April 28, 2024

Job Title	Nationality or place of registration	Name	Gender and Age	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholding at the time of appointment		Current shareholding		Shares held by spouse and minor		Shares held through nominees		Main experience and academic qualifications	Positions in the Company and other companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Chairperson	Republic of China	He Ying Investment Co., Ltd.	Not applicable	2022.6.2	3 years	2016.9.6	8,825,525	15.09%	8,843,525	13.37%					Not applicable	None	Not applicable			
	Republic of China	He Ying Investment Co., Ltd. Representative: Chin-Lan Lee	Female 71-80	2022.6.2	3 years	2016.9.6	4,195,965	7.17%	4,195,965	6.34%	2,858,920	4.32%			Chairman, REPON INDUSTRIAL CO., LTD. Supervisor, Repon Technology Co., Ltd. Graduated in commerce	Chairman, SUZHOU NAN JUEN TRADE CO., LTD. Chairman, Suzhou Repon Industrial Co., Ltd. Chairman, He Ying Investment Co., Ltd. Chairman, AWESON TEK INVESTMENTS LIMITED	President Director Vice President	Jen-Shan Wu Yi-Shan Wu Hsin-Cheng Wu	Mother and Son Mother and Daughter Uncle and Sister-in-law	(Note)
Director	Republic of China	He Ying Investment Co., Ltd.	Not applicable	2022.6.2	3 years	2016.9.6	8,825,525	15.09%	8,843,525	13.37%					Not applicable	None	Not applicable			
	Republic of China	He Ying Investment Co., Ltd. Representative: Hsin-Cheng Wu	Male 61-70	2022.6.2	3 years	2016.9.6	3,020,131	5.22%	3,051,131	4.61%	568,724	0.86%			Director, REPON INDUSTRIAL CO., LTD. Director, Repon Technology Co., Ltd. Vice President, Suzhou Repon Industrial Co., Ltd. Elementary school graduate	Vice President of the Company Chairman, He Hung Investment Co., Ltd. Director, He Ying Investment Co., Ltd.	Chairperson	Chin-Lan Lee	Uncle and Sister-in-law	
Director	Republic of China	Junyi Investment Co., Ltd.	Not applicable	2022.6.2	3 years	2016.9.6	7,411,030	12.67%	7,411,030	11.20%					Not applicable	None	Not applicable			
	Republic of China	Junyi Investment Co., Ltd. Representative: Jen-Shan Wu	Male 41-50	2022.6.2	3 years	2016.9.6	2,513,521	4.3%	2,543,521	3.85%					Executive Vice President of the Company Director, Repon Technology Co., Ltd. Executive Vice President, Suzhou Repon Industrial Co., Ltd. Master of Business Administration, National Central University	President of the Company President, SUZHOU NAN JUEN TRADE CO., LTD. Chairman and President, REPON (USA), INC. Chairman, Junyi Investment Co., Ltd. Chairman, UNITED FORTUNE INVESTMENT LIMITED COMPANY Director, He Ying Investment Co., Ltd. Director, AWESON TEK INVESTMENTS LIMITED	Chairperson Director	Chin-Lan Lee Yi-Shan Wu	Mother and Son Siblings	(Note)
Director	Republic of China	Junyi Investment Co., Ltd.	Not applicable	2022.6.2	3 years	2016.9.6	7,411,030	12.67%	7,411,030	11.20%					Not applicable	None	Not applicable	Not applicable	None	
		Junyi Investment Co., Ltd. Representative: Yi-Shan Wu	Female 41-50	2023.6.2	2 years	2023.6.2	2,535,293	3.85%	2,535,293	3.83%	99,500	0.15%			Master of Finance, National Central University	Director, UNITED FORTUNE INVESTMENT LIMITED COMPANY	Chairperson President	Chin-Lan Lee Jen-Shan Wu	Mother and Son Siblings	

Job Title	Nationality or place of registration	Name	Gender	Date of Election (Inauguration)	Term of office	Date of initial election	Shareholding at the time of appointment		Current shareholding		Shares held by spouse and minor		Shares held through nominees		Main experience and academic qualifications	Positions in the Company and other companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Director	Republic of China	Gui-Ying Wu	Female 71-80	2022.6.2	3 years	2016.9.6									Vice President of RSM Taiwan Department of Accounting, Soochow University	Director and Vice President, Guang-Yi Management Consulting Co., Ltd.				
Independent Director	Republic of China	Rui-Chu Lee	Female 71-80	2022.6.2	3 years	2016.9.6									Deputy Chairman of the Labor Funds Supervisory Committee Manager, Finance Division, Bureau of Labor Insurance Financial Investigator, Department of Supervisory Investigation Division, Control Yuan Chairman, Pension Fund Association, R.O.C. MBA, National Taiwan University	Independent Director, Da Hui Limited				
Independent Director	Republic of China	Tung-Hsiung Hong	Male 41-50	2022.6.2	3 years	2016.9.6									Partnership Lawyer, Chien Yeh Law Offices Passed the Republic of China Bar Examination Bachelor, Department of Law, National Taiwan University	Attorney-at-Law, Li Dong Law Firm Independent Director,EDISON OPTO CORPORATION Independent Director, POTENS SEMICONDUCTOR CORP.				
Independent Director	Republic of China	Shang-Hsien Yang	Male 51-60	2022.6.2	3 years	2016.9.6									Partnership Accountant, Baker Tilly Clock & Co Partnership Accountant, Lan-Jai CPAs Firm Passed the Republic of China CPA Examination Bachelor, Department of Accounting, Tamkang University	Partnership Accountant, Cheng Yang & Co. CPAs Independent Director, YEEDEX ELECTRONIC CORPORATION Independent Director, Da Hui Limited Independent Director, JARLLYTEC CO. , LTD. Supervisor, A Shine Biotech Corp. Director, YesHealth Agri-Biotechnology Co., LTD.				
Independent Director	Republic of China	Tsun Cheng	Male 51-60	2023.6.2	2 years	2023.6.2									Auditing Officer, Deloitte Taiwan Manager, Listing Department I, Taiwan Stock Exchange Master of Business, National Taiwan University	Independent Director, Foxwell Power Co., Ltd.				

Note : President Jen-Shan Wu was appointed to this temporary position due to his extensive business experience and more than 20 years of service to the organization and affiliated companies. At present, the Chairman and the President are relatives within one degree of kinship, and no more than half of the directors concurrently serve as employees or managers. The Company has also elected one additional independent director at the general shareholders' meeting on June 2, 2023.

2. Major shareholders of corporate shareholders:

April 28, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
He Ying Investment Co., Ltd.	Chin-Lan Lee (40%), Hsin-Hsun Wu (25%), Hsin-Cheng Wu (35%)
Junyi Investment Co., Ltd.	Jen-Shan Wu (100%)

3. Major shareholders of corporate shareholders who are corporate bodies: None.

4. Disclosure of professional qualifications of directors and supervisors, and independence of independent directors: April 28, 2024

Qualification / Name	Professional qualifications and experience	Status of independence	Number of independent directors in other public companies
Chin-Lan Lee	1. At least five years of work experience required for the Company's business, and the main experience: Chairman, REPON INDUSTRIAL CO., LTD. Supervisor, Repon Technology Co., Ltd. 2. Concurrent positions in other companies: Chairman, SUZHOU NAN JUEN TRADE CO., LTD. Chairman, Suzhou Repon Industrial Co., Ltd. Chairman, He Ying Investment Co., Ltd. Chairman, AWESON TEK INVESTMENTS LIMITED 3. Not applicable under Article 30 of the Company Act.	1. Chairman of the Company's affiliates. 2. Concurrently serves as the Chairman of Shareholder He Ying Investment Co., Ltd., who holds 10% or more of the issued shares of the Company. 3. Ranking among the top ten natural person shareholders of the Company. 4. Is a relative within the second degree of kinship to Directors Jen-Shan Wu, Yi-Shan Wu, and Hsin-Cheng Wu. 5. The rest have been verified in accordance with the requirements of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Hsin-Cheng Wu	1. At least five years of work experience required for the Company's business, and the main experience: Director, REPON INDUSTRIAL CO., LTD. Director, Repon Technology Co., Ltd. Vice President, Suzhou Repon Industrial Co., Ltd. 2. Positions in the Company and other companies: Vice President of the Company Chairman, He Hung Investment Co., Ltd. Director, He Ying Investment Co., Ltd. 3. Not applicable under Article 30 of the Company Act.	1. Also serves as the Chief Technology Officer of the Company. 2. Concurrently serves as the Director of Shareholder He Ying Investment Co., Ltd., who holds 10% or more of the issued shares of the Company. 3. Ranking among the top ten natural person shareholders of the Company. 4. Are relatives within the second degree of kinship of Chairperson Chin-Lan Lee. 5. The rest have been verified in accordance with the requirements of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None

Jen-Shan Wu	1. At least five years of work experience required for the Company's business, and the main experience/academic background: Executive Vice President of the Company Director, Repon Technology Co., Ltd. Executive Vice President, Suzhou Repon Industrial Co., Ltd. Master, National Central University 2. Positions in the Company and other companies: President of the Company President, SUZHOU NAN JUEN TRADE CO., LTD. Chairman and President, REPON (USA), INC. Chairman, Junyi Investment Co., Ltd. Chairman, UNITED FORTUNE INVESTMENT LIMITED COMPANY Director, He Ying Investment Co., Ltd. Director, AWESON TEK INVESTMENTS LIMITED 3. Not applicable under Article 30 of the Company Act.	1. Concurrently the President of the Company. 2. Chairman of the Company's affiliates. 3. Concurrently serves as the Director of Shareholder He Ying Investment Co., Ltd., who holds 10% or more of the issued shares of the Company. 4. Concurrently serves as the Chairman of Shareholder Junyi Investment Co., Ltd., who holds 10% or more of the issued shares of the Company. 5. Ranking among the top ten natural person shareholders of the Company. 6. Is a relative within 2nd degree of kinship to Chairperson Chin-Lan Lee and Director Yi-Shan Wu. 7. The rest have been verified in accordance with the requirements of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Yi-Shan Wu	1. At least five years of work experience required for the Company's business, and the main academic background: Master of Finance, National Central University 2. Positions in the Company and other companies: Director, UNITED FORTUNE INVESTMENT LIMITED COMPANY 3. Not applicable under Article 30 of the Company Act.	1. Ranking among the top ten natural person shareholders of the Company. 2. Relatives within the second degree of kinship to Chairperson Chin-Lan Lee and President Jen-Shan Wu. 3. The rest have been verified in accordance with the requirements of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None

Gui-Ying Wu	1. At least five years of work experience required for the Company's business, and the main academic background: Department of Accounting, Soochow University 2. Concurrent positions in other companies: Director and Vice President, Guang-Yi Management Consulting Co., Ltd. 3. Not applicable under Article 30 of the Company Act.	1. The person, spouse, or second-degree relative does not serve as a director, supervisor, or employee of the Company or any of its affiliates. 2. 0 shares are held by the shareholder, a spouse, or a relative within the second degree of kinship (or through nominees). 3. He/she does not serve as a director, supervisor or employee of any company specifically related to the Company (refer to Subparagraphs 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). 4. The amount of remuneration for providing commercial, legal, financial, accounting services to the Company or its affiliates in the past two years is NT$0. 5. The rest have been verified in accordance with the requirements of independence listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None
Rui-Chu Lee (Independent Director)	1. At least five years of work experience required for the Company's business, and the main experience/academic background: Deputy Chairman of the Labor Funds Supervisory Committee Manager, Finance Division, Bureau of Labor Insurance Financial Investigator, Department of Supervisory Investigation Division, Control Yuan Chairman, Pension Fund Association, R.O.C. MBA, National Taiwan University 2. Concurrent positions in other companies: Independent Director, Da Hui Limited 3. Not applicable under Article 30 of the Company Act.	In accordance with the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles", directors are elected under a candidate nomination system. The Company has obtained written statements, work experience, current position To verify the independence of the Company, himself/herself, his/her spouse and his/her relatives within three degrees of kinship from the Company. The Company has verified that the 4 independent directors, prior to their appointment and during their term, all meet the qualification requirements set forth by the Financial Supervisory	1

Tung-Hsiung Hong (Independent Director)	1. At least five years of work experience required for the Company's business, and the main experience/academic background: Partnership Lawyer, Chien Yeh Law Offices Passed the Republic of China Bar Examination Bachelor, Department of Law, National Taiwan University 2. Concurrent positions in other companies: Attorney-at-Law, Li Dong Law Firm Independent Director, EDISON OPTO CORPORATION Independent Director, POTENS SEMICONDUCTOR CORP. 3. Not applicable under Article 30 of the Company Act.	Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. Additionally, the independent directors have been granted the authority to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and they independently execute relevant duties.	2
Shang-Hsien Yang (Independent Director)	1. At least five years of work experience required for the Company's business, and the main experience/academic background: Partnership Accountant, Baker Tilly Clock & Co Partnership Accountant, Lan-Jai CPAs Firm Passed the Republic of China CPA Examination Bachelor, Department of Accounting, Tamkang University 2. Concurrent positions in other companies: Partnership Accountant, Cheng Yang & Co. CPAs Independent Director, YEEDEX ELECTRONIC CORPORATION Independent Director, Da Hui Limited Independent Director, JARLLYTEC CO. , LTD. Supervisor, A Shine Biotech Corp. Director, YesHealth Agri-Biotechnology Co., LTD. 3. Not applicable under Article 30 of the Company Act.		3
Tsun Cheng (Independent Director)	1. At least five years of work experience required for the Company's business, and the main experience/academic background: Auditing Officer, Deloitte Taiwan Manager, Listing Department I, Taiwan Stock Exchange Master of Business, National Taiwan University 2. Concurrent positions in other companies: Independent Director, Foxwell Power Co., Ltd. 3. Not applicable under Article 30 of the Company Act.		1

5. Board diversity policy and independence

(1) Board diversity policy:

The Company's Regulations Governing Election of Directors has stipulated the diversity guideline for the election of directors, and the implementation is as follows:

Core Diversification / Name			Basic composition						Professional knowledge and skills					Knowledge, skills and literacy							
		Nationality	Gender	With employee status	Age: 41 - 50 years old	Age: 51 - 60 years old	Age: 61 - 70 years old	Age: 71 - 80 years old	Laws	Accounting	Industry	Finance	Marketing	Operational judgment	Accounting and financial analysis	Operation and management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Director	Chin-Lan Lee	Republic of China	Female					V		V	V	V		V	V	V	V	V	V	V	V
Director	Hsin-Cheng Wu		Male	V			V				V			V		V	V	V	V	V	V
Director	Jen-Shan Wu		Male	V	V						V		V	V	V	V	V	V	V	V	V
Director	Yi-Shan Wu		Female		V					V	V	V	V	V		V	V	V	V	V	V
Director	Gui-Ying Wu		Female					V		V		V		V	V	V	V	V	V	V	V
Independent Director	Rui-Chu Lee		Female					V		V		V		V	V	V	V	V	V	V	V
Independent Director	Tung-Hsiung Hong		Male		V				V					V		V	V	V	V	V	V
Independent Director	Shang-Hsien Yang		Male			V				V		V		V	V	V	V	V	V	V	V
Independent Director	Tsun Cheng		Male			V				V		V		V	V	V	V	V	V	V	V

Note 1: The current Board of Directors consists of 9 Directors, including 4 independent directors. They are all outstanding individuals with rich professional experience, possessing abilities in leadership, decision-making, operational judgment, crisis management, industry knowledge, and international market perspectives. The 4 independent directors specialize in legal, accounting, and financial backgrounds, while the other 5 directors specialize in finance, accounting, and industrial marketing backgrounds. The implementation of a policy of diversification of board members helps enhance corporate governance effectiveness and operational management performance.

Note 2: The nomination and selection of the Company's board members complies with the Articles of Incorporation and adopts the candidate nomination system. In addition to assessing the educational experience and qualifications of each candidate, the Company also takes into account the Company's own operation, business model, and development needs and interests The Company has complied with the "Regulations Governing the Election of Directors and Independent Directors" and the "Corporate Governance Best-Practice Principles" to ensure the diversity and independence of board members. There are currently 4 female directors (44.44%) in the board of directors. In the future, the number of female directors will be gradually increased in accordance with the principle of gender equality. The 4 independent directors of the Company were newly elected in the shareholders' meetings on June 2, 2022 and June 2, 2023, and their consecutive terms of office are not more than three terms.

(2) Independence of the Board of Directors:

The Company currently has 9 board members, including 4 independent directors and 1 outside director. Independent directors account for 44.44% of all board members. The total number of seats represented by independent directors plus outside directors exceeds half of all board members. As of the end of 2023, the Company's independent directors had all complied with the independent director requirements set forth by the Securities and Futures Bureau, Financial Supervisory Commission, and there were no requirements set forth by Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act among directors and independent directors.

All independent directors meet the requirements set by the Financial Supervisory Commission on independent directors, and their independence is stated as follows:

Name	The person, their spouse, or a relative within the second degree of kinship serve as a director, supervisor, or employee of the Company or its affiliated companies	Number and percentage of shares held by the person, spouse, relatives within the second degree of kinship (or in the name of another person)	Serving as a director, supervisor, or employee of a company specifically related to the Company	Amount of remuneration received for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years
Rui-Chu Lee	No	No such situation	No	No such situation
Tung-Hsiung Hong	No	No such situation	No	No such situation
Shang-Hsien Yang	No	No such situation	No	No such situation
Tsun Cheng	No	No such situation	No	No such situation

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

April 28, 2023

Job Title	Nationality	Name	Gender	Date of Election (Inauguration)	Shareholding (Note 2)		Shares held by spouse and minor children		Shares held through nominees		Main experience and academic qualifications	Concurrent positions in other companies	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
President	Republic of China	Jen-Shan Wu	Male	2016.1.1	2,543,521	3.85%					Executive Vice President of the Company Director, Repon Technology Co., Ltd. Executive Vice President, Suzhou Repon Industrial Co., Ltd. Master of Business Administration, National Central University	President, SUZHOU NAN JUEN TRADE CO., LTD. Chairman and President, REPON (USA), INC. Chairman, Junyi Investment Co., Ltd. Chairman, UNITED FORTUNE INVESTMENT LIMITED COMPANY Director, He Ying Investment Co., Ltd. Director, AWESON TEK INVESTMENTS LIMITED				(Note 1)
Vice President	Republic of China	Hsin-Cheng Wu	Male	1984.6.19	3,051,131	4.61%	568,724	0.86%			Director, REPON INDUSTRIAL CO., LTD. Director, Repon Technology Co., Ltd. Vice President, Suzhou Repon Industrial Co., Ltd. Elementary school graduate	Chairman, He Hung Investment Co., Ltd. Director, He Ying Investment Co., Ltd.				
Assistant Vice President	Republic of China	Shun-Ru Tsai	Female	2019.6.1	94,121	0.14%					Senior manager of the Company MBA, National Central University	None				
Assistant Vice President	Republic of China	Jian-hong Chen	Male	2019.6.1	32,000	0.05%					Manager of the Company Bachelor, Department of International Trade, Chinese Culture University	None				
Assistant Vice President	Republic of China	Yi-Hsiang Chiu	Male	2023.2.1	27,929	0.04%					Senior manager of the Company Master, National Taiwan University of Science and Technology	None				
Assistant Vice President	Republic of China	Long-Chang Lee	Male	2022.6.1	229,500	0.35%					Manager of the Company Assistant sales manager of Fast Technologies Inc. Bachelor, Department of Business Administration, National Chung Hsing University	Supervisor, SUZHOU NAN JUEN TRADE CO., LTD.				
Assistant Vice President	Republic of China	Chun-Wei Lin	Male	2023.8.1	23,000	0.03%					Assistant Vice President, Production Business Division, Suzhou Repon Industrial Co, Ltd Bachelor's, Department of Mechanical Engineering, Lunghwa University of Science and Technology	None				
Finance and Accounting Officer and Corporate Governance Officer	Republic of China	Chung-Jen Jen	Male	2022.1.1	118,744	0.18%					Supervisor, KPMG Taiwan Assistant Vice President, EVERTOP WIRE CABLE CORPORATION Master of Business Administration, National Chengchi University	None				

Note 1: President Jen-Shan Wu was appointed to this temporary position due to his extensive business experience and more than 20 years of service to the organization and affiliated companies. The current Chairman and President are relatives within the first degree of kinship, primarily as a phased measure for management succession. Currently, there is no majority of directors concurrently serving as employees or managers.
One additional independent director was elected at the general shareholders' meeting on June 2, 2023.

Note 2: The shares held do not include the number of RSAs delivered to trust.

III. Remuneration paid to directors, supervisors, President and Vice President in the most recent year

(I) Remuneration of general directors and independent directors

2023

Unit: NT$ thousand

Job Title		Name	Remuneration to directors: Remuneration (A) – The Company	Remuneration (A) – All consolidated entities	Retirement pay and pension (B) – The Company	Retirement pay and pension (B) – All consolidated entities	Director profit sharing remuneration (C) (Note 1) – The Company	Director profit sharing remuneration (C) (Note 1) – All consolidated entities	Expenses and perquisites (D) – The Company	Expenses and perquisites (D) – All consolidated entities	Sum of A+B+C+D and ratio to net income – The Company	Sum of A+B+C+D and ratio to net income – All consolidated entities	Remuneration received by directors for concurrent service as an employee: Salary, rewards, and special disbursements (E) – The Company	Salary, rewards, and special disbursements (E) – All consolidated entities	Retirement pay and pension (F) – The Company	Retirement pay and pension (F) – All consolidated entities	Employee remuneration (G) (Note 2) – The Company – Cash amount	Employee remuneration (G) – The Company – Amount of shares	Employee remuneration (G) – All consolidated entities – Cash amount	Employee remuneration (G) – All consolidated entities – Amount of shares	Sum of A+B+C+D+E+F+G and ratio to net income – The Company	Sum of A+B+C+D+E+F+G and ratio to net income – All consolidated entities	Remuneration received from investee enterprises other than subsidiaries or from the parent company
Director	Chairperson	Chin-Lan Lee	4,085	4,612			30	30	18	18	4,133 49.63%	4,660 55.96%									4,133 49.63%	4,660 55.96%	None
Director	Director and President	Jen-Shan Wu					18	18	18	18	36 0.43%	36 0.43%	3,289	5,214	110	110	5		5		3,440 41.31%	5,365 64.42%	None
Director	Director and Vice President	Hsin-Cheng Wu					9	9	21	21	30 0.36%	30 0.36%	1,946	1,946			2		2		1,978 23.75%	1,978 23.75%	None
Director	Director	Yi-Shan Wu							9	9	9 0.11%	9 0.11%									9 0.11%	9 0.11%	None
Director	Director	Gui-Ying Wu					6	6	18	18	24 0.29%	24 0.29%									24 0.29%	24 0.29%	None
Independent Director (Note 3)		Rui-Chu Lee	600	600					45	45	645 7.74%	645 7.74%									645 7.74%	645 7.74%	None
Independent Director (Note 3)		Tung-Hsiung Hong	600	600					48	48	648 7.78%	648 7.78%									648 7.78%	648 7.78%	None
Independent Director (Note 3)		Shang-Hsien Yang	600	600					48	48	648 7.78%	648 7.78%									648 7.78%	648 7.78%	None
Independent Director (Note 3)		Tsun Cheng	300	300					9	9	309 3.71%	309 3.71%									309 3.71%	309 3.71%	None

Note 1: The 2023 appropriation of directors' remuneration of NT$63 thousand has been discussed and approved by the Board of Directors on March 15, 2024, and the actual distribution has not yet been made. It is impossible to estimate the remuneration to individual directors, but the proposed distribution amount is estimated based on the 2022 distribution of directors' remuneration.

Note 2: The 2023 appropriation of employee remuneration NT$105 thousand has been discussed and approved by the board of directors on March 15, 2024, and has not yet been actually distributed. It is not yet possible to estimate the remuneration to individual employees, but the proposed distribution amount is estimated based on the 2023 bonus distribution ratio.

Note 3: The Company's independent directors are paid a fixed remuneration and are paid a fixed monthly remuneration regardless of the profit or loss, and do not participate in the distribution of directors' remuneration. The Board of Directors may renegotiate the decision every year based on the degree of participation of each independent director in the Company's operations, the value of their contribution, and the number of times the number of meetings attended, and by taking into account the general standards of the industry

Remuneration table

Breakdown of remuneration to directors of the Company	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	All consolidated entities
Less than NT$1,000,000	Jen-Shan Wu, Hsin-Cheng Wu, Yi-Shan Wu, Gui-Ying Wu, Rui-Chu Lee, Tung-Hsiung Hong, Shang-Hsien Yang, Cun Cheng	Jen-Shan Wu, Hsin-Cheng Wu, Yi-Shan Wu, Gui-Ying Wu, Rui-Chu Lee, Tung-Hsiung Hong, Shang-Hsien Yang, Cun Cheng	Yi-Shan Wu, Gui-Ying Wu, Rui-Chu Lee, Tung-Hsiung Hong, Shang-Hsien Yang, Cun Cheng	Yi-Shan Wu, Gui-Ying Wu, Rui-Chu Lee, Tung-Hsiung Hong, Shang-Hsien Yang, Cun Cheng
NT$1,000,000 (incl.) - NT$2,000,000 (excl.)			Hsin-Cheng Wu	Hsin-Cheng Wu
NT$2,000,000 (incl.) - NT$3,500,000 (excl.)			Jen-Shan Wu	
NT$3,500,000 (incl.) - NT$5,000,000 (excl.)	Chin-Lan Lee	Chin-Lan Lee	Chin-Lan Lee	Chin-Lan Lee
NT$5,000,000 (incl.) - NT$10,000,000 (excl.)				Jen-Shan Wu
NT$10,000,000 (incl.) - NT$15,000,000 (excl.)				
NT$15,000,000 (incl.) - NT$30,000,000 (excl.)				
NT$30,000,000 (incl.) - NT$50,000,000 (excl.)				
NT$50,000,000 (incl.) - NT$100,000,000 (excl.)				
Over NT$100,000,000				
Total	9 people	9 people	9 people	9 people

(II) Remuneration to the President and Vice Presidents

2023

Unit: NT$ thousand

Job Title	Name	Salary (A)		Retirement pay and pension (B)		Bonuses and allowances (C)		Employees' remuneration (D) (Note 1)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
President	Jen-Shan Wu	2,323	4,248	110	110	966	966	5		5		3,404 41%	5,329 64%	None
Vice President	Hsin-Cheng Wu	1,666	1,666			280	280	2		2		1,948 23%	1,948 23%	None

Note 1: The 2023 appropriation of employee remuneration NT$105 thousand has been discussed and approved by the board of directors on March 15, 2024, and has not yet been actually distributed. It is not yet possible to estimate the remuneration to individual employees, but the proposed distribution amount is estimated based on the 2023 bonus distribution ratio.

Remuneration table

Breakdown of remuneration to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	All consolidated entities
Less than NT$1,000,000		
NT$1,000,000 (incl.) - NT$2,000,000 (excl.)	Hsin-Cheng Wu	Hsin-Cheng Wu
NT$2,000,000 (incl.) - NT$3,500,000 (excl.)	Jen-Shan Wu	
NT$3,500,000 (incl.) - NT$5,000,000 (excl.)		
NT$5,000,000 (incl.) - NT$10,000,000 (excl.)		Jen-Shan Wu
NT$10,000,000 (incl.) - NT$15,000,000 (excl.)		
NT$15,000,000 (incl.) - NT$30,000,000 (excl.)		
NT$30,000,000 (incl.) - NT$50,000,000 (excl.)		
NT$50,000,000 (incl.) - NT$100,000,000 (excl.)		
Over NT$100,000,000		
Total	2 people	2 people

(III) Names of managers distributing employee remuneration, and distribution:

2023

Unit: NT$ thousand

	Job Title	Name	Amount of shares	Cash amount (Note 1)	Total	Total as a percentage of net income (%)
Managerial Officer	President	Jen-Shan Wu	-	22	22	0.26%
	Vice President	Hsin-Cheng Wu				
	Assistant Vice President	Shun-Ru Tsai				
	Assistant Vice President	Jian-hong Chen				
	Assistant Vice President	Yi-Hsiang Chiu				
	Assistant Vice President	Long-Chang Lee				
	Assistant Vice President	Chun-Wei Lin				
	Finance and Accounting Officer and Corporate Governance Officer	Chung-Jen Jen				

Note 1: The 2023 appropriation of employee remuneration NT$105 thousand has been discussed and approved by the board of directors on March 15, 2024, and has not yet been actually distributed. It is not yet possible to estimate the remuneration to individual employees, but the proposed distribution amount is estimated based on the 2023 bonus distribution ratio.

(IV) Total remuneration paid to the Company's directors, supervisors, president, and vice presidents in the most recent two years by the company and all companies included in the consolidated financial statements as a percentage of after-tax net income in the parent company only or individual financial statements, and an explanation of the remuneration policy, criteria and packages, the procedure for determining remuneration, and its association with operating performance and future risks :

Year / Job Title	Total remunerations as a percentage of net income (loss) after tax in the parent company only financial statements %			
	2022		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	12.77%	14.63%	12.77%	14.63%
President and Vice President				

The policies, standards, and components of remuneration, the procedures for determining remuneration, and their linkage to operating performance and future risks:

The Company's Articles of Incorporation and the "Regulations Governing the Payment of Remuneration to Directors and Functional Committee members" have clearly stipulated the standards for the payment of directors' remuneration and employees' remuneration. The distribution is to be made until the resolution is passed, and shall be reported at the shareholders' meeting. On March 20, 2018, the Board of Directors passed the "Rules for Performance Evaluation of Board of Directors". Since 2018, the annual performance appraisal of individual directors will be conducted, and the appraisal results will be linked to the annual remuneration of individual directors to establish performance targets to enhance the operating efficiency of the board of directors.

Considering the extent of contributions to operations and the responsibilities assumed, and taking into account the salary levels in the same industry, the Company pays its President and Vice President reasonable remuneration based on the salary standards of their positions, the Company's operating performance and their personal performance, which is evaluated by the remuneration committee on a regular basis.

The company's remuneration for directors, President and Vice President is determined taking into account the company's future operational development and business risks. It also evaluates the positive correlation with operational performance to balance sustainable operation and risk management. The execution is approved by the board of directors after agreement by the Remuneration Committee. The Remuneration Committee and the Board of Directors regularly review the reasonableness of remuneration, and review the relevant regulations of remuneration from time to time depending on the actual business situation and relevant laws and regulations.

The directors of the company receive car and horse expenses for executing business, and independent directors receive a basic monthly fee. Director remuneration is distributed according to the company's profit situation, which does not pose a significant risk to the company. The President and Vice President, in addition to their fixed salaries, receive bonuses based on company performance, which also does not pose a significant risk to the Company.

IV. Corporate governance

(I) The operation of the Board of Directors and the implementation of evaluation

1. Information on the operation of the Board of Directors

A total of 6 board meetings were held in 2023 (A). The attendance of directors is as follows:

Job Title	Name	Actual attendance rate (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Remarks
Chairperson	He Ying Investment Co., Ltd. Representative: Jin-lan Lee	6		100%	
Director	He Ying Investment Co., Ltd. Representative: Hsin-Cheng Wu	6		100%	
Director	Junyi Investment Co., Ltd. Representative: Jen-Shan Wu	6		100%	
Director	Junyi Investment Co., Ltd. Representative: Yi-Shan Wu	3		100%	2023.6.2 Newly elected
Director	Gui-Ying Wu	6		100%	
Independent Director	Rui-Chu Lee	5		83.33%	
Independent Director	Tung-Hsiung Hong	6		100%	

Independent Director	Shang-Hsien Yang	6		100%	
Independent Director	Tsun Cheng	3		100%	2023.6.2 Newly elected

Other information to be disclosed:

I. For the matters listed in Article 14-3 of the Securities and Exchange Act and any other objections or qualified opinions of the independent directors that have been recorded or declared in writing, the date, session, contents of motions, the opinions of all independent directors and the Company's opinions and opinions shall be disclosed Handling of independent directors' opinions: No such situation.

II. Other than the aforementioned matters, other resolutions of the Board of Directors with adverse or qualified opinions from independent directors and on the record or in written declaration: None.

III. For implementation of a director's recusal due to a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in the voting shall be stated:

Date of meeting	Proposal Content	Names of Directors, Reasons for Recusal, and Participation in Voting
2023.03.15	Approved the related party contract	Chairperson Chin-Lan Lee and Directors Hsin-Cheng Wu and Jen-Shan Wu recused themselves because they had conflict of interest. The motion was approved by the acting chair after inquiring all directors present.
	Approved the insider subscription list for the capital increase in cash prior to IPO	Chairperson Chin-Lan Lee, Directors Hsin-Cheng Wu and Jen-Shan Wu and Special Assistant Chung-Jen Jen recused themselves because they had conflict of interest. The motion was approved by the acting chair after inquiring all directors present.
2023.11.06	Approved the acquisition of business right-of-use assets from related parties (Yuntech III Plant and Beigang Plant)	Chairperson Chin-Lan Lee, Directors Hsin-Cheng Wu, Jen-Shan Wu and Yi-Shan Wu recused themselves because they had conflict of interest. The motion was approved by the acting chair after inquiring all directors present.

IV. Information on the frequency and duration, scope, method and content of self-evaluation (or peer evaluation) of the Board of Directors:

The 2023 evaluation of the Board of Directors is as follows:

Evaluation Cycle	Once a year
Evaluation period	2023/01/01~2023/12/31
Scope and Method of Evaluation	1. Overall Board of Directors: Internal Self-Evaluation 2. Individual Board Members: Self-Evaluation 3. Functional committees: Internal Self-Evaluation
Evaluation	1. Overall performance evaluation of the Board of Directors:

	Content	(1) Level of participation in the Company's operations (2) Improving the quality of the board's decision-making (3) Composition and structure of the Board of Directors (4) Election and continuing education of directors (5) Internal control 2. Performance evaluation items of individual directors: (1) Alignment of the Company's goals and mission (2) Awareness of the duties of directors (3) Level of participation in the Company's operations (4) Internal relationship management and communication (5) Directors' professionalism and continuing education (6) Internal control 3. Performance evaluation items for the functional committee: (1) Level of participation in the Company's operations (2) Awareness of the duties of the functional committee (3) Improving the quality of decision making by functional committees (4) Composition of functional committees and election of members (5) Internal control
	Evaluation results	Performance evaluation results: The average score is 93.76 to 97.04, which is considered to be good. The suggested improvements are as follows: Items: The board of directors has set up a sufficient number of independent director seats, and the number of independent directors complies with relevant regulations (for example, when the chairman or general manager is the same person at an equivalent level, or when they are spouses or close relatives, it is advisable to increase the number of independent director seats, and more than half of the directors do not concurrently hold employee or managerial positions). Action plan: The Board of Directors has designated sufficient seats for independent directors. However, at present, the Chairman and the President are relatives within one degree of kinship, and no more than half of the directors concurrently serve as employees or managers. The Company has also elected one additional independent director at the general shareholders' meeting on June 2, 2023.

V. Enhancements to the functionality of the Board of Directors in the current year and the most recent year (e.g. establishment of an Audit Committee, enhancement of information transparency, etc.) and implementation evaluations:

(I) The company developed the "Rules for Performance Evaluation of Board of Directors" and "Directors and Functional Committee Remuneration Payment Measures," which were approved by the board of directors on March 20, 2018. Individual director annual performance evaluations will be conducted annually beginning with the fiscal year 2018, and the results will be linked to individual director annual remuneration, establishing performance goals to improve the board of directors' efficiency.

(II) The Company has established "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles" and "Rules and Procedures for Ethical Management and Code of Conduct" which have been approved by the Board of Directors to establish an effective corporate governance framework.

(III) The Company established the position of Corporate Governance Officer on January 1, 2022 to provide more support to directors and improve the effectiveness of the Board of Directors.

(I) The Company established the Sustainable Development Committee on November 6, 2023, in order to implement the sustainable development goals such as environmental protection, social responsibility and corporate governance, and strengthen the functions and management mechanism of the Board of Directors.

(II) In accordance with Article 14-6 of the Securities and Exchange Act, the Company has formulated the "Remuneration Committee Charter" and appointed and appointed its members to assist the Board of Directors in executing and evaluating the Company's overall remuneration and benefit system.

3. Succession planning for the members of the board of directors and key management:

(1) The succession plan and operation of the members of the Board of Directors

The selection of directors in the Company is based on the "Articles of Incorporation" using a candidate nomination system. The selection criteria for directors, in addition to possessing the knowledge, skills, and qualities necessary for the performance of their duties, also adhere to the principles of diversity as stipulated in the "Corporate Governance Best Practice Guidelines" and the "Regulations Governing the Election of Directors and Independent Directors" (the selection criteria for board members are disclosed on the Company's website: Investor Relations>Corporate Governance>Important Regulations, website: https://www.repongroup.com/tw/rules). This is to achieve the ideal goal of corporate governance, with many practices being implemented ahead of government regulatory requirements, gradually advancing the process of optimizing the effectiveness of the board of directors.

The company's board members should have not only professional backgrounds and skills, but also experience with business planning and operations. Continuous improvement should be emphasized, taking into account expertise that goes beyond each director's professional capabilities. Courses relevant to the industry should be selected, including finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, internal control systems, and financial reporting responsibilities, to ensure that board members have a sufficient level of industry knowledge and improve their professional competence.

The Company has also stipulated the "Rules for Performance Evaluation of Board of Directors", which measures the performance evaluation to include the control of the company's goals and tasks, awareness of responsibilities, participation in the company's operations, internal relationship management and communication, professional functions and training, internal controls, and ability to express concrete opinions. This is done to ensure the effective operation of the board of directors, evaluate the performance of directors, and serve as a reference for future director selection.

(2) Succession planning and operation of key management personnel

The Company emphasizes that, in addition to the operation and management ability, professional ability and performance, the words and deeds of the important management should be highly in line with the Company's core values of "integrity, positive positivity, innovation, communication and continuous learning" and other business philosophy.

The company focuses on preparing key management personnel for leadership, management, professional skills, personal development plans, and corporate culture. Internal training courses, hands-on tasks, meeting participation, and job rotations all contribute to the development of comprehensive abilities and experiences. External experts also share examples of benchmarking companies that offer management and thinking training courses. Internal senior executives share their leadership experience, organizational culture, and practical management operations. The senior executives' strategy meeting was held to jointly formulate the Company's future growth goals and strategies, including systems thinking, strategic thinking and planning, and leadership growth, performance management, talent development, and leadership inheritance, etc., to strengthen in a planned and targeted manner Future management team

(II) Operation of the Audit Committee

The 2023 Audit Committee held 6 meetings (A), with the attendance of independent directors as follows:

Job Title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Remarks
Independent Director	Rui-Chu Lee	5	0	83.33%	
Independent Director	Tung-Hsiung Hong	6	0	100%	
Independent Director	Shang-Hsien Yang	6	0	100%	
Independent Director	Tsun Cheng	3	0	100%	2023.6.2 Newly elected

Other information to be disclosed:

I. The operation of the board of Directors' meeting shall state the date and period of the board meeting, the content of the motion, the opinions of all independent Directors and the Company's handling of the opinions of the independent Directors if any of the following circumstances apply:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act: please refer to Item 4 of Other Required Information.

(II) Other matters not approved by the Audit Committee but agreed upon by two-thirds or more of all directors:
: Please refer to item 4 of other information to be disclosed

II. For implementation of an independent director's recusal due to a conflict of interest, the name of the independent director, the content of the proposal, the reason for recusal, and the participation in the voting shall be stated: No such situation.

III. Communication between independent directors and internal auditing officers and CPAs:

(I) The Company's board of directors regularly invites certified public accountants to attend the meeting to conduct consultations on the proposals related to the financial reports of the board of directors, and provides a communication channel for independent directors and certified public accountants, so that audit members may consult at any time.

(II) The Company's chief audit officer submits the audit report and follow-up report to the independent directors for review on a regular basis, responds to the opinions of the independent directors in a timely manner, and attends the Board of Directors' meeting to report the status of the audit.

IV. According to Article 14-5 of the Securities and Exchange Act, the opinions or resolutions of independent directors on major issues for the year are as follows:

Audit Committee member Date of meeting	Proposal Content	Dissenting opinions, qualified opinions, or major recommendations of independent directors
3rd Term 8th meeting March 15, 2023	1. 2022 remuneration to employees and directors 2. 2022 parent company only financial statements, consolidated financial statements and business report 3. 2022 earnings distribution 4. Issuance of Restricted Employee Shares 5. Related party transactions 6. Issuance of Statement of Internal Control System Resolution of Audit Committee: All Audit Committee members passed the motion unanimously. The Company's handling of the Audit Committee's opinions: Not applicable.	None
3rd Term 9th meeting April 20, 2023	1. Related party transactions Resolution of Audit Committee: All Audit Committee members passed the motion unanimously. The Company's handling of the Audit Committee's opinions: Not applicable.	None
3rd Term 10th meeting May 12, 2023	1. Evaluation of the independence and suitability of the Company's CPAs 2. Approved the Company's consolidated financial statements for the first quarter of 2023 3. Appointment of the Chief Auditor Resolution of Audit Committee: All Audit Committee members passed the motion unanimously. The Company's handling of the Audit Committee's opinions: Not applicable.	None
3rd Term 11th	1. Determining the base date for the recovery and cancellation of the new restricted employee shares	None

	meeting June 2, 2023	2. Related party transactions Resolution of Audit Committee: All Audit Committee members passed the motion unanimously. The Company's handling of the Audit Committee's opinions: Not applicable.	
	3rd Term 12th meeting August 11, 2023	1. The Company's consolidated financial statements for the first half of 2023 2. Receivables overdue for more than three months 3. Amendments to the Regulations Governing Issuance of Restricted Employee Shares Resolution of Audit Committee: All Audit Committee members passed the motion unanimously. The Company's handling of the Audit Committee's opinions: Not applicable.	None
	3rd Term 13th meeting November 6, 2023	1. The consolidated financial statements for the third quarter of 2023 2. Receivables overdue for more than three months 3. Acquisition of the right-of-use of the real estate for business use from the related party (Yunke Plant III) 4. Acquisition of the right-of-use of the real estate for business use (Beigang Plant) from the related party 5. 2024 Annual Audit Plan 6. Audit fees of certifying accountants 7. Determining the base date for the recovery and cancellation of new restricted employee shares 8. Investing in the establishment of a subsidiary in Vietnam 9. Disposal of land in Zhongli Industrial Park Resolution of Audit Committee: All Audit Committee members passed the motion unanimously. The Company's handling of the Audit Committee's opinions: Not applicable.	None

Note: Other resolutions not approved by the Audit Committee but agreed upon by over two-thirds of all directors: None.

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the "Corporate Governance Best-Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclosed it on the Market Observation Post System.	No significant difference
II. The Company's shareholding structure and shareholders' rights and interests				
(I)Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(I) The Company has fully implemented the spokesperson system, and set up a shareholder contact window on the Company's website, with dedicated personnel to handle shareholders' suggestions, questions, disputes and litigation matters, and hire legal consultants to take charge of litigation matters.	No significant difference
(III) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(II) Directors and major shareholders report changes in shareholdings to the Company on a monthly basis, and maintain good communication channels with major shareholders.	No significant difference
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(III) The Company has formulated the "Procedures for Transactions between Group Enterprises, Specific Companies, Group Enterprises and Related Parties" and "Procedures for Handling Acquisition or Disposal of Assets". The designated personnel are responsible for the management of related enterprises.	No significant difference
(IV) Has the Company established internal rules	V		(IV) The Company has established the "Procedures for	No significant difference

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
prohibiting insider trading of securities based on undisclosed information?			Handling Material Inside Information and Prevention of Insider Trading" and "Procedures for Prevention of Insider Trading ," and disseminated relevant regulations to insiders in a timely manner to prohibit insiders from exploiting undisclosed Trading of securities with information.	
III. Composition and duties of the Board of Directors (I) Does the Board of Directors formulate and implement diversified policies, specific management goals?	V		(I) The Company's policy on composition diversity of the Board of Directors has been stipulated in the "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors" and disclosed on the Company's website. The content are as follows: The composition of the board of directors shall take diversity into account, and appropriate policies shall be adopted for diversity in terms of its own operation, business model and development needs. It should include but not be limited to the following two major standards: 1. Basic conditions and values: gender, age, nationality and culture, etc. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. Members of the board of directors should generally have the knowledge, skills, and self-cultivation. In order to achieve the ideal goal of	No significant difference

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			corporate governance, the board of directors as a whole should have the following capabilities: a. Operational judgment. b. Accounting and financial analysis. c. Operation and management. d. Crisis management. e. Industry knowledge. f. International market perspective. g. Leadership h. Decision-making The Company's current nine-seat board of directors includes four independent directors. In addition to four female directors (female directors account for 44.44% of the board of directors), all directors have industry practical experience, and work experience in commerce, finance, accounting and corporate business needs, the board members have different areas of expertise, which is in line with the Company's diversity policy. In addition to regular dissemination of various laws and regulations, the Company also encourages board members to participate in external training courses, and the Company will organize training courses when necessary. As of December 31, 2023, there were 5 directors aged between 41 and 60, and the rest are over 60 years old. The consecutive terms of each of the four independent directors shall not exceed three terms. Please refer to pages 14-15 of this annual report.	
(II) In addition to establishing the Remuneration	V		(II) The Company has established the Remuneration Committee	Re-planning will be made based on operational needs.

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
Committee and the Audit Committee as required by law, has the Company established other functional committees voluntarily?			and Audit Committee in accordance with the law, and established the Sustainable Development Committee on November 6, 2023. In the future, other functional committees will be established depending on legal requirements or practical needs.	No significant difference
(III) Has the Company established rules and methods for evaluating the performance of the Board of Directors, and conducts annual performance evaluations regularly, and reports the results of the performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination?	V		(III) The Company has established the "Rules for Performance Evaluation of Board of Directors" Conduct annual performance appraisals, link the appraisal results to the annual remuneration of individual directors, and establish performance targets to enhance the operational efficiency of the Board of Directors and serve as a reference for nomination for reappointment.	No significant difference
(IV) Does the Company regularly assess the independence of the CPAs?	V		(IV) In accordance with Article 29, Paragraph 3 and 4 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and relevant provisions of the Company's "Corporate Governance Best Practice Principles", the Company evaluates the audit quality indicators (AQIs) at least once a year. Independence and appropriateness of the external auditors. Pursuant to this regulation, the Company referred to the evaluation items formulated by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Independence of Audits and Reviews" and the AQIs provided by KPMG Taiwan, in order to review the performance of the CPAs appointed by the Company. All CPAs have issued a declaration of independence. It has	

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			been confirmed that the Company's appointed CPAs have no other financial interests or business relationships other than the fees for certification and tax cases, and no family members of the CPAs violated independence. Meanwhile, reference AQIs indicator information to confirm that the audit experience and training hours of the CPAs and their subordinate firms are both better than the industry average, and we will continue to introduce digital audit tools to improve audit quality. The 2023 CPA Independence and Competency Evaluation Form was submitted to the Audit Committee and the Board of Directors for review and resolution on May 12, 2023.	
IV. Whether the listed company appoints competent and appropriate corporate governance personnel, and appoints a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in compliance laws, handling matters related to the Board of Directors and Shareholders' Meetings in accordance with the law, and preparing minutes of the Board of Directors and Shareholders' meetings)?	V		The Company has established a Corporate Governance Supervisor on January 1, 2022, and Special Assistant to the President Office of the Company has been appointed as the person who has more than ten years of experience as a financial officer of the above-mentioned public companies engaged in finance-related matters to ensure the effective execution of their corporate governance duties without conflict of interest and violation of the internal control system. The Company's corporate governance personnel are mainly responsible for corporate governance-related matters, including taking out the liability insurance of directors and supervisors, handling the Board of Directors and Shareholders' Meetings and other stock affairs according to laws, improving and replying to the items instructed by the Board of Directors, and preparing the minutes of the Board of Directors and Shareholders' meetings,	No significant difference

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			in order to increase support for directors and improve the effectiveness of the Board of Directors. At the beginning of 2023, the Company's Governance Officer completed 18 hours of continuing education as the Corporate Governance Officer of a TPEx-listed company at the beginning of 2023 as required by law.	
V. Does the Company create channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the Company's website, and appropriately respond to important corporate social concerns of stakeholders responsibility issues?	V		The Company has implemented the spokesperson and deputy spokesperson systems, and has created a stakeholder section on the Company's website (https://www.repongroup.com/tw/stakeholder) to contact stakeholders (including shareholders, employees, customers, financial institutions, suppliers and other stakeholders) to maintain good communication channels, dedicated personnel to respond appropriately to important corporate social responsibility issues that stakeholders are concerned about, and the Company upholds the principle of good faith to provide sufficient business information to properly protect the legitimate rights and interests of the stakeholders.	No significant difference
VI. Does the Company appoint a professional shareholder service agency to handle shareholders' meeting affairs?	V		The Company has appointed KGI Securities Co. LTD., Stock Agency Department, to handle shareholders' meeting affairs.	No significant difference
VII. Information Disclosure (I) Does the Company set up a website to disclose financial, business and corporate governance information?	V		(I) The Company has established a website to disclose the information of finance, business and corporate governance at http://www.repon.com.tw.	No significant difference

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information on the Company, implementing a spokesperson system, posting the proceedings of investor conferences on the Company's website)?	V		(II) The Company has set up an English website, designated dedicated personnel to be responsible for the collection and disclosure of company information, implemented the spokesperson system, and placed other information on shareholder services and institutional investor conferences on the Company's website.	No significant difference
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the financial statements for the first, second, and third quarters and the operating status of each month before the prescribed deadline?		V	(III) The Company has announced and declared the financial report and self-closing financial position of each month in advance of the prescribed deadline.	Re-planning will be made based on operational needs.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee rights and employee care: The Company has always had harmonious labor-management relations. In addition to complying with the Labor Standards Act, the Company has also established an Employee Welfare Committee that issues gift certificates for employees' birthdays on Labor Day, Dragon Boat Festival, and Mid-Autumn Festival every year. It also provides group insurance protection, company uniforms, lunch and dinner, health management and other benefits, and promotes the Responsible Business Alliance (RBA) system counseling project. 2. Investor relations:	No significant difference

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			The Company discloses information through the Market Observation Post System and the Company's website to allow investors to understand the Company's operations, and has dedicated personnel to deal with investors' related questions. 3. Supplier relations: The Company has always maintained a good cooperative relationship with its suppliers, and has signed relevant cooperation contracts or OEM contracts with major suppliers to protect the rights and obligations of both parties. 4. Stakeholders' rights: The Company maintains open communication channels with banks and other creditors, employees, suppliers, communities, and stakeholders of the Company, and respects and safeguards their legal rights. When the legitimate rights and interests of the stakeholders are infringed, the Company will uphold the principle of good faith and take appropriate measures. Provide sufficient information to banks and other creditors, so that they can make credit decisions on the Company's operating and financial status. 5. Continuing education of directors and supervisors: In addition to regular dissemination of various laws and regulations, the Company also encourages board members to participate in external training courses, and the Company will organize training courses when necessary. 6. Implementation of risk management policies and risk measurement standards:	

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			The Company's major operating policies, investment projects, bank financing and other major proposals are evaluated and analyzed by the responsible departments, and implemented with the resolution of the board of directors. The Company adopts a precautionary policy for risk management. In addition to formulating an internal control system and various regulations pursuant to laws, and subjecting them to internal audits, the Company also underwrites relevant property insurance policies to hedge risks. 7. Implementation of customer policies: The Company implements various product quality guidelines, provides customers with professional consultation and customized design, and has established a "Customer Complaint Operational Procedure" to focus on customer complaints and prompt handling to generate feedback. Product liability insurance is underwritten according to customer requirements. Conduct regular customer satisfaction surveys to continuously improve customer services. 8. Liability insurance for directors and supervisors: The Company has purchased liability insurance for directors and managers.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: Not Applicable.				

(IV) Profile, duties and operation of the Remuneration Committee members

1. Information on the members of the Remuneration Committee: April 28, 2024

By position	Qualification / Name	Professional qualifications and experience	Status of independence	Number of other public companies serving as Remuneration Committee member concurrently
Independent Director (Convener)	Rui-Chu Lee	Refer to pages 17-22 for the professional qualifications of directors and supervisors, and Disclosure of Information on Independence of Independent Directors		1
Independent Director	Tung-Hsiung Hong			1
Independent Director	Shang-Hsien Yang			3

2. Responsibilities of the Remuneration Committee:

(1) Regularly review the Remuneration Committee Charter and propose amendments.

(2) Formulate and periodically review the performance evaluation standards, annual and long-term performance targets, and remuneration policies, systems, standards and structures of the Company's directors and managers, and disclose the content of the performance evaluation standards in the annual report.

(3) Regularly evaluate the Company's directors and managers' achievement of performance targets, and determine the content and amount of their individual remunerations based on the results of the performance evaluation standards. The results of individual performance evaluations of directors and managers, as well as the content and amount of individual remuneration, and the relevance and reasonableness of the performance evaluation results should be disclosed in the annual report, and reported to the shareholders' meeting.

3. Information on the operation of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) The term of office of the current members: In 2023, the Remuneration Committee held 2 meetings (A). The qualifications and attendance of members are as follows:

Job Title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate in person (%) (B/A)	Remarks
Convener	Rui-Chu Lee	2	0	100%	
Committee member	Tung-Hsiung Hong	2	0	100%	
Committee member	Shang-Hsien Yang	2	0	100%	

4. Other information to be disclosed:

(1) If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date and term of the Board meeting, the contents of the motions, the resolutions of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions shall be disclosed (e.g. Committee's suggestions, shall state the deviation and reasons): In 2023 and as of the printing date of this annual report, there is no such situation that the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee.

(2) For resolutions adopted by the Remuneration Committee, to which a member has a dissenting or qualified opinion that is on record or stated in a written statement, state the date and session of the Remuneration Committee, contents of motions, opinions of all members, and the handling of such opinions: In 2023 and up to the date of publication of the annual report, no objections or qualified opinions were raised by members.

(3) Contents of the motions and resolutions of the Remuneration Committee in the most recent year, and the Company's handling of the opinions of the Remuneration Committee:

Remuneration Committee meeting	Proposal content and follow-up treatment	Resolution	The Company's handling of the opinions of the Remuneration Committee
4th Term 3rd meeting 2023/3/15	1. 2022 remuneration to employees and directors 2. Approved the actual distribution of year-end bonuses for executive directors and managers in 2022 3. Review of the policies, systems, standards, and structures of remuneration to directors and managers 4. Approved list of internal personnel for cash capital increase before listing in early 2023.	Approved by all committee members	2023/3/15 Approved by all attending directors unanimously
4th Term 4th meeting 2023/11/6	1. Remuneration to directors for 2022 2. Appointment of Information security supervisor 3. Review of the policies, systems, standards, and structures of remuneration to directors and managers	Approved by all committee members	2023/11/6 Approved by all attending directors unanimously

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		In order to implement the sustainable development goals of environmental protection, social responsibility and corporate governance, and strengthen the functions and management mechanism of the Board of Directors, the Company established the Sustainable Development Committee under the Board of Directors on November 6, 2023, and the Chairperson Ms. Chin-Lan Lee, serves as the Chairperson. President Mr. Jen-Shan Wu served as the CEO, and the committee members were elected by the board of directors as the chairman and two independent directors . Under the Committee, three functional groups, namely corporate governance, social responsibility and environmental protection, have been established. They are responsible for formulating sustainable development policies, goals, and promoting related activities. A meeting is convened at least once every six months and report to the Board of Directors on a regular basis.	No significant difference.
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		V	The Company has not yet conducted risk assessments on environmental, social and corporate governance issues related to corporate operations, and has not yet formulated relevant risk management policies or strategies.	Re-planning will be made based on operational needs

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	V		The Labor Safety Office of the Company is responsible for the environment, safety and health related operations. It promotes compliance with relevant domestic and foreign environmental protection laws and regulations, and has obtained ISO 14001 and ISO 45001 environmental safety and health management system certification, as well as RoHS certification. The company joined the Taiwan Climate Partnership in July 2022. The alliance, initiated by the Taipei Computer Association and eight major enterprises (DELTA/PEGATRON/TSMC/ASUS/AUO/Microsoft/Acer/ LITE-ON), aligns with international climate advocacy organizations. It requires the supply chain to conduct greenhouse gas inventories and set carbon reduction commitments. The alliance guides the supply chain towards a zero-carbon trend to achieve these goals.	No significant difference.
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		1. In accordance with the ISO 14001 and ISO 45001 environmental safety and health management systems, the Company actively promotes energy and resource conservation, continues to improve the efficiency of raw material use, reduces the amount of materials used for packaging and shipping, and strictly implements garbage sorting and resource recycling management. 2. Yunke Plant I and Plant III have installed rooftop solar	No significant difference.

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			power generation, which can generate more than 2.2 million kWh of power each year. 3. Introduce large-scale gearless direct drive industrial ceiling fans to optimize the flow field design and effectively reduce the power consumption of air-conditioning by 55%. 4. The Yunke Plant I and II have adopted the IE4 motor with the energy-saving logo. 5. Continue to enhance the product mechanism design, improve product quality and service life, and reduce waste of resources on the earth. 6. Cooperated with China Steel to introduce RC12 galvanized steel recycled rail materials.	
(III) Does the Company evaluate the potential risks and opportunities posed by climate change to the Company at present and in the future, and take relevant countermeasures?	V		In the face of the risks and opportunities of climate change, the Company continues to pay attention to international management issues and regulatory trends related to climate change, and refers to the management methods of large benchmark enterprises in response to climate change issues. Risk management measures to avoid production capacity interruption or supply chain interruption causing operational impact.	No significant difference.
(IV) Has the Company kept statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the	V		1. The Yunke Plant I and II have been designed based on the nine major green building indicators. The physical environment of the building is controlled, and the	No significant difference.

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?			energy-saving design of the SRC structural shell is combined to achieve the effect of natural ventilation and daylighting. Renewable energy, air conditioning, and lighting energy-saving systems are supplemented to reduce power consumption in the plants. 2. The Surface Treatment Division of Plant II has installed equipment to reduce the amount of harmful sludge produced. The facility produces 600 kg of hazardous sludge per day. The facility was used to reduce 400 kg of sludge per day, or 67%. 3. The surface treatment section of Yunke Plant II has set up process wastewater recycling and process water recycling for process reuse, with a recycling rate of 30%. 4. Set up a rainwater recycling system for landscape irrigation to strengthen the reuse of water resources. 5. The 21,104-square-meter green space around the adopted plant site was organically planted with 781 green trees to reduce pesticide pollution and carbon emissions.	
IV. Social Issues (I) Has the Company established relevant management policies and procedures in accordance with applicable laws and	V		1. The Company has formulated work rules in accordance with the labor laws and regulations, approved by the competent authority, and announced them to employees.	No significant difference.

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
International Bill of Human Rights?			2. The Company actively cooperates with the international big firms in the requirement of social responsibility of the downstream supply chain, and promotes the RBA (Code of Conduct - Responsible Business Alliance) systematic counseling project.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and appropriately reflect the operating performance or results in the employee remuneration?	V		The Company has established the "Work Rules", "Regulations Governing Salary", "Regulations Governing Employee Promotion and Transfer", "Regulations on Performance Bonus," "Regulations on Sales Bonus", and "Procedures for Ethical Management and Guidelines for Conduct" in accordance with relevant laws and regulations. The Company's salary policy is based on individual ability, contribution to the Company, performance, and there is a positive correlation with operating performance; in addition, in order to enable employees to share operating results with the Company, the Company's Articles of Incorporation provides that the annual If there is a net profit after the final accounting, no less than 3% of the net profit shall be set aside as employee remuneration, which shall be distributed in shares or cash by resolution of the board of directors. Competitive salary and compensation conditions: By referencing the annual consumer price index, military and civil service benefits, and annual salary market survey data, along with the company's operational target growth rate, as the basis for a comprehensive salary review and adjustment, examine or formulate a reasonable salary and compensation policy, and various measures to incentivize	No significant difference.

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			employees. The overall remuneration includes the salary, allowances, bonuses and employee bonuses. Competitive remuneration levels are paid in accordance with the job duties, core functions, education experience, performance, market conditions, the Company's future development, retention of high-performance colleagues and shareholders' equity. There is no discriminatory treatment based on gender, age, race, religion, political affiliation, marital status, etc., and salary adjustments are made every year based on the overall operating conditions and industry standards. The main incentive bonus items for employees include: (1) Employee remuneration: To acknowledge employees' contributions to the company and share in its success, the company will allocate not less than 3% of its annual profits, as stipulated in the company's Articles of Incorporation, as employee remuneration. This is to recognize employees' contributions to the company in the previous year and share in its success. (2) Year-end bonus: Year-end bonus is paid based on the Company's annual business goals and profitability, and an individual's annual work performance. (3) Diversified incentive bonuses: bonuses such as incentives, proposals, and recognition given by the professional skill assessment. The Company issues new shares of restricted stock to employees in 2021 and 2023 (with a term of three years) in order to retain talent, attract top professionals, incentivize	

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			long-term performance, and enhance their sense of belonging and commitment. This initiative aims to achieve a philosophy of shared management between labor and management. The company has an Employee Welfare Committee that gives out gift certificates for Labor Day, Dragon Boat Festival, and Mid-Autumn Festival, as well as employee birthdays. The company regularly organizes year-end parties and outings, as well as providing group insurance coverage, company uniforms, lunch and dinner meals, health management, and other benefits.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide employees with safety and health education on a regular basis?	V		1. The Company has established environment-friendly, safe and healthy workplaces in accordance with environmental protection, occupational safety and health and fire safety regulations. All factories have been inspected by Bureau Veritas Certification, and have also obtained ISO 14001 and ISO 45001 environmental safety and health management system certifications. 2. The Company implements various safety and health management related operations, organizes annual employee health examinations, and implements various labor safety and health promotions, health education trainings, and smoking cessation promotions. 3. The employee cafeteria has adopted the Mediterranean cuisine for many years to ensure the food safety and	No significant difference.

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			health of employees. 4. Participated in the counseling program for high-risk business units of the Occupational Safety and Health Administration, Central District Occupational Safety and Health Center - safety and health projects to continuously improve the occupational safety environment.	
(IV) Does the Company establish an effective career ability development training program for employees?	V		The Company has formulated internal education and training methods, which are divided into new recruit training, functional training and labor safety training, and conducts assessments based on education and training, and cooperates with the promotion system. The Company also organizes internal and external education and training from time to time based on employees' actual work needs to improve their work skills.	No significant difference.
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		The Company's product marketing complies with domestic and foreign regulations and international standards, and a consumer complaint mechanism has been established. There is a stakeholder section on the Company's website to provide complaint channels and an email address, and product liability insurance has been purchased to protect consumer rights.	No significant difference.

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(VI) Does the Company have a supplier management policy defined to require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the implementation status thereof?	V		The Company has established procurement management procedures, including non-use of conflict minerals and prohibited substances, supplier social responsibility management, environmental safety and health policy declaration, etc., requiring suppliers to standardize or make commitments. The Company holds annual supplier meetings, and prepares and distributes the Supplier Code of Practice to all suppliers. The content covers (anti-corruption/customer requirements/energy conservation/carbon reduction/explanations of various laws and regulations). To meet the industry requirements, we can achieve supplier counseling, and we participate in up to 60 times every year.	No significant difference.
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The Company has not yet prepared or disclosed any non-financial reports such as the Sustainability Report.	Re-planning will be made based on operational needs.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: There is no significant deviation between the Company's planned operation direction and the "Corporate Sustainable Development Best Practice Principles".				

Evaluation Items	Implementation status (Note)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development: The Company has made ESG one of the Company's development goals, and established the ESG Sustainable Development Committee on November 6, 2023. The Committee's main functions and powers are to propose policies or systems to promote corporate governance, develop a sustainable environment, and maintain social welfare. We will continue to promote sustainable development.				

The Company's implementation of sustainable development is as follows:

1. G, Governance

In order to implement corporate governance and establish an effective internal control system, the Company has independent directors and an audit committee. By taking advantage of the professionalism of independent directors and increasing the practical experience of the management team, the Rules and Procedures of Shareholders' Meeting, the Rules for Performance Evaluation of Board of Directors, and the responsibilities of insured directors are established to strengthen the functions of the Board of Directors. In order to protect the rights and interests of shareholders and enhance information transparency, the Company has appointed a spokesperson and an acting spokesperson to disclose all material information of the Company in a timely manner. Communication with shareholders has also been assigned to specific personnel. In addition, the Company upholds the principle of ethical corporate management, actively strengthens internal management, follows relevant laws and regulations, improves quality and performance, continues to optimize product portfolios, enhances core competitiveness, and strives to maintain a good corporate image to increase customers' trust in the Company's products and services recognition and demonstrate the determination of sustainable operation.

2. E, Environmental

(1) The Company has obtained the ISO14001:2015 certification, which is valid from May 6, 2023 to May 20, 2026, issued by Bureau Veritas Certification (hereinafter referred to as BVC). Annual audits are conducted to ensure the effectiveness of the management system.

(2) The company joined the Taiwan Climate Partnership in July 2022. The alliance, initiated by the Taipei Computer Association and eight major enterprises (DELTA/PEGATRON/TSMC/ASUS/AUO/Microsoft/Acer/ LITE-ON), aligns with international climate advocacy organizations. It requires the supply chain to conduct greenhouse gas inventories and set carbon reduction commitments. The alliance guides the supply chain towards a zero-carbon trend to achieve these goals.

(3) The Company has prepared for the acquisition of ISO 14064 in 2023: Verification/verification of organizational greenhouse gas emission system verification.

(4) The Company collaborated with the Department of Energy, Refrigeration and Air Conditioning Engineering of the National Chin-Yi University of Technology for the "Energy-saving Project Study on the Application of Water Chiller and Industrial Fans" to provide energy consumption data and energy-saving solutions to reduce energy consumption.

3. S, Social

(1) The Company has obtained the ISO45001:2018 certification, issued by Bureau Veritas Certification (hereinafter referred to as BVC). Annual audits are conducted to ensure the effectiveness of the management system.

(2) The Company has passed the Responsible Business Alliance (RBA), formerly known as the Electronic Industry Citizenship Coalition (EICC), audit and obtained certification on January 13, 2023.

(3) The Company hires foreign migrant workers in accordance with the spirit of RBA, adhering to a zero-fee policy where the employer covers

recruitment costs. It provides accommodation superior to industry standards and respects the diverse religious beliefs of employees. Dormitories are equipped with prayer rooms, and group meals offer vegetarian and pork-free options, benefiting 113 individuals. Additionally, the Company hosts an annual Eid al-Fitr event, with an estimated 60 migrant workers participating.

(4) A supplier meeting is held on a yearly basis, and a supplier code of conduct is prepared and distributed to all suppliers. The content covers (anti-corruption/customer requirements/energy saving and carbon reduction/various laws and regulations), collect supplier feedback, and implement industry requirements to achieve supplier counseling, and participate in up to 60 times each year.

(5) The company has established a Level One Occupational Safety and Health Unit, which reports directly to the general manager. It has appointed Occupational Safety and Health Managers/Type A Business Managers/Type B Business Managers (in accordance with personnel regulations) and provides monthly on-site services by occupational medicine specialists to monitor the health of the factory's special operations personnel. It also implements plans for maternity protection, overload prevention, human factor hazards prevention, and unlawful infringement prevention. The annual monitoring totals 240 person-times, and hired health service nursing personnel conduct health checks to ensure employee health.

(6) The Company has adopted the Yingge Junior High School volleyball team and provides funding for the competition every year to cultivate national-level talents. The Company also communicates with industry and academia on a regular basis to give back to the local community students.

(7) The Company has been working with National Kaohsiung University of Science and Technology and Chung Yuan Christian University for a long time for industry-university cooperation projects, and has set up a laboratory in National Kaohsiung University of Science and Technology. Each year, millions of funds are provided to conduct research and development material experiments, and monthly education and training courses are provided by professors to cultivate research and development talents. The Company has signed a scholarship system to regularly train R&D talents to work in the factory. So far, 10 R&D engineers have received scholarships to serve in the factory.

(8) The company has initiated collaborative projects with Yunlin University of Science and Technology and National Huwei University of Science and Technology for industry-academia cooperation. It has also conducted workplace training for students from Dongshi Vocational High School, Xiluo Agricultural and Industrial Vocational High School, and Beigang Agricultural and Industrial Vocational High School for two sessions, benefiting an estimated 20 students.

(V-1) Climate-Related Information Implementation Status

Items	Implementation Status
1. Describe the supervision and governance of climate-related risks and opportunities by the Board and management. 2. Describe how the identified climate risks and opportunities impact your business, strategy and finances (short, medium and long term). 3. Describe the financial impact of extreme weather events and actions for transformation. 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. 5. Where situational analysis is used to assess resilience to climate change risks, the scenario, parameters, assumptions, analysis factors and key financial impacts used should be described. 6. Where there is a transformation plan to address climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transformation risks. 7. If internal carbon pricing is used as a planning tool, the basis for price setting should be stated. 8. If climate-related targets have been set, information such as the activities covered, the scope of greenhouse gas emissions, planning schedules, progress achieved each year; if carbon credits or renewable energy certificates (RECs) are used to achieve the targets, the source and quantity of carbon credits or the quantity of renewable energy certificates (RECs) to be offset should be stated 9. Greenhouse gas inventory and reliability (fill in 1-1).	Not applicable (Note 1)

Note 1: According to the "Sustainable Development Roadmap for Listed Companies" issued by the Financial Supervisory Commission on March 3, 2022, the Company is a company with paid-in capital of less than NT$ 5 billion, and the individual company (i.e., the parent company) should apply the greenhouse gas inventory in the third stage (i.e., the completion of the inventory in 2026 and the completion of the verification in 2028), and will continue to control the completion of the greenhouse gas inventory and the completion of the verification disclosure schedule in accordance with the reference guidelines and related regulations issued by the relevant authorities.

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and plans (I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) In order to establish a corporate culture of ethical management and sound development, the Company has established the "Ethical Corporate Management Best Practice Principles" and the "Ethical Corporate Management Best Practice Principles and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies." The Board of Directors resolved to pass a resolution on December 22, 2016 that all members of the Company's Board of Directors and the management shall exercise the duty of care of a good administrator and exercise their powers with a high degree of prudence when conducting business.	No significant difference.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and	V		(II) The Company has clearly stipulated the procedures and preventive measures in the "Procedures for Ethical Management and Guidelines for Conduct"	No significant difference.

Evaluation Items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?			and "Code of Ethical Conduct" for business activities with a higher risk of unethical conduct. Subparagraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles"; ad hoc meetings to advocate the Group's personnel to abide by the business activities within the scope of business, to ensure the continued effectiveness of the design and implementation of the system.	
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) The Company has clearly defined operating procedures, guidelines, penalties for violations, and a complaint system in the "Operational Procedures and Guidelines for Ethical Management" and "Code of Ethical Conduct." In order to implement the work rules and actively prevent unethical related operations, regular internal self-assessments, and ad-hoc meetings to promote the spirit of ethical corporate management.	No significant difference.

Evaluation Items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
II. Implementing ethical corporate management (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) When the Company conducts business transactions, it will evaluate the legitimacy of the counterparties and their ethical management policies, and require suppliers to sign a "Corruption Protection Policy Agreement" to comply with business ethics before the transaction. Except for claims, the contract may be terminated at any time and it is included in the objection of rejected customers.	No significant difference.
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The Company has the President's Office as the dedicated unit. It regularly reports unethical conduct, its handling and follow-up review and improvement measures to the Board of Directors, as necessary, and has established an internal audit plan for implementation, and regularly reports to the Board of Directors for implementation circumstances.	No significant difference.
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such	V		(III) The Company's "Procedures for Ethical Corporate Management Best Practice Principles and Guidelines for Conduct" specify the policies for preventing conflicts of interest, provide	No significant difference.

Evaluation Items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
policies?			appropriate channels of expression, and require relevant units to implement them.	
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(IV) The Company has established the accounting system and internal control system in accordance with the relevant laws and regulations. The internal audit unit performs various audit operations according to the audit plan. In case of special circumstances, special audits will be arranged.	No significant difference.
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?		V	(V) The Company promotes the philosophy of ethical corporate management in internal meetings from time to time, and does not regularly organize educational training on ethical corporate management.	Re-planning will be made based on operational needs.
III. Implementation of Complaint Procedures (I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-		V	(I) The Company has not yet established a specific whistle-blowing and reward system. At present, for violations of ethical corporate management regulations, the Company's internal employees can	Re-planning will be made based on operational needs.

Evaluation Items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?			report not only the supervisors of their direct departments, but also the President's Office directly. Upon confirmation of the occurrence, the Company will issue a warning or punishment depending on the severity of the circumstances and the impact.	
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?		V	(II) The Company has not yet established standard operating procedures for the investigation of reported matters. Currently, it provides proper reporting channels, and keeps the identity of the whistleblower and the content of the report confidential.	Re-planning will be made based on operational needs.
(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?		V	(III) The Company has not yet established specific whistleblowing and reward systems and relevant standard operating procedures. However, the information of whistle-blowers is fully protected and they are not improperly handled due to whistle-blowing.	Re-planning will be made based on operational needs.
IV. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website	V		The Company has a corporate website that provides relevant information about the Company. The Company's financial and business information are disclosed on the Market Observation Post System in accordance with the laws and regulations, and	No significant difference.

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>and the Market Observation Post System (MOPS)?</td><td></td><td></td><td>information related to ethical management and the implementation of ethical management are disclosed in the annual report and prospectus. The Company plans to disclose the information related to the Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System.</td><td></td></tr>
<tr><td colspan="5">VI. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:
There is no significant deviation between the Company's planned operation and the "Ethical Corporate Management Best Practice Principles".</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles):
1. The Company complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, relevant regulations governing public companies, and other laws and regulations governing business conduct, as the basis for the implementation of ethical management.
2. The Company's "Rules of Board of Directors Meetings" stipulates the conflict of interest system for directors shall avoid discussion and voting during discussion and voting, and shall not exercise voting rights on behalf of other directors.</td></tr>
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3. The Company has established the "Procedures for the Handling of Material Inside Information and Management for Prevention of Insider Trading", which clearly stipulate that directors, managers and employees shall not disclose material information that they know to others, and shall not disclose to any person who knows material inside information of the Company Investigate or collect undisclosed internal and material information of the Company that is not related to one's job duties. The undisclosed internal information of the Company known by others due to the performance of business shall not be disclosed to others.
4. The Company has always insisted Integrity The Company follows relevant laws and regulations and the internal control system for sound management, and strictly prohibits unethical or illegal behaviors. There is also a neutral unit as the basis for necessary consultation and review.
5. The Company has purchased director and manager liability insurance for directors, managerial officers and important employees, which can reduce the risk to the Company caused by the performance of duties by relevant personnel, in order to protect the rights and interests of investors.

(VII) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the Company shall disclose how to access them: Please refer to the Company's website or the Market Observation Post System.

(VIII) Other important information that is sufficient to enhance the understanding of the Company's corporate governance and may be disclosed together:Please refer to the Company's website - Corporate Governance for the Company's corporate governance implementation and corporate governance disclosure.

Website: https://www.repongroup.com/tw/directors

(IX) Implementation of the internal control system

1. Declaration of internal control: Please refer to Attachment 1.
2. A CPA is commissioned to review the internal control system: Not applicable.

(X) In the most recent year and up to the publication date of this annual report, the Company and its internal personnel have been punished according to laws, or the Company has imposed a penalty on its internal personnel for violation of the internal control system, and the result of the punishment may have a material impact on shareholders' equity or securities prices; The content of the penalty, major deficiencies, and improvements made should be listed: No such situation.

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

1. Contents and implementation of important resolutions of the 2023 General Shareholders' Meeting:

Date	Contents of important resolutions and implementation
2023.06.02	• Ratification of the 2022 Business Report and Financial Report. Implementation status: Passed as originally proposed. • Ratification of the distribution of earnings for 2023 Implementation status: Passed as originally proposed. On June 2, 2023, the Board of Directors resolved to set June 26, 2023 as the ex-dividend date. The cash dividend distribution was completed on July 7, 2023. • Discussion of amendments to the "Articles of Incorporation" Implementation status: Passed as originally proposed, and the revised Procedures have been uploaded to the Company's website to be handled in accordance with the revised Procedures. • Discussion of amendments to the "Procedures for Acquisition or Disposal of Assets" Implementation status: Passed as originally proposed, and the revised Procedures have been uploaded to the Company's website to be handled in accordance with the revised Procedures. • Discussion about Issuance of Restricted Employee Shares Implementation status: Passed as originally proposed. • Election of two additional directors (including one independent director) Implementation status: Passed as originally proposed, and announcement of material information on the Market Observation Post System. • Release of non-competition restrictions for new directors Implementation status: Passed as originally proposed, and material information was released on the Market Observation Post System.

2. Important resolutions of the board of directors in the most recent year and up to the date of publication of the annual report

Date	Meeting	Resolutions
2023.03.15	17th Board 9th meeting	1. 2022 remuneration to employees and directors 2. 2022 parent company only financial statements, consolidated financial statements and business report 3. 2022 earnings distribution 4. Issuance of Restricted Employee Shares 5. Related party transactions 6. Issuance of Statement of Internal Control System 7. Election of two additional directors (including one independent director) 8. Release of non-competition restrictions for new directors 9. Convene of 2023 Shareholders' Meeting 10. Approval of the insider subscription list for the capital increase by cash before IPO 11. Proposal passed by the 3rd meeting of the 4th Remuneration Committee
2023.04.20	17th Board 10th meeting	1. Related party transactions 2. Nomination and Review of Director (Including Independent Director) Candidate List
2023.05.12	17th Board 11th meeting	1. Evaluation of the independence and suitability of CPAs 2. Approved the consolidated financial statements for the first quarter of 2023. 3. Change of company location 4. Appointment of the Chief Auditor
2023.06.02	17th Board 12th meeting	1. Appointed one additional member of the Company's 3rd Audit Committee 2. Determining the base date for the recovery and cancellation of new restricted employee shares 3. Dividend record date for determining cash dividend 4. Related party transactions
2023.08.11	17th Board 13th meeting	1. The consolidated financial statements for the first half of 2023 2. Rreceivables overdue for more than three months 3. Amendments to the Regulations Governing Issuance of Restricted Employee Shares 4. New credit facilities with Chang Hwa Bank 5. Extension of credit facilities and derivatives trading facilities with Mega Bank

Date	Meeting	Resolutions
2023.11.06	17th Board 14th meeting	1. The consolidated financial statements for the third quarter of 2023 2. Receivables overdue for more than three months 3. Approved the acquisition of the right-of-use of the real estate for business use from the related party (Yunke Plant III) 4. Approved the acquisition of the right-of-use of the real estate for business use (Beigang Plant) from the related party 5. Set the disclosure schedule of greenhouse gas inventory 6. Establishment of Sustainable Development Committee 7. Appointment of three members of the first Sustainable Development Committee 8. 2024 Annual Audit Plan 9. Audit fees of certifying accountants 10. Determining the base date for the recovery and cancellation of new restricted employee shares 11. Investing in the establishment of a subsidiary in Vietnam 12. Disposal of land in Zhongli Industrial Park 13. Credit and transaction limit with O-Bank 14. Credit line and transaction limit with Far Eastern Bank 15. Remuneration to directors for 2022 16. Appointment of Information security supervisor 17. Proposed meeting minutes of the 4th meeting of the Remuneration Committee of the 4th term
2024.01.22	17th Board 15th meeting	1. The capital expenditure budget 2023 2. The operating plan and budget for 2024 3. Authorizing the Chairman to dispose of the land in Zhongli Industrial Park 4. To determine the base date for the capital increase by the new restricted employee shares for 2023 5. Approval of the list and quantity of shares allocated to employees in the new restricted employee shares for 2023 6. Evaluation of the independence and suitability of the CPAs 7. General principles for formulating the Company's pre-approved non-assurance service policy 8. Extension of credit and transaction limit with Chang Hwa Commercial Bank 9. Extension of credit and transaction limit with the Shanghai Commercial & Savings Bank 10. The year-end bonuses for executive directors and managers in 2023 11. Proposed meeting minutes of the 5th meeting of the Remuneration Committee of the 4th term

Date	Meeting	Resolutions
2024.03.15	17th Board 16th meeting	1. 2023 remuneration to employees and directors 2. 2023 parent company only financial statements, consolidated financial statements and business report 3. 2023 earnings distribution 4. Cash distribution of capital reserves 5. Determining the base date for the recovery and cancellation of new restricted employee shares 6. Change of the list of employees to whom the RSAs are allocated in 2023 7. Related party transactions 8. Receivables overdue for more than three months 9. Issuance of Statement of Internal Control System 10. Evaluation of the independence and suitability of the CPAs 11. Amendment to the "Rules of Procedure for Board Meetings" 12. Amendment to the "Audit Committee Charter" 13. The 2024 Annual Shareholders' Meeting was convened 14. Proposed meeting minutes of the 6th meeting of the Remuneration Committee of the 4th term

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

(XIII) A summary of the resignation and dismissal of the Company's Chairman, President, accounting supervisor, financial supervisor, internal auditor, corporate governance supervisor, and R&D supervisor in the most recent year and up to the date of publication of the annual report: No such situation.

Job Title	Name	Inauguration date	Dismissal date	Reasons for resignation or dismissal
Chief Internal Auditor	Hui-Hsiang Lin	2019.05.06	2023.05.12	Resigned due to personal career planning
Chief Internal Auditor	Yu-Hsien Peng	2023.05.12	-	Internal job adjustment

V. Information on CPA fees

Unit: NTD thousand

Name of CPA Firm	Name of CPA	Audit period	Audit fees	Non-audit fees (Note)	Total	Remarks
KPMG Taiwan	Jason Lin Celia Hsu	2023.1.1 - 2023.12.31	2,650	1,208	3,858	

(Note) Non-audit fees refer to the fees for specializing in internal audit of listed OTC listings, tax certification, and employee salary checklist certification.

(I) Where the accounting firm is changed and the audit fees paid in the year of change are less than the audit fees paid in the previous year:

No such situation.

(II) The audit fee is reduced by more than 10% from the previous year: No such situation.

VI. Information on replacement of CPA:

I. Information regarding the former CPAs

Date of replacement	May 12, 2023		
Reason for replacement and description	The reason for the change of CPAs of the Company starting in 2023 is mainly due to the internal adjustment of the CPA firm.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties / Situation	CPAs	The Company
	Terminated the engagement	Not applicable	Not applicable
	No longer accepted (discontinued) the engagement	Not applicable	Not applicable
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	Not applicable		
Disagreement with the Company	None	Accounting principles or practices	
	None	Disclosure of financial reports	
	None	Audit Scope or Procedure	
	None	Others	
Other disclosures (Matters to be disclosed in Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

II. Information regarding the succeeding CPA

Name of CPA Firm	KPMG Taiwan
Name of CPA	CPA Jason Lin, CPA Celia Hsu
Date of appointment	May 12, 2023
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable

III. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations.

VII. Any of the Company's chairperson, general manager, or managers responsible for financial or accounting affairs being employed by the auditor's firm or any of its affiliated company in the last year, including their names, job titles, and whereabouts of the accounting firm During the term of office or its affiliates: None.

VIII. Transfer of equity interests and change in equity pledge by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% in the most recent year and up to the date of publication of the annual report:

(I) Changes in the shareholdings of directors, supervisors, managers and shareholders with a stake of more than 10%:

Unit: shares

Job Title	Name	2023		As of April 28, 2024	
		Increase (decrease) of shares held	Increase (decrease) in shares pledged	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Chairperson	He Ying Investment Co., Ltd. Representative: Chin-Lan Lee	-	-	-	-
Director concurrently serves as the Vice President of R&D	He Ying Investment Co., Ltd. Representative: Hsin-Cheng Wu	-	-	-	-
Director and President	Junyi Investment Co., Ltd. Representative: Jen-Shan Wu	30,000	-	-	-
Director	Junyi Investment Co., Ltd. Representative: Yi-Shan Wu	-	-	-	-
Director	Gui-Ying Wu	-	-	-	-
Independent Director	Rui-Chu Lee	-	-	-	-
Independent Director	Tung-Hsiung Hong	-	-	-	-
Independent Director	Shang-Hsien Yang	-	-	-	-
Independent Director	Tsun Cheng	-	-	-	-
Assistant Vice President	Jian-hong Chen	-	-	-	-
Assistant Vice President	Shun-Ru Tsai	20,000	-	1,000	-
Assistant Vice President	Yi-Hsiang Chiu (Note 1)	15,000	-	(8,000)	
Assistant Vice President	Long-Chang Lee	9,000	-	(1,000)	-
Assistant Vice President	Chun-Wei Lin (Note 2)	-	-	-	-
Financial Accounting Supervisor also serves as the Corporate Governance Supervisor.	Chung-Jen Jen	24,000	-	-	-
Shareholders holding more than 10% of shares	He Ying Investment Co., Ltd.	15,000	-	3,000	-
Shareholders holding more than 10% of shares	Junyi Investment Co., Ltd.	-	-	-	-

Note 1: The officer was inaugurated on 2023.2.1.
Note 2: The officer was inaugurated on 2023.8.1.

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

(III) Information that the counterparty of equity pledge is a related party: None.

IX. Spouses or relatives within the second degree of kinship of another among the top ten shareholders:

April 28, 2024; unit: shares

<table>
<tr><th rowspan="2">Name</th><th colspan="2">The owner Shareholding</th><th colspan="2">Shares held by spouse and minor children</th><th colspan="2">Total shares held through nominees</th><th colspan="2">Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of shares</th><th>Shareholding ratio</th><th>Number of shares</th><th>Shareholding ratio</th><th>Number of shares</th><th>Shareholding ratio</th><th>Name</th><th>Relationship</th></tr>
<tr><td>He Ying Investment Co., Ltd. (Representative: Chin-Lan Lee)</td><td>8,843,525</td><td>13.37%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Junyi Investment Co., Ltd. (Representative: Jen-Shan Wu)</td><td>7,411,030</td><td>11.20%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>AWESON TEK INVESTMENTS LIMITED (Representative: Chin-Lan Lee)</td><td>4,596,000</td><td>6.95%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Chin-Lan Lee</td><td>4,195,965</td><td>6.34%</td><td>2,858,920</td><td>4.32%</td><td></td><td></td><td>Hsin-Hsun Wu
Jen-Shan Wu
Yi-Shan Wu
Yi-Lun Wu
Hsin-Cheng Wu</td><td>Husband and Wife
Mother and Son
Mother and Daughter
Mother and Daughter
Uncle and Sister-in-law</td><td></td></tr>
<tr><td>He Hung Investment Co., Ltd. (Representative: Hsin-Cheng Wu)</td><td>3,990,810</td><td>6.03%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Hsin-Cheng Wu</td><td>3,051,131</td><td>4.61%</td><td>568,724</td><td>0.86%</td><td></td><td></td><td>Hsin-Hsun Wu
Chin-Lan Lee</td><td>Brother
Uncle and Sister-in-law</td><td></td></tr>
<tr><td>Hsin-Hsun Wu</td><td>2,858,920</td><td>4.32%</td><td>4,195,965</td><td>6.34%</td><td></td><td></td><td>Chin-Lan Lee
Jen-Shan Wu
Yi-Shan Wu
Yi-Lun Wu
Hsin-Cheng Wu</td><td>Husband and Wife
Father and son
Father and daughter
Father and daughter
Brother</td><td></td></tr>
<tr><td>Yi-Shan Wu</td><td>2,535,293</td><td>3.83%</td><td>99,500</td><td>0.15%</td><td></td><td></td><td>Hsin-Hsun Wu
Chin-Lan Lee
Jen-Shan Wu
Yi-Lun Wu</td><td>Father and daughter
Mother and Daughter
Siblings
Sister</td><td></td></tr>
<tr><td>Jen-Shan Wu</td><td>2,543,521</td><td>3.85%</td><td></td><td></td><td></td><td></td><td>Hsin-Hsun Wu
Chin-Lan Lee
Yi-Shan Wu
Yi-Lun Wu</td><td>Father and son
Mother and Son
Siblings
Siblings</td><td></td></tr>
<tr><td>Yi-Lun Wu</td><td>2,489,338</td><td>3.76%</td><td>18,263</td><td>0.03%</td><td></td><td></td><td>Hsin-Hsun Wu
Chin-Lan Lee
Jen-Shan Wu
Yi-Shan Wu</td><td>Father and daughter
Mother and Daughter
Siblings
Sister</td><td></td></tr>
</table>

X. The number of shares of the same companies held by the Company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company, and their consolidated shareholding ratios:

April 28, 2024; unit: shares

Invested business	The Company's investment		Directors, Supervisors, Managers, and Directly or Indirectly Controlling Businesses		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
SUZHOU NAN JUEN TRADE CO., LTD	(Note)	100%	-	-	(Note)	100%
REPON (USA), INC.	100	100%	-	-	100	100%

Note: The Company is a limited company without issuing shares, and the cumulative investment amount is US$500,000.

IV. Fundraising

I. Capital and shares of the Company

(I) Source of share capital

Unit: 1,000 shares/thousand
April 28, 2024

Year/month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital paid in by assets other than cash	Others
2011.08	10	20,000	200,000	20,000	200,000	Capitalization of capital reserve	None	Note 1
2014.09	10	40,000	400,000	40,000	400,000	Transfer of Earnings to Increase Capital	None	Note 2
2016.05	10	80,000	800,000	48,000	480,000	Transfer of Earnings to Increase Capital	None	Note 3
2016.05	50	80,000	800,000	52,000	520,000	Issue of shares	None	Note 4
2021.03	0	80,000	800,000	52,500	525,000	Issuance of new restricted employee shares	None	Note 5
2021.12	0	80,000	800,000	52,494	524,940	Recall of new restricted employee shares	None	Note 6
2022.02	36	80,000	800,000	58,494	584,940	Issue of shares	None	Note 7
2022.09	0	80,000	800,000	58,490	584,898	Recall of new restricted employee shares	None	Note 8
2023.05	20	80,000	800,000	65,810	658,098	Issue of shares	None	Note 9
2023.07	36	80,000	800,000	65,643	656,426	Recall of new restricted employee shares	None	Note 10
2023.12	36	80,000	800,000	65,641	656,406	Recall of new restricted employee shares	None	Note 11
2024.03	0	80,000	800,000	66,141	661,406	Issuance of new restricted employee shares	None	Note 12

Note 1: Approved by Letter Bei-Fu-Jing-Si-Zi No. 100505470 on August 16, 2011.
Note 2: Approved by Letter Bei-Fu-Jing-Si-Zi No. 1035175841 on September 1, 2014.
Note 3: Approved by Letter Jing-Shou-Shang-Zi No. 10501101610 on May 23, 2016.
Note 4: Approved by Letter Jing-Shou-Shang-Zi No. 10501101610 on May 23, 2016.
Note 5: Approved by Letter Jing-Shou-Shang-Zi No. 11001040960 on March 18, 2021.
Note 6: Approved by Letter Jing-Shou-Shang-Zi No. 11001210800 on December 1, 2021.
Note 7: Approved by Letter Jing-Shou-Shang-Zi No. 11101014440 on February 10, 2022.
Note 8: Approved by Letter Jing-Shou-Shang-Zi No. 11101168160 on September 12, 2022.
Note 9: Approved by Letter Jing-Shou-Shang-Zi No. 11230095240 on June 2, 2023.
Note 10: Approved by letter Jing-Shou-Shang-Zi No. 11230109370 on July 4, 2023.
Note 11: Approved by letter Jing-Shou-Shang-Zi No. 11230233850 on December 20, 2023.
Note 12: Approved by letter Jing-Shou-Shang-Zi No. 11330040440 on March 21, 2024.

Unit: shares
April 28, 2024

Type of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	66,140,600	13,859,400	80,000,000	Listed on the TPEx

Information on the issuer's approved offering of securities under the shelf registration system: Not applicable.

(II) Shareholder structure:

Unit: shares
April 28, 2024

Shareholder structure	Government agencies	Financial institutions	Other corporate entities	Foreign institutions and foreigners	Individual	Total
Number of people	0	3	36	14	4,062	4,115
Number of shares held	0	715,400	22,052,083	4,956,031	38,417,086	58,489,800
Percentage of Ownership (%)	0%	1.08%	33.34%	7.50 %	58.08%	100.00%

(III) Distribution of shareholdings:
1. Common shares:

Unit: shares
April 28, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	1,046	149,565	0.23%
1,000 to 5,000	2,647	4,640,529	7.02%
5,001 to 10,000	194	1,455,140	2.20%
10,001 to 15,000	60	754,468	1.14%
15,001 to 20,000	42	765,322	1.16%
20,001 to 30,000	34	861,649	1.30%
30,001 to 40,000	17	603,168	0.91%
40,001 to 50,000	11	514,430	0.78%
50,001 to 100,000	24	1,799,879	2.72%
100,001 to 200,000	7	888,447	1.34%
200,001 to 400,000	8	2,140,500	3.24%
400,001 to 600,000	8	3,896,868	5.89%
600,001 to 800,000	5	3,265,044	4.94%
800,001 to 1,000,000	2	1,890,058	2.86%
Over 1,000,001	10	42,515,533	64.27%
Total	4,115	66,140,600	100.00%

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

(IV) List of major shareholders

Unit: shares
April 28, 2024

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
He Ying Investment Co., Ltd.	8,843,525	13.37%
Junyi Investment Co., Ltd.	7,411,030	11.20%
AWESON TEK INVESTMENTS LIMITED	4,596,000	6.95%
Chin-Lan Lee	4,195,965	6.34%
He Hung Investment Co., Ltd.	3,990,810	6.03%
Hsin-Cheng Wu	3,051,131	4.61%
Hsin-Hsun Wu	2,858,920	4.32%
Yi-Shan Wu	2,543,521	3.85%
Jen-Shan Wu	2,535,293	3.83%
Yi-Lun Wu	2,489,338	3.76%

(V) Market price, net worth, earnings, dividends per share for the most recent two years, and related information

Item \ Year			2022	2023	As of March 31, 2024 (Note 6)
Market price per share (Note 1)	Highest		Unlisted	90.50	228.50
	Lowest		Unlisted	60.20	82.20
	Average		Unlisted	73.85	152.07
Net Value Per Share	Before distribution		26.86	29.33	29.84
	After distribution		25.66	28.11	Not allocated yet
Earnings per share	Weighted average number of shares		57,861	62,723	65,468
	Earnings per share	Before adjustment	2.26	0.72	0.72
		After adjustment	2.26	0.72	0.72
Dividends per share	Cash dividends		1.2	1.0 (Note 2)	Not allocated yet
	Bonus stock dividend	Stock dividend from retained earnings	-	-	-
		Stock dividend from capital reserve	-	-	-
	Accumulated unpaid dividends		-	-	-
Analysis of investment return (Note 1)	Price/earnings ratio (Note 3)		Unlisted	568.08	Not applicable
	Price/dividend ratio (Note 4)		Unlisted	73.85	Not applicable
	Cash dividend yield (Note 5)		Unlisted	1.35	Not applicable

Note 1: The Company's shares have not been listed on the stock exchange before May 18, 2023, so there is no market price to follow and the relevant ratios cannot be calculated.
Note 2: Approved by the board of directors, pending approval by the general shareholders' meeting.
Note 3: Price/earnings ratio = Average closing price per share for the year/Earnings per share.
Note 4: Price/dividend ratio = Average closing price per share for the year/cash dividends per share.
Note 5: Cash dividend yield = cash dividend per share/average closing price per share for the year.
Note 6: Book value per share and earnings per share based on the audited (reviewed) data for the most recent quarter as of the print date of the annual report; other columns based on the current year as of the print date of the annual report.

(VI) The Company's dividend policy and implementation:
1. Dividend policy stipulated in the Articles of Incorporation:
If the Company makes a profit in its financial report, it shall first pay tax and make up for past losses, and then appropriate 10% as legal reserve, and shall appropriate or reverse special reserve in accordance with the laws or regulations or the requirements of the competent authorities. If there is still any distributable earnings, the accumulated undistributed earnings of the previous years shall be added up, and the Board of Directors shall prepare a proposal for the distribution of shareholders' dividends and submit it to the shareholders' meeting for resolution. The Company is currently in the growth stage. The needs for business expansion such as capital expenditures and working capital are taken into account, as well as the steady development of the Company's short, medium and long-term financial structure, while the focus is on the stability and growth of

dividends. In accordance with the preceding Article, 20% or more of the distributable earnings as stated in the annual financial statements shall be set aside for dividend distribution. However, if the accumulated unappropriated earnings of prior years are less than 30% of the paid-in capital, the Company may propose not to distribute such earnings. When the Company distributes stock dividends and cash dividends at the same time, the cash dividends shall not be less than 20% of the total dividends to shareholders for the year.

2. Dividend distribution proposed at the shareholders' meeting :
On March 15, 2024, the Board of Directors of the Company passed a cash dividend of NT$0.5 per share from the distributable earnings, totaling NT$32,984,100, and prioritized distribution from the 2023 earnings.
On March 15, 2024, the Board of Directors of the Company resolved to distribute the capital reserve based on the premium of stock issuance in excess of the par value in cash according to the shares held by shareholders recorded in the shareholder roster on the base date of cash distribution of the capital reserve. The distribution of cash, NT$0.5 per share, totaling NT$32,984,100.
3. Significant changes in the expected dividend policy: None.

(VII) Impacts of the proposed stock dividends on the Company's operating performance and earnings per share:
There is no proposed stock dividend in this annual shareholders' meeting, so there is no need to explain the impact.

(VIII) Remuneration to employees, directors and supervisors:
1. The percentages or ranges with respect to the remuneration of employees, directors, and supervisors, as set forth in the Articles of Incorporation:
If there is profit in a year, the board of directors shall resolve to appropriate no less than 3% as employees' remuneration and no more than 3% as directors' remuneration. However, if the Company still has accumulated losses, the amount shall be reserved in advance to offset the losses. The employee compensation in the preceding paragraph may be distributed in the form of shares or cash, and the recipients of the remuneration may include the employees of the subordinate company who meet certain criteria, and the board of directors may decide on the matter.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:
The Company uses the pre-tax net profit for each period before deducting the remuneration of employees and directors, and the proportion of remuneration to employees and directors stipulated in the Articles of Incorporation of the Company as the basis of estimation, and reports it as operating costs and operating expenses of the current year. If there is a discrepancy between the actual distributed amount and the estimated figure, it shall be treated as a change in accounting estimate and recognized as profit or loss in the year of resolution.

3. The distribution of remuneration approved by the Board of Directors:
The Board of Directors of the Company resolved on March 15, 2024 to allocate the profits for 2023 (the remaining net profit before tax for the distribution of employee and director remuneration) of NT$2,108,321. An allocation of 5% for employee remuneration, totaling NT$105,416, and an allocation of 3% for director remuneration, totaling NT$63,249, both to be paid in cash. There is no difference between the amount allocated in the preceding paragraph and the amount of expenses recognized in 2023

4. Actual distribution of employees' remuneration and directors'/supervisors' remuneration for the previous year :

(1) The Company appropriated NT$9,369,376 and NT$5,621,625 as remuneration to employees and directors, respectively, for 2022, which are not different from the actual amounts distributed.

(2) If there is any difference between the aforementioned amount and the recognized remuneration of employees, directors and supervisors, the amount, reason and treatment of the difference should be stated: No difference.

(IX) Shares repurchased by the Company: None.

II. Corporate bonds: No such situation.

III. Preference shares: No such situation.

IV. Overseas depository receipts: No such situation.

V. Issuance of employee stock options: None.

VI. Issuance of new restricted employee shares:

(I) Restricted shares issued for employees and the effect on shareholders' equity

April 30, 2024

Types of New Restricted Employee Shares	New restricted employee shares for 2020
Effective date of filing	2020.8.12
Date of issue	2021.4.1
Number of New Restricted Employee Shares Issued	500,000
Issuing price	NT$0 per share, issued gratis
Percentage of New Restricted Employee Shares Issued to Total Shares Issued	0.85%
Vesting Conditions for Employee Restricted Stock Awards	1. Seniority requirements (each vested period): ●If the employee has held office for one year from the date of allotment, the vested shares shall be 30% of the number of allotted shares. ●If the Company has served for two years from the date of allotment, the vested shares will be acquired with 30% of the allotted shares. ●If the Company has held office for three years from the date of allotment, the shares acquired will be 40% of the number of allotted shares. 2. The Company's annual profit requirements: The net operating profit in the most recent year at the end of each vested period is more than NT$50 million, and the growth rate of the net operating profit in the same period of the previous year is more than 5%. The net operating income is based on the consolidated financial statements of the most recent year at the end of each vesting period, which has been audited and certified by a CPA. 3. Employee performance evaluation criteria: The individual's performance evaluation in the most recent year after the expiry o each vested period reaches the standard approved by the general manager of the current year.
Restricted Rights of Restricted Stock Awards	1. The RSAs may not be sold, pledged, transferred, given to others, created, or otherwise disposed of, and other rights are identical with the common shares already issued by the Company. 2. Before the vested conditions are met, the RSAs issued under these Regulations shall be entrusted to a custodian institution for the exercise of all rights by the shareholders at the shareholders' meeting, including but not limited to the rights to propose proposals, the rights to attend, the right to speak, the rights to vote, and the rights to vote. 3. Other rights in the RSAs issued under these Regulations before the vesting conditions are met, including but not limited to the distribution rights to earnings and capital reserves, and stock options for cash capital increase, etc, shall be the same.
Custody of RSAs	Trust and custody
Measures to be taken if the vesting conditions are not met after the employees receive allotted or subscribed shares	Recovered in full and written off
Number of restricted employee shares retired or repurchased	351,800 (Including the number of shares subject to clawback due to unmet conditions.)
New shares released from restrictions	148,200

New shares not released from restrictions	0
New shares not released from the restrictions as a percentage of total issued shares (%)	0
Effect on shareholders' equity	The dilution of earnings per share is limited, so there is no significant impact on shareholders' equity.

Types of New Restricted Employee Shares	New restricted employee shares for 2023
Effective date of filing	2023.9.12
Date of issue	2024.4.1
Number of New Restricted Employee Shares Issued	500,000
Issuing price	NT$0 per share, issued gratis
Percentage of New Restricted Employee Shares Issued to Total Shares Issued	0.76%
Vesting Conditions for Employee Restricted Stock Awards	1. Seniority requirements (each vested period): ●If the employee has held office for one year from the date of allotment, the vested shares shall be 30% of the number of allotted shares. ●If the Company has served for two years from the date of allotment, the vested shares will be acquired with 30% of the allotted shares. ●If the Company has held office for three years from the date of allotment, the shares acquired will be 40% of the number of allotted shares. 2. The Company's annual profit requirements: The net operating profit of the most recent year at the end of each vested period is over NT$100 million, or the net operating profit of the previous year has grown by more than 5%. The net operating income is based on the consolidated financial statements of the most recent year at the end of each vesting period, which has been audited and certified by a CPA. 3. Employee performance evaluation criteria: The individual's performance evaluation in the most recent year after the expiry of each vested period reaches the standard approved by the general manager of the current year.
Restricted Rights of Restricted Stock Awards	1. The RSAs may not be sold, pledged, transferred, given to others, created, or otherwise disposed of, and other rights are identical with the common shares already issued by the Company. 2. Before the vested conditions are met, the RSAs issued under these Regulations shall be entrusted to a custodian institution for the exercise of all rights by the shareholders at the shareholders' meeting, including but not limited to the rights to propose proposals, the rights to attend, the right to speak, the rights to vote, and the rights to vote. 3. Other rights in the RSAs issued under these Regulations before the vesting conditions are met, including but not limited to the distribution rights to earnings and capital reserves, and stock options for cash capital increase, etc, shall be the same.
Custody of RSAs	Trust and custody

Measures to be taken if the vesting conditions are not met after the employees receive allotted or subscribed shares	Recovered in full and written off
Number of restricted employee shares retired or repurchased	0
New shares released from restrictions	0
New shares not released from restrictions	500,000
New shares not released from the restrictions as a percentage of total issued shares (%)	0.76%
Effect on shareholders' equity	The dilution of earnings per share is limited, so there is no significant impact on shareholders' equity.

(II) Names of managers who have acquired new restricted employee shares and top ten employees, and their acquisition status

April 30, 2024

<table>
<tr><th rowspan="2"></th><th rowspan="2">Job Title</th><th rowspan="2">Name</th><th rowspan="2">Number of new restricted employee shares acquired</th><th rowspan="2">Percentage of acquired RSAs to total issued shares</th><th colspan="4">Restricted rights released</th><th colspan="4">Restricted rights not released</th></tr>
<tr><th>Number of restricted shares released</th><th>Issuing price</th><th>Amount of issuance (NT$ thousand)</th><th>Number of restricted shares released as a percentage of total shares issued</th><th>Number of restricted shares unreleased</th><th>Issuing price</th><th>Amount of issuance (NT$ thousand)</th><th>Number of unrestricted shares released as a percentage of total shares issued</th></tr>
<tr><td rowspan="8">Managerial Officer</td><td>President</td><td>Jen-Shan Wu</td><td rowspan="8">375,000</td><td rowspan="8">0.57%</td><td rowspan="8">54,000</td><td rowspan="8">0</td><td rowspan="8">540</td><td rowspan="8">0.08%</td><td rowspan="8">195,000</td><td rowspan="8">0</td><td rowspan="8">195</td><td rowspan="8">0.29%</td></tr>
<tr><td>Vice President</td><td>Hsin-Cheng Wu</td></tr>
<tr><td>Assistant Vice President</td><td>Shun-Ru Tsai</td></tr>
<tr><td>Assistant Vice President</td><td>Jian-hong Chen</td></tr>
<tr><td>Assistant Vice President</td><td>Yi-Hsiang Chiu (Note 2)</td></tr>
<tr><td>Assistant Vice President</td><td>Long-Chang Lee</td></tr>
<tr><td>Assistant Vice President</td><td>Chun-Wei Lin (Note 3)</td></tr>
<tr><td>Special Assistant</td><td>Chung-Jen Jen</td></tr>
<tr><td>Employees</td><td colspan="2">(Note 1)</td><td>253,000</td><td>0.38%</td><td>33,900</td><td>0</td><td>339</td><td>0.05%</td><td>140,200</td><td>0</td><td>140</td><td>0.21%</td></tr>
</table>

Note 1: Key employees who acquired RSAs: Manager Chih-Yuan Tang, Manager Ching-Min Liang, Manager Mei-Lan Hsu, Manager Kao-Hsien Lin, Manager Hsiu-Ling Pan, Manager Yi-Hsiung Hung, Assistant Manager Chia-Hung Tsai, Assistant Manager Ya-Hui Chang, Deputy Director Kai-Che Chen, and Section Manager Yi-Lun Wu, etc, totaling 10 employees.

Note 2: The officer was inaugurated on 2023.2.1

Note 3: The officer was inaugurated on 2023.8.1

VII. Issuance of new shares for mergers and acquisitions or acquisition of shares of other companies: None.

VIII. Implementation of the plan for utilization of funds: None.

V. Operational overview

I. Business contents

(I) Business scope

1. The Company's main business activities:

CA02010 Manufacture of Metal Structure and Architectural Components*
CA02030 Screw, Nut and Rivet Manufacturing
CA02040 Spring Manufacturing
CA02070 Lock Manufacturing
CA02090 Metal Wire Products Manufacturing
CA02990 Other Metal Products Manufacturing
CB01990 Other Machinery Manufacturing
CC01080 Electronic Components Manufacturing
CD01030 Motor Vehicles and Parts Manufacturing
CD01040 Motorcycles and Parts Manufacturing
CN01010 Furniture and Decorations Manufacturing
CZ99990 Other Industrial Products Not Elsewhere Classified
F401010 International Trade
ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Distribution of main products

Production value of goods / Service items	2022		2023	
	Turnover (NT$ thousand)	Weight of business (%)	Turnover (NT$ thousand)	Weight of business (%)
Ball Bearing Slide	1,946,827	97.40%	1,289,201	97.35%
Others	51,896	2.60%	35,075	2.65%
Total	1,998,723	100.00%	1,324,276	100.00%

3. The Company's current products (services):

- Various slides and peripheral cable management arm (CMA) for servers and their peripheral equipment.
- Slides for office furniture applications.
- Slides for household cabinet applications.
- Slides for tool cabinet applications.
- Slides for home appliance applications.
- Slides for automobile, medical cabinet, and ATM applications.
- ODM slides business for international brands.

4. New products (services) planned to be developed

- Office furniture: Development of a variety of functional products.
- Home cabinets: Development of new riding drawer system, hidden escalated return guides, two-way escalated return guides, tabletop translation guides, and central island tabletop swivel.
- Tool cabinet: Development of high-load functional slides.
- Home appliances: development of slides for heavy-duty home appliances with the synchronous slow return function.
- Server products: Development of several high-load and low-profile steel ball slides and low-profile friction slides for large-scale data center customers, while continuously enhancing multiple mechanical functions to meet the requirements of next-generation data centers..

- Automotive products and other industrial application products: Development of high-load slides for vehicles and machinery and equipment.

(II) Industry overview

1. Current status and development of the industry

Ball bearing slides are commonly used in home cabinets, office furniture, servers, tool cabinets, home appliances, medical cabinets, ATMs, POS, automobiles, and other diversified storage applications. It is closely related to the growth of ball bearing slides, and the penetration level in various application industries is gradually increasing, which is conducive to the long-term market demand for ball bearing slides.

As the needs of various application industries continue to innovate and upgrade, ball bearing slides are gradually developing towards functionalities, including smoothness and noise reduction, safety interlock, load carrying capacity, convenient construction, hidden appearance, regression buffers, press separation, and high and low temperature resistance functions. In addition, customized products are also one of the future development trends.

Global server shipments are anticipated to increase by nearly 5% in 2024 compared to the previous year, reaching over 15.5 million units, as a result of the substantial increase in demand for cloud services, including mobile devices, social networking sites, video streaming, 5G, Big Data Analytics, IoT (Internet of Things), and HPC (High Performance Computing). This forecast is based on DIGITIMES Research findings. This growth is expected to continue at a steady pace, surpassing 19.75 million units by 2028, with a compound annual growth rate (CAGR) of 6%. The continuous expansion of the server market scope is facilitated by this trend.

2. The correlation between the upstream, midstream, and downstream of the industry

Upstream: product raw materials	Midstream: Product processing and production	Downstream: Various storage and carrying applications
Steel coils, steel strips, stainless steel	Ball bearing slides and peripheral components	Rack servers and peripherals, office furniture, home cabinets, tool cabinets, medical cabinets, automobiles, home appliances, ATMs, and other product applications

3. Product development trends and competition

(1) Development trends of products

The product penetration in a variety of industries is also increasing, and the implementation of Ball Bearing Slides are becoming increasingly widespread. Ball Bearing Slides are progressively replacing the painted rails of early plastic wheels, and there is no uniform specification standard or regulation.

The demand for quality and convenience in home interiors has increased as a result of enhanced living standards and rapid economic development. Ball bearing slides are rapidly replacing conventional woodwork and home cabinet drawers that employ plastic wheels and painted tracks. The penetration and prevalence of slide products has experienced a substantial increase. Additionally, the application of ball bearing slides is expanding across a variety of industries, including office furniture, custom-designed kitchen and restroom cabinets, system furniture, steel tool cabinets, ATMs, and household goods. In recent years, ball bearing slides have been enhanced with a variety of additional functions, including noise reduction and smooth operation, safety interlocks, load carrying capacity, convenient and rapid release, hidden and aesthetically pleasing design, return buffers, push separation, high and low temperature limits, and LED auxiliary lighting to expedite the overall process. The slide industry is experiencing significant growth.

In the electronic industry, the early mainframe architecture has undergone a transformation from a client/server architecture to a server-based computing cloud architecture with standard specifications. This transition has resulted in the demand for server slides in the cabinet. Slides are also required for the transportation of peripheral network communication equipment, including network switches and storage equipment. The trend of server slides is toward multi-functional products, such as slimmer and lighter, high-load, convenient installation, uncomplicated maintenance, user-friendly design, and safety considerations, with the emergence of the era of high-performance servers.

(2) Competition situation

Technology-intensive and R&D-intensive, the slide rail industry is an oligopoly. Precision manufacturing technology, vertically integrated processes, high patent barriers, and robust brand recognition are among the primary competitive advantages of companies in this sector. In the industry, these factors contribute to the high entry barriers that new investors face. The following are the world's main competitive manufacturers:

A. Accuride: Founded in 1962, headquartered in Santa Fe Springs, California, USA, with factories located in the USA, Mexico, UK, Germany, Japan, and China and other products, and is one of the main suppliers of server slides in the world.
B. Blum: Founded in 1952 with headquarters in Austria and factories in Austria, the US, Brazil, and Poland, Blum specializes in the production of hinges, slides, and other hardware accessories for furniture. Blum is one of the high-end brands of cabinet hardware.
C. CIS: Headquartered in Tucson, Arizona, with production bases in China and Thailand, the company mainly produces ATMs, household goods, server slides, and peripheral accessories.
D. FGV: Founded in 1947 and headquartered in Italy, FGV mainly produces hinges, slides, drawer accessories, flip-up accessories, and sliding door accessories.
E. General Devices: Founded in 1953 and headquartered in Indianapolis, Indiana, USA, General Devices mainly produces slides, server chassis, and peripheral accessories.
F. Grass: Founded in 1947 in Germany, Grass is currently headquartered in Austria, with factories in Austria, Germany, the Czech Republic, and the United States. Grass is one of the high-end brands of cabinet hardware, mainly producing hinges, slides, buffer bars, and other related hardware accessories for furniture.
G. Hafele: Founded in 1923 with headquarters in Germany and factories in Germany and China. The company primarily distributes a variety of hardware, furniture, and electronic locks, and has implemented an outsourcing strategy for certain products.
H. Hettich: Founded in 1888 and headquartered in Germany, Hettich mainly produces hinges, slides, drawer systems, sliding door accessories, and other furniture hardware accessories for furniture. With a wide range of products, it is one of the high-end brands of cabinet hardware.
I. Johan: Founded in 1977 and headquartered in Irvine, California, USA, with factories in the USA, Mexico, and China, it mainly produces aluminum rails, stainless steel rails, and linear slides.
J. Knape & Vogt (KV): Founded in 1898 with headquarters in Grand Rapids, Michigan, USA, and factories in the US and Taiwan, Knape & Vogt mainly produces slides and sliding door accessories for furniture, as well as various other furniture hardware accessories. Early acquisitions include Taiwan's GSlide and Yingzhong.
K. Salice: Founded in 1926 and headquartered in Italy, the company mainly produces hinges, slides, flip-up accessories, drawers, sliding doors, and folding doors.
L. SEGOS: Founded in 1998 and headquartered in South Korea, it mainly produces slides for home appliances.
M. KING SLIDE WORKS CO, LTD (King Slide): Founded in 1986 and headquartered in Luzhu District, Kaohsiung City, King Slide is a listed company in Taiwan, mainly producing hinges and slides, and is

one of the main suppliers of server slides in the world.

N. Guangdong SACA Precision Manufacturing Co, Ltd (SACA): Founded in 1994 and headquartered in Foshan City, Guangzhou Province, China, SACA is a startup company in China and mainly produces hinges, slides, and other products.

O. Guangdong Dongtai Hardware Precision Manufacturing Co, Ltd (DTC): Founded in 1991 and headquartered in Foshan City, Guangzhou Province, China, it mainly produces hardware accessories such as hinges, slides, and drawer systems.

P. Guangdong Tai Ming Metal Products Co, Ltd (Taiming): Founded in 1985 and headquartered in Foshan City, Guangzhou Province, China, it mainly produces hardware accessories such as hinges and slides.

Q. Martas Precision Slide Co, Ltd (Martas): Headquartered in Sanxia District, New Taipei City, it mainly produces slides and other products.

(3) The current brand layout of the Company and its main market development are summarized as follows:

A. The Repon brand is sold in more than 30 countries around the world, with North America as the main market:

- Long-term supply of home, cabinet, and office furniture products to many of the top ten brands in North America.
- The server products have long maintained close collaboration with major American server manufacturers. In 2019, they passed the qualification supplier certification for two large American data center customers and multiple server system integration factories. Production and shipment have since commenced.Long-term supply of tool cabinets to the top five brand manufacturers in the United States.
- For home appliances, we have been a qualified supplier of many international leading brands for many years.

B. Marketing of the locomotive brand in Greater China:

- The cabinet slides are the top two domestic brands in Taiwan, and the home appliance slides are a long-term supply of many well-known domestic brand manufacturers.
- The locomotive brand was an early entrant in the Chinese market and is a pioneer in ball bearing slides. At present, it occupies the mid-to-high price bracket for cabinet slides, providing products with a competitive price-performance ratio. This sets it apart from well-established European brands and has resulted in it being the preferred choice of numerous local custom furniture manufacturers and home appliance titans.

(III) Technology and R&D overview

1. R&D expenses in the most recent year

Unit: NT$ thousand

Item	2023	First Quarter of 2024
R&D expenses	41,833	10,203

2. Successfully developed technologies or products

Year	Item
2016	Double-cut cable management mechanism
	Shared by all servers
	Middle derailleur detaching mechanism for server slides
	Lift up slowly lowering device
2017	Delayed grading improvement structure
	Quick release assembly
	Anti-fall overturning device

Year	Item
	Multi-stage hooking device
	Low-profile slides
	Servo slide mounting and positioning structure
	Servo slide displacement positioning device
2018	External buffer return mechanism
	Multi-stage tension adjustment mechanism
	Cable manager of the server slide
	Servo slide mounting and positioning structure
2019	Servo slide mounting and separation mechanism
	Servo slide unlocking mechanism
	Super-heavy-duty slide quick release mechanism
	Heavy-duty adjustable multi-stage mechanism
2020	Server support operating tool
	Server support remover
	Multi-section slide assembly
	Bracket structure
2021	Telescopic slide support pulley
	Servo slide stopper
	Machine purchase of server slide fasteners
	Two-way guideway rocker
	Rotatable linear mechanism
	Tool-less unlocking mechanism for servers
2022	Server slide spring
	Servo slide dual-part mechanism
	Bottom-mounted hidden slide support structure
	Two-way guideway sequential structure
	Earthquake-proof structure for server slides
2023	7U Servo slide assembly
	Server quick release plate
	Servo slide safety locking mechanism
	Servo slide with the thrust mechanism of the reinforcement frame
	Servo slide with middle solution mechanism
	Server slide with cold aisle mechanism
	Servo slide with locking handle
	Bottom-mounted hidden slide with return design of bead base synchronous pulley
	Bottom-mounted hidden slide with quick release mechanism
	Cabinet slide pat lock and slow return mechanism
	Slides for industrial applications with adjustable tension and slow return mechanism
	Commercial freezer slide with sideless unlocking mechanism

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

Short-term development strategy:

1. With the mass production and shipment of friction slides for data center servers, the Company's development, design, and production capabilities of various high-load thin slides and thin friction slides are becoming more and more mature. The large US Cloud Service Providers (CSPs) plan to expand or replace data centers and collaborate on the development of next-generation server products at the early

design stage to provide highly customized services to meet customers' special specifications. This will help to deepen the company's institutional development capabilities and gradually complete various product specifications, thereby greatly shortening the development and design process, and quickly responding to customer needs. In addition, with the spillover effects from the mass production of new server slide products for large data center customers in the United States, the Company will strive to participate in new product development plans for other large data center customers and international server brand customers in order to optimize product sales portfolios.

2. Continue to develop various functional products such as high-end concealed cabinet slides and heavy-duty slides to increase the proportion of high value-added products in the sales portfolio and increase the overall average selling price of products.
3. Actively invest R&D resources to strengthen the ability and speed of R&D design and mechanism development to quickly meet customization needs and increase customer dependence.
4. Integrate some product specifications to simplify the manufacturing process and improve production efficiency, continue to promote equipment automation and start the digital transformation plan, increase the output value of each plant to reduce the unit manufacturing cost amortization, and optimize costs to accelerate the recovery of capital expenditures.
5. Strengthen the marketing function of the subsidiaries in the US, provide local real-time services, and strengthen customer relationship management, in order to expand the business scale in the North American market.
6. Implement the quality control plan, establish a quality brand image, and increase market share.

Long-term development strategy:

1. Continue to promote the development strategy of high value-added products to avoid the red sea competition of low-end products and reduce the risk of global operation.
2. Establish an R&D center, train key talents, build design and development capabilities, and lay the cornerstone of the Company's long-term development.
3. Introduce the digital transformation plan, plan the establishment of an intelligent production model, and implement lean production.
4. Build an international brand image, establish a distribution network in major markets around the world, increase market penetration, and diversify market risks.
5. Expand into the development and manufacturing of other functional hardware products and use existing sales channels and brand advantages to provide comprehensive solutions for products and increase customers' willingness to purchase.
6. Seek cross-industry strategic alliances and combine existing advantages in other industries to enhance the Company's long-term competitiveness.

II. Overview of the market, production, and sales

(I) Market analysis

1. Regions where major products (services) are provided

Unit: NT$ thousand

Sales regions \ Year		2022		2023	
		Sales amount	Ratio (%)	Sales amount	Ratio (%)
Domestic sales		402,271	20.13%	262,857	19.85%
Export sales	Americas	945,799	47.32%	603,712	45.59%
	Others	650,653	32.55%	457,707	34.56%
Total		1,998,723	100.00%	1,324,276	100.00%

2. Market share

As the application industries of slides are quite extensive, the product penetration of various application industries is constantly increasing, and some hardware accessories manufacturers have a large number of products, so it is difficult to obtain the specific market share data of each manufacturer.

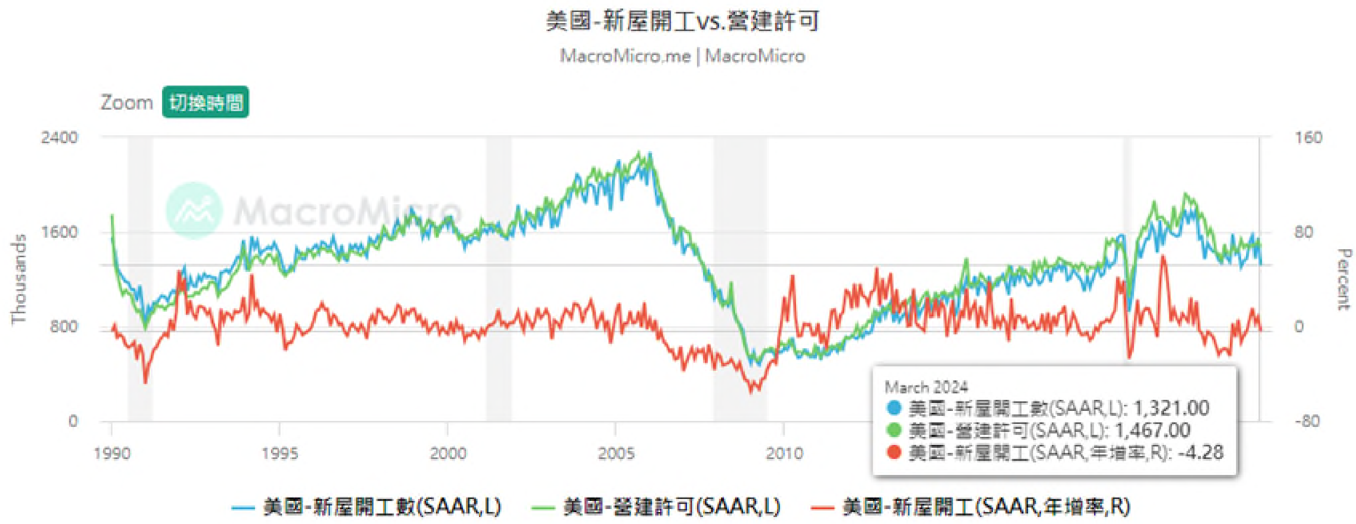
3. Future supply, demand, and growth of the market

A. Office furniture and home cabinet industry:

In the early stage of Taiwan's furniture and cabinet industry, exporting OEM products was the main focus of production. With the advantages of low labor cost and stable and reliable quality, it created a reputation as a furniture king. Relocating to China, Vietnam, and other places for development, this resulted in a large number of local production centers relocating. People have begun to pursue a higher quality of life beyond basic necessities in recent years, as social and economic standards have steadily increased. The import of refined international furniture brands has spurred consumers' demand for furniture quality and aesthetics, and the trend of office and home interior design has become increasingly popular. A diverse array of exquisite products in small quantities and system furniture has been progressively developed by industry players. Formerly, the emphasis was on enhancing the added value of products, whereas the latter accentuates the convenience of installation and decoration, as well as customized design. Real estate is the locomotive industry of the overall economy, because the construction of houses helps drive the real demand for house-related durable goods such as building materials, furniture, hardware tools, and household appliances, which has a synergistic effect on overall economic activities.

According to the International Monetary Fund's (IMF) latest World Economic Outlook (WEO) report in April 2024, global economic growth forecast for 2024 has been revised upwards to 3.2%, with the US showing stronger-than-expected growth. The growth rate for 2025 remains at 3.2%. The IMF predicts a 2.7% economic growth for the US this year, with China reaching a growth rate of 4.6%, and Taiwan accelerating to 3.1%. However, the IMF also warns that an escalation of conflict in the Middle East could reignite inflation crises and delay interest rate cuts, which may negatively impact global economic growth.

The United States Census Bureau's forecast of 1.48 million units was not met, as the annual rate of new housing starts in March 2024 decreased by 14.7% month-over-month (a 4.3% year-over-year decrease) to 1.32 million units, the largest drop since April 2020. A primary indicator for new housing starts, building permits, also decreased by 4.3% from the previous month to 1.46 million units. Despite the fact that the demand for housing has decreased as a result of inflation and the Federal Reserve's interest rate hikes, which have raised mortgage rates, the inflation rate (CPI) has decreased from a peak of 9.06% in June 2022 to 3.4% as of April 2024. This shift in inflation may result in lower mortgage rates and a gradual recovery in the housing market.



Source: MacroMicro

According to the National Building Materials and Home Furnishing Index (BHI) released by the China Building Materials Circulation Association, the Home Furnishings Index (BHI) for April 2024 was 117.65. With the introduction of "old for new" policies in various regions and the influence of traditional peak season factors, the vitality of building materials and home furnishing consumption in April became evident. The "Indian Summer" market continued, with nationwide sales of building materials and home furnishing stores above the designated size reaching 111.456 billion yuan in April, a month-over-month (MOM) decrease of 6.88%. From January to April, the cumulative sales of building materials and home furnishing stores above the designated size were 424.268 billion yuan, a year-over-year (YOY) decrease of 12.49%. Despite the decline, the overall data base remains relatively high.

B. Server industry:

(A) Server product type

Server appearance can be divided into four categories: Tower Servers, Rack-Mounted Servers, Blade Servers, and High-Density Servers:

A tower server refers to a traditional vertical server system. Its appearance and structure are similar to that of a general vertical PC. There is no fixed standard for its length, width, and height. The independent casing has high expandability, but it is bulky, it takes up more space, and is generally suitable for entry-level or small businesses.

Rack-mount servers are designed for computer system server rooms. The length, width, and height of the servers meet the international EIA standards. The standard width for servers is 19 inches (48.26 centimeters), and the height is measured in rack units (U), where 1U equals 1.75 inches (4.445 centimeters). The racks used to house servers typically range in height from 18U to 47U, with standard widths of 80 centimeters or 60 centimeters, and varying depths. The rack can accommodate several 1U, 2U, 3U, 4U, 5U, or 7U standard height servers for centralized management, which greatly reduces the space occupied by multiple servers. According to the height of U, there are detachable brackets and guide rails in the cabinet, which can be flexibly adjusted by the user. The rack-mounted standard specifications are also used in conjunction with other network communication equipment (such as storage devices, network switches, etc). High integration and coordination, convenient centralized management, and low cost of user computer room hosting have led to it becoming a mainstream product in the market.

Rack server diagram:

Blade servers It is a single-board server proposed by RLX in 2001. A blade server consists of a complete chassis that provides functions such as power supply, fan cooling, and network communication in a centralized manner. Multiple system motherboards can be inserted into the chassis, therefore they are called blade servers. Currently, there is no unified standard for the chassis' appearance and the number of servers that can be accommodated. It is specially designed for special application industries and high-density computer environments. It is more space-saving than rack-mountable servers, but the initial cost of construction is relatively high, and the requirements for heat dissipation are also high.

Blade server diagram:

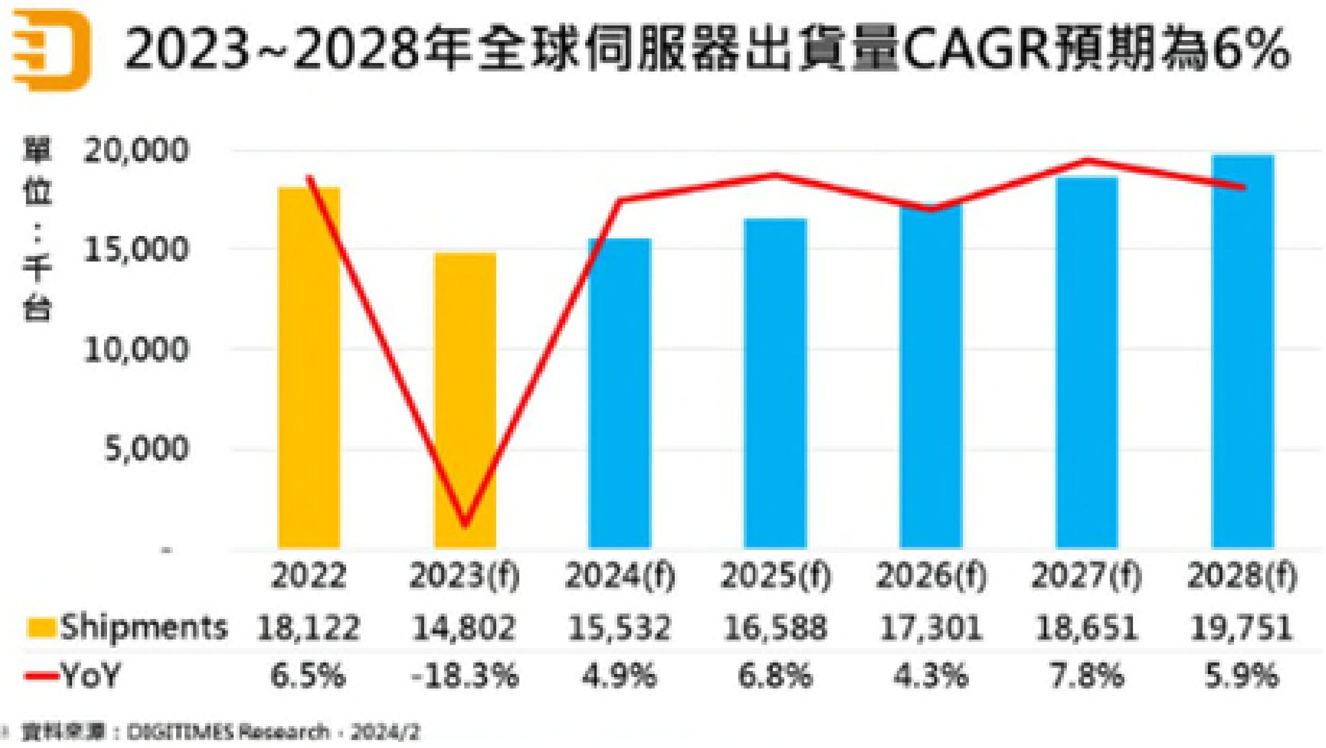
High-Density Servers are a new type of server developed in response to the high-density configuration of data centers. The more well-known product is the Intel-based x86 high-density server System x iDataPlex launched by IBM in 2008, this half-deep 2-socket server can accommodate two servers in a 2U chassis. However, two 2U chassis can be placed in the 2U cabinet space. On average, each 1U height density can also host two servers.

(B) Future supply, demand, and growth of the server market

Global server manufacturers have long relied on outsourcing for design and production. Taiwan has gradually become a major hub for the global server industry due to its advantages in design, manufacturing, and complete industry clusters. Currently, major Taiwanese ODM server manufacturers include Quanta, Foxconn, Wistron, Wiwynn, Inventec, MiTAC, and Gigabyte. They are responsible for the OEM business of international brand manufacturers (HPE, Dell, Lenovo, Cisco, etc) or direct sales of white-label servers (ODM Direct), depending on different assembly and shipment types such as full systems, barebones, and motherboards.

In recent years, the Company has benefited from the era of mobile devices, cloud computing, social networking sites, video streaming, and the advent of the digital home, as well as 5G, AI, Big Data Analytics, and Multi-Cloud Services, coupled with the trend of SMEs' IT outsourcing adopting public cloud services, FAMG (Facebook, Amazon Web Service, Microsoft Azure, Google Cloud Platform), China's BATs (Baidu, Alibaba, and Tencent), and other companies continue to invest in the expansion of large-scale data centers and continue to upgrade basic equipment. As large-scale Internet service providers gradually gain the advantage of economies of scale, they are attracted to participate in the development and design of the data center through the Open Compute Project (OCP) or the Open Data Center Committee (ODCC) to improve the efficiency and optimize data centers. The computer room structure aims to establish standardization to effectively reduce the cost of building a data center. Instead of going through international brand factories or system integrators, it is directly delivered to ODM server manufacturers for production. This is called the direct sales (ODM Direct) model or the White Box Server.

According to DIGITIMES Research, major US-based CSPs (Cloud Service Providers) continue to build AI servers and are initiating a new round of procurement for general-purpose servers. It is estimated that global server shipments in 2024 will increase by nearly 5% compared to last year, surpassing 15.5 million units. Subsequently, the growth momentum will be maintained, with shipments expected to exceed 19.75 million units by 2028, continuing to rise at a 6% CAGR (compound annual growth rate). This trend is conducive to the ongoing expansion of the server slide market.

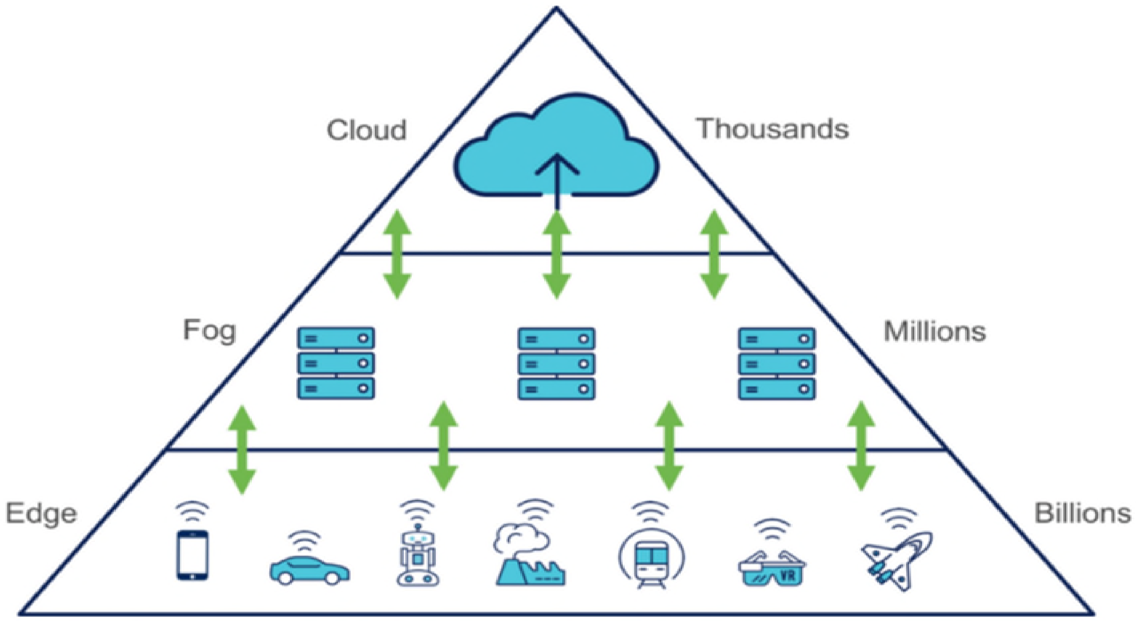


Source: DIGITIMES Research

According to TrendForce, the demand for high-end AI servers (including those equipped with NVIDIA, AMD, or other high-end ASIC chips) from major global cloud service providers (CSPs) is expected to be significant in 2024. The four major US CSPs—Microsoft, Google, AWS, and Meta—are projected to account for 20.2%, 16.6%, 16%, and 10.8% of global demand, respectively, totaling over 60% and leading the world. Notably, AI servers equipped with NVIDIA GPUs are predominant, mainly driven by orders from North American cloud data center providers. It is widely anticipated that the shipment growth rate and share of AI servers will achieve double-digit growth this year.

The iKnow Office, Science & Technology Policy Research and Information Center conducted research that indicated the significance of edge computing in various industries, including electronics manufacturing, electric vehicles, semiconductors, and the logistics industry, are on the rise due to the growing popularity of IoT devices and the development of mobile networks.

Enterprises can establish a resilient supply chain by investing in edge computing. The proximity of peripheral devices to the data source enables them to connect all operating assets for local and real-time processing, thereby reducing the distance between data generation, data processing, analysis, and storage. This will stimulate investment in AI software technology, data analysis, information security software, and system infrastructure, as well as the capacity to optimize workflow, achieve cost savings, increase profitability, and improve product delivery speed, and inventory management, among other benefits. In the future, it is reasonable to anticipate that the supply chain will present challenges for general manufacturing, high-tech industries, and biotech manufacturing industries, and the investment in edge computing will continue to rise.



Source: iKnow Office - Science & Technology Policy Research and Information Center

(II) Important uses and production processes of major products

1. Important uses of the main products

Office furniture drawers, tool cabinet drawers, home cabinet drawers, server cabinets, home appliances, medical cabinets, automobiles, ATM machines, and other storage and carrying applications.

2. Production process:

Steel Cutting
↓
Steel Slitting
↓
Roll Forming
↓
Stamping
↓
Zinc Plating
↓
Assembly
↓
Outgoing Quality Control

(III) Supply of main raw materials

The Company's current supply of major raw materials is as follows:

Raw materials	Source of supply	Availability
Steel coil	China Steel Corporation	Normal supply

(IV)The names of customers accounting for more than 10% of the total purchases (sales) in any of the last two years, and the proportion of purchases (sales), and explain the reason for the changes:

1. The names of customers accounting for more than 10% of the net purchases in the last two years, the sales amount, and the percentage of changes, and the reasons for the changes:

Unit: NT$ thousand

	2022				2023				First Quarter of 2024			
Item	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase amount of the current year up to the previous quarter (%)	Relationship with the issuer
1	China Steel	373,651	34.18	-	China Steel	179,276	27.78	-	China Steel	50,008	25.95	-
2	Suzhou Repon	206,680	18.91	Related party	Suzhou Repon	159,258	24.68	Related party	Suzhou Repon	45,505	23.62	Related party
3	Supplier I	146,752	13.42	-	Supplier I	54,093	8.38	-	Supplier I	9,838	5.10	-
	Others	366,062	33.49	-	Others	252,671	39.16	-	Others	87,341	45.33	-
	Net purchase	1,093,145	100.00	-	Purchase of goods Net Amount	645,308	100.00	-	Purchase of goods Net Amount	192,692	100.00	-

Reason for changes in the last two years: The main reason is the decrease in purchase amounts in 2023 due to customers' inventory reduction strategies.

2. The names of customers accounting for more than 10 percent of the net sales in the last two years, the sales amount and percentage, and the reasons for the changes:

Unit: NT$ thousand

	2022				2023				Q1 of 2024			
Item	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to the net sales amount of the current year up to the previous quarter (%)	Relationship with the issuer
1	Company A	204,776	10.25	-	Company A	161,339	12.18	-	Company A	47,491	11.71	-
2	Others	1,793,947	89.75	-	Others	1,162,937	87.82	-	Others	358,134	88.29	-
	Net purchase	1,998,723	100.00	-	Net purchase	1,324,276	100.00	-	Sale of goods Net Amount	405,625	100.00	-

Cause of change in the most recent two years: The main reason is that A Company's end customers are reducing their purchase volumes due to excess inventory.

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

Unit: NTD thousand/thousand sets

Year / Production volume and value / Main products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Ball bearing slide	11,959	8,781	1,339,281	11,069	5,488	941,809

(VI) Sales volume and value in the last two years

Unit: NTD thousand/thousand sets

Year / Sales volume and value / Main Commodities	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Steel ball guide rails	1,278	390,329	10,145	1,556,498	777	251,726	5,629	1,037,475
Others	6	11,942	122	39,954	1	11,131	164	23,944
Total	1,354	402,271	10,267	1,596,452	778	262,857	5,792	1,061,419

III. The number of employees, average years of service, average age, and educational backgrounds for the most recent two years and as of the date of publication of the annual report:

Item \ Year		2022	2023	As of April 30, 2024
Number of employees (Note) (person)	Direct employees	271	206	232
	Indirect employees	332	333	352
	Total	603	539	584
Average age (years)		35.72	39.68	39.98
Average years of service (years)		6.11	6.87	6.38
Education distribution ratio (%)	Doctoral Degree	0.00%	0.00%	0.00%
	Master's Degree	4.31%	5.01%	4.97%
	Junior College	35.99%	35.99%	36.13%
	Senior High School	49.58%	48.98%	49.31%
	Below High School	10.12%	10.02%	9.59%

Note: The above employee numbers do not include students and temporary employees.

IV. Information on environmental protection expenditure:

Any losses suffered due to environmental pollution in the most recent year and up to the publication date of the annual report (including compensation and environmental audits that resulted in a violation of environmental laws and regulations, the date of penalty, penalty document number, the provisions of the violation, the content of the violation, and the penalty), Disclosure of estimated amounts that may occur currently and in the future and responsive measures:

Date of punishment	Reference number of the penalty document	Violation of laws and regulations	Contents of violation	Penalty details
2023.11.06	Fu-Huan-Wei-Er-Zi No. 1123614107	Subparagraph 7, Paragraph 4, Article 59, Paragraph 1 of Article 13 of the Toxic and Concerned Chemical Substances Control Act	The inventory of chromium trioxide in the factory is greater than 500 kg, and the daily inventory in the factory exceeds the permitted amount	Fine for deferral of NT$60,000

Responsive measures:

In 2023, as of the date of publication of this annual report, the Company has not been fined for any environmental pollution.

The environmental protection sanction in 2023 was the result of the inventory management of toxic chemicals being negligent, as it exceeded the daily storage limit that had been applied for. The Company has implemented a management improvement mechanism and has submitted a report regarding the successful completion of the improvement operations. The Company has rectified the aforementioned deficiencies and has not experienced any environmental pollution. The Company's environmental, safety, and health management measures are effective, as evidenced by the failure to complete improvements after daily penalties from the environmental protection authority or after the deadline. The Company has established environmental protection personnel to plan, supervise, and continuously enhance the legal compliance of environmental safety and health-related laws and regulations in the plants, in addition to strengthening the frequency and mechanism of internal inspections, in order to comply with relevant laws and regulations. Third-party testing institutions conduct routine testing to verify that ESH operations have adhered to the contents of the permit and pertinent laws and regulations. In order to fulfill our environmental, safety, and health management obligations, the training is also intended to increase the awareness of legal compliance and emergency response capabilities among both new and current employees.

V. Labor-management relations:

(I) The Company's welfare measures, continuing education, training, and retirement systems for the employees, and the implementation thereof, as well as the agreements between labor and management, and the protection of the rights and interests of the employees:

1. Employee benefits:

The Company has always had harmonious labor-management relations. In addition to complying with the Labor Standards Act, the Company has also established an Employee Welfare Committee that issues gift certificates for employees' birthdays on Labor Day, Dragon Boat Festival, and Mid-Autumn Festival every year. It also provides group insurance protection, company uniforms, lunch and dinner, health management, and other benefits.

2. Continuing education and training:

(1) The Company has implemented internal education and training regulations that are divided into new employee training, functional training, and labor safety training. These regulations are designed to improve the knowledge and concepts of employees regarding safety and health. Additionally, the Company has implemented the ISO 45001: 2018 occupational safety and health management system to reduce the number of employees on duty and prevent occupational disasters. Evaluations are conducted based on education and training, followed by a promotion system.

(2) Internal and external education and training are held from time to time based on the actual work content of employees to improve employees' work skills, and an experience report will be filled in after the training to ensure the quality of training.

(3) Recommending employees' participation in work trend seminars to keep them up-to-date with external information.

(4) Employees participate in courses related to work licenses and skills to obtain professional licenses, and the training is repeated on a regular basis.

3. Retirement system and its implementation:

The Company has established employee retirement guidelines in accordance with the Labor Standards Act and makes monthly contributions to the labor retirement reserve at the approved rate, which is deposited in a special account at the Bank of Taiwan, and employees who meet the retirement conditions may apply for pension payments. Since July 1, 2005, for those who choose the new retirement system under the Labor Pension Act, no less than 6% of the insured salary is deposited into the individual pension account of the Bureau of Labor Insurance on a monthly basis.

4. Agreements between labor and management and various measures to protect the rights and interests of employees:

(1) There is a labor-management meeting organized by representatives elected by workers to hold labor-management meetings every three months.

(2) A monthly mobilization meeting is held at a fixed time every month with the participation of all employees of each plant. There is an impromptu meeting time for employees to make suggestions.
(3) During the training of new employees, the Company clearly informs employees about the multiple channels for grievance, including telephone, e-mail, or face-to-face meetings, in order to protect the rights and interests of employees.
(4) International labor meetings are held on a monthly basis, and unit managers, intermediaries and interpreters, and representatives of the human resources department are invited to attend to jointly coordinate and handle employee issues.
(5) Hold weekly journal meetings with the factory's co-operative students to learn how they are adapting to the factory. If there are related issues, the human resources department personnel will coordinate with the unit managers.
(6) The factory has established guidelines for handling sexual harassment and abuse. Complaints are made available on the public website for those who need to know. An appeals committee shall be formed by the relevant managers and a confidentiality agreement shall be signed to conduct confidential investigations to ensure the basic equity.

(II) Losses suffered as a result of labor disputes in the most recent year and up to the date of publication of the annual report (including the violation of the Labor Standards Act as a result of labor inspection results, the date of punishment, punishment number, the provisions of the violation, the content of the violation), the punishment the Company's current and future estimated amounts and responsive measures:

There were no major labor disputes or losses in the most recent year and up to the publication date of this annual report. In the future, the Company will still adhere to the consistent principles, continue to improve various welfare measures for employees, maintain smooth communication channels, and maintain good labor relations to avoid labor disputes in the future.

VI. Information communication security management

(I) Description of the Company's information communication security risk management framework, information communication security policies, specific management plans, and resources invested in information communication security management:

1. Information security risk management framework

   In order to improve the information security protection capability, the Company has a dedicated information security supervisor and designated personnel responsible for coordinating and implementing information security policies, promoting information security messages, enhancing employees' information security awareness, and collecting and improving the performance and effectiveness of the organization's information security management system and related technologies, products, or procedures. The Audit Office conducts information security inspections on the internal control system - computer cycle every year to evaluate the effectiveness of the Company's internal control over information operations.

2. Information security policy

   In order to implement information security management, the Company has established an internal control system - computer circulation and information security management measures. Through the joint efforts of all colleagues, we hope to achieve the following policy goals.

   (1) Ensure the confidentiality and integrity of information assets.
   (2) Ensure that data access is regulated according to the department's functions.
   (3) To ensure the continuous operation of the information system.
   (4) Prevent unauthorized modification or use of data and systems.
   (5) Regularly perform information security audits to ensure the implementation of information security.

3. Specific management methods

   (1) Internet information security management and control

A. Erection of firewalls.
B. Regularly conduct virus scanning on the computer system and data storage medium.
C. The use of various network services shall be implemented in accordance with the information security policy.
D. Regularly review the System Log of each network service item and track the abnormal situation.

(2) Data access control
A. Computer equipment should be kept by dedicated personnel with account and password.
B. Grant different access rights according to the function
C. Cancellation of the original authority of the transferred personnel
D. Confidential and sensitive data and copyrighted software should be removed or overwritten before the equipment is scrapped
E. The remote login management information system shall be properly approved

(3) Strain recovery mechanism
A. Regular review of the emergency response plan.
B. Regularly practice system recovery every year.
C. Establish a system backup mechanism and implement off-site backup.
D. Regularly review the computer network security control measures.

(4) Advocacy and review
A. Advocacy of information security information from time to time to enhance employees' information security awareness.
B. Regularly implement information and communication security inspections and audits every year.

4. Invest resources in information security management

The risk of information security hazards associated with remote connections has increased as a result of the growing demand for remote work, which includes offsite, home office, and video conferencing. The Company is replacing obsolete firewalls with more comprehensive firewall equipment to resolve this issue. In order to improve the security of identity verification, the Company implements multi-factor authentication as the initial line of defense for account logins. This method enhances the security and efficiency of authentication by eliminating weak passwords and enhancing information security resilience, and it simplifies the process of login authentication. Additionally, the Company intends to implement software that safeguards files. This software will secure documents, monitor file outputs, manage hardware and software changes, and issue risk alerts. The objective of these functions is to improve data protection and prevent the risks and losses that are linked to information leakage.

(II) Losses in the most recent year and as of the printing date of this annual report, the possible impact of major IT security incidents, and countermeasures: In 2023 and as of the printing date of the annual report, the Company suffered no losses and there were no major incidents or penalties.

VII. Important contracts

As of the publication date of this annual report, list the parties, main contents, restrictive clauses, and start/end of supply contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that are still in force or that expired in the most recent year:

Nature of contract	Parties	Start/end date of contract	Main content	Restrictive clauses
Material supply contract	China Steel Corporation	One contract per season	Coil supply	Quantity limit
Lease contract	SAN MIN TEXTILE CO	2023.05.15～2028.05.14	Lease of Taoyuan Factory	None
Lease contract	GUANN LIN TEXTILE CO, LTD	2023.06.01～2028.07.31	Lease of Taoyuan Headquarters Office	None
Lease contract	UNITED FORTUNE INVESTMENT LIMITED COMPANY	2024.01.01～2026.12.31	Lease of Yunke Plant III	None
Credit contract	Chang Hwa Commercial Bank	2017.06.28～2032.06.27	Medium and long-term borrowings	Pledge guarantee
Credit contract	Taiwan Cooperative Bank	2017.02.03～2032.02.02	Medium and long-term borrowings	Pledge guarantee
Credit contract	Mega International Commercial Bank	2019.08.05～2026.08.04	Medium-term borrowings	None
Outsourced manufacturing contract	Suzhou Repon Industrial Co., Ltd.	2023.07.01～2024.06.30 (automatic extension if no objection)	Commission of Suzhou Repon Industrial Co, Ltd for steel ball guide rails manufacturing	None

VI. Financial Overview

I. Condensed balance sheets and statements of comprehensive income for the last five years

(I) Condensed balance sheet and statement of comprehensive income

1. Condensed balance sheet - IFRS (consolidated financial statements)

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)					Financial information for the current year as of March 31, 2024
		2019	2020	2021	2022	2023 (Note 2)	
Current assets		614,403	617,849	1,164,349	965,056	983,907	868,391
Property, plant and equipment		2,621,390	2,564,807	2,529,992	2,491,885	2,429,812	2,414,269
Intangible assets		7,847	5,432	6,667	6,638	6,925	6,023
Other assets		64,030	56,520	58,429	49,774	78,290	102,722
Total assets		3,307,670	3,244,608	3,759,437	3,513,353	3,498,934	3,391,405
Current liabilities	Before distribution	559,123	530,179	1,052,413	772,797	839,157	715,242
	After distribution	590,323	530,179	1,104,413	842,985	905,125	Not allocated yet
Non-current liabilities		1,533,997	1,540,881	1,398,295	1,169,281	734,330	707,373
Total liabilities	Before distribution	2,093,120	2,071,060	2,450,708	1,942,078	1,573,487	1,422,615
	After distribution	2,124,320	2,071,060	2,502,708	2,012,266	1,639,455	Not allocated yet
Equity attributable to owners of parent		1,214,550	1,173,548	1,308,729	1,571,275	1,925,447	1,968,790
Share Capital		520,000	520,000	524,940	584,898	656,406	659,682
Capital surplus	Before distribution	196,000	196,000	210,323	366,203	706,056	780,087
	After distribution	196,000	196,000	210,323	366,203	673,072	Not allocated yet
Legal reserve		119,126	123,232	123,232	132,054	144,427	144,427
Retained earnings	Before distribution	379,451	334,769	420,068	495,810	420,342	467,427
	After distribution	348,251	334,769	368,068	425,622	387,358	Not allocated yet
Other equity		(27)	(453)	30,166	(7,690)	(1,784)	(82,833)
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	1,214,550	1,173,548	1,308,729	1,571,275	1,925,447	1,968,790
	After distribution	1,183,350	1,173,548	1,256,729	1,501,087	1,859,479	Not allocated yet

Note 1: The above financial information has been audited.

Note 2: The 2023 earnings distribution is yet to be resolved by the shareholders' meeting.

2. Condensed comprehensive income statement - IFRS (consolidated financial statements)

Unit: NT$ thousand

Year / Item	Financial information for the most recent five years (Note 1)					As of March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating income	1,730,832	1,455,835	2,040,556	1,988,723	1,324,276	405,625
Gross profit	256,917	214,910	371,410	362,243	238,852	101,602
Operating income	4,070	3,387	132,945	84,847	9,492	44,034
Non-operating income and expenses	49,797	(29,453)	(28,375)	87,550	(4,771)	15,729
Net income before tax	53,867	(26,066)	104,570	172,397	4,721	59,763
Net income (loss) from continuing operations	41,553	(12,384)	86,774	130,657	8,328	47,085
Losses from discontinued operations	-	-	-	-	-	-
Net income (loss) for the period	41,553	(12,384)	86,774	130,657	8,328	47,085
Other comprehensive income (net amount after tax)	626	2,582	(1,239)	7,965	(2,451)	1036
Total comprehensive income	42,179	(9,802)	85,535	138,622	5,877	48,121
Net profit attributable to the owners of the parent company	41,553	(12,384)	86,774	130,657	5,877	48,121
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	42,179	(9,802)	85,535	138,622	5,877	48,121
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.80	(0.24)	1.67	2.26	0.13	0.72

Note 1: The above financial information has been audited.

3. Condensed balance sheet - IFRS (parent company only financial statements)

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023 (Note 2)
Current assets		527,038	535,436	1,093,697	913,253	929,849
Funds and investments		3,067	2,205	22,576	14,732	25,029
Property, plant and equipment		2,621,251	2,564,694	2,529,852	2,491,728	2,429,667
Intangible assets		7,847	5,432	6,667	6,638	6,925
Other assets		64,030	56,520	58,429	49,774	75,168
Total assets		3,223,233	3,164,287	3,711,220	3,476,125	3,466,638
Current liabilities	Before distribution	474,686	449,858	1,004,196	735,569	809,324
	After distribution	505,886	449,858	1,056,196	805,757	875,292
Non-current liabilities		1,506,514	1,526,874	1,387,513	1,165,664	695,719
Other liabilities		27,483	14,007	10,782	3,617	36,148
Total liabilities	Before distribution	2,008,683	1,990,739	2,402,491	1,904,850	1,541,191
	After distribution	2,039,883	1,990,739	2,454,491	1,975,038	1,607,159
Share Capital		520,000	520,000	524,940	584,898	656,406
Capital surplus	Before distribution	196,000	196,000	210,323	366,203	706,056
	After distribution	196,000	196,000	210,323	366,203	673,072
Legal reserve		119,126	123,232	123,232	132,054	144,427
Retained earnings	Before distribution	379,451	334,769	420,068	495,810	420342
	After distribution	348,251	334,769	368,068	425,622	387358
Unrealized profit or loss of financial products		-	-	-	-	-
Accumulated translation adjustment		(401)	(854)	(1,071)	276	131
Unrecognized pension Net loss of cost		-	-	-	-	-
Other equity		374	401	31,237	(7,966)	(1,915)
Total equity	Before distribution	1,214,550	1,173,548	1,308,729	1,571,275	1,925,447
	After distribution	1,183,350	1,173,548	1,256,729	1,501,087	1,859,479

Note 1: The above financial information has been audited.
Note 2: The 2023 earnings distribution is yet to be resolved by the shareholders' meeting.

4. Condensed income statement - IFRS (parent company only financial statements)

Unit: NT$ thousand

Year / Item	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	1,468,139	1,275,971	1,865,830	1,885,928	1,202,636
Gross profit	237,022	200,588	329,525	347,012	211,389
Operating income	8,575	4,059	112,606	94,308	5,499
Non-operating income and gains	79,518	8,471	30,576	110,032	25,835
Non-operating expenses and losses	34,226	38,596	38,612	31,943	29,394
Continuing departments Profit or loss before tax	53,867	(26,066)	104,570	172,397	1,940
Continuing departments Profit and loss	41,553	(12,384)	86,774	130,657	8,328
Income from discontinued operations	-	-	-	-	-
Extraordinary gains	-	-	-	-	-
Cumulative effects of changes in accounting principles	-	-	-	-	-
Current profit and loss	42,179	(9,802)	85,535	138,622	5,877
Earnings per share	0.80	(0.24)	1.67	2.26	0.13

Note 1: The above financial information has been audited.

(II) Names of CPAs in the last 5 years and their audit opinions:

Year of certification	Name of CPA Firm	Name of CPA	Audit Opinions
2018	KPMG Taiwan	Jason Lin, May Yang	Unqualified opinion
2019	KPMG Taiwan	Jason Lin, May Yang	Unqualified opinion
2020	KPMG Taiwan	May Yang, Winston Yu	Unqualified opinion
2021	KPMG Taiwan	May Yang, Winston Yu	Unqualified opinion
2022	KPMG Taiwan	Winston Yu, Celia Hsu	Unqualified opinion
2023	KPMG Taiwan	Jason Lin, Celia Hsu	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Financial analysis - IFRS (consolidated financial statements)

Analysis Items \ Year		Financial analysis for the most recent five years					As of March 31, 2024 Financial information
		2019	2020	2021	2022	2023	
Financial structure	Debt to assets ratio (%)	63.28	63.83	65.19	55.28	44.97	41.95
	Long-term capital to property, plants, and equipment (%)	103.20	104.71	105.68	109.28	109.46	110.85
Solvency	Current ratio (%)	109.89	116.54	110.64	124.88	117.25	121.41
	Quick ratio (%)	84.17	83.30	77.08	86.67	85.32	83.39
	Times interest earned (times)	3.10	(0.15)	5.64	8.12	1.19	11.01
Operating capacity	Accounts receivable turnover rate (times)	5.11	5.17	5.98	5.56	4.59	4.51
	Average collection days	71	71	61	66	80	81
	Inventory turnover (times)	10.52	8.25	6.74	5.30	3.92	4.34
	Accounts payable turnover rate (times)	5.19	5.67	6.61	6.68	6.27	6.65
	Average sales days	35	44	54	69	93	84
	Property, plants, and equipment turnover (times)	0.65	0.56	0.80	0.80	0.55	0.60
	Total asset turnover (times)	0.50	0.44	0.58	0.56	0.38	0.43
Profitability	Return on assets (%)	1.81	0.17	2.99	4.13	0.79	6.02
	Return on equity (%)	3.44	(1.04)	6.99	9.07	0.48	9.67
	Ratio of pre-tax net profit to paid-in capital (%)	10.36	(5.01)	19.92	29.47	0.72	36.24
	Net profit margin (%)	2.40	(0.85)	4.25	6.54	0.63	11.61
	Earnings per share (NT$)	0.80	(0.24)	1.67	2.26	0.13	0.72
Cash flow	Cash flow ratio (%)	19.70	7.95	3.77	47.89	9.58	7.49
	Cash flow adequacy ratio (%)	43.02	43.71	31.18	92.82	92.92	101.81
	Cash reinvestment ratio (%)	2.61	0.36	1.25	9.59	0.31	1.60
Leverage	Operating leverage	134.57	146.69	4.48	8.48	48.02	3.30
	Financial leverage	(0.19)	(0.18)	1.20	1.40	(0.64)	1.16

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase/decrease change is less than 20%, the analysis can be waived).

(1). Financial structure:
Debt to assets ratio decreased: Mainly due to the public underwriting of cash capital increases before the listing on TPEx in May 2023

(2). Solvency:
Decreased interest protection multiples: Mainly due to reduced orders resulting from customer inventory destocking policies in the first three quarters of 2023, leading to decreased profitability. Starting from the fourth quarter of 2023, as customer inventory destocking gradually reached its conclusion and new server products began shipping, business operations gradually stabilized, resulting in a significant improvement in

the interest coverage ratio in the first quarter of 2024.

(3). Operating capacity:
Increase in average cash collection days (days), decrease in inventory turnover, increase in average sales days (days), decrease in property, plants, and equipment turnover (times), and decrease in total asset turnover (times): Primarily in 2023, the decrease in net sales and cost of goods sold was due to the impact of reduced order volume resulting from customer inventory destocking policies.

(4). Profitability:
Decrease in return on assets, return on equity, earnings before tax to paid-in capital, net profit margin, and earnings per share: In 2021, after the pandemic restrictions were lifted, customers expressed optimism about market demand, leading to repeated orders due to congestion in shipping ports. However, customers adjusted their orders downwards as their inventory levels became excessively high. Despite the gradual recovery and stabilization of operations in the fourth quarter of 2022 with the gradual completion of customer inventory destocking and the commencement of shipments of new server products, the company's profits for the entire year still decreased.

(5). Cash flow:
Lower cash flow ratio and cash reinvestment ratio: The decrease in orders was mainly due to the impact of customer inventory destocking policies, resulting in a decline in operating profits.

(6). Leverage:
Increase in operating leverage and decrease in financial leverage: The decrease in operating profits was primarily due to the decrease in order volume, resulting in insufficient business scale.

Note: Calculation formulas are as follows:

1. Financial structure:

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) Long-term capital to property, plants, and equipment ratio = (total equity + non-current liabilities)/net property, plants, and equipment.

2. Solvency:

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.

(3) Debt service coverage ratio = pre-income tax and interest income/interest expense for the current period.

3. Operating capacity:

(1) Accounts receivable (including accounts receivable and notes receivable arising from operations) turnover rate = net sales/average receivables for each period (including accounts receivable and notes receivable arising from operations).

(2) Average collection days = 365/account receivable turnover.

(3) Inventory turnover = cost of goods sold/average inventory.

(4) Payables (including accounts payable and notes payable arising from business operations) turnover = cost of goods sold/balance of average payables for each period (including accounts payable and notes payable arising from business operations).

(5) Average inventory turnover days = 365/inventory turnover.

(6) Property, plants, and equipment turnover = net sales/average net property, plants, and equipment.

(7) Total asset turnover = net sales/average total assets.

4. Profitability:

(1) Return on assets = "net income + interest expenses x (1 - tax rate)"/average total assets.

(2) Return on equity = net income/average total equity.

(3) Net profit margin = net income/net sales.

(4) Earnings per share = (profit or loss attributable to parent company shareholders - preferred share dividend) /weighted average number of outstanding shares.

5. Cash flow:

(1) Cash flow ratio = net cash flow from operating activities/current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years/(capital expenditure + increase in inventory + cash dividend) for the most recent five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend)/(gross property, plants, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (net operating revenue - variable operating costs and expenses)/operating income.

(2) Financial leverage = operating income/(operating income - interest expense).

(II) Financial analysis - IFRS (parent company only financial statements)

Analysis Items		Financial analysis for the most recent five years: 2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	62.32	62.91	64.74	54.80	44.46
	Long-term capital to property, plants, and equipment (%)	103.81	105.29	106.58	109.84	109.37
Solvency	Current ratio (%)	111.03	119.02	108.91	124.19	114.89
	Quick ratio (%)	84.60	81.94	75.59	86.99	83.12
	Times interest earned (times)	3.10	(0.15)	5.64	8.12	1.08
Operating capacity	Accounts receivable turnover rate (times)	5.32	5.34	5.95	5.43	4.33
	Average collection days	69	68	61	67	84
	Inventory turnover (times)	9.79	7.77	6.53	5.29	3.82
	Accounts payable turnover rate (times)	7.21	7.96	8.30	7.63	6.97
	Average sales days	37	47	56	69	96
	Property, plants, and equipment turnover (times)	0.55	0.49	0.73	0.75	0.49
	Total asset turnover (times)	0.44	0.40	0.54	0.52	0.35
Profitability	Return on assets (%)	3.75	0.36	6.10	8.35	0.80
	Return on equity (%)	3.44	(1.04)	6.99	9.07	0.48
	Ratio of pre-tax net profit to paid-in capital (%)	10.36	(5.01)	19.92	29.47	0.30
	Net profit margin (%)	2.83	(0.97)	4.65	6.93	0.69
	Earnings per share (NT$)	0.80	(0.24)	1.67	2.26	0.13
Cash flow	Cash flow ratio (%)	33.65	9.50	3.61	50.33	11.76
	Cash flow adequacy ratio (%)	46.32	45.06	34.12	101.14	99.33
	Cash reinvestment ratio (%)	4.25	0.38	1.14	9.60	0.75
Leverage	Operating leverage	69.93	127.46	5.39	8.00	85.15
	Financial leverage	(0.50)	(0.22)	1.25	1.35	(0.29)

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase/decrease change is less than 20%, the analysis can be waived).

(1). Financial structure:
Debt to assets ratio decreased: Mainly due to the public underwriting of cash capital increases before the listing on TPEx in May 2023

(2). Solvency:
Decreased interest protection multiples: Mainly due to reduced orders resulting from customer inventory destocking policies in the first three quarters of 2023, leading to decreased profitability.

(3). Operating capacity:
Increase in average cash collection days (days), decrease in inventory turnover, increase in average sales days (days), decrease in property, plants, and equipment turnover (times), and decrease in total asset turnover

(times): Primarily in 2023, the decrease in net sales and cost of goods sold was due to the impact of reduced order volume resulting from customer inventory destocking policies.

(4). Profitability:
Decrease in return on assets, return on equity, earnings before tax to paid-in capital, net profit margin, and earnings per share: In 2021, after the pandemic restrictions were lifted, customers expressed optimism about market demand, leading to repeated orders due to congestion in shipping ports. However, customers adjusted their orders downwards as their inventory levels became excessively high. Despite the gradual recovery and stabilization of operations in the fourth quarter of 2022 with the gradual completion of customer inventory destocking and the commencement of shipments of new server products, the company's profits for the entire year still decreased.

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Lower cash flow ratio and cash reinvestment ratio: The decrease in orders was mainly due to the impact of customer inventory destocking policies, resulting in a decline in operating profits.

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Note: Calculation formulas are as follows:

1. Financial structure:

(1) Liabilities to assets ratio = total liabilities/total assets.

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2. Solvency:

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.

(3) Debt service coverage ratio = pre-income tax and interest income/interest expense for the current period.

3. Operating capacity:

(1) Accounts receivable (including accounts receivable and notes receivable arising from operations) turnover rate = net sales/average receivables for each period (including accounts receivable and notes receivable arising from operations).

(2) Average collection days = 365/account receivable turnover.

(3) Inventory turnover = cost of goods sold/average inventory.

(4) Payables (including accounts payable and notes payable arising from business operations) turnover = cost of goods sold/balance of average payables for each period (including accounts payable and notes payable arising from business operations).

(5) Average inventory turnover days = 365/inventory turnover.

(6) Property, plants, and equipment turnover = net sales/average net property, plants, and equipment.

(7) Total asset turnover = net sales/average total assets.

4. Profitability:

(1) Return on assets = "net income + interest expenses x (1 - tax rate)"/average total assets.

(2) Return on equity = net income/average total equity.

(3) Net profit margin = net income/net sales.

(4) Earnings per share = (profit or loss attributable to parent company shareholders - preferred share dividend) /weighted average number of outstanding shares.

5. Cash flow:

(1) Cash flow ratio = net cash flow from operating activities/current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years/(capital expenditure + increase in inventory + cash dividend) for the most recent five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend)/(gross property, plants, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (net operating revenue - variable operating costs and expenses)/operating income.

(2) Financial leverage = operating income/(operating income - interest expense).

III. Audit Committee's Report on the Financial Report for the Most Recent Year: Please refer to Attachment 2.

IV. Financial statements audited and certified by CPAs and CPAs' audit report for the most recent year: Please refer to Attachment 3.

V. Audited parent company only financial statement of the most recent year: Please refer to Attachment 4.

VI. If the Company and its affiliates have experienced financial difficulties in the most recent year and up to the date of publication of the annual report, the impact on the Company's financial status should be stated: None.

VII. Financial Position and Financial Performance Review and Analysis, and Risk Assessment

I. Financial analysis

(I) Financial position analysis

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	983,907	965,056	18,851	1.95
Property, plant and equipment	2,429,812	2,491,885	(62,073)	(2.49)
Intangible assets	6,925	6,638	287	4.32
Other assets	78,290	49,774	28,516	57.29
Total assets	3,498,934	3,513,353	(14,419)	(0.41)
Current liabilities	839,157	772,797	66,360	8.59
Long-term borrowings	695,719	1,165,664	(469,945)	(40.32)
Other liabilities	38,611	3,617	34,994	967.49
Total liabilities	1,573,487	1,942,078	(368,591)	(18.98)
Share Capital	656,406	584,898	71,508	12.23
Capital surplus	706,056	366,203	339,853	92.80
Legal reserve	144,427	132,054	12,373	9.37
Unappropriated retained earnings	420,342	495,810	(75,468)	(15.22)
Other equity	(1,784)	(7,690)	5,906	(76.80)
Total equity	1,925,447	1,571,275	354,172	22.54

Analysis of changes of more than 20% and amount of NT$10 million:

1. Increase of other assets: mainly due to the increase in the right-of-use assets of the leased Taoyuan Headquarters Office and Taoyuan Plant in 2023.
2. Decrease in long-term borrowings: mainly due to the public underwriting of cash capital increase to repay long-term borrowings before the listing on TPEx in May 2023.
3. Decrease in other liabilities: mainly due to the increase in lease liabilities for renting the offices of the Taoyuan Headquarters and Taoyuan Factory in 2023.
4. Increase in capital reserve and total equity: mainly due to the pre-IPO public underwriting for cash capital increase in capital in May 2023 at a premium.

II. Financial statements

(I) Financial position analysis

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Percentage of change (%)
Sales revenue	1,324,276	1,998,723	(674,447)	(33.74)
Cost of goods sold	1,085,424	1,636,480	(551,056)	(33.67)
Gross profit	238,852	362,243	(123,391)	(34.06)
Operating expenses	229,360	277,396	(48,036)	(17.32)
Net operating profit	9,492	84,847	(75,355)	(88.81)
Non-operating income and expenses	(4,771)	87,550	(92,321)	(105.45)
Net gains (losses) before tax	4,721	172,397	(167,676)	(97.26)
Income tax expenditure (interest)	(3,607)	41,740	(45,347)	(108.64)
Net income (loss)	8,328	130,657	(122,329)	(93.63)

Analysis of changes of more than 20% and amount of NT$10 million:

1. Lower sales revenue, cost of goods sold, and gross profit: The decrease in sales revenue, cost of goods sold, and gross profit in 2022 was primarily due to the decrease in order volume resulting from the customer inventory clearance policy, which led to an insufficient business scale.
2. Decrease in net operating income: The decrease in gross profit was mainly due to the inability of some fixed operating expenses to correspondingly decrease.
3. Decrease in non-operating income and expenses, net income before tax, income tax expenses, and net income: The main reason for the exchange gain in 2022 was the hawkish monetary policy of the Federal Reserve, which led to capital outflows due to interest rate differentials. This resulted in the appreciation of the US dollar against the Taiwanese dollar, generating exchange gains. However, in 2023, the anticipation of a US interest rate cut eased the strength of the US dollar, leading to exchange losses.

(II) Expected sales volume and the basis thereof, possible impact on the Company's future finance and business, and response plan

It is expected that the overall US economy will experience moderate growth in 2024, influenced by the Federal Reserve's interest rate cuts. Additionally, as companies' destocking policies approach completion, it will aid in the recovery of the manufacturing sector's business cycle, driving demand for various consumer durables such as building materials, furniture, hardware tools, and appliances, thereby contributing to the resurgence of demand for steel ball guides in the North American region.

According to DIGITIMES Research, with the rebound in shipments of general-purpose servers, the total server shipments in 2024 are expected to grow by 3.8%, reaching a level of 15 million units. Furthermore, TrendForce estimates that the global shipment of AI servers will reach 1.67 million units in 2024, with a year-on-year growth rate of 38.7%. However, the growth rate of overall global machine shipments in 2024 is expected to be only 2-3%. The Company anticipates that in 2024, with the conclusion of destocking by cloud service providers (CSPs) for general-purpose servers, the mass shipment of new platform servers, and the commencement of mass production and shipment of various AI server guide new products, it will help increase the overall average selling price (ASP), optimize product mix, and expand global market share.

Taking into account various factors such as business development strategies for each product, estimated customer order feedback, production schedules for new products, and capacity supply conditions, the Company forecasts a significant growth in the average selling price and sales volume of products in the fiscal year 2024 compared to the same period last year. However, as the Company's budget is for internal performance management use only and is not publicly disclosed, it does not intend to disclose the expected sales volume.

In response to the long-term growth trend of the Company's server guide products, the Company will prudently utilize capital market advantages, establish the most suitable capital structure, and reduce the cost of capital utilization to meet the needs of business growth.

III. Cash flow analysis

(I) Analysis of cash flow changes in the most recent year

Unit: NT$ thousand

Year	2023	2022	Increase (decrease) change	Increase (decrease) ratio (%)
Net cash inflow (outflow) from operating activities	80,371	370,080	(289,709)	(78.28)
Net cash inflow (outflow) from investing activities	(31,742)	(73,864)	42,122	(57.03)
Net cash inflow (outflow) from financing activities	(6,722)	(288,616)	281,894	(97.67)

Analysis of changes in the percentage of increase or decrease of more than 20%:

1. Decrease in net cash inflow from operating activities: mainly due to the effect of de-stocking in the market, resulting in the shrinking of the business scale and the decrease in profit.
2. Decrease in net cash outflow from investing activities: mainly due to the delayed implementation of equipment capital expenditures in 2023.
3. Increase in net cash outflow from financing activities: mainly due to the public underwriting of cash capital increase in pre-IPO listing in 2023 to repay borrowings.

(II) Improvement plan for insufficient liquidity: The Company's cash flow from operating activities in 2023 was a net inflow, and there was no insufficient liquidity so far.

(III) Cash flow analysis for the coming year

Unit: NT$ thousand

Cash balance at the beginning of period	Expected net cash flow from operating activities for the year	Cash inflow (outflow) from investing activities for the year	Cash inflow (outflow) from financing activities for the year	Projected cash balance	Remedies for cash shortage	
					Investment plan	Financial plan
404,345	600,964	627,647	(1, 220,945)	412,012	-	-

1. Analysis of cash flow changes in the coming year: (1) Operating activities: The increase in net cash inflow from operating activities is mainly due to the estimated operating growth. (2) Investing activities: Cash inflow from investing activities increased due to estimated capital expenditures for the disposal of land in Zhongli and the purchase of machinery and equipment in 2024. (3) Financing activities: It is estimated that if the land in Zhongli is sold, it will be used to repay borrowings, resulting in an increase in net cash outflow. 2. Remedies for expected cash shortage and liquidity analysis: None.

V. Impacts of material capital expenditures in the most recent year on financial operations: other than the capital expenditure plan for the purchase of some automated machines for NT$272,733,000 , there were no other material capital expenditures in 2024.

VI. The investment policy in the most recent year, the main reason for the profit or loss, the improvement plan, and the investment plan for the coming year

Unit: NTD

Investee	Current net profit after tax	Investment policy	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
SUZHOU NAN JUEN TRADE CO., LTD	(4,867)	The Company directly invested in the establishment and is responsible for the domestic sales business in China. The initial investment was US$500,000	Reduce sales of low-end products	Increase sales of high value-added products such as server slides	None
REPON(USA), INC.	6,784	The Company invested and established directly and is responsible for the export business in North America. The initial investment was US$500,000	Post-pandemic economic recovery in North America resulted in growth in business scale	Cultivating existing customer relationships, providing local real-time services, increasing market penetration, and expanding business scale	None

VII. Analysis and assessment of risk matters in the most recent year and up to the date of publication of the annual report

(I) Impacts of changes in interest rates, exchange rates, and inflation on the Company's profit and loss, and future countermeasures:

1. The impact of interest rate changes on the Company's income and future countermeasures:

The Company's interest income accounted for 0.11% and 0.60% of the net operating revenue for 2022 and 2023, respectively. In addition, the interest expense accounted for 1.21% and 1.84% of the operating revenue, respectively. The Company's interest income and interest expense accounted for the. The Company's long-term and short-term borrowings are mainly due to fixed asset investment and operating turnover requirements from financial institutions, and the relevant interest expense changes with the borrowing amount and interest rate. In 2023, the Company will publicly underwrite a cash capital increase before its listing in TPEx. For the repayment of borrowings, the advantage of the capital market ,the financial structure has been continuously improved to reduce the impact of interest expenses, so the impact on the Company is still limited.

The Company maintains good credit relationships with financial institutions, and constantly observes the trend of market interest rate changes to obtain preferential interest rate conditions. Also, through sound financial planning, the Company will appropriately use other financial instruments to reduce the risk of interest rate changes.

2. The impact of exchange rate fluctuations on the Company's profit and loss and future countermeasures:

The Company mainly sells goods for export and most of its products are denominated in USD. Therefore, the trends of the USD exchange rate have a considerable correlation with the Company's operating profit. The Company's exchange gains and losses were mainly due to sales receipts denominated in USD and USD deposits. The net exchange gains (losses) for 2022 and 2023 were NT$56,105,000 and NT$(4,805,000), respectively, and accounted for 2.81% and (0.36)%. In 2022, the hawkish monetary policy of the Federal Reserve and interest rate differentials led to capital outflows, resulting in gains from foreign exchange due to the appreciation of the US dollar against the Taiwan dollar. However, in 2023, the anticipation of interest rate cuts by the Federal Reserve eased the strength of the US dollar, leading to losses from foreign exchange.

In response to the impact of exchange rate changes, the Company has implemented operational hedging and financial hedging to achieve the purpose of risk management:

- Operational hedging: The Company continues to increase the sales portfolio ratio of products with high added value and high unit price, and shorten the number of operating turnovers to reduce the impact of exchange rate fluctuations on profit and loss. The impact on the Company's operating profit.
- Financial hedging: In order to respond to the risk of exchange rate changes, the Company keeps abreast of financial market information and interprets relevant research reports, maintains close contact with banks, and regularly compiles forecasts on the Company's international currency asset positions and future cash flows for derivative undertakings. It is implemented after discussing the relevant hedging strategies to avoid exchange rate fluctuations in a timely manner to stabilize the source of profit, and in accordance with the Company's "Handling Procedures for the Acquisition and Disposal of Assets".

3. The impact of inflation on the Company's income and future countermeasures:

There was no significant impact on the Company's profit or loss due to inflation in this year. In response to the impact of inflation, the Company continues to increase the proportion of sales portfolio for products with high added value and high unit price, and strengthens customized services, and improves operating turnover to reduce the impact of inflation. The Company also adjusts selling prices through consultation with customers from time to time to reduce the impact of changes in costs on the Company's profit and loss.

(II) Policies on engaging in high-risk and highly leveraged investments, loans to others, endorsements and guarantees, and derivative commodity transactions, the main reasons for the profit or loss, and future countermeasures:

The Company has always focused on the development of its own business while upholding the principle of pragmatism. The financial policy has also been prudent and conservative, and has not engaged in high-risk, high-leverage investments, loans to others, or endorsements/guarantees. When the Company engages in derivative financial instrument transactions, it is to avoid the risk of price fluctuations in international currency transactions and to proceed in accordance with the Company's "Regulations Governing the Acquisition and Disposal of Assets". However, the Company does not intend to adopt hedge accounting. Therefore, the Company designates it as a financial asset (liability) at fair value through profit or loss at the time of initial recognition.

(III) In the future R&D plans and expected R&D expenses:

1. The future R&D plans are as follows:

- Office furniture: The Company continues to develop functional products such as delayed return and push-to-release mechanisms.

- Home cabinets: Continue to develop multi-functional products such as hidden slow-return slides, synchronous return mechanisms, and quick-release mechanisms.
- Tool cabinet: Development of high-load and adjustable tension slides.
- Home appliances: Develop multi-functional products such as sideless unlocking mechanisms and improved safety locks.
- Server products: Development of several high-load and thin slides and thin friction slides for large-scale data center customers, and continuing to enhance multiple mechanical functions to meet the needs of new-generation data centers.
- Automotive products and other industrial application products: Development of high-load slides for vehicles and machinery and equipment.

2. The Company's expected R&D expenses:

The Company anticipates allocating NT$40,493,000 to research and development in 2024. The Company's competitive advantage and business growth momentum are anticipated to be maintained by budgeting the R&D expenditure in accordance with the development progress of new products and technologies, and by maintaining the growth rate in accordance with the operating conditions.

(IV) Impacts of important domestic and international policies and legal changes to the Company's financial operations, and responsive measures:

The Company's daily operations are carried out in accordance with relevant domestic and international laws and regulations, and it always pays attention to the development trends of domestic and international policies and changes in laws and regulations, in order to fully grasp and respond to changes in the market environment. The changes did not have a significant impact on the Company's financial operations.

(V) Impact of technological changes (including information security risks) andindustry changes on the Company's financial operations and related response measures:

The Company consistently monitors the technological advancements and changes that impact the industry. In order to promptly understand industry dynamics, perpetually develop new products and technologies, and safeguard these innovations through patent applications, the Company maintains real-time communication channels with our customers. This method actively broadens the scope of future market application domains and increases the barriers to entry for new investors. Consequently, the Company reaps the rewards of industry transformations and technological advancements. In addition, the trend of end products due to changes in technology and industry changes will also help customers' demand for orders.

The company conducts regular information security inspections annually through dedicated personnel, focusing on information security risk control and protection, and implements strict control measures. As of the most recent year and up to the date of the annual report, there have been no significant impacts on the company's financial or business operations due to technological changes (including information security risks) or industry shifts.

(VI) Impacts of changes in corporate image on corporate crisis management and countermeasures:

The Company is committed to the principle of honest operation, actively enhances quality and performance, strengthens internal management, and endeavors to maintain an excellent corporate image to increase customer trust and product recognition. In recent years, there have been no significant incidents that have impacted the Company's image.

(VII) Expected benefits and possible risks of mergers and acquisitions, and countermeasures: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and countermeasures:

In order to diversify geopolitical risks and strengthen our global presence, our company, while also catering to the demand for server slide products from large-scale Cloud Service Providers (CSPs) establishing their own data centers in the United States, approved the establishment of REPON TECH. (VIETNAM) CO., LTD. (the actual name subject to approval by the Vietnamese government) in Vietnam through direct investment during the board meeting on November 6, 2023. An automated factory will be constructed to increase the production capacity of server slide products that meet the requirements of international giants in the supply chain. Upon completion of the factory construction, existing production lines from our Yunke Plant will be relocated, and additional server slide production lines will be added to enhance the proportion of high-value-added products such as server slides. The additional production capacity will contribute to strengthening our order fulfillment capabilities, expanding our operational scale, and seizing profit opportunities to enhance industry competitiveness. This investment is expected to yield long-term positive benefits for future operations. The funding for the construction of the Vietnam plant will be sourced from internal funds and bank financing. Upon comprehensive assessment, the overall factory construction project entails no significant risks.

(IX) Risks associated with any concentration of purchases or sales, and mitigation measures being or to be taken:

1. Risks associated with concentrated purchases, and mitigation measures being or to be taken:

The main raw materials for the Company's steel ball bearing slides are cold-rolled coils and hot-dip galvanized coils. The main domestic manufacturer is China Steel Corporation (China Steel), and the proportion of purchase from China Steel in 2022 and 2023 was 34.18% and 27.78%. The risks posed by the concentration of purchases of the Company and the countermeasures are as follows:

A. Materials may be out of stock

Countermeasures: Two or more suppliers for the same materials

Due to the high quality and stable price of the cold-rolled and hot-dip galvanizing coils of China Steel, and in order to obtain stable quota, the Company strategically prioritizes the use of steel materials from China Steel, and only looks for other sources when the supply of materials is insufficient. Therefore, there is a concentration of purchases. In addition, the Company not only purchases from China Steel, but also other distributors and suppliers The supply of goods is easy to obtain and there is greater room for negotiation, thereby reducing the cost of raw materials and avoiding the risk of raw material interruption.

B. Price monopolization

Countermeasures: Grasp the steel price trend

The Company has personnel who are dedicated to the collection of steel material quotations from domestic and international sources, ensuring that they remain informed about price trends. The procurement strategy facilitates the allocation of purchase quantities for each month or quarter, allowing for flexible adjustments. This method also enables the acquisition of more competitive prices from suppliers in advance, thereby reducing procurement costs.

In conclusion, the measures the Company has taken in response to the concentration of purchases of steel products have been to maintain a stable supply of raw materials and can obtain steel materials at the most advantageous prices, which should reduce the risks that may arise due to the concentration of purchases.

2. Risks associated with sales concentration and countermeasures:

For the fiscal years 2022 and 2023, the sales amount to the largest customer, Company A, accounted for 10.25% and 12.18% of the net revenue, respectively. Company A has long been a certified supplier for international brand giants, and the sales amount from our company is relatively small compared to its overall business scale. This is characteristic of the industry. In addition, Company A has been actively exploring other sources of business in addition to the big international brand customer, so there is no risk of excessive concentration of sales.

(X) Effects and risks to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company have been transferred or have otherwise changed hands, and mitigation measures being or to be taken: None.

(XI) Impacts and risks to the Company due to change in management rights, and responsive measures: None.

(XII) Any major litigation, non-conformity agreement, or non-conformity that has been finalized or is currently pending in any major litigation involving the Company and its directors, supervisors, general managers, persons with substantial responsibility, shareholders holding more than 10% of the shares, and subsidiaries. Where the outcome is likely to materially affect shareholders' equity or the price of the Company's securities, the facts of the dispute, the amount of money involved, the date of litigation commencement, and the handling of major litigants up to the publication date of the annual report: None.

(XIII) Other important risks and countermeasures: None.

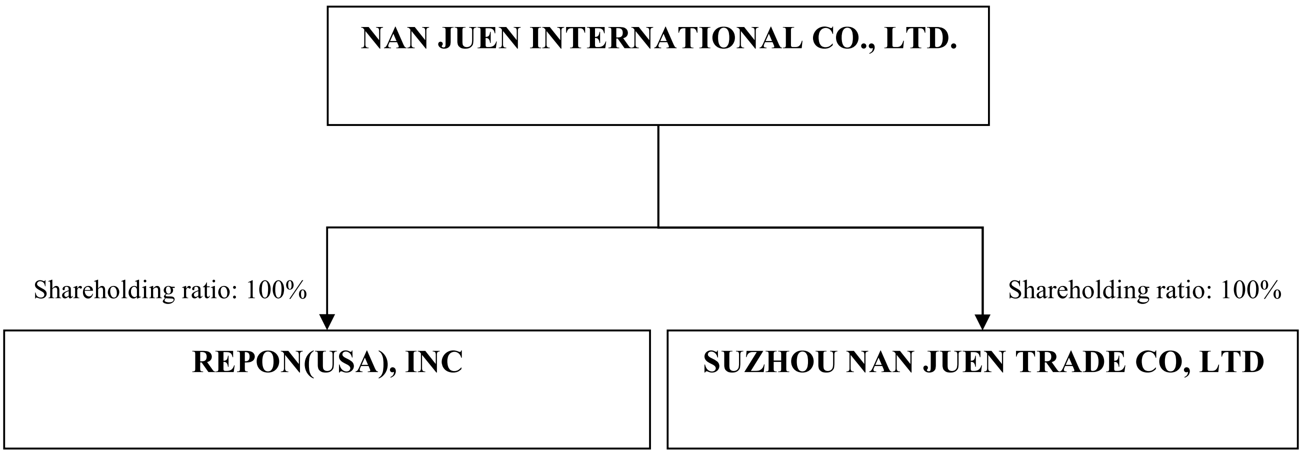
VII. Other important matters: None.

VIII. Special Notes

I. Information on affiliated companies:

(I) Merger Report of Affiliated Enterprises

1. Organizational chart of affiliates



2. Information on affiliates

Unit: NT$ thousand

Company name	Date established	Address	Paid-in capital size	Main business or production items
SUZHOU NAN JUEN TRADE CO., LTD	2016.4.25	Mudu Town, Wuzhong District, Suzhou City 2F, No. 70, Zhongshan East Road	15,500 (USD 500,000)	Sale of ball beari ng slides
REPON(USA), INC.	2018.1.10	50 Coleman Street SE Suite A Grand Rapids, MI 49548	14,974 (USD 500,000)	Sale of ball beari ng slides

3. Names and shareholdings of directors, supervisors, and presidents of affiliated companies

Unit: NT$ thousand

Company name	Job Title	Name or Representative	Shareholding	
			Number of shares/capital contribution	Shareholding ratio/Capital contribution ratio
SUZHOU NAN JUEN TRADE CO., LTD	Chairperson	NAN JUEN INTERNATIONAL CO, LTD Representative: Chin-Lan Lee	15,500 (USD 500 thousand)	100.00%
	Supervisor	NAN JUEN INTERNATIONAL CO, LTD Representative: Long-Chang Lee		
	President	NAN JUEN INTERNATIONAL CO, LTD Representative: Jen-Shan Wu		
REPON(USA), INC.	Director and President	NAN JUEN INTERNATIONAL CO, LTD Representative: Jen-Shan Wu	14,974 (USD 500 thousand)	100.00%

4. Operational overview of affiliates

Unit: NT$ thousand

Company name	Capitalization	Total assets	Total liabilities	Net value	Operating income	Operating profit (loss)	Current profit (loss) (after tax)	Earnings per share (after tax)
SUZHOU NAN JUEN TRADE CO., LTD	15,500	39,647	36,499	3,148	106,254	(2,258)	(4,867)	Not yet issued Shares
REPON (USA), INC.	14,974	27,454	4,976	22,478	49,796	(5,460)	6,784	68 (Note)

Note: 100 shares issued.

(II) Consolidated financial statements of affiliated companies: Please refer to Attachment 3.

(III) Report of Affiliated Enterprises: Not applicable.

II. Private placement of securities in the last year up till the publication date of this annual report: None.

III. The holding or disposal of the Company's shares by its subsidiaries in the last year up till the publication date of this annual report: None.

IV. Other matters for supplementary clarification: None.

IX. Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, during the most recent year or during the current year up to the date of publication of the annual report: None.

Attachment I

Nan Jun International Co., Ltd.

Internal Control System Statement

Date: March 15, 2024

Based on the results of self-assessment, the internal control system of the Company for the year 2023 is hereby declared as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. The Company has established this system to provide reasonable assurance regarding the achievement of the following objectives: operational effectiveness and efficiency (including profitability, performance, and asset safeguarding), reliable, timely, and transparent reporting, and compliance with applicable laws and regulations.
2. The internal control system has inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the aforementioned objectives. Additionally, the effectiveness of the internal control system may change with environmental and situational changes. However, the Company has a self-monitoring mechanism in its internal control system, and corrective actions are taken upon identifying any deficiencies.
3. The Company assesses the effectiveness of its internal control system’s design and implementation based on the criteria specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria in the "Regulations" divide the internal control system into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component comprises several items, as detailed in the "Regulations".
4. The Company has adopted the criteria mentioned above to evaluate the effectiveness of the design and implementation of its internal control system.
5. Based on the evaluation results, the Company believes that as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), regarding the achievement of operational effectiveness and efficiency, reliable, timely, and transparent reporting, and compliance with applicable laws and regulations, is effectively designed and implemented, providing reasonable assurance of the achievement of the aforementioned objectives.
6. This statement will be a major part of the Company's annual report and public prospectus and will be publicly disclosed. If any falsehoods, concealments, or illegalities are found in the disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors on March 15, 2024, with 9 directors present, and 0 dissenting.

Nan Jun International Co., Ltd.

Chairman: Chin-Lan Lee (Signature)

General Manager: Jen-Shan Wu (Signature)

Attachment II

Audit Committee Report

The Audit Committee has approved and the Board of Directors has resolved to approve the Company's parent company only financial statements, consolidated financial statements, business report, and earnings distribution plan for the year 2023. The Company's parent company only and consolidated financial statements for 2023 have been audited by KPMG and received an unqualified opinion.

The Audit Committee has reviewed and agreed to the Company's parent company only financial statements, consolidated financial statements, business report, and earnings distribution plan for the year 2023, which have been resolved by the Board of Directors. These documents comply with relevant legal regulations. Therefore, according to Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act, the report is submitted as follows.

Sincerely,

The 2024 Regular Shareholders' Meeting of Nan Jun International Co., Ltd.

Audit Committee

Convener : Shang-Hsien Yang

March 15, 2024

Attachment III

Stock Code: 6584

NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2023 and 2022

Company address: 6F, No. 202, Xingfu Road, Taoyuan District, Taoyuan City, Taiwan
Telephone: (03)364-2777

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China.

If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Declaration Statement

The entities that are required to be included in the 2023 consolidated financial statements of the Company (from January 1 2023, to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

We hereby declare

Company name: NAN JUEN INTERNATIONAL CO., LTD.

Chairperson: Chin-Lan Lee

Date: March 15, 2024

Independent Auditors' Report

To: The Board of Directors of NAN JUEN INTERNATIONAL CO., LTD.

Audit Opinions

We have reviewed the accompanying consolidated balance sheet of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries as of December 31, 2023 and 2022, and the consolidated, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NAN JUEN INTERNATIONAL CO., LTD. and its subsidiaries (hereinafter referred to as the "consolidated company") as of December 31, 2023 and 2022, and the results of the consolidated operations and the consolidated cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission (FSC).

Basis for the audit opinion

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and are independent of NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries. We have also 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by us to be communicated on the audit report are as follows:

I. Revenue recognition

Regarding the accounting policy for the revenue recognition, please refer to Note 4(13) of the consolidated financial statements. For the description of revenue recognition, please refer to the revenue from contracts with customers in Note 6(15) of the consolidated financial statements.

Description of Key Audit Matters:

The main business of NAN JUEN INTERNATIONAL CO., LTD. and subsidiaries is the research and development, manufacturing, and trading of steel ball bearing slides. Since operating revenue is one of the important items in the financial statements, and it is expected to be one of the concerns of financial statement users, therefore, the testing of revenue recognition is one of the important evaluation matters in our audit of the consolidated financial statements.

The corresponding audit procedures:

Our audit procedures for the key audit matters above include:

- Evaluate whether the accounting policy for revenue recognition conforms to the specifications of the relevant bulletins.
- Test the design and implementation of the internal control system related to revenue recognition.
- Analyze the changes in the top ten customers and compare them with the same period last year to determine whether there are any significant changes or abnormalities.
- A sample of sales transactions within a certain period before and after the financial reporting date are selected to verify that the revenue, transaction records and various certificates cover the appropriate period.
- Assess whether there are significant sales returns and discounts after the assessment period.

Other matters

NAN JUEN INTERNATIONAL CO., LTD. has additionally prepared its parent company only financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified audit opinion.

Responsibilities of the management level and the governing body for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS and IAS, as well as IFRIC and SIC interpretations endorsed and entered into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the consolidated company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the consolidated company or cease the operations without other viable alternatives.

The governing body of the consolidated company (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the Auditors for auditing the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the consolidated company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the consolidated company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the consolidated company, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the consolidated company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the consolidated company's consolidated financial statements for the year ended December 31, 2023. 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 Heng-Shen Lin and Ming-Fang Hsu.

KPMG

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

NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

		2023.12.31		2022.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note VI(1))	$ 404,345	12	362,404	11
1110	Current financial assets at fair value through profit or loss Note VI(2))	9,697	-	21,353	1
1150	Notes receivable, net (Note VI(3)(15))	3,597	-	3,339	-
1170	Accounts receivable, net (Note VI(3)(15))	293,020	8	276,557	8
1210	Other receivables due from related parties (Note VII)	-	-	441	-
1310	Current inventories (Note VI(4))	261,521	8	288,277	8
1410	Prepayments	6,418	-	6,967	-
1470	Other current assets (Note VIII)	5,309	-	5,718	-
	Total current assets	983,907	28	965,056	28
	Non-current assets:				
1600	Property, plant and equipment (Note VI(5), VII and VIII)	2,429,812	70	2,491,885	71
1755	Right-of-use assets (Note VI(6))	47,594	1	16,057	-
1780	Intangible assets	6,925	-	6,638	-
1900	Other non-current assets (Note VII)	6,569	-	7,590	-
1975	Non-current net defined benefit asset (Note VI(10))	24,127	1	26,127	1
	Total non-current assets	2,515,027	72	2,548,297	72
	Total assets	$ 3,498,934	100	3,513,353	100

		2023.12.31		2022.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Current borrowings (Note VI(7) and VIII)	$ 418,690	12	253,230	7
2150	Notes payable	-	-	114	-
2170	Accounts payable	98,278	3	110,785	3
2180	Accounts payable to related parties (Note VII)	62,985	2	74,111	2
2200	Other payables (Note VI(10))	95,629	3	110,646	3
2230	Current tax liabilities (Note VI(11))	3,493	-	28,990	1
2280	Current lease liabilities (Note VI(9) and Note VII)	11,221	-	16,080	-
2300	Other current liabilities	6,752	-	13,010	-
2322	Long-term borrowings-current portion (Note VI(8) and VIII)	142,109	4	165,831	5
	Total current liabilities	839,157	24	772,797	21
	Non-current liabilities:				
2540	Non-current portion of non-current borrowings (Note VI(8) and VIII)	695,719	20	1,165,664	34
2570	Deferred income tax liabilities (Note VI(11))	-	-	2,331	-
2580	Non-current lease liabilities (Note VI(9) and Note VII)	38,159	1	536	-
2600	Other non-current liabilities	452	-	750	-
	Total non-current liabilities	734,330	21	1,169,281	34
	Total liabilities	1,573,487	45	1,942,078	55
	Equity (Note VI(12)):				
3110	Common stock	656,406	19	584,898	17
3200	Capital surplus	706,056	20	366,203	10
3310	Legal reserve	144,427	4	132,054	4
3320	Special reserve	-	-	1,071	-
3350	Unappropriated retained earnings	420,342	12	495,810	14
3410	Exchange differences on translation of foreign financial statements	131	-	276	-
3491	Other equity, unearned compensation	(1,915)	-	(9,037)	-
	Total equity	1,925,447	55	1,571,275	45
	Total liabilities and equity	$ 3,498,934	100	3,513,353	100

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Note VI(15))**	$ 1,324,276	100	1,998,723	100
5000	**Operating costs (Note VI(4) (9) (10), and Note VII)**	(1,085,424)	(82)	(1,636,480)	(82)
	Gross profit	238,852	18	362,243	18
	Operating expense (Note VI(9)(10)(13)(16) and Note VII):				
6100	Selling expenses	(69,477)	(5)	(90,288)	(5)
6200	Administrative expenses	(121,619)	(9)	(139,266)	(7)
6300	Research and development expense	(41,833)	(4)	(40,525)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (Note VI(3))	3,569	-	(7,317)	-
	Total operating expense	(229,360)	(18)	(277,396)	(14)
	Net operating income (loss)	9,492	-	84,847	4
	Non-operating income and expenses:				
7100	Interest income (Note VI(17))	7,903	1	2,168	-
7010	Other income (Note VI(17))	16,176	1	11,655	1
7020	Other gains and losses (Note VI(2)(17))	(4,440)	-	97,952	5
7050	Finance costs (Note VI(17))	(24,410)	(2)	(24,225)	(1)
	Total non-operating income and expenses	(4,771)	-	87,550	5
	Net income before tax	4,721	-	172,397	9
7951	**Less: Income tax expense (benefit) (Note VI(11))**	(3,607)	-	41,740	2
	Profit	8,328	-	130,657	7
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note VI(10))	(2,306)	-	6,618	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified to profit or loss	(2,306)	-	6,618	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(145)	-	1,347	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(145)	-	1,347	-
8300	**Other comprehensive income**	(2,451)	-	7,965	-
8500	**Total comprehensive income**	**$ 5,877**	**-**	**138,622**	**7**
	Net profit for the period attributable to:				
8610	Owner of the parent company	**$ 8,328**	**-**	**130,657**	**7**
	Total comprehensive income attributable to:				
8710	Owner of the parent company	**$ 5,877**	**-**	**138,622**	**7**
	Earnings per share (Note 6(14))				
9750	**Basic earnings per share (NT$)**	**$ 0.13**		**2.26**	
9850	**Diluted earnings per share (NT$)**	**$ 0.13**		**2.25**	

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Equity attributable to owners of parent								
	Share Capital			Retained earnings					
	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity, unearned compensation	Total equity
Balance as of January 1, 2022	$ 524,940	45,389	210,323	123,232	854	420,068	(1,071)	(15,006)	1,308,729
Profit	-	-	-	-	-	130,657	-	-	130,657
Other comprehensive income	-	-	-	-	-	6,618	1,347	-	7,965
Total comprehensive income	-	-	-	-	-	137,275	1,347	-	138,622
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	8,822	-	(8,822)	-	-	-
Special reserve appropriated	-	-	-	-	217	(217)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(52,494)	-	-	(52,494)
Issue of shares	60,000	(45,389)	156,000	-	-	-	-	-	170,611
Share-based payment transactions	-	-	-	-	-	-	-	5,807	5,807
Expired new restricted stock award shares issued to employees	(42)	-	(120)	-	-	-	-	162	-
Balance as of December 31, 2022	584,898	-	366,203	132,054	1,071	495,810	276	(9,037)	1,571,275
Profit	-	-	-	-	-	8,328	-	-	8,328
Other comprehensive income	-	-	-	-	-	(2,306)	(145)	-	(2,451)
Total comprehensive income	-	-	-	-	-	6,022	(145)	-	5,877
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	12,373	-	(12,373)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(70,188)	-	-	(70,188)
Reversal of special reserve	-	-	-	-	(1,071)	1,071	-	-	-
Issue of shares	73,200	-	339,647	-	-	-	-	-	412,847
Share-based payment transactions	-	-	5,072	-	-	-	-	564	5,636
Expired new restricted stock award shares issued to employees	(1,692)	-	(4,866)	-	-	-	-	6,558	-
Balance as of December 31, 2023	**$ 656,406**	**-**	**706,056**	**144,427**	**-**	**420,342**	**131**	**(1,915)**	**1,925,447**

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flows from (used in) operating activities:		
Income from continuing operations before income tax	$ 4,721	172,397
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	111,828	129,059
Amortization expense	3,958	3,817
Expected credit loss (gain)	(3,569)	7,317
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	10,603	(14,618)
Interest expense	24,410	24,225
Interest income	(7,903)	(2,168)
Share-based payments	5,636	5,807
Gain on disposal of property, plan and equipment	(149)	(219)
Property, plan and equipment transferred to expenses	1,161	2,255
Total adjustments to reconcile profit (loss)	145,975	155,475
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	879	-
Decrease (increase) in notes receivable	(258)	2,285
Decrease (increase) in accounts receivable	(12,899)	140,028
Decrease in other receivables due from related parties	441	2,181
Decrease in inventories	26,756	41,231
Decrease in other prepayments	549	16,684
Adjustments for increase in other current assets	561	10,513
Increase in net defined benefit asset	(306)	(13)
Total changes in operating assets	15,723	212,909
Changes in operating liabilities:		
Increase (decrease) in notes payable	(114)	2
Decrease in accounts payable	(12,507)	(82,990)
Decrease in accounts payable - related parties	(11,126)	(36,707)
Decrease in other payable	(15,017)	(5,056)
Adjustments for increase (decrease) in other current liabilities	(6,258)	136
Decrease in other non-current liabilities	(298)	-
Total changes in operating liabilities	(45,320)	(124,615)
Total changes in operating assets and liabilities	(29,597)	88,294
Total adjustments	116,378	243,769
Cash inflow generated from operations	121,099	416,166
Interest received	7,903	2,168
Interest paid	(24,410)	(24,225)
Income taxes paid	(24,221)	(24,029)
Net cash flows from (used in) operating activities	80,371	370,080
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(28,853)	(69,650)
Proceeds from disposal of property, plant and equipment	487	219
Decrease (increase) in refundable deposits	1,021	(300)
Acquisition of intangible assets	(4,245)	(3,788)
Increase in other financial assets	(152)	(345)
Net cash flows from (used in) investing activities	(31,742)	(73,864)
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term loans	165,460	(75,263)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from long-term debt	17,250	151,120
Repayments of long-term debt	(510,917)	(358,789)
Payments of lease liabilities	(21,174)	(23,801)
Cash dividends paid	(70,188)	(52,494)
Issue of shares	412,847	170,611
Net cash flows from (used in) financing activities	(6,722)	(288,616)
Effect of exchange rate changes on cash and cash equivalents	34	1,254
Net increase in cash and cash equivalents	41,941	8,854
Cash and cash equivalents at beginning of period	362,404	353,550
Cash and cash equivalents at end of period	**$ 404,345**	**362,404**

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD. and Subsidiaries
Notes to the consolidated financial statements
2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

NAN JUEN INTERNATIONAL CO., LTD. (hereinafter referred to as the "Company"), formerly known as NAN JUEN INDUSTRIAL CO., LTD., was established by approval of the Ministry of Economic Affairs on June 19, 1984. The Company changed its name to NAN JUEN INTERNATIONAL CO., LTD. in September 1996 and its registered address is 6F, No. 202, Xingfu Rd., Taoyuan Dist., Taoyuan City, Taiwan. The main business of the Company and its subsidiaries (hereinafter referred to as the "consolidated company") is the research and development, manufacturing and trading of steel ball bearing slides.

II. Date and procedure for adopting financial statements

The consolidated financial statements were approved by the Board of Directors for release on March 15, 2024.

III. Application of new and amended standards and interpretations

(I) The impact of the new and revised standards and interpretations approved by the Financial Supervisory Commission has been adopted.

The consolidated company began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the consolidated financial statements.

- 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 company began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the consolidated financial statements.

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

(II) The impact of not yet adopting the IFRS recognized by the FSC.

The consolidated company evaluates the application of the following newly amended IFRSs effective from January 1, 2024, and there was no significant impact on the consolidated 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 Financing Arrangements".
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”.

(III) Newly issued and amended standards and interpretations not yet approved by the FSC

The consolidated company expects the following other new amendments to standards that have not yet been approved to have no significant impact on the consolidated financial statements.

- Amendments to IFRS No. 10 and IAS No. 28 regarding "Sale or contribution of assets between an investor and its affiliate or joint venture".
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17.
- Amendments to IAS 21 "Lack of Exchangeability".

IV. Summary of significant accounting policies

The significant accounting policies adopted in the consolidated financial statements are summarized as follows. Unless otherwise specified, the following accounting policies have been consistently applied throughout the presentation period of the consolidated financial statements.

(I) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, and interpretations (collectively referred to as IFRSs) that have been issued, entered into effect and endorsed by the FSC.

(II) Basis of preparation

1. Basis of measurement

Except for the following important items on the balance sheet, the consolidated financial statements have been prepared on the basis of historical cost:

(1) Financial assets (liabilities) measured at fair value through gain or loss; and

(2) The net defined benefit liability (or asset) is measured by the fair value of the pension fund assets less the present value of the defined benefit obligation.

2. Functional currency and presentation currency

Each entity of the consolidated company uses the currency of the primary economic environment as its functional currency. The consolidated financial statements are presented in the Company's functional currency, NTD. All financial information expressed in NTD is with the unit of NTD thousand.

(III) Basis of consolidation

1. Principles for the preparation of consolidated financial statements

The main body of the consolidated financial statements includes the Company and the entities controlled by the Company (i.e. subsidiaries). When the Company is exposed to the variable remuneration from participating in an invested entity or is entitled to such variable remuneration, and has the ability to affect the returns through its power over the invested entity, the Company controls the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition of control over the subsidiaries until the date of loss of control. Consolidated company transactions, balances and any unrealized gains or losses on transactions have been eliminated when preparing the consolidated financial statements. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if the non-controlling interests become a deficit balance.

The financial statements of the subsidiaries have been appropriately adjusted to make their accounting policies consistent with the accounting policies used by the consolidated company.

Changes in the consolidated company's equity interests in subsidiaries that do not result in a loss of control over the subsidiaries are treated as equity transactions with owners. The difference between the adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements

Name of Investment Company	Name of subsidiary	Nature of business	Percentage of equity held	
			2023.12.31	2022.12.31
The Company	SUZHOU NAN JUEN TRADE CO., LTD	Ball bearing slide sales business	100%	100%
The Company	REPON (USA), INC.	Ball bearing slide sales business	100%	100%

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

(IV) Foreign currency

1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency in accordance with the exchange rate of the day.

The non-monetary item denominated in foreign currency measured at fair value is translated into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is translated in accordance with the exchange rate on the transaction date.

The foreign currency exchange difference arising from translation is generally recognized in profit or loss.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are converted into NTD in accordance with the exchange rate on the reporting date; the income and expense items are converted into NTD in accordance with the current average exchange rate. The exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, loss of joint control, or significant influence, the accumulated exchange difference related to the foreign operation is entirely reclassified as profit or loss. When the partial disposal includes subsidiaries of foreign operations, the relevant accumulated exchange differences are re-attributable to non-controlling interests on a pro rata basis. When the partial disposal includes investments in affiliates or joint ventures of foreign operations, the relevant accumulated exchange differences are reclassified to profit or loss on a pro rata basis.

If there is no settlement plan for the monetary receivables or payables of foreign operating institutions and it is impossible for them to be settled in the foreseeable future, the profit or loss from foreign currency exchange is considered as part of the net investments in foreign operations and is recognized in other comprehensive income.

(V) Classification criteria for current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle;

2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The assets are cash or cash equivalents, except for those that are subject to other restrictions on exchange or to be uses to settle a liability at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities other than current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal business cycle;
2. The liability is held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the reporting period; or
4. Liabilities that do not have the right to unconditionally defer the settlement period for at least 12 months after the reporting period. The terms of a liability that may, at the option of the counterparty, result in its settlement by issue of equity instruments does not affect its classification.

(VI) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent is short-term investment with high liquidity that is readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

(VII) Financial instruments

Accounts receivable and debt securities issued are recognized at time of generation. All other financial assets and financial liabilities are recognized when the consolidated company becomes a party to the terms of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

If the purchase or sale of financial assets is in line with customary transactions, the consolidated company's accounting treatment of all financial assets classified in the same way adopts the trade date for all purchases and sales.

At the time of initial recognition, financial assets are classified as: financial assets measured at amortized cost, debt instrument investment measured at fair value through other comprehensive income, equity instrument investment measured at fair value or financial assets measured at fair value through profit or loss. The consolidated company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets is changed.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The cash flow on a specific date in accordance with the contractual terms of the financial asset is solely the interest paid on the principal and the outstanding principal amount.

Such assets are subsequently measured at the initial recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and any amortized cost of the allowance loss is adjusted. Interest revenue, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

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

Financial assets that are not measured at amortized cost or financial assets at fair value through other comprehensive income (e.g.: financial assets held for trading or financial assets with performance assessed at fair value) are measured at fair value through profit and loss. Accounts receivable that the consolidated company intends to sell immediately or in the near future are measured at fair value through profit or loss, but are included in accounts receivable.

Such assets are subsequently measured at fair value, and the net profit or loss (including any dividend and interest income) is recognized as profit and loss.

(3) Financial assets impairment

For the consolidated company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits, and other financial assets), the expected credit losses of debt instrument investments measured at fair value through other comprehensive income and contract assets are recognized in the allowance loss.

The following financial assets have allowance losses measured at the 12-month expected credit losses, and the rest are measured at the lifetime expected credit losses:

- Debt securities determined to have a low credit risk on the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable is measured based on the expected credit loss throughout the duration.

In determining whether the credit risk has increased significantly since the initial recognition, the consolidated company considers reasonable and provable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the consolidated company's historical experience, credit assessment and analysis of forward-looking information.

If the credit risk rating of a financial instrument is equivalent to the "investment grade" defined by the world (S&P's investment grade BBB- , and Baa3 ratings by Moody's or rated at twA by Taiwan Ratings, or higher than such ratings), and the consolidated company considers the debt securities to have a low credit risk.

If the contract amount is overdue for more than 30 days, the consolidated company assumes that the credit risk of the financial assets has increased significantly.

If the contract amount is overdue for more than 180 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the consolidated company, the consolidated company considers the financial asset to be in default.

The expected credit loss is the probability-weighted estimate of the credit loss during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the consolidated company can collect in accordance with the contract and the cash flow that the consolidated company expects to collect. Expected credit losses are discounted at the effective interest rate of financial assets.

The consolidated company assesses whether credit impairment has occurred on each reporting date based on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When one or more events that adversely affect the estimated future cash flow of a financial asset have occurred, the financial asset has credit impairment. Evidence of credit impairment of financial assets includes the observable data of the following matters:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 180 days;
- Due to economic or contractual reasons related to the borrower's financial difficulty, the consolidated company gives the borrower a concession it would not have otherwise considered;
- The borrower is likely to file for bankruptcy or undergo other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets. The loss allowance of investments in debt instruments at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the book value of the asset). The amount of the provision or reversal of the loss allowance is recognized in profit or loss.

When the consolidated company cannot reasonably expect all or part of the recovered financial assets, it will directly reduce the total book value of its financial assets. Usually, the consolidated company determines that the debtor's assets or sources of revenue cannot generate sufficient cash flow to repay the amount of the write-off. However, the written-off financial assets can still be enforced to meet the procedures for the consolidated company to recover the overdue amount.

(4) Derecognition of financial assets

The consolidated company will derecognize financial assets when its contractual rights to the cash flows from the assets are terminated, or it has transferred the financial assets and almost all the risks and rewards of the ownership of the assets to other enterprises, or that it has neither transferred nor retained all the risks and rewards of the ownership of the assets and has not retained the control over these financial assets.

When the consolidated company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset ownership are retained, it will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The consolidated company's debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract in which the consolidated company has residual equity after deducting all liabilities from assets. The equity instruments issued by the consolidated company are recognized at the amount taking the acquisition price less the direct issuance cost.

(3) Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit or loss. If a financial liability is held for trading, derivative or designated at the time of initial recognition, it is classified as measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit or loss.

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

(4) Removal of financial liabilities

The consolidated company derecognizes financial liabilities when contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability at the fair value based on the amended terms is recognized.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset against each other and reported in the balance sheet in net amount only when the consolidated company has a legally enforceable right to offset them against each other and there is an intention to settle in net amount, or the assets are realized and the liabilities are repaid at the same time.

(VIII) Inventory

Inventories are measured at the lower of cost or net realizable value. Costs include the acquisition, production or processing costs and other costs incurred to make them available for use, and are calculated in accordance with the weighted average method. The cost of inventories of finished goods and work-in-progress includes the manufacturing expenses amortized based on the normal production capacity in an appropriate proportion.

The net realizable value refers to the balance of the estimated selling price under normal operations less the estimated cost of completion and the estimated cost of sales.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

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

2. Subsequent costs

Subsequent expenses may be capitalized only when their future economic benefits are likely to flow into the consolidated company.

3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.

Land is not depreciated.

The estimated useful lives for the current period and the comparative period are as follows:

(1) Buildings	3 - 50 years
(2) Machinery and equipment	2 to 20 years
(3) Other equipment	1 to 10 years

The consolidated company reviews the depreciation method, useful years, and residual value on each reporting date, and makes appropriate adjustments if necessary.

(X) Leases

The consolidated company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The consolidated company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease commencement date, and added incurred initial direct cost and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated using the straight-line method from the lease start date to the end of their useful lives or the expiration of the lease term, whichever is earlier. In addition, the consolidated company regularly assesses whether the right-of-use assets are impaired and handles any impairment losses that have occurred. The right-of-use assets are adjusted if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease starting date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the consolidated company's incremental borrowing rate is used. Generally, the consolidated company adopts its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including substantive fixed payments;

(2) For the variable lease payment that depends on a certain index or rate, the index or the rate on the lease commencement date is used as the initial measurement;

(3) The residual guarantee amount expected to be paid; and

(4) The exercise price or penalty fee when the purchase option or lease termination option is reasonably determined to be exercised.

Subsequent interest on lease liabilities is accrued using the effective interest method, and the amount is re-measured when:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;

(2) There is a change in the residual guarantee amount expected to be paid;

(3) There is a change in the evaluation of the underlying asset purchase option;
(4) There is a change in the estimate of whether to extend or terminate the option, and the evaluation on the lease period is changed;
(5) Amendment to the subject, scope, or other terms and conditions of the lease.

When a lease liability is remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or an evaluation change in the purchase, extension, or termination of an option, the book value of the right-of-use asset shall be adjusted accordingly. When the book value of the right-of-use assets is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For a lease modification that reduces the scope of the lease, the book value of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the remeasured amount of the lease liability and the difference is recognized in profit or loss.

The consolidated company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For other equipment and transportation equipment short-term lease and low-value underlying asset lease, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on the straight-line basis over the lease term.

Sale and leaseback transactions are based on the assessment of whether the transfer of assets to a buyer and lessor satisfies the requirements of a sale in accordance with IFRS 15. If it is determined to be a sale, the asset is derecognized and the right transferred to the buyer and lessor is recognized in the relevant profit and loss. The leaseback transaction shall be subject to the lessee accounting model. The right-of-use asset is measured using the originally recognized amount of the leaseback. If it is judged that the requirements for treating as sales are not met, the transferred assets will continue to be recognized and the consideration received will be recognized as financial liabilities.

2. Lessor

For transactions in which the consolidated company is a lessor, the lease contract is classified based on whether it transfers almost all the risks and returns attached to the ownership of the underlying asset on the date of establishment of the lease. If so, it is classified as a financing lease; otherwise, it is classified as an operating lease. During the evaluation, the consolidated company considers relevant specific indicators, including whether the lease period covers the main part of the economic life of the underlying assets.

If the consolidated company is the sublessor, it shall manage the main lease and sublease transactions separately, and use the right-of-use assets generated from the main lease to assess the classification of the sublease transactions. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction of the main lease should be classified as an operating lease.

If the agreement includes lease and non-lease components, the consolidated company uses IFRS 15 to allocate the consideration in the contract.

(XI) Intangible assets

1. Recognition and measurement

Expenditures related to research activities are recognized in profit or loss when incurred.

Development expenditure shall be used only when the cost can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, it is probable that future economic benefits will flow to the consolidated company, and the consolidated company has the intention and sufficient resources to complete the development and use or sell the asset is capitalized. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

The consolidated company's acquisition of other finite intangible assets with useful years is measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenses are recognized as income upon occurrence, including the goodwill and brand developed internally.

3. Amortization

The amortization is calculated in accordance with the asset cost less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful years from the intangible asset becoming available for use.

The consolidated company reviews the amortization method, useful years and residual value of intangible assets on each reporting date, and makes appropriate adjustments if necessary.

(XII) Non-financial assets impairment

The consolidated company assesses whether there is any indication that the book value of non-financial assets (except inventories and deferred income tax assets) may be impaired at each reporting date. If any sign exists, the recoverable amount of the asset shall be estimated. Goodwill is tested for impairment annually.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset group is recognized as the smallest identifiable asset group. The goodwill acquired in a business merger is amortized to each cash-generating unit or cash-generating unit group that is expected to benefit from the synergy of the merger.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. In assessing value in use, the estimated future cash flows are converted to the present value using a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the book value, it is recognized as impairment loss. The impairment loss is immediately recognized in profit or loss, and the book value of the amortized goodwill of the cash-generating unit is reduced first, and then the book value of each asset is reduced in proportion to the book value of other assets in the unit.

The impairment loss of goodwill shall not be reversed. The non-financial assets other than goodwill are only reversed within the book value (less depreciation or amortization) of the asset if no impairment loss was recognized in previous years.

(XIII) Revenue recognition

Revenue is measured based on the expected consideration for the right to be obtained from the transfer of goods or services. The consolidated company recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is met. The main revenue items of the consolidated company are described as follows:

1. Sale of goods

The consolidated company recognizes the revenue as income when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, and its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, and the acceptance terms and conditions have become invalid, or the consolidated company has objective evidence that all acceptance conditions have been met.

The consolidated company recognizes accounts receivable when the goods are delivered, as the consolidated company has the right to unconditionally collect the consideration at that time.

2. Financial components

The consolidated company expects that the interval between the time when all customers contract to transfer goods or services to the customer and the time when the customer pays for the goods or services will be less than one year. Therefore, the consolidated company does not adjust the time value of money of the transaction price.

(XIV) Employee benefits

1. Defined contribution plan

The obligation of the defined contribution plan is recognized as an expense within the service period provided by the employee.

2. Defined benefit plan

The consolidated company's net obligation to the defined benefit plan is converted to the present value of the future benefit amount earned by employees from the services in the current period or in the past for each benefit plan, and less the fair value of any planned assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit benefit method. When the calculation result may be favorable to the consolidated company, the assets recognized shall be up to the present value of any economic benefit that can be derived from the refund of the contribution from the plan or the reduction of the contribution from the plan in the future. The calculation of the present value of the economic benefits takes into account the minimum capital contribution required.

The remeasurement of the net defined benefit liability, including actuarial gains and losses, plan asset returns (excluding interest), and any change in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The consolidated company determines the net interest expense (revenue) of the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and the discount rate at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in welfare related to the prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. When the settlement occurs, the consolidated company recognizes the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the consolidated company has a current legal or presumed payment obligation due to the past services provided by employees, and the obligation can be estimated reliably, the amount is recognized as liabilities.

(XV) Share-based payment transactions

For the equity-settled share-based payment agreement, the fair value on the grant date is recognized as an expense and increased in relative equity during the vested period. The recognized expenses are adjusted according to the quantity of remuneration expected to meet the service conditions and non-market value vested conditions; and the ultimately recognized amount is measured based on the quantity of remuneration meeting service conditions and non-market value vested conditions on the vesting day.

The non-vested conditions regarding the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

The fair value of the cash share appreciation rights payable to the employees is recognized as an expense and increased in liabilities within the period when the employees are entitled to the remuneration unconditionally. The liability is re-measured at the fair value of the share appreciation rights on each reporting date and delivery date, with any changes recognized in profit or loss.

The payment date of the consolidated company's share-based payment is the record date of the capital increase approved by the board of directors.

(XVI) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable in previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized on temporary differences between the book value of assets and liabilities and their tax bases at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities initially recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss); and (ii) does not give rise to equivalent taxable discrepancy;
2. The temporary difference arising from investment in subsidiaries and joint ventures, for which the consolidated company controls the time of reversal of the temporary difference and is very likely not to be reversed in the foreseeable future.

Unused tax losses and unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of future taxable income that is likely to be available for use. The Company shall reevaluate it at each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range where it is very likely that there will be sufficient taxable income.

Deferred income tax is measured at the tax rate expected to be enacted in the period when assets are realized or liabilities are settled, based on the statutory tax rate or substantive tax rate at the reporting date.

The consolidated company will offset the deferred income tax assets and deferred income tax liabilities when the following conditions are met at the same time:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority;
   (1) the same taxable entity; or
   (2) Different taxable entities, but each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and repayments simultaneously, in each future period in which significant amounts of deferred income tax assets are expected

to be recovered and deferred income tax liabilities are expected to be settled.

(XVII) Earnings per share

The consolidated company presents the basic and diluted earnings per share attributable to the Company's common stock shareholders. The basic earnings per share of the consolidated company is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of the outstanding common stock shares during the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively.

(18) Segment Information

An operating segment is a component of the consolidated company that is engaged in business activities that may earn revenue and incur expenses (including revenue and expenses related to transactions between other components of the consolidated company). The operating results of all operating segments are regularly reviewed by the chief operating decision maker of the consolidated company to make decisions on the allocation of resources to each segment and to evaluate its performance. Each operating segment has its own financial information.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

In preparing the consolidated financial statements, the management must make judgments, estimates and assumptions that will affect the adopted accounting policies and the assets, liabilities, revenues and expense amounts. Actual results may differ from estimates.

The management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period in which they are affected and in the future.

The accounting policies do not involve significant judgments and do not have significant impact on the amounts recognized in the consolidated financial statements. The uncertainty of assumptions and estimates does not have significant risks that will cause material adjustments in the following year.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash	$ 350	331
Bank deposits	403,995	362,073
Total	**$ 404,345**	**362,404**

Please refer to Note 6(18) for the disclosure of the interest rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities.

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

	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial asset structured deposits	$ 9,305	9,698
Non-hedging derivative foreign exchange swap contracts	392	11,655
Total	**$ 9,697**	**21,353**

Item	Book value	2023.12.31 Nominal Capital (NTD thousand)	Maturity Date
Derivative financial assets:			
Foreign exchange contract (USD/TWD)	**$ 392**	USD 1,800	2024.03.28 - 2024.06.28

Item	Book value	2022.12.31 Nominal Capital (NTD thousand)	Maturity Date
Derivative financial assets:			
Foreign exchange contract (USD/TWD)	**$ 11,655**	USD 4,200	2023.01.03 - 2023.06.06

The consolidated company's 2023 and 2022 net gains on financial assets at fair value through profit or loss were NT$711 thousand and NT$40,027 thousand, respectively; the net gains from financial liabilities at fair value through profit or loss were NT$162 thousand and NT$11 thousand, which were recorded under "Other gains and losses."

(III) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable - from operation	$ 3,597	3,339
Accounts receivable - measured at amortized cost	297,908	285,009
Less: Loss allowance	(4,888)	(8,452)
	$ 296,617	279,896

The consolidated company uses simplified method to estimate expected credit losses for all notes and accounts receivable, that is, using expected credit losses throughout the duration. For this measurement, such notes and accounts receivable are grouped according to the common credit risk characteristics of the customers' ability to pay all amounts due in the contract terms which have been included in the forward-looking information, along with the macro economy and relevant industry information. Expected credit losses of notes and accounts receivable of the consolidated company are analyzed as follows:

	2023.12.31		
	Book value of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	$ 288,867	0.18%	516
Overdue for less than 30 days	6,592	1.94%	128
Overdue for 31 - 60 days	691	24.89%	172
Overdue for 61 - 180 days	1,892	32.24%	610
Overdue for more than 181 days	3,463	99.97%	3,462
	$ 301,505		4,888

	2022.12.31		
	Book value of notes and accounts receivable	**Weighted average rate of expected credit losses**	**Allowance for expected credit losses during the duration**
Not past due	$ 251,950	0.17%	417
Overdue for less than 30 days	22,418	6.15%	1,378
Overdue for 31 - 60 days	11,317	38.55%	4,363
Overdue for 61 - 180 days	1,953	81.38%	1,589
Overdue for more than 181 days	710	99.30%	705
	$ 288,348		8,452

The changes in the allowance for notes and accounts receivable of the consolidated company are as follows:

	2023	2022
Opening balance	$ 8,452	1,092
Recognized impairment loss	-	7,317
Reversal of impairment loss	(3,569)	-
Foreign exchange gain or loss	5	43
Closing balance	$ 4,888	8,452

(IV) Inventory

	2023.12.31	2022.12.31
Raw materials	$ 85,911	129,073
Materials	6,965	4,993
Work in process	42,537	31,983
Finished goods	124,906	121,178
Commodities	1,202	1,050
Total	$ 261,521	288,277

The cost of inventories recognized as cost of goods sold and expenses in 2023 and 2022 are NT$1,096,952 thousand and NT$1,624,633 thousand, respectively.

As the previous factor of the net realizable value lower than the cost has disappeared leading to the increase in net realizable value, in 2023, it has been recognized as a decrease of NT$11,528 thousand in the cost of sales.

In 2022, the net realizable value due to the write-down of inventories was recognized as an inventory valuation loss of NT$11,847 thousand, and was listed as cost of sales.

As of December 31, 2023 and 2022, the consolidated company's inventories had not been provided as collateral.

(V) Property, plant and equipment

The details of changes in cost and depreciation of the consolidated company's property, plant and equipment as of December 31, 2023 and 2022 are as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
Cost or recognized cost:						
Balance at the beginning of January 1, 2023	$ 1,183,627	1,148,200	433,229	222,230	74,321	3,061,607
Addition	-	-	829	14,090	13,934	28,853
Reclassification	-	-	(9,900)	41,225	(32,486)	(1,161)
Disposal	-	-	(4,884)	(15,465)	-	(20,349)
Effect of exchange rate changes	-	-	-	(22)	-	(22)
Balance on December 31, 2023	**$ 1,183,627**	**1,148,200**	**419,274**	**262,058**	**55,769**	**3,068,928**
Balance at the beginning of January 1, 2022	$ 1,183,627	1,148,200	416,006	215,819	36,217	2,999,869
Addition	-	-	4,628	6,354	58,668	69,650
Reclassification	-	-	13,760	4,549	(20,564)	(2,255)
Disposal	-	-	(1,165)	(4,526)	-	(5,691)
Effect of exchange rate changes	-	-	-	34	-	34
Balance on December 31, 2022	**$ 1,183,627**	**1,148,200**	**433,229**	**222,230**	**74,321**	**3,061,607**
Depreciation:						
Balance at the beginning of January 1, 2023	$ -	159,362	269,478	140,882	-	569,722
Depreciation	-	33,869	35,121	20,435	-	89,425
Reclassification	-	-	(27,846)	27,846	-	-
Disposal	-	-	(4,800)	(15,211)	-	(20,011)
Effect of exchange rate changes	-	-	-	(20)	-	(20)
Balance on December 31, 2023	**$ -**	**193,231**	**271,953**	**173,932**	**-**	**639,116**

Balance at the beginning of January 1, 2022	$ -	124,736	225,386	119,755	-	469,877
Depreciation	-	34,626	45,257	25,620	-	105,503
Disposal	-	-	(1,165)	(4,526)	-	(5,691)
Effect of exchange rate changes	-	-	-	33	-	33
Balance on December 31, 2022	**$ -**	**159,362**	**269,478**	**140,882**	**-**	**569,722**
Book value						
December 31, 2023	**$ 1,183,627**	**954,969**	**147,321**	**88,126**	**55,769**	**2,429,812**
January 1, 2022	**$ 1,183,627**	**1,023,464**	**190,620**	**96,064**	**36,217**	**2,529,992**
December 31, 2022	**$ 1,183,627**	**988,838**	**163,751**	**81,348**	**74,321**	**2,491,885**

Please refer to Note VIII for details on bank loans and financing facilities as of December 31, 2023 and 2022.

On November 6, 2023, the consolidated company's board of directors resolved to sell the land at Lot No. 2-7, Nanyuan Road, Zhongli Industrial Park, with an area of 9,160 square meters (Lot No. 1771, 1788, Zhonggong Section, Zhongli District, Taoyuan City) by public auction, but was recognized as idle land by the Ministry of Economic Affairs on January 19, 2024. Therefore, the consolidated company’s board of directors passed a resolution on January 22, 2024 to change it to public auction or by way of price negotiation, and cancel the public auction on January 24, 2024, and hold the price negotiation with potential buyers instead. As of the release date of the consolidated financial report, the matter is in progress.

(VI) Right-of-use assets

The changes in cost and depreciation of the right-of-use assets recognized by the consolidated company's buildings, machinery and equipment, and transportation equipment are as follows:

	Buildings	Machinery and equipment	Transportation equipment	Total
Cost of right-of-use assets:				
Balance on January 1, 2023	$ 80,485	293	4,457	85,235
Addition	51,876	666	1,493	54,035
Reduction	(80,485)	(293)	(1,359)	(82,137)
Effect of exchange rate changes	(50)	-	(8)	(58)
Balance on December 31, 2023	**$ 51,826**	**666**	**4,583**	**57,075**
Balance on January 1, 2022	$ 73,291	293	3,681	77,265
Addition	7,194	-	776	7,970
Balance on December 31, 2022	**$ 80,485**	**293**	**4,457**	**85,235**
Depreciation of right-of-use assets:				
Balance on January 1, 2023	$ 66,087	171	2,920	69,178
Current depreciation	20,947	115	1,341	22,403
Reduction	(80,485)	(244)	(1,359)	(82,088)
Effect of exchange rate changes	(9)	-	(3)	(12)
Balance on December 31, 2023	**$ 6,540**	**42**	**2,899**	**9,481**
Balance on January 1, 2022	$ 43,596	74	1,952	45,622
Current depreciation	22,491	97	968	23,556
Balance on December 31, 2022	**$ 66,087**	**171**	**2,920**	**69,178**
Book value:				
December 31, 2023	**$ 45,286**	**624**	**1,684**	**47,594**
January 1, 2022	**$ 29,695**	**219**	**1,729**	**31,643**
December 31, 2022	**$ 14,398**	**122**	**1,537**	**16,057**

(VII) Short-term borrowings

The details of the consolidated company's short-term borrowings are as follows:

	2023.12.31	2022.12.31
Unsecured bank borrowings	$ 128,690	253,230
Secured bank loan	290,000	-
Total	$ 418,690	253,230
Unused credit limit	$ 581,310	446,770
Interest rate range	1.75%~1.88%	1.5%~1.76%

Please refer to Note 8 for the consolidated company's assets pledged as collateral for bank loans.

(VIII) Long-term borrowings

The details, conditions and terms of the consolidated company's long-term loan are as follows:

	2023.12.31			
	Type of currency	Interest rate range	Year to maturity	Amount
Unsecured bank borrowings	NTD	1.50%~1.70%	2024~2027	$ 323,035
Secured bank loan	NTD	1.40%~2.01%	2028~2032	514,793
Subtotal				837,828
Less: Due within one year				(142,109)
Total				$ 695,719
Unused credit limit				$ 164,879

	2022.12.31			
	Type of currency	Interest rate range	Year to maturity	Amount
Unsecured bank borrowings	NTD	1.35%~1.58%	2024~2027	$ 378,299
Secured bank loan	NTD	1.28%~1.89%	2028~2032	953,196
Subtotal				1,331,495
Less: Due within one year				(165,831)
Total				$ 1,165,664
Unused credit limit				$ 1,251,129

Please refer to Note 8 for the consolidated company's assets pledged as collateral for bank loans.

(IX) Lease liabilities

The book value of lease liabilities of the consolidated company is as follows:

	2023.12.31	2022.12.31
Current	$ 11,221	16,080
Non-current	$ 38,159	536

Please refer to Note 6(18) Financial instruments for maturity analysis.

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

	2023	2022
Interest expense of lease liabilities	$ 727	302
Expenses of short-term leases	$ 2,687	1,595
Expenses of low-value lease assets	$ 1,071	1,053

The amount of lease recognized in the statement of cash flows is as follows:

	2023	2022
Total cash outflow for leases	$ 25,659	26,751

1. Lease of land and buildings

The consolidated company leased land and buildings as office space. The lease period for office space is usually one to five years. Part of the lease includes an option for lease extension for the same period as the original contract at the end of the lease period.

2. Other leases

The consolidated company leases machinery and transportation equipment for a lease period of three to five years. In some lease contracts, the consolidated company has an option to purchase the leased assets at the end of the lease term, while in others, the consolidated company guarantees the residual value of leased assets at the end of the lease period.

(X) Employee benefits

1. Defined benefit plan

The adjustment of the present value of the consolidated company's defined benefit obligation and the fair value of the plan assets is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 30,550	30,509
Fair value of plan assets	(54,677)	(56,636)
Net defined benefit assets	$ (24,127)	(26,127)

The employee benefit liabilities of the consolidated company are as follows:

	2023.12.31	2022.12.31
Short-term paid absences liability (under other payables)	$ 5,010	4,042

The consolidated company's defined benefit plan is appropriated to the labor pension reserve account at the Bank of Taiwan. The retirement payment of each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to retirement.

(1) Composition of plan assets

The pension fund appropriated by the consolidated company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). The minimum income to be distributed in each year's settlement shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank.

The consolidated company's labor pension fund account at the Bank of Taiwan is with a balance of NT$54,677 thousand as of the reporting date. Information on the utilization of assets of the Labor Pension Fund, including fund yield rate and fund asset allocation, is disclosed on the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

Changes in the present value of the consolidated company's defined benefit obligations as of 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligation as of January 1	$ 30,509	33,706
Current service cost and interest	459	253
Remeasurement of net defined benefit liabilities (assets)	2,792	(2,387)
Benefits planned to be paid	(3,210)	(1,063)
Defined benefit obligation as of December 31	$ 30,550	30,509

(3) Changes in the fair value of plan assets

Changes in the fair value of the consolidated company's defined benefit plan assets in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets on January 1	$	56,636	53,202
Interest income		708	266
Remeasurement of net defined benefit assets		486	4,231
Amount appropriated to the plan		58	-
Benefits paid by the plan		(3,210)	(1,063)
Fair value of the plan assets on December 31	**$**	**54,678**	**56,636**

(4) Expenses recognized in profit or loss

The details of expenses listed by the consolidated company in 2023 and 2022 are as follows:

		2023	2022
Current service cost	$	459	253
Net interest of net defined benefit assets		(708)	(266)
	$	**(249)**	**(13)**

		2023	2022
Administrative expenses	**$**	**(249)**	**(13)**

(5) Remeasurement of net defined benefit (liability) assets recognized in other comprehensive income

The remeasurement of net defined benefit (liabilities) assets recognized by the consolidated company in other comprehensive income as of December 31, 2023 and 2022 is as follows:

		2023	2022
Accumulated balance on January 1	$	4,244	(2,374)
Recognized in current period		(2,306)	6,618
Accumulated balance on December 31	**$**	**1,938**	**4,244**

(6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation by the consolidated company at the end of the financial reporting date are as follows:

	2023.12.31	**2022.12.31**
Discount rate	1.25%	1.25%
Future salary increase	2.00%	2.00%

The consolidated company expects to pay NT$58 thousand to the defined benefit plan within one year after the 2023 reporting date.

The weighted average duration of the defined benefit plan is 9.9 years.

(7) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2023 and 2022 and the impact on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increased amount	**Decreased amount**
December 31, 2023		
Discount rate (changed by 0.25%)	(476)	490
Future salary increase (1.00% change)	2,017	(1,827)
December 31, 2022		
Discount rate (changed by 0.25%)	(580)	599
Future salary increase (1.00% change)	2,473	(2,220)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

2. Defined contribution plan

The consolidated company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly wage is appropriated to the individual labor pension account with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the consolidated company has no legal or constructive obligation to make additional payments.

The consolidated company's pension expense under the defined contribution plan was NT$12,546 thousand and NT$14,582 thousand in 2023 and 2022, respectively; also, it had been appropriated to the Bureau of Labor Insurance.

(XI) Income tax

1. Income tax expenses (gains)

The consolidated company's income tax expenses (gains) for 2023 and 2022 are as follows:

		2023	2022
Current income tax (gain) expense			
Occurred in the current period	$	(1,276)	39,409
Deferred income tax expense (profit)			
Occurrence and reversal of temporary difference		(2,331)	2,331
Income tax expenses (gains)	$	(3,607)	41,740

The relationship between the consolidated company's income tax expenses and net income before tax for 2023 and 2022 is adjusted as follows:

		2023	2022
Net income before tax	$	4,721	172,397
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located	$	944	34,479
Tax rate differences in foreign jurisdictions		2,225	-
Non-deductible expenses		12	-
Changes in unrecognized temporary differences		(2,384)	1,500
Previous period’s (over) underestimation		(6,466)	2,098
Levies on undistributed earnings		2,112	1,334
Others		(50)	2,329
Total	$	(3,607)	41,740

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items that have not been recognized by the consolidated company as deferred income tax assets are as follows:

		2023.12.31	2022.12.31
Deductible temporary difference	$	2,620	4,621

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax liabilities are as follows:

Deferred income tax liabilities:		**Fair value gain**
Balance on January 1, 2023	$	(2,331)
Debit (credit) income statement		2,331
Balance on December 31, 2023	$	-

Balance on January 1, 2022	$ -
Debit (credit) income statement	(2,331)
Balance on December 31, 2022	**$ (2,331)**

3. The income tax returns of the Company's profit-seeking business have been audited and approved by the tax authorities up to 2021.

(XII) Capital and other equity

The Company's authorized capital amounted to NT800,000 thousand with 80,000 thousand shares issued at NT$10 par value per share on December 31, 2023 and 2022, respectively. Total shares issued were 65,641 thousand and 58,490 thousand shares, respectively. All payments on the issued shares have been collected.

1. Issuance of common shares

To cooperate with the application for the public underwriting of initial public offering (IPO) of shares, the board of directors resolved to issue 7,320 thousand new shares for cash capital increase at NT$10 par value per share on December 28, 2022. The base date for the cash capital increase was May 16, 2023. The number of new shares issued for the cash capital increase included public subscription, employee subscription, and competitive auction, and the numbers were 1,317,000, 732,000, and 5,271,000 shares, respectively. Both public subscription and employee subscription were issued at a premium of NT$36 per share. Competitive auction is that the shares were issued at a premium which is the weighted average price of the winning bid at NT$64.9 per share for a total of 415,847,000 shares. The net amount of NT$339,647 derived from taking the difference between the issuance price and the face value of NT$342,647 thousand minus the issuance cost of NT$3,000 thousand and this amount was listed under the Capital Reserves - Issuance of Stocks Under the premium. All the payments for the shares issued have been collected, and the relevant statutory registration procedures have been completed.

On August 9, 2021, the Company's board of directors resolved to issue new shares for capital increase in cash, and 6,000 thousand common shares were issued at a premium of NT$36 per share for a total amount of NT$216,000 thousand. The base date of the cash capital increase was January 17, 2022. As of December 31, 2021, the Company has collected shares of NT$45,389 thousand in advance, and received full payment on January 14, 2022. Completion of change registration took place on February 10, 2022.

The Company recovered and canceled the restricted stock awards for employees for a total of 4 thousand shares in September 2022 and the legal registration procedures for the above cancellation have been completed.

The Company recovered and cancelled the restricted stock awards for employees in June 2023 for a total of 167 thousand shares in a total amount of NT$1,672 thousand, and the legal registration procedure for the cancellation was completed.

The Company recovered and cancelled the restricted stock awards for employees in December 2023 for a total of two thousand shares in a total amount of NT$20 thousand, and the legal registration procedure for the cancellation was completed.

2. Capital surplus

The balance of the Company's capital reserves is as follows:

		2023.12.31	2022.12.31
Issued stock premium	$	695,897	356,250
New restricted stock award shares issued to employees		5,918	10,128
Employee stock option		5,190	118
Expired stock options		(949)	(293)
	$	706,056	366,203

The Company's capital increase in cash is reserved for employees to subscribe according to the laws. Please refer to Note 6(13) for details.

Pursuant to the Company Act, capital reserves shall be first used to make up for losses before issuing new shares or cash based on realized capital reserve according to the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

Pursuant to the Company's Articles of Incorporation, if the Company makes a profit in its financial report, it shall first pay tax and make up for past losses, and then appropriate 10% as legal reserve, and shall appropriate or reverse special reserve in accordance with the laws or regulations or the requirements of the competent authorities. If there is still any distributable earnings, the accumulated undistributed earnings of the previous years shall be added up, and the Board of Directors shall prepare a proposal for the distribution of shareholders' dividends and submit it to the shareholders' meeting for resolution.

The Company is currently in the growth stage. The needs for business expansion such as capital expenditures and working capital are taken into account, as well as the steady development of the Company's short, medium and long-term financial structure, while the focus is on the stability and growth of dividends. In accordance with the preceding Article, 20% or more of the distributable earnings as stated in the annual financial statements shall be set aside for dividend distribution. However, if the accumulated unappropriated earnings of prior years are less than 30% of the paid-in capital, the Company may propose not to distribute such earnings. When the Company distributes stock dividends and cash dividends at the same time, the cash dividends shall not be less than 20% of the total dividends to shareholders for the year.

(1) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to issue new shares or cash from the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(2) Profit Distribution

The 2022 and 2021 earnings distribution proposals were resolved in the general shareholders' meetings on June 2, 2023 and June 2, 2022. The dividends distributed to the shareholders are as follows:

	2022		2021	
	Stock dividend rate (NTD)	**Amount**	**Stock dividend rate (NTD)**	**Amount**
Dividends distributed to common stock shareholders:				
Cash	$ 1.07	70,188	1.00	52,494

The amount of cash dividends for the 2023 earnings distribution proposal was proposed on March 15, 2024. The dividends distributed to the shareholders is as follows:

	2023	
	Stock dividend rate (NTD)	**Amount**
Dividends distributed to common stock shareholders:		
Cash	$ 0.50	32,984

(XIII) Share-based payment

1. On June 11, 2020, the Company's annual shareholders' meeting resolved to issue 500 thousand Restricted Stock Awards (RSA). The recipients of the new shares are limited to the Company's full-time employees who meet specific conditions. It has been declared with the Securities and Futures Bureau of the Financial Supervisory Commission and went into effect. It was fully issued on March 9, 2020 as resolved by the board of directors. The capital increase base date was February 25, 2021. The fair value on the grant date was NT$19,378 thousand. The Scholes option evaluation model estimates the fair value of the share-based payment on the grant date.

   The parameters used in the evaluation model are as follows:

Reference market price	NT$38.67
Expected duration	3 years
Average fair value per share	NT$38.68 - NT$38.84
Expected volatility	39.6%
Risk-free interest rate	0.07~0.19%

   The expected volatility is based on the weighted average historical volatility and adjusted for expected changes due to publicly available information; the expected risk-free interest rate is based on government bonds.

   Employees who are allocated the above-mentioned restricted stock award and have continuously worked for the Company for one, two and three years from the date of subscription receive 30%, 30% and 40% of the shares allocated to them, respectively. After the employee subscribes for the new shares, but before the vesting conditions are met, they must be transferred to an institution designated by the Company for custody and may not be sold, pledged, transferred, gifted or otherwise disposed of; during the period of the consignment to the trust, the voting rights of the shareholders' meeting shall be kept by the trust Institutions who shall implement these in accordance with the relevant laws and regulations. If an employee is not eligible for the vested conditions after the new shares are subscribed, the shares shall be repurchased by the Company at the issue price in full and written off.

Relevant information of the consolidated company's Restricted Stock Awards (RSA):

Unit: Thousand shares

	2023	2022
Outstanding quantity as of January 1	342	494
Quantity given in current period	-	-
Quantity vested in this period	-	(148)
Quantity lost in the current period	(169)	(4)
Outstanding quantity as of December 31	**173**	**342**

2. The consolidated company's board of directors resolved the capital increase by cash on December 28, 2022, of which 732 thousand shares were reserved for employees to subscribe. The relevant information is as follows:

	Capital increase in cash reserved for employee subscription
Grant date	May 16, 2023
Quantity given	732 thousand shares
Number of expired shares	(329) thousand shares
Grantees	All employees
Vesting conditions	Immediately vested

The consolidated company uses the option evaluation model to estimate the fair value of the share-based payment on the grant date.

The fair value of each share option is NT$12.60. In 2023, a remuneration cost of NT$5,072 thousand was recognized and listed as operating expenses. Please refer to Note 6(12) for the recognition of capital reserve.

3. Employee expenses

The consolidated company's employee expenses arising from the share-based payment are as follows:

	2023	2022
Restricted Stock Awards (RSA)	$ 564	5,807
Employee stock option	5,072	-
	$ 5,636	**5,807**

(XIV) Earnings per share

The consolidated company's basic earnings per share and diluted earnings per share are calculated as follows:

		2023	2022
Basic earnings per share			
Net profit attributable to the Company's common stock shareholders	$	8,328	130,657
Weighted average number of outstanding common stock		62,723	57,861
Basic earnings per share (NT$)	**$**	**0.13**	**2.26**
Diluted earnings per share			
Current net income attributable to the Company	$	8,328	130,657
Effect of potentially dilutive ordinary shares		-	-
Net income attributable to the Company's common stock shareholders (adjusted for the potential dilutive effect of common stock shares)	$	8,328	130,657
Weighted average number of outstanding common stock (shares in thousands)		62,723	57,861
Restricted Stock Awards (RSA) (thousand shares)		258	213
Effect of employee stock compensation (thousand shares)		30	125
Weighted average number of outstanding common shares (after adjustment for potential dilutive effect of common shares) (thousand shares)		63,011	58,199
Diluted earnings per share (NT$)	**$**	**0.13**	**2.25**

(XV) Revenue from customer contracts

1. Breakdown of Revenue

		2023	2022
Key regional markets:			
Americas	$	603,712	945,799
Asia		528,952	816,872
Europe		130,335	140,685
Africa		15,873	26,388
Others		45,404	68,979
	$	1,324,276	1,998,723
Main product/service lines:			
Steel ball bearing slides	$	1,289,201	1,946,827
Others		35,075	51,896
	$	1,324,276	1,998,723

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Notes receivable	$	3,597	3,339	5,624
Accounts receivable		297,908	285,009	425,037
Less: Loss allowance		(4,888)	(8,452)	(1,092)
Total	$	296,617	279,896	429,569

Please refer to Note 6(3) for the disclosure of accounts receivable and its impairment.

(XVI) Remuneration to employees and directors

Pursuant to the Company's Articles of Incorporation, if there is profit in the year, no less than 3% of the profit shall be appropriated as remuneration to employees and no more than 3% as remuneration to directors. However, if the Company still has accumulated losses, the amount shall be reserved in advance to offset the losses. The employees' remuneration referred to in the preceding paragraph may be paid in the form of shares or cash, and the Board of Directors is authorized to make a resolution on this matter.

The Company's 2023 and 2022 employees' remuneration is estimated to be NT$105 thousand and NT$9,369 thousand, and directors' remuneration is NT$63 thousand and NT$5,622 thousand, respectively. These are derived by taking the amount of the net income before tax before deducting the remuneration of employees and directors for the period, and multiplied by the share allocation of the remuneration of employees and directors as stipulated in the Articles of Incorporation of the Company as the basis for calculation, which is listed as operating costs or operating expenses for

2023 and 2022. Relevant information is available on the Market Observation Post System (MOPS).

The amount of remuneration distributed to employees and directors as resolved by the above-mentioned board meeting is no different from the estimated amount in the Company's 2023 and 2022 consolidated financial statements.

(XVII) Non-operating income and expenses

1. Interest income

The interest income of the consolidated company is detailed as follows:

	2023	2022
Interest on bank deposits	$ 7,903	2,168

2. Other income

The consolidated company's other income is detailed as follows:

	2023	2022
Rental income	$ 3,536	4,027
Others	12,640	7,628
Total other income	$ 16,176	11,655

3. Other gains and losses

The consolidated company's other gains and losses are detailed as follows:

	2023	2022
Gains from the disposal of property, plant and equipment	$ 149	219
Gain (loss) on foreign currency exchange	(4,805)	56,105
Net gain on financial assets at fair value through profit or loss	711	40,027
Net gain of financial liabilities at fair value through profit or loss	162	11
Other gains and losses	(657)	1,590
Other gains and losses, net	$ (4,440)	97,952

4. Financial cost

The consolidated company's financial costs are detailed as follows:

		2023	2022
Interest on bank borrowings	$	(23,659)	(23,923)
Interest on lease liabilities		(727)	(302)
Others		(24)	-
Net finance cost	**$**	**(24,410)**	**(24,225)**

(XVIII) Financial instruments

1. Credit risk

(1) Credit risk exposure amount

The book value of financial assets and contract assets represent the maximum credit risk exposure amount.

(2) Concentration of credit risk

As the consolidated company has a broad customer base and does not conduct transactions with a single customer significantly and has dispersed sales regions, the credit risk of accounts receivable does not have significant concentration. For the objective of lowering credit risk, the consolidated company regularly assesses the financial position of its customers. However, customers are not required to provide collateral.

2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, including the effect of estimated interest.

		Book value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023								
Non-derivative financial liabilities								
Short-term borrowings	$	418,690	423,378	131,635	291,743	-	-	-
Accounts payable		98,278	98,278	98,278	-	-	-	-
Accounts payable - related parties		62,985	62,985	62,985	-	-	-	-
Other payables		46,900	46,900	46,900	-	-	-	-
Lease liabilities		49,380	51,493	6,119	5,934	11,641	27,799	-
Long-term borrowings (including those due within one year)		837,828	891,241	80,458	75,929	197,785	447,456	89,613
	$	**1,514,061**	**1,574,275**	**426,375**	**373,606**	**209,426**	**475,255**	**89,613**

December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 253,230	253,855	253,855	-	-	-	-
Notes payable	114	114	114	-	-	-	-
Accounts payable	110,785	110,785	110,785	-	-	-	-
Accounts payable - related parties	74,111	74,111	74,111	-	-	-	-
Other payables	58,213	58,213	58,213	-	-	-	-
Lease liabilities	16,616	16,708	11,092	5,077	473	66	-
Long-term borrowings (including those due within one year)	1,331,495	1,429,816	94,106	93,714	426,008	662,799	153,189
	$ 1,844,564	**1,943,602**	**602,276**	**98,791**	**426,481**	**662,865**	**153,189**

The consolidated company does not expect the cash flow analysis on the maturity date will be significantly early or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the consolidated company exposed to significant foreign exchange rate risk are as follows:

Amount: NTD Thousand

	2023.12.31			**2022.12.31**		
	Foreign currency	**Exchange rate (NTD)**	**NTD**	**Foreign currency**	**Exchange rate (NTD)**	**NTD**
Financial assets						
Monetary assets						
USD	$ 15,612	30.705	479,366	14,291	30.71	438,877
Financial liabilities						
Monetary liabilities						
USD	957	30.705	29,385	1,110	30.71	34,088

The exchange rate risk of the consolidated company's monetary accounts mainly comes from the foreign currency exchange gains and losses arise during the translation of the cash and cash equivalents, accounts receivable and accounts payable - related parties, denominated in foreign currencies. In 2023 and 2022, when the value of NTD depreciated or appreciated by 1% against USD, and all other factors remained unchanged, the 2023 and 2022 net income before tax would increase or decrease by NT$4,500 thousand and NT$4,048 thousand, respectively. The analysis of two terms is based on the same basis.

The consolidated company discloses the exchange gain or loss of monetary items in a summarized manner. The foreign currency exchange gain or loss (including realized and unrealized) for 2023 and 2022 were NT$(4,805) thousand and NT$56,105 thousand, respectively.

(2) Interest rate risk

The interest rate exposure of the consolidated company's financial assets and financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rates is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used in the consolidated company's internal reporting of interest rates to key management is an increase or decrease of 1%, which also represents management's assessment of the reasonably possible range of interest rates.

If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the net income before tax of the consolidated company for 2023 and 2022 will decrease or increase by NT$12,257 thousand and NT$6,724 thousand, respectively. This is mainly due to the variable interest rate borrowings of the consolidated company.

4. Fair value information

(1) Type and fair value of financial instruments

Financial assets and liabilities measured at fair value through profit or loss are measured at fair value on a repetitive basis. The book value and fair value of various financial assets and financial liabilities (including fair value hierarchy information, but the book value of the financial instrument not measured at fair value is a reasonable approximation of the fair value and lease liabilities, and there is no need to disclose the fair value information according to the regulations) is shown as follows:

	2023.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets	$ 9,305	-	9,305	-	9,305
Derivative financial assets	392	-	392	-	392
Subtotal	$ 9,697	-	9,697	-	9,697

	2022.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets	$ 9,698	-	9,698	-	9,698
Derivative financial assets	11,655	-	11,655	-	11,655
Subtotal	$ 21,353	-	21,353	-	21,353

(2) Valuation technique for the fair value of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

If there is a quoted market price for the financial instrument, the quoted price on the active market is used as the fair value. The market prices announced by major exchanges and by TPEx for central government bonds that are determined to be popular are the basis for the fair value of TWSE/TPEx-listed equity instruments and debt instruments with open quotations on the active market.

If open quotations of financial instruments can be obtained in a timely manner from exchanges, brokers, underwriters, industrial associations, pricing service institutions or competent authorities, and the prices represent actual and frequently occurring fair market transactions, then the financial instruments have open quotations in the active market. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large spread of the bid-ask spread, a significant increase in the spread of the bid-ask price, or a low trading volume are indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through evaluation technology or by referring to the quotations of the counterparties. The fair value obtained through the evaluation technology can be based on the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method or other evaluation technology, including the value obtained by applying the model to the market information available on the consolidated reporting date.

(2.2) Derivative financial instruments

The valuation is based on the valuation models widely accepted by the market users, such as the discount method and the option pricing model. Forward exchange contracts are usually evaluated based on the current forward exchange rate.

(XIX) Financial risk management

1. Summary

The consolidated company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The consolidated company's risk exposure information and the objectives, policies and procedures of the consolidated company's risk measurement and management are disclosed in the notes. Please refer to the notes to the consolidated financial statements for further quantitative disclosure.

2. Risk management framework

The Board of Directors is solely responsible for establishing and supervising the risk management framework of the consolidated company. The Board of Directors has established a Risk Management Committee to be responsible for developing and controlling the risk management policies of the consolidated company, and to report its operations to the Board of Directors on a regular basis.

The consolidated company's risk management policies are established to identify and analyze the risks faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and the compliance of risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the operation of the consolidated company. The consolidated company develops a disciplined and constructive controlled environment through training, management guidelines, and operating procedures so that all employees understand their roles and obligations.

Monitor the compliance of the consolidated company's risk management policies and procedures, and review the adequacy of the consolidated company's relevant risk management framework for the risks faced. The internal auditors assist the consolidated company's Audit Committee to play a supervisory role. These personnel conduct regular and ad hoc reviews of risk management controls and procedures, and report the results of the review to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss resulting from the failure of the consolidated company's customers or financial instrument trading counterparts to perform contractual obligations, which mainly comes from the consolidated company's accounts receivable from customers and securities investment.

(1) Accounts receivable and other receivables

The consolidated company has established a credit policy. According to the policy, before granting standard payment and shipping terms and conditions, the consolidated company shall analyze the credit rating of each new customer and establish an individual credit limit to control the credit risk.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the consolidated company's finance department. Since the counterparties of the consolidated company are banks with good credit ratings and there is no significant performance doubts, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the consolidated company cannot deliver cash or other financial assets to settle financial liabilities and fail to fulfill related obligations. The consolidated company manages liquidity by ensuring that, as far as possible, under normal and stressed circumstances, the consolidated company has sufficient working capital to cover liabilities as they fall due, without causing unacceptable losses or risk of damage to the consolidated company's reputation.

The consolidated company manages and maintains sufficient cash and cash equivalents to fund its operations and mitigate the impact of cash flow fluctuations. The consolidated company's management supervises the use of the bank's financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity to the consolidated company. As of December 31, 2023 and 2022, the consolidated company's unused short-term bank facilities amounted to NT$581,310 thousand and NT$446,770 thousand, respectively.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument price changes, which will affect the consolidated company's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

(1) Exchange rate risk

The consolidated company is exposed to the exchange rate risk generated by the sales transactions denominated in non-functional currency. The functional currency of the consolidated company is mainly NTD, and also includes CNY and USD. These transactions are mainly denominated in the currencies of NTD, CNY, and USD.

The consolidated company uses USD forward contracts to balance accounts receivable denominated in USD to reduce the risk of valuation loss of USD accounts receivable due to exchange rate fluctuations.

(XX) Capital management

The objectives of the consolidated company's capital management are to ensure the ability to continue as a going concern, to continuously provide shareholder returns and other benefits for stakeholders, and to maintain the optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the consolidated company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to pay off liabilities.

The consolidated company manages capital based on the debt capital ratio. The said ratio is net debt divided by total capital. Net liabilities are the total liabilities shown in the balance sheet less cash and cash equivalents. Total capital is all of the equity (i.e. share capital, capital reserve, retained earnings and other equity) plus net liabilities.

The debt capital ratios as of December 31, 2023 and 2022 are as follows:

	2023.12.31	2022.12.31
Total liabilities	$ 1,573,487	1,942,078
Less: Cash and cash equivalents	(404,345)	(362,404)
Net liabilities	**$ 1,169,142**	**1,579,674**
Total equity	$ 1,925,447	1,571,275
Total capital	**$ 3,094,589**	**3,150,949**
Debt capital ratio	**37.78%**	**50.13%**

(XXI) Investment and financing activities of non-cash transactions

The non-cash transaction investment and fund-raising activities of the consolidated company in 2023 and 2022 are as follows:

1. For the right-of-use assets acquired by lease, please refer to Note 6(6).

2. The adjustment of liabilities from financing activities is as follows:

	2023.1.1	Cash flow	Non-cash changes Others	2023.12.31
Long-term borrowings	$ 1,331,495	(493,667)	-	837,828
Short-term borrowings	253,230	165,460	-	418,690
Lease liabilities	16,616	(21,174)	53,938	49,380
Total liabilities from financing activities	$ 1,601,341	(349,381)	53,938	1,305,898

	2022.1.1	Cash flow	Non-cash changes Others	2022.12.31
Long-term borrowings	$ 1,539,164	(207,669)	-	1,331,495
Short-term borrowings	328,493	(75,263)	-	253,230
Short-term notes payable	100,000	(100,000)	-	-
Lease liabilities	32,447	(23,801)	7,970	16,616
Total liabilities from financing activities	$ 2,000,104	(406,733)	7,970	1,601,341

VII. Related party transactions

(I) Name of related party and relationship

The related parties who have transactions with the consolidated company during the period of the consolidated financial statements are as follows:

Name of related party	Relationship with the consolidated company
Chin-Lan Lee	Chairman of the Company
Hsin-Cheng Wu	Director of the Company
Jen-Shan Wu	President of the Company
Suzhou Repon Industrial Co., Ltd. (hereinafter referred to as "Suzhou Repon")	Its chairman is the same as the chairman of the Company
SHERN DAR INDUSTRIAL CORP. (hereinafter referred to as Shern Dar Industrial)	Its Chairman is a second-degree relative of the Chairman of the Company
UNITED FORTUNE INVESTMENT LIMITED COMPANY	Its Chairman is the same as the President of the Company

(II) Significant transactions with related parties

1. Purchase of goods

The consolidated company's purchase amount to the related party is as follows:

	2023	2022
Other related party- Suzhou Repon	$ 159,268	206,680
Other related party	42,039	46,863
	$ 201,307	253,543

The consolidated company does not purchase the same type of products from other suppliers, so the purchase price from the related party is not comparable to that of general suppliers, and the payment term is 60 to 90 days, which is not significantly different from that of general suppliers.

2. Leases

The rent expenses paid by the consolidated company to the key management personnel of the parent company for renting the Yunlin Beigang Plant in 2023 and 2022 were both NT$240 thousand. Up to December 31, 2023 and 2022, the proceeds from the above transactions have been paid.

The consolidated company leased buildings and land from other related parties in January 2021, and with reference to the rent and land prices in the neighborhood, a three-year lease contract was signed with a total contract value of NT$25,740 thousand and a deposit of NT$2,040 thousand was paid and was accounted for under "other non-current assets." The rent paid in 2023 and 2022 are NT$9,000 thousand and NT$8,580 thousand respectively; as of December 31, 2023 and 2022, the balance of lease liability is NT$0 thousand and NT$8,943 thousand.

3. Endorsements and guarantees

The consolidated company's borrowings from financial institutions in 2023 and 2022 were jointly guaranteed by the key management personnel of the parent company in accordance with the requirements of some borrowing agreements.

4. Receivables from related parties

Presentation item	Category of related party	2023.12.31	2022.12.31
Other receivables	Other related party	$ -	441

5. Payables to related parties

Presentation item	Category of related party	2023.12.31	2022.12.31
Accounts payable	Other related party - Suzhou Repon	$ 47,904	67,030
Accounts payable	Other related party	15,081	7,081
		$ 62,985	74,111

6. Property transactions

The consolidated company had purchased machinery, equipment and molds from other related parties for a total price of NT$3,604 thousand in 2022. The purchase amount had been paid as of December 31, 2022. Please refer to Note 6(5) for details.

(III) Key management personnel transactions

Remuneration to key management personnel includes:

	2023	2022
Short-term employee benefits	$ 18,203	18,696
Post-employment benefits	436	480
	$ 18,639	19,176

VIII. Pledged assets

The book value of the consolidated company's pledged assets is as follows:

Mortgage and pledge of assets	Subject matter of guarantee	2023.12.31	2022.12.31
Other current assets	Option margin	$ 3,399	3,247
Other current assets	Letter of guarantee for technical cooperation	180	180
Land, buildings and structures	Guarantee for bank loans	2,125,233	2,159,102
		$ 2,128,812	2,162,529

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

As of December 31, 2023 and 2022, the unrecognized contractual commitments of the consolidated company for the acquisition of property, plant and equipment before tax amounted to NT$558,920 thousand and NT$559,460 thousand, respectively.

(II) As of December 31, 2023 and 2022, the consolidated company had unused letters of credit for NT$23,296 thousand and NT$42,287 thousand, respectively, for the purchase of raw materials.

(III) The amount of the guaranteed deposit/guarantee notes issued by the consolidated company to purchase goods from the vendor amounted to NT$12,500 thousand as of December 31, 2023 and 2022.

(IV) The amount of the letter of guarantee issued by the consolidated company for the industry-university cooperation and technology transfer with the National Kaohsiung University of Applied Sciences was NT$180 thousand as of December 31, 2023 and 2022.

X. Losses due to major disasters: None.

(XI) Material events after the period: Please refer to Note 6(5)

XII. Others

(I) The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function By nature	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expenses	192,120	96,051	288,171	213,366	103,313	316,679
Labor and national health insurance expenses	22,216	9,037	31,253	27,704	8,908	36,612
Pension expense	7,889	4,408	12,297	9,807	4,762	14,569
Other employee benefit expenses	8,648	3,351	11,999	9,473	2,614	12,087
Remuneration to directors	-	2,294	2,294	-	6,749	6,749
Depreciation expense	81,503	30,325	111,828	93,808	35,251	129,059
Amortization expense	240	3,718	3,958	240	3,577	3,817

XIII. Disclosures in notes

(I) Information on significant transactions: None.

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the consolidated company shall further disclose the relevant information of the material transactions in 2023 as follows:

1. Loans to others: None.
2. Endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Companies in possession	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	End of period				Highest shareholding ratio or capital contribution during the period	Remarks
				Number of shares	Book value	Shareholding ratio	Fair value		
SUZHOU NAN JUEN TRADE CO., LTD	Bank of China's cumulative -Daily wealth management products	-	Financial assets measured at fair value through profit or loss- Current	-	9,305	- %	9,305	-	

4. Accumulated purchases or sales of the same securities reaching NT$300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate for an amount over NT$300 million or 20% of the paid-

in capital: None.

6. Disposal of real estate for an amount over NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to NT$100 million or more than 20% of the paid-in capital: None.
9. Trading of derivatives: Please refer to Note 6(2).
10. Business relationships and important transactions between the parent company and its subsidiaries:

Serial number	Trader's Name	Trading counterpart	Relationship with the counterparty	Transactions with each other			
				Accounts	Amount	Trading terms and conditions	As a percentage of consolidated total operating revenue or total assets
0	The Company	REPON (USA), INC.	1	Sales revenue	21,445	Monthly settlement 120 days	1.62%
0	The Company	REPON (USA), INC.	1	Accounts receivable	1,272	Monthly settlement 120 days	0.04%

Note 1. The method of filling in the serial number is as follows:
1. "0" represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2. The relationship with the counterparty is indicated as follows:
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3. Disclosures are made if the amount of such account accounts for more than 1% of the consolidated total assets and the profit and loss account accounts for more than 1% of the consolidated total revenue.

Note 4. The above transactions have been eliminated when preparing the consolidated financial statements.

(II) Information on investees:

Information on the consolidated company's reinvestment in 2023 is as follows (excluding the investee in Mainland China):

Unit: Thousand shares

Name of Investment Company	Name of investee	Location of the area	Main business items	Initial investment amount		Held at end of period			Highest shareholding ratio or capital contribution during the period	Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Book value				
The Company	REPON (USA), INC.	US	Sale of steel ball bearing slides	14,974 (USD500)	7,325 (USD250)	1	100.00%	21,881	100%	6,784	6,784	Note

Note: The above transactions have been written off when the consolidated financial statements are prepared.

(III) Mainland China Investment Information:

1. Information on investments in Mainland China:

Name of investee company in Mainland China	Main business items	Paid-in capital size	Investment method (Note 2)	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Investee profit or loss for the period	The Company's shareholding ratio in direct or indirect investments	Highest shareholding ratio or capital contribution during the period	Investment gains and losses recognized in the current period (Note 3)	Book value of investment at the end of the period	Repatriated investment income up to the current period
					Exported	Withdrawal							
SUZHOU NAN JUEN TRADE CO., LTD	Sale of steel ball bearing slides	15,500 (USD500)	(I)	15,500 (USD500)	-	-	15,500 (USD500)	(4,867)	100.00%	100.00%	(4,867)	3,148	-

Note 1: The above transactions have been written off when the consolidated financial statements are prepared.

Note 2: There are three types of investment:
- (I) Direct investment in Mainland China.
- (II) Reinvestment in Mainland China companies is carried out through companies set up in third regions.
- (III) By any other means.

Note 3: Investment gains and losses are recognized based on the financial statements audited by the parent company's CPAs in Taiwan.

2. Limit of investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	The limit on investment in Mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs
15,500 (USD 500 thousand)	92,115 (USD 3,000 thousand)	1,155,268

3. Material transactions: None.

(IV) Information of major shareholders:

Unit: shares

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
He Ying Investment Co., Ltd.	8,840,525	13.46%
Junyi Investment Co., Ltd.	7,411,030	11.29%
AWESON TEK INVESTMENTS LIMITED	4,596,000	7.00%
Chin-Lan Lee	4,195,965	6.39%
He Hung Investment Co., Ltd.	3,990,810	6.07%

XIV Segment Information

(I) General information

The consolidated company is engaged in the business of manufacturing and selling steel ball slide rails, and there is no division of important industrial departments. Therefore, the operating decision-maker of the Company believes that the consolidated company has only a single operating department.

(II) Information on the profit and loss, assets and liabilities of the reportable segment and their measurement basis and adjustments

The information on segment income, segment assets and segment liabilities of the consolidated company is consistent with the financial report. Please refer to the balance sheet and comprehensive income statement.

(III) Product and labor information

Revenue from external customers:

Name of product and service	2023	2022
Steel ball bearing slides	$ 1,289,201	1,946,827
Others	35,075	51,896
Total	$ 1,324,276	1,998,723

(IV) Information by Region

The geographical information of the consolidated company is as follows. Revenue is classified based on the geographical location of the customers, and non-current assets are classified based on the geographical location of the assets.

Please refer to Note 6(15) for the information on the source of the consolidated company's income from external customers.

Non-current assets:

Regions	2023	2022
Taiwan	$ 2,487,634	2,522,013
US	2,812	-
China	454	157
Total	$ 2,490,900	2,522,170

Non-current assets include property, plant and equipment, intangible assets and other non-current assets, but exclude assets with post-retirement benefits.

(V) Information on major customers

Customer name	2023	2022
Customer A	$ 161,339	204,776

Attachment IV

Stock Code: 6584

NAN JUEN INTERNATIONAL CO., LTD.

Parent Company Only Financial Statements and Independent Auditors' Report

2023 and 2022

Company address: 6F, No. 202, Xingfu Road, Taoyuan District, Taoyuan City, Taiwan
Telephone: (03)364-2777

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

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Independent Auditors' Report

To: The Board of Directors of NAN JUEN INTERNATIONAL CO., LTD.

Audit Opinions

We have reviewed the accompanying parent company only balance sheet of NAN JUEN INTERNATIONAL CO., LTD. as of December 31, 2023 and 2022, and the parent company only, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of NAN JUEN INTERNATIONAL CO., LTD. as of December 31, 2023 and 2022, its parent company only financial performance and cash flows for the years then ended.

Basis for the audit opinion

We conducted the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and are independent of NAN JUEN INTERNATIONAL CO., LTD.. We have also 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters determined by us to be communicated on the audit report are as follows:

I. Revenue recognition

For the accounting policy regarding revenue recognition, please refer to the parent company only financial statements Note 4(13) Revenue recognition; for the description of revenue recognition, please refer to the parent company only financial statements Note 6(15) Revenue from contracts with customers.

Description of Key Audit Matters:

The main business of NAN JUEN INTERNATIONAL CO., LTD. is the research and development, manufacturing, and trading of steel ball bearing slide. Since operating revenue is one of the important items in the financial statements, and it is expected to be one of the concerns of financial statement users, therefore, the testing of revenue recognition is one of the important evaluation matters in our audit of the parent company only financial statements.

The corresponding audit procedures:

Our audit procedures for the key audit matters above include:

- Evaluate whether the accounting policy for revenue recognition conforms to the specifications of the relevant bulletins.
- Test the design and implementation of the internal control system related to revenue

recognition.

- Analyze the changes in the top ten customers and compare them with the same period last year to determine whether there are any significant changes or abnormalities.
- A sample of sales transactions within a certain period before and after the financial reporting date are selected to verify that the revenue, transaction records and various certificates cover the appropriate period.
- Assess whether there are significant sales returns and discounts after the assessment period.

Responsibilities of the management level and the governing body for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governing body of the Company (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the Auditors for auditing the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the parent company only financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the

parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. For the financial information of the invested company under the equity method, obtain sufficient and appropriate evidence to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2023. 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 Heng-Shen Lin and Ming-Fang Hsu.

KPMG

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

NAN JUEN INTERNATIONAL CO., LTD.

Balance Sheet

December 31, 2023 and 2022

Unit: NTD thousand

		2023.12.31		2022.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note VI(1))	$ 384,551	11	335,007	10
1110	Current financial assets at fair value through profit or loss (Note VI(2))	392	-	11,655	-
1150	Notes receivable, net (Note VI(3)(15))	3,597	-	3,339	-
1170	Accounts receivable, net (Note VI(3)(15))	269,098	8	257,147	7
1180	Accounts receivable due from related parties, net (Note VI(3) and VII)	2,491	-	19,833	1
1210	Other receivables due from related parties (Note VII)	7,959	-	7,364	-
1310	Current inventories (Note VI(4))	250,968	7	268,454	8
1410	Prepayments	6,164	-	5,198	-
1470	Other current assets (Note VIII)	4,629	-	5,256	-
	Total current assets	929,849	26	913,253	26
	Non-current assets:				
1550	Investments accounted for using equity method	25,029	1	14,732	-
1600	Property, plant and equipment (Note VI(5) and VIII)	2,429,667	70	2,491,728	73
1755	Right-of-use assets (Note VI(6))	44,472	2	16,057	-
1780	Intangible assets	6,925	-	6,638	-
1900	Other non-current assets (Note VII)	6,569	-	7,590	-
1975	Non-current net defined benefit asset (Note VI(10))	24,127	1	26,127	1
	Total non-current assets	2,536,789	74	2,562,872	74
	Total assets	$ 3,466,638	100	3,476,125	100

		2023.12.31		2022.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Current borrowings (Note VI(7))	$ 418,690	12	253,230	7
2150	Notes payable	-	-	71	-
2170	Accounts payable	97,336	3	110,125	3
2180	Accounts payable to related parties (Note VII)	38,241	1	38,920	1
2200	Other payables (Note VI(10))	94,535	3	109,584	3
2280	Current lease liabilities (Note VI(9) and Note VII)	10,520	-	16,080	-
2230	Current tax liabilities (Note VI(11))	1,653	-	28,990	1
2300	Other current liabilities	6,240	-	12,738	-
2322	Long-term borrowings-current portion (Note VI(8) and VIII)	142,109	4	165,831	5
	Total current liabilities	809,324	23	735,569	20
	Non-current liabilities:				
2540	Non-current portion of non-current borrowings (Note VI(8) and VIII)	695,719	21	1,165,664	34
2570	Deferred income tax liabilities (Note VI(11))	-	-	2,331	-
2580	Non-current lease liabilities (Note VI(9) and Note VII)	35,696	1	536	-
2600	Other non-current liabilities	452	-	750	-
	Total non-current liabilities	731,867	22	1,169,281	34
	Total liabilities	1,541,191	45	1,904,850	54
	Equity (Note VI(12)(13)):				
3110	Common stock	656,406	19	584,898	17
3200	Capital surplus	706,056	20	366,203	11
3310	Legal reserve	144,427	4	132,054	4
3320	Special reserve	-	-	1,071	-
3350	Unappropriated retained earnings	420,342	12	495,810	14
3410	Exchange differences on translation of foreign financial statements	131	-	276	-
3491	Other equity, unearned compensation	(1,915)	-	(9,037)	-
	Total equity	1,925,447	55	1,571,275	46
	Total liabilities and equity	$ 3,466,638	100	3,476,125	100

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD.

Comprehensive Income Statement

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note VI(15) and Note VII)**	$ 1,202,636	100	1,885,928	100
5000	**Operating costs (Note VI(4)(10) and Note VII)**	(992,123)	(82)	(1,537,443)	(82)
	Gross profit	210,513	18	348,485	18
5910	Unrealized profit (loss) from sales	876	-	(1,473)	-
	Gross operating profit, net	211,389	18	347,012	18
	Operating expense (Note VI(10)(13)(16) and Note VII):				
6100	Selling expenses	(51,299)	(4)	(72,464)	(4)
6200	Administrative expenses	(114,936)	(10)	(133,881)	(7)
6300	Research and development expense	(42,382)	(4)	(40,525)	(2)
6450	Impairment loss determined in accordance with IFRS 9 (Note VI(3))	2,727	-	(5,834)	-
	Total operating expense	(205,890)	(18)	(252,704)	(13)
	Net operating profit	5,499	-	94,308	5
	Non-operating income and expenses:				
7100	Interest income (Note VI(17))	7,878	1	2,110	-
7010	Other income (Note VI(17))	16,040	1	11,560	1
7020	Other gains and losses (Note VI(2)(17))	(5,050)	-	96,362	5
7050	Finance costs (Note VI(17))	(24,344)	(2)	(24,225)	(1)
7070	Share of profit or loss of subsidiaries accounted for using equity method	1,917	-	(7,718)	-
	Total non-operating income and expenses	(3,559)	-	78,089	5
	Net income before tax	1,940	-	172,397	10
7950	**Less: Income tax expense (Note VI(11))**	(6,388)	(1)	41,740	2
	Profit	8,328	1	130,657	8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note VI(10))	(2,306)	-	6,618	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified to profit or loss	(2,306)	-	6,618	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(145)	-	1,347	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(145)	-	1,347	-
8300	**Other comprehensive income**	(2,451)	-	7,965	-
8500	**Total comprehensive income**	**$ 5,877**	**1**	**138,622**	**8**
	Earnings per share (Note 6(14))				
9750	**Basic earnings per share (NT$)**	**$ 0.13**		**2.26**	
9850	**Diluted earnings per share (NT$)**	**$ 0.13**		**2.25**	

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Share Capital			Retained earnings					
	Common stock	**Advance receipts for share capital**	**Capital surplus**	**Legal reserve**	**Special reserve**	**Unappropriated retained earnings**	**Exchange differences on translation of foreign financial statements**	**Other equity, unearned compensation**	**Total equity**
Balance as of January 1, 2022	$ 524,940	45,389	210,323	123,232	854	420,068	(1,071)	(15,006)	1,308,729
Profit	-	-	-	-	-	130,657	-	-	130,657
Other comprehensive income	-	-	-	-	-	6,618	1,347	-	7,965
Total comprehensive income	-	-	-	-	-	137,275	1,347	-	138,622
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	8,822	-	(8,822)	-	-	-
Special reserve appropriated	-	-	-	-	217	(217)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(52,494)	-	-	(52,494)
Issue of shares	60,000	(45,389)	156,000	-	-	-	-	-	170,611
Share-based payment transactions	-	-	-	-	-	-	-	5,807	5,807
Expired new restricted stock award shares issued to employees	(42)	-	(120)	-	-	-	-	162	-
Balance as of December 31, 2022	584,898	-	366,203	132,054	1,071	495,810	276	(9,037)	1,571,275
Profit	-	-	-	-	-	8,328	-	-	8,328
Other comprehensive income	-	-	-	-	-	(2,306)	(145)	-	(2,451)
Total comprehensive income	-	-	-	-	-	6,022	(145)	-	5,877
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	12,373	-	(12,373)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(70,188)	-	-	(70,188)
Reversal of special reserve	-	-	-	-	(1,071)	1,071	-	-	-
Other changes in capital surplus:									
Issue of shares	73,200	-	339,647	-	-	-	-	-	412,847
Share-based payment transactions	-	-	5,072	-	-	-	-	564	5,636
Expired new restricted stock award shares issued to employees	(1,692)	-	(4,866)	-	-	-	-	6,558	-
Balance as of December 31, 2023	**$ 656,406**	**-**	**706,056**	**144,427**	**-**	**420,342**	**131**	**(1,915)**	**1,925,447**

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Cash Flow

January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	2023	2022
Cash flows from (used in) operating activities:		
Income from continuing operations before income tax	$ 1,940	172,397
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	111,047	129,051
Amortization expense	3,958	3,817
Expected credit impairment loss	(2,727)	5,834
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	11,263	(14,618)
Interest expense	24,344	24,225
Interest income	(7,878)	(2,110)
Share-based payments	5,636	5,807
Share of (profit) loss of subsidiaries accounted for using equity method	(1,917)	7,718
Gain on disposal of property, plan and equipment	(149)	(219)
Property, plan and equipment transferred to expenses	1,161	2,255
Unrealized (loss) profit from sales	(876)	1,473
Total adjustments to reconcile profit (loss)	143,862	163,233
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(258)	2,285
Decrease (increase) in accounts receivable	(9,224)	115,328
Decrease in accounts receivable - related parties	17,342	3,507
Decrease (increase) in other receivables due from related parties	(595)	2,194
Decrease in inventories	17,486	44,266
Decrease (increase) in other prepayments	(966)	16,678
Adjustments for increase in other current assets	779	10,120
Increase in net defined benefit asset	(306)	(13)
Total changes in operating assets	24,258	194,365
Changes in operating liabilities:		
Decrease in notes payable	(71)	-
Decrease in accounts payable	(12,789)	(78,209)
Decrease in accounts payable - related parties	(679)	(26,557)
Decrease in other payable	(15,049)	(4,666)
Adjustments for decrease in other current liabilities	(6,498)	(4,194)
Decrease in other non-current liabilities	(298)	-
Total changes in operating liabilities	(35,384)	(113,626)
Total changes in operating assets and liabilities	(11,126)	80,739
Total adjustments	132,736	243,972
Cash inflow generated from operations	134,676	416,369
Interest received	7,878	2,110
Interest paid	(24,344)	(24,225)
Income taxes paid	(23,280)	(24,029)
Net cash flows from (used in) operating activities	94,930	370,225
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(7,649)	-
Acquisition of property, plant and equipment	(28,853)	(69,626)
Proceeds from disposal of property, plant and equipment	487	219
Increase in refundable deposits	1,021	(301)
Acquisition of intangible assets	(4,245)	(3,788)
Decrease (increase) in other financial assets	(152)	(345)
Net cash flows from (used in) investing activities	(39,391)	(73,841)
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term loans	165,460	(75,263)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from long-term debt	17,250	151,120
Repayments of long-term debt	(510,917)	(358,789)
Payments of lease liabilities	(20,447)	(23,801)
Cash dividends paid	(70,188)	(52,494)
Issue of shares	412,847	170,611
Net cash flows from (used in) financing activities	(5,995)	(288,616)
Net increase in cash and cash equivalents	49,544	7,768
Cash and cash equivalents at beginning of period	335,007	327,239
Cash and cash equivalents at end of period	$ 384,551	335,007

(See accompanying notes to consolidated financial statements.)

NAN JUEN INTERNATIONAL CO., LTD.
Notes to parent company only financial statements
2023 and 2022
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

NAN JUEN INTERNATIONAL CO., LTD. (hereinafter referred to as the "Company"), formerly known as NAN JUEN INDUSTRIAL CO., LTD., was established by approval of the Ministry of Economic Affairs on June 19, 1984. The Company changed its name to NAN JUEN INTERNATIONAL CO., LTD. in September 1996 and its registered address is 6F, No. 202, Xingfu Rd., Taoyuan Dist., Taoyuan City, Taiwan. The Company's main business items are the research and development, manufacturing and trading of steel ball bearing slide.

II. Date and procedure for adopting financial statements

The parent company only financial statements were approved by the Board of Directors for release on March 15, 2024.

III. Application of new and amended standards and interpretations

(I) The impact of the new and revised standards and interpretations approved by the Financial Supervisory Commission has been adopted.

The Company began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the parent company only financial statements.

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

The Company began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the parent company only financial statements.

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

(II) The impact of not yet adopting the IFRS recognized by the FSC.

The Company evaluates the application of the following newly amended IFRSs effective from January 1, 2024, and there was no significant impact on the parent company only 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 Financing Arrangements".

・ Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”.

(III) Newly issued and amended standards and interpretations not yet approved by the FSC

The Company expects the following new amendments to standards that have not yet been approved to have no significant impact on the parent company only financial statements.

・ Amendments to IFRS No. 10 and IAS No. 28 regarding "Sale or contribution of assets between an investor and its affiliate or joint venture".

・ Amendments to IFRS 17 "Insurance Contracts" and IFRS 17.

・ Amendments to IAS 21 "Lack of Exchangeability".

IV. Summary of significant accounting policies

The significant accounting policies adopted in the parent company only financial statements are summarized as follows. The following accounting policies have been applied throughout the presentation period of the parent company only financial statements.

(I) Compliance Statement

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

(II) Basis of preparation

1. Basis of measurement

Except for the following important items on the balance sheet, the parent company only financial statements have been prepared on the basis of historical cost:

(1)Financial assets (liabilities) measured at fair value through gain or loss; and

(2)The net defined benefit liability (or asset) is measured by the fair value of the pension fund assets less the present value of the defined benefit obligation.

2. Functional currency and presentation currency

The Company's functional currency is the currency of the primary economic environment where it operates. The parent company only financial statements are presented in the Company's functional currency, NTD. All financial information expressed in NTD is with the unit of NTD thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency in accordance with the exchange rates prevailing on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency in accordance with the exchange rate of the day.

The non-monetary item denominated in foreign currency measured at fair value is translated into the functional currency in accordance with the exchange rate on the date the fair value is measured. The non-monetary item denominated in foreign currency measured at historical cost is translated in accordance with the exchange rate on the transaction date.

The foreign currency exchange difference arising from translation is generally recognized in profit or loss.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are converted into NTD in accordance with the exchange rate on the reporting date; the income and expense items are converted into NTD in accordance with the current average exchange rate. The exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, loss of joint control, or significant influence, the accumulated exchange difference related to the foreign operation is entirely reclassified as profit or loss. When the partial disposal includes subsidiaries of foreign operations, the relevant accumulated exchange differences are re-attributable to non-controlling interests on a pro rata basis. When the partial disposal includes investments in affiliates or joint ventures of foreign operations, the relevant accumulated exchange differences are reclassified to profit or loss on a pro rata basis.

If there is no settlement plan for the monetary receivables or payables of foreign operating institutions and it is impossible for them to be settled in the foreseeable future, the profit or loss from foreign currency exchange is considered as part of the net investments in foreign operations and is recognized in other comprehensive income.

(IV) Classification criteria for current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The assets are cash or cash equivalents, except for those that are subject to other restrictions on exchange or to be uses to settle a liability at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all liabilities other than current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal business cycle;
2. The liability is held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the reporting period; or
4. Liabilities that do not have the right to unconditionally defer the settlement period for at least 12 months after the reporting period. The terms of a liability that may, at the option of the counterparty, result in its settlement by issue of equity instruments does not affect its classification.

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent is short-term investment with high liquidity that is readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized at time of generation. All other financial assets and financial liabilities are recognized when the Company becomes a party to the terms of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

If the purchase or sale of financial assets is in line with customary transactions, the Company's accounting treatment of all financial assets classified in the same way adopts the trade date or settlement date for all purchases and sales.

At the time of initial recognition, financial assets are classified as: financial assets measured at amortized cost, debt instrument investment measured at fair value through other comprehensive income, equity instrument investment measured at fair value or financial assets measured at fair value through profit or loss. The Company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets is changed.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The cash flow on a specific date in accordance with the contractual terms of the financial asset is solely the interest paid on the principal and the outstanding principal amount.

Such assets are subsequently measured at the initial recognized amount plus or minus the accumulated amortization calculated by the effective interest method, and any amortized cost of the allowance loss is adjusted. Interest revenue, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Upon derecognition, the profit or loss is recognized in profit or loss.

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

Financial assets that are not measured at amortized cost or financial assets at fair value through other comprehensive income (e.g.: financial assets held for trading or financial assets with performance assessed at fair value) are measured at fair value through profit and loss. Accounts receivable that the Company intends to sell immediately or in the near future are measured at fair value through profit or loss, but are included in accounts receivable.

Such assets are subsequently measured at fair value, and the net profit or loss (including any dividend and interest income). These are recognized as profit or loss.

(3) Financial assets impairment

For the Company's financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits, and other financial assets), the expected credit losses of debt instrument investments measured at fair value through other comprehensive income and contract assets are recognized in the allowance loss.

The following financial assets have allowance losses measured at the 12-month expected credit losses, and the rest are measured at the lifetime expected credit losses:

- Debt securities determined to have a low credit risk on the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable is measured based on the expected credit loss throughout the duration.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and provable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the Company's historical experience, credit assessment and analysis of forward-looking information.

If the credit risk rating of a financial instrument is equivalent to the "investment grade" defined by the world (S&P's investment grade BBB- , and Baa3 ratings by Moody's or rated at twA by Taiwan Ratings, or higher than such ratings), and the Company considers the debt securities to have a low credit risk.

If the contract amount is overdue for more than 30 days, the Company assumes that the credit risk of the financial assets has increased significantly.

If the contract amount is overdue for more than 180 days, or the borrower is unlikely to perform its credit obligations and pay the full amount to the Company, the Company considers the financial asset to be in default.

The expected credit loss is the probability-weighted estimate of the credit loss during the expected duration of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can collect in accordance with the contract and the cash flow that the Company expects to collect. Expected credit losses are discounted at the effective interest rate of financial assets.

The Company assesses whether credit impairment has occurred on each reporting date based on financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. When one or more events that adversely affect the estimated future cash flow of a financial asset have occurred, the financial asset has credit impairment. Evidence of credit impairment of financial assets includes the observable data of the following matters:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 180 days;
- Due to economic or contractual reasons related to the borrower's financial difficulty, the Company gives the borrower a concession it would not have otherwise considered;
- The borrower is likely to file for bankruptcy or undergo other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The loss allowance of financial assets measured at amortized cost is deducted from the book value of the assets. The loss allowance of investments in debt instruments at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the book value of the asset). The amount of the provision or reversal of the loss allowance is recognized in profit or loss.

When the Company cannot reasonably expect all or part of the recovered financial assets, it will directly reduce the total book value of its financial assets. Usually, the Company determines that the debtor's assets or sources of revenue cannot generate sufficient cash flow to repay the amount of the write-off. However, the written-off financial assets can still be enforced to meet the procedures for the Company to recover the overdue amount.

(4) Derecognition of financial assets

The Company will derecognize financial assets when its contractual rights to the cash flows from the assets are terminated, or it has transferred the financial assets and almost all the risks and rewards of the ownership of the assets to other enterprises, or that it has neither transferred nor retained all the risks and rewards of the ownership of the assets and has not retained the control over these financial assets.

When the Company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset ownership are retained, it will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The Company's debt and equity instruments are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract in which the Company has residual equity after deducting all liabilities from assets. The equity instruments issued by the Company are recognized at the amount taking the acquisition price less the direct issuance cost.

(3) Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit or loss. If a financial liability is held for trading, derivative or designated at the time of initial recognition, it is classified as measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit or loss.

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

(4) Removal of financial liabilities

The Company derecognizes financial liabilities when contractual obligations are fulfilled, canceled, or expired. When the terms of a financial liability are amended and there is a significant difference in the cash flow of the liability after the amendment, the original financial liability is derecognized, and a new financial liability at the fair value based on the amended terms is recognized.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset against each other and reported in the balance sheet in net amount only when the Company has a legally enforceable right to offset them against each other and there is an intention to settle in net amount, or the assets are realized and the liabilities are repaid at the same time.

(VII) Inventory

Inventories are measured at the lower of cost or net realizable value. Costs include the acquisition, production or processing costs and other costs incurred to make them available for use, and are calculated in accordance with the weighted average method. The cost of inventories of finished goods and work-in-progress includes the manufacturing expenses amortized based on the normal production capacity in an appropriate proportion.

The net realizable value refers to the balance of the estimated selling price under normal operations less the estimated cost of completion and the estimated cost of sales.

(VIII) Investment in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to evaluate the invested company that it has control over. Under the equity method, the amortization amount attributed to the owners of the parent company is the same as the profit or loss and other comprehensive income for the period in the parent company only financial statements and the consolidated financial statements. The owners' equity in the parent company only financial statements is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are treated as equity transactions among owners.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

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

2. Subsequent costs

Subsequent expenses may be capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.

Land is not depreciated.

The estimated useful lives for the current period and the comparative period are as follows:

(1) Buildings 3 - 50 years

(2) Machinery and equipment 2 to 20 years

(3) Other equipment 1 to 10 years

The Company reviews the depreciation method, useful years, and residual value on each reporting date, and makes appropriate adjustments if necessary.

(X) Leases

The Company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is or contains a lease.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities, adjusted for any lease payments paid on or before the lease commencement date, and added incurred initial direct cost and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, while deducting any lease incentives received.

The subsequent right-of-use assets are depreciated using the straight-line method from the lease start date to the end of their useful lives or the expiration of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use assets are impaired and handles any impairment losses that have occurred. The right-of-use assets are adjusted if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease starting date. If the interest rate implicit in the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Company's incremental borrowing rate is used. Generally, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including substantive fixed payments;

(2) For the variable lease payment that depends on a certain index or rate, the index or the rate on the lease commencement date is used as the initial measurement;

(3) The residual guarantee amount expected to be paid; and

(4) The exercise price or penalty fee when the purchase option or lease termination option is reasonably determined to be exercised.

Subsequent interest on lease liabilities is accrued using the effective interest method, and the amount is re-measured when:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;

(2) There is a change in the residual guarantee amount expected to be paid;

(3) There is a change in the evaluation of the underlying asset purchase option;

(4) There is a change in the estimate of whether to extend or terminate the option, and the evaluation on the lease period is changed;

(5) Amendment to the subject, scope, or other terms and conditions of the lease.

When a lease liability is remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or an evaluation change in the purchase, extension, or termination of an option, the book value of the right-of-use asset shall be adjusted accordingly. When the book value of the right-of-use assets is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For a lease modification that reduces the scope of the lease, the book value of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the remeasured amount of the lease liability and the difference is recognized in profit or loss.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For other equipment and transportation equipment short-term lease and low-value underlying asset lease, the Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on the straight-line basis over the lease term.

Sale and leaseback transactions are based on the assessment of whether the transfer of assets to a buyer and lessor satisfies the requirements of a sale in accordance with IFRS 15. If it is determined to be a sale, the asset is derecognized and the right transferred to the buyer and lessor is recognized in the relevant profit and loss. The leaseback transaction shall be subject to the lessee accounting model. The right-of-use asset is measured using the originally recognized amount of the leaseback. If it is judged that the requirements for treating as sales are not met, the transferred assets will continue to be recognized and the consideration received will be recognized as financial liabilities.

2. Lessor

For transactions in which the Company is a lessor, the lease contract is classified based on whether it transfers almost all the risks and returns attached to the ownership of the underlying asset on the date of establishment of the lease. If so, it is classified as a financing lease; otherwise, it is classified as an operating lease. During the evaluation, the Company considers relevant specific indicators, including whether the lease period covers the main part of the economic life of the underlying assets.

If the Company is the sublessor, it shall manage the main lease and sublease transactions separately, and use the right-of-use assets generated from the main lease to assess the classification of the sublease transactions. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction of the main lease should be classified as an operating lease.

If the agreement includes lease and non-lease components, the Company uses IFRS 15 to allocate the consideration in the contract.

For operating leases, the Company adopts a straight-line basis to recognize the lease payments received as rental income over the lease term.

(XI) Intangible assets

1. Recognition and measurement

Expenditures related to research activities are recognized in profit or loss when incurred.

Development expenditure shall be used only when the cost can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, it is probable that future economic benefits will flow to the consolidated company, and the Company has the intention and sufficient resources to complete the development and use or sell the asset is capitalized. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

The Company's acquisition of other finite intangible assets with useful years is measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenses are recognized as income upon occurrence, including the goodwill and brand developed internally.

3. Amortization

The amortization is calculated in accordance with the asset cost less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful years from the intangible asset becoming available for use.

The Company reviews the amortization method, useful years and residual value of intangible assets on each reporting date, and makes appropriate adjustments if necessary.

(XII) Non-financial assets impairment

The Company assesses whether there is any indication that the book value of non-financial assets (except inventories and deferred income tax assets) may be impaired at each reporting date. If any sign exists, the recoverable amount of the asset shall be estimated. Goodwill is tested for impairment annually.

For the purpose of impairment testing, the group of assets whose cash inflow is mostly independent of other individual assets or asset group is recognized as the smallest identifiable asset group. The goodwill acquired in a business merger is amortized to each cash-generating unit or cash-generating unit group that is expected to benefit from the synergy of the merger.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. In assessing value in use, the estimated future cash flows are converted to the present value using a pre-tax discount rate that reflects the current market's assessment of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the book value, it is recognized as impairment loss. The impairment loss is immediately recognized in profit or loss, and the book value of the amortized goodwill of the cash-generating unit is reduced first, and then the book value of each asset is reduced in proportion to the book value of other assets in the unit.

The impairment loss of goodwill shall not be reversed. The non-financial assets other than goodwill are only reversed within the book value (less depreciation or amortization) of the asset if no impairment loss was recognized in previous years.

(XIII) Revenue recognition

Revenue is measured based on the expected consideration for the right to be obtained from the transfer of goods or services. The Company recognizes revenue when the control of the product or labor service is transferred to the customer and the performance obligation is met. The main revenue items of the Company are described as follows:

1. Sale of goods

The Company recognizes the revenue as income when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, and its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, and the acceptance terms and conditions have become invalid, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when the goods are delivered, as the Company has the right to unconditionally collect the consideration at that time.

2. Financial components

The Company expects that the interval between the time when all customers contract to transfer goods or services to the customer and the time when the customer pays for the goods or services will be less than one year. Therefore, the Company does not adjust the time value of money of the transaction price.

(XIV)Employee benefits

1. Defined contribution plan

The obligation of the defined contribution plan is recognized as an expense within the service period provided by the employee.

2. Defined benefit plan

The Company's net obligation to the defined benefit plan is converted to the present value of the future benefit amount earned by employees from the services in the current period or in the past for each benefit plan, and less the fair value of any planned assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit benefit method. When the calculation result may be favorable to the Company, the assets recognized shall be up to the present value of any economic benefit that can be derived from the refund of the contribution from the plan or the reduction of the contribution from the plan in the future. The calculation of the present value of the economic benefits takes into account the minimum capital contribution required.

The remeasurement of the net defined benefit liability, including actuarial gains and losses, plan asset returns (excluding interest), and any change in the impact of asset ceilings (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (revenue) of the net defined benefit liabilities (assets) using the net defined benefit liabilities (assets) and the discount rate at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in welfare related to the prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. When the settlement occurs, the Company recognizes the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the Company has a current legal or presumed payment obligation due to the past services provided by employees, and the obligation can be estimated reliably, the amount is recognized as liabilities.

(XV) Share-based payment transactions

For the equity-settled share-based payment agreement, the fair value on the grant date is recognized as an expense and increased in relative equity during the vested period. The recognized expenses are adjusted according to the quantity of remuneration expected to meet the service conditions and non-market value vested conditions; and the ultimately recognized amount is measured based on the quantity of remuneration meeting service conditions and non-market value vested conditions on the vesting day.

The non-vested conditions regarding the share-based payment incentives are reflected in the measurement of the fair value of the share-based payment and the difference between the expected and actual results is not subject to verification adjustment.

The fair value of the cash share appreciation rights payable to the employees is recognized as an expense and increased in liabilities within the period when the employees are entitled to the remuneration unconditionally. The liability is re-measured at the fair value of the share appreciation rights on each reporting date and delivery date, with any changes recognized in profit or loss.

The payment date of the Company's share-based payment is the record date of the capital increase approved by the board of directors.

(XVI)Income tax

Income tax includes current income tax and deferred income tax. Except for those related to business combination and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable in previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or tax rate substantially enacted on the reporting date.

Deferred income tax is measured and recognized on temporary differences between the book value of assets and liabilities and their tax bases at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Assets or liabilities initially recognized in a transaction that is not a business merger, and at the time of the transaction (i) does not affect accounting profits and taxable income (loss); and (ii) does not give rise to equivalent taxable discrepancy;
2. The temporary difference arising from investment in subsidiaries and joint ventures, for which the Company controls the time of reversal and is very likely not to be reversed in the foreseeable future.

Unused tax losses and unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets within the range of future taxable income that is likely to be available for use. The Company shall reevaluate it at each reporting date, and adjust the relevant income tax benefits to the extent that it is not very likely to be realized; or to reverse the amount of reduction in the range where it is very likely that there will be sufficient taxable income.

Deferred income tax is measured at the tax rate expected to be enacted in the period when assets are realized or liabilities are settled, based on the statutory tax rate or substantive tax rate at the reporting date.

The Company will offset the deferred income tax assets and deferred income tax liabilities when the following conditions are met at the same time:

1. Has the legally enforceable right to offset current income tax assets and current income

tax liabilities; and

2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority;
   (1) the same taxable entity; or
   (2) Different taxable entities, but each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and repayments simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XVII) Earnings per share

The Company presents the basic and diluted earnings per share attributable to the Company's common stock shareholders. The basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the Company's common stock shareholders by the weighted average number of the outstanding common stock shares during the period. Diluted earnings per share is calculated by having the profit and loss attributable to the Company's common stock shareholders and the weighted average number of common stock shares outstanding adjusted for the effects of all potential diluted common stock shares, respectively.

(XVIII) Segment Information

The Company has disclosed the segment information in the consolidated financial statements; therefore, the segment information was not disclosed in the parent company only financial statements.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

In preparing the parent company only financial statements, the management must make judgments, estimates and assumptions that will affect the adopted accounting policies and the assets, liabilities, revenues and expense amounts. Actual results may differ from estimates.

The management continues to review the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period in which they are affected and in the future.

The accounting policies do not involve significant judgments and do not have significant impact on the amounts recognized in the parent company only financial statements.

The uncertainty of assumptions and estimates does not have significant risks that will cause material adjustments in the following year.

VI. Description of significant accounting items

(I) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash	$	325	274
Bank deposits		384,226	334,733
Total	$	384,551	335,007

Please refer to Note 6(18) for the disclosure of the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

		2023.12.31	2022.12.31
Financial assets at fair value through profit or loss:			
Non-hedging financial derivatives - foreign exchange swap contracts	$	392	11,655

	2023.12.31		
	Book value	Nominal principal (NTD thousand)	Maturity Date
Derivative financial assets:			
Foreign exchange contract (USD/TWD)	$ 392	USD 1,800	2024.03.28 - 2024.06.28

	2022.12.31		
	Book value	Nominal principal (NTD thousand)	Maturity Date
Derivative financial assets:			
Foreign exchange contract (USD/TWD)	$ 11,655	USD 4,200	2023.01.03 - 2023.06.06

The Company recognized net gains (losses) on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022 for NT$51 thousand and NT$40,027 thousand, respectively; the Company recognized net gains (losses) of financial liabilities at fair value through profit or loss of NT$162 thousand and NT$11 thousand for the years ended December 31, 2023 and 2022, included in the "Other gains and losses".

(III) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable - from operation	$ 3,597	3,339
Accounts receivable - measured at amortized cost	273,070	263,846
Accounts receivable - related parties	2,491	19,833
Less: Loss allowance	(3,972)	(6,699)
	$ 275,186	280,319

The Company uses simplified method to estimate expected credit losses for all notes and accounts receivable, that is, using expected credit losses throughout the duration. For this measurement, such notes and accounts receivable are grouped according to the common credit risk characteristics of the customers' ability to pay all amounts due in the contract terms which have been included in the forward-looking information. Expected credit losses of notes and accounts receivable of the Company are analyzed as follows:

	2023.12.31		
	Book value of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for existing expected credit losses
Not past due	$ 269,522	0.11%	300
Overdue for less than 30 days	5,590	2.23%	125
Overdue for 31 - 60 days	164	5.50%	9
Overdue for 61 - 180 days	476	27.88%	133
Overdue for more than 181 days	3,406	99.98%	3,405
Total	$ 279,158		3,972

	2022.12.31		
	Book value of notes and accounts receivable	Weighted average expectation Credit loss rate	Allowance for existing expected credit losses
Not past due	$ 247,450	0.16%	407
Overdue for less than 30 days	21,900	3.44%	754
Overdue for 31 - 60 days	15,030	28.76%	4,332
Overdue for 61 - 180 days	2,531	43.66%	1,105
Overdue for more than 181 days	107	94.44%	101
Total	$ 287,018		6,699

The changes in the allowance for notes and accounts receivable of the Company are as follows:

		2023	2022
Opening balance	$	6,699	865
Recognized impairment loss		-	5,834
Reversal of impairment loss		(2,727)	-
Closing balance	$	3,972	6,699

As of December 31, 2023 and 2022, the Company's notes receivable and accounts receivable were not discounted or provided as collateral.

(IV) Inventory

		2023.12.31	2022.12.31
Raw materials	$	85,911	129,073
Materials		6,965	4,993
Work in process		42,537	31,983
Finished goods		114,694	101,464
Commodities		861	941
Total	$	250,968	268,454

The Company's 2023 and 2022 cost of goods sold and inventory cost as expenses are NT$1,005,122 thousand and NT$1,526,235 thousand, respectively.

The factor that previously caused the net realizable value to be lower than the cost has disappeared leading to the increase in net realizable value, the Company, thus, has in 2023 recognized a decrease of NT$12,999 thousand in the cost of sales.

In 2022, the net realizable value due to the write-down of inventories was recognized as an inventory valuation loss of NT$11,208 thousand, and was listed as cost of sales.

As of December 31, 2023 and 2022, the Company's inventories had not been provided as collateral.

(V) Property, plant and equipment

The details of changes in cost and depreciation of the Company's property, plant and equipment as of 2023 and 2022 are as follows:

Notes to the parent company only financial statements of NAN JUEN INTERNATIONAL CO., LTD.. (Continued)

	Land	Buildings	Machinery and equipment	Other equipment	Unfinished construction and equipment to be inspected	Total
Cost or recognized cost:						
Balance on January 1, 2023	$ 1,183,627	1,148,200	433,230	220,859	74,321	3,060,237
Addition	-	-	829	14,090	13,934	28,853
Reclassification	-	-	(9,900)	41,225	(32,486)	(1,161)
Disposal	-	-	(4,885)	(15,464)	-	(20,349)
Balance on December 31, 2023	$ 1,183,627	1,148,200	419,274	260,710	55,769	3,067,580
Balance on January 1, 2022	$ 1,183,627	1,148,200	416,007	214,506	36,217	2,998,557
Addition	-	-	4,628	6,330	58,668	69,626
Reclassification	-	-	13,760	4,549	(20,564)	(2,255)
Disposal	-	-	(1,165)	(4,526)	-	(5,691)
Balance on December 31, 2022	$ 1,183,627	1,148,200	433,230	220,859	74,321	3,060,237
Depreciation and impairment loss:						
Balance on January 1, 2023	$ -	159,362	269,478	139,669	-	568,509
Depreciation in the current year	-	33,870	35,121	20,424	-	89,415
Reclassification	-	-	(27,846)	27,846	-	-
Disposal	-	-	(4,800)	(15,211)	-	(20,011)
Balance on December 31, 2023	$ -	193,232	271,953	172,728	-	637,913
Balance on January 1, 2022	$ -	124,736	225,386	118,583	-	468,705
Depreciation in the current year	-	34,626	45,257	25,612	-	105,495
Disposal	-	-	(1,165)	(4,526)	-	(5,691)
Balance on December 31, 2022	$ -	159,362	269,478	139,669	-	568,509
Book value						
December 31, 2023	$ 1,183,627	954,968	147,321	87,982	55,769	2,429,667
January 1, 2022	$ 1,183,627	1,023,464	190,621	95,923	36,217	2,529,852
December 31, 2022	$ 1,183,627	988,838	163,752	81,190	74,321	2,491,728

Please refer to Note VIII for details on bank loans and financing facilities as of December 31, 2023 and 2022.

On November 6, 2023, the Company's board of directors resolved to sell the land at Lot No. 2-7, Nanyuan Road, Zhongli Industrial Park, with an area of 9,160 square meters (Lot No. 1771, 1788, Zhonggong Section, Zhongli District, Taoyuan City) by public auction, but was recognized as idle land by the Ministry of Economic Affairs on January 19, 2024. Therefore, the Company's board of directors passed a resolution on January 22, 2024 to change it to public auction or by way of price negotiation, and cancel the public auction on January 24, 2024, and hold the price negotiation with potential buyers instead. As of the release date of the consolidated financial report, the matter is in progress.

(VI) Right-of-use assets

The cost and depreciation of the Company's leased land, buildings, machinery and equipment, and transportation equipment are as follows:

		Buildings	Machinery and equipment	Transportation equipment	Total
Cost of right-of-use assets:					
Balance on January 1, 2023	$	80,485	293	4,457	85,235
Addition		48,452	666	978	50,096
Reduction		(80,485)	(293)	(1,359)	(82,137)
Balance on December 31, 2023	**$**	**48,452**	**666**	**4,076**	**53,194**
Balance on January 1, 2022	$	73,291	293	3,681	77,265
Addition		7,194	-	776	7,970
Balance on December 31, 2022	**$**	**80,485**	**293**	**4,457**	**85,235**
Depreciation and impairment loss of right-of-use assets:					
Balance on January 1, 2023	$	66,087	171	2,920	69,178
Current depreciation		20,376	115	1,141	21,632
Reduction		(80,485)	(244)	(1,359)	(82,088)
Balance on December 31, 2023	**$**	**5,978**	**42**	**2,702**	**8,722**
Balance on January 1, 2022	$	43,596	74	1,952	45,622
Current depreciation		22,491	97	968	23,556
Balance on December 31, 2022	**$**	**66,087**	**171**	**2,920**	**69,178**
Book value:					
December 31, 2023	**$**	**42,474**	**624**	**1,374**	**44,472**
January 1, 2022	**$**	**29,695**	**219**	**1,729**	**31,643**
December 31, 2022	**$**	**14,398**	**122**	**1,537**	**16,057**

(VII) Short-term borrowings

The details of the Company's short-term borrowings are as follows:

	2023.12.31	2022.12.31
Unsecured bank borrowings	$ 128,690	253,230
Secured bank loan	290,000	-
Total	$ 418,690	253,230
Unused credit limit	$ 581,310	446,770
Interest rate range	1.75%~1.88%	1.5%~1.76%

Please refer to Note 8 for the Company's assets pledged as collateral for bank loans.

(VIII) Long-term borrowings

The details, conditions and terms of the Company's long-term loan are as follows:

	2023.12.31			
	Type of currency	Interest rate range	Year to maturity	Amount
Unsecured bank borrowings	NTD	1.50%～1.70%	2024~2027	$ 323,035
Secured bank loan	NTD	1.40%~2.01%	2028~2032	514,793
Subtotal				837,828
Less: Due within one year				(142,109)
Total				$ 695,719
Unused credit limit				$ 164,879

	2022.12.31			
	Type of currency	Interest rate range	Year to maturity	Amount
Unsecured bank borrowings	NTD	1.35%~1.58%	2024~2027	$ 378,299
Secured bank loan	NTD	1.28%~1.89%	2028~2032	953,196
Subtotal				1,331,495
Less: Due within one year				(165,831)
Total				$ 1,165,664
Unused credit limit				$ 1,251,129

Please refer to Note 8 for the Company's assets pledged as collateral for bank loans.

(IX) Lease liabilities

The book value of lease liabilities of the Company is as follows:

	2023.12.31	2022.12.31
Current	$ 10,520	16,080
Non-current	$ 35,696	536

Please refer to Note 6(18) Financial instruments for maturity analysis.

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

	2023	2022
Interest expense of lease liabilities	$ 661	302
Expenses of short-term leases	$ 2,499	818
Expenses of low-value lease assets	$ 1,071	1,053

The amount of lease recognized in the statement of cash flows is as follows:

	2023	2022
Total cash outflow for leases	$ 24,678	25,974

1. Lease of land and buildings

The Company leased land and buildings as office space on December 31, 2023. The lease period for office space is usually one to five years. Part of the lease includes an option for lease extension for the same period as the original contract at the end of the lease period.

2. Other leases

The Company leases machinery and transportation equipment for a lease period of three to five years. In some lease contracts, the Company has an option to purchase the leased assets at the end of the lease term, while in others, the Company guarantees the residual value of leased assets at the end of the lease period.

(X) Employee benefits

1. Defined benefit plan

The adjustment of the present value of the Company's defined benefit obligation and the fair value of the plan assets is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 30,550	30,509
Fair value of plan assets	(54,677)	(56,636)
Net defined benefit assets	$ (24,127)	(26,127)

The employee benefit liabilities of the Company are as follows:

	2023.12.31	2022.12.31
Short-term paid absences liability (under other payables)	$ 5,010	4,042

The Company's defined benefit plan is appropriated to the labor pension reserve account at the Bank of Taiwan. The retirement payment of each employee under the Labor Standards Act is calculated based on the bases earned for the years of service and the average salary six months prior to retirement.

(1) Composition of plan assets

The pension fund appropriated by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). The minimum income to be distributed in each year’s settlement shall not be lower than the income calculated based on the two-year time deposit interest rate of the local bank.

The Company's labor pension fund account at the Bank of Taiwan is with a balance of NT$54,677 thousand as of the reporting date. Information on the utilization of assets of the Labor Pension Fund, including fund yield rate and fund asset allocation, is disclosed on the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

Changes in the present value of the Company's defined benefit obligations as of 2023 and 2022 are as follows:

		2023	2022
Defined benefit obligation as of January 1	$	30,509	33,706
Current service cost and interest		459	253
Remeasurement of net defined benefit liabilities (assets)		2,792	(2,387)
Benefits planned to be paid		(3,210)	(1,063)
Defined benefit obligation as of December 31	$	30,550	30,509

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2023 and 2022 are as follows:

		2023	2022
Fair value of the plan assets on January 1	$	56,636	53,202
Interest income		708	266
Remeasurement of net defined benefit assets		486	4,231
Amount appropriated to the plan		57	-
Benefits paid by the plan		(3,210)	(1,063)
Fair value of the plan assets on December 31	$	54,677	56,636

(4) Expenses recognized in profit or loss

The details of expenses listed by the Company in 2023 and 2022 are as follows:

	2023	2022
Current service cost	$ 459	253
Net interest of net defined benefit assets	(708)	(266)
	$ (249)	(13)

	2023	2022
Administrative expenses	$ (249)	(13)

(5) Remeasurement of net defined benefit (liability) assets recognized in other comprehensive income

The remeasurement of net defined benefit (liabilities) assets recognized by the Company in other comprehensive income as of December 31, 2023 and 2022 is as follows:

	2023	2022
Accumulated balance on January 1	$ 4,244	(2,374)
Recognized in current period	(2,306)	6,618
Accumulated balance on December 31	$ 1,938	4,244

(6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation by the Company at the end of the financial reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.25%
Future salary increase	2.00%	2.00%

The Company expects to pay NT$58 thousand to the defined benefit plan within one year after the 2023 reporting date.

The weighted average duration of the defined benefit plan is 9.9 years.

(7) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2023 and 2022 and the impact on the present value of defined benefit obligations is as follows:

		Effect on defined benefit obligations	
		Increased amount	**Decreased amount**
December 31, 2023			
Discount rate (changed by 0.25%)	$	(476)	490
Future salary increase (1.00% change)		2,017	(1,827)
December 31, 2022			
Discount rate (changed by 0.25%)		(580)	599
Future salary increase (1.00% change)		2,473	(2,220)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

2. Defined contribution plan

The Company's defined contribution plan complies with the Labor Pension Act. An amount equivalent to 6% of the employee's monthly wage is appropriated to the individual labor pension account with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional payments.

The Company's pension expenses under the 2023 and 2022 defined contribution plan were NT$11,776 thousand and NT$13,653 thousand, respectively.

(XI) Income tax

1. Income tax expenses (gains)

The Company's income tax expenses (gains) for 2023 and 2022 are as follows:

	2023	2022
Current income tax (gain) expense		
Occurred in the current period	$ (4,057)	39,409
Deferred income tax expense		
Occurrence and reversal of temporary difference	(2,331)	2,331
Income tax expenses (gains)	$ (6,388)	41,740

The relationship between the Company's income tax expenses and net income before tax for 2023 and 2022 is adjusted as follows:

	2023	2022
Net income before tax	$ 1,940	172,397
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located	$ 388	34,479
Non-deductible expenses	12	-
Changes in unrecognized temporary differences	(2,384)	1,500
Previous period’s (over) underestimation	(6,466)	2,098
Levies on undistributed earnings	2,112	1,334
Others	(50)	2,329
Total	$ (6,388)	41,740

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items that have not been recognized by the Company as deferred income tax assets are as follows:

	2023.12.31	2022.12.31
Deductible temporary difference	$ 2,620	4,621

(2) Recognized deferred income tax liabilities

Changes in deferred income tax liabilities are as follows:

Deferred income tax liabilities:		**Fair value gain**
Balance on January 1, 2023	$	(2,331)
Debited (credited) to income statement		2,331
Balance on December 31, 2023	**$**	**-**
Balance on January 1, 2022	$	-
Debit (credit) income statement		(2,331)
Balance on December 31, 2022	**$**	**(2,331)**

3. Assessment of income tax

The income tax returns of the Company's profit-seeking business have been audited and approved by the tax authorities up to 2021.

(XII) Capital and other equity

The Company's authorized capital amounted to NT800,000 thousand with 80,000 thousand shares issued at NT$10 par value per share on December 31, 2023 and 2022, respectively. Total shares issued were 65,641 thousand and 58,490 thousand shares, respectively. All payments on the issued shares have been collected.

1. Issuance of common shares

To cooperate with the application for the public underwriting of initial public offering (IPO) of shares, the board of directors resolved to issue 7,320 thousand new shares for cash capital increase at NT$10 par value per share on December 28, 2022. The base date for the cash capital increase was May 16, 2023. The number of new shares issued for the cash capital increase included public subscription, employee subscription, and competitive auction, and the numbers were 1,317,000, 732,000, and 5,271,000 shares, respectively. Both public subscription and employee subscription were issued at a premium of NT$36 per share. Competitive auction is that the shares were issued at a premium which is the weighted average price of the winning bid at NT$64.9 per share for a total of 415,847,000 shares. The net amount of NT$339,647 derived from taking the difference between the issuance price and the face value of NT$342,647 thousand minus the issuance cost of NT$3,000 thousand and this amount was listed under the Capital Reserves - Issuance of Stocks Under the premium. All the payments for the shares issued have been collected, and the relevant statutory registration procedures have been completed.

On August 9, 2021, the Company's board of directors resolved to issue new shares for capital increase in cash, and 6,000 thousand common shares were issued at a premium of NT$36 per share for a total amount of NT$216,000 thousand. The base date of the cash capital increase was January 17, 2022. As of December 31, 2021, the Company has collected shares of NT$45,389 thousand in advance, and received full payment on January 14, 2022. Completion of change registration took place on February 10, 2022.

The Company recovered and canceled the restricted stock awards for employees for a total of 4 thousand shares in September 2022 and the legal registration procedures for the above cancellation have been completed.

The Company recovered and cancelled the restricted stock awards for employees in June 2023 for a total of 167 thousand shares in a total amount of NT$1,672 thousand, and the legal registration procedure for the cancellation was completed.

The Company recovered and cancelled the restricted stock awards for employees in December 2023 for a total of two thousand shares in a total amount of NT$20 thousand, and the legal registration procedure for the cancellation was completed.

2. Capital surplus

	2023.12.31	2022.12.31
Issued stock premium	$ 695,897	356,250
New restricted stock award shares issued to employees	5,918	10,128
Expired stock options	(949)	(293)
Employee stock option	5,190	118
	$ 706,056	366,203

The Company's capital increase in cash is reserved for employees to subscribe according to the laws. Please refer to Note 6(12) for details.

Pursuant to the Company Act, capital reserves shall be first used to make up for losses before issuing new shares or cash based on realized capital reserve according to the original shareholding ratio. The realized capital reserve mentioned in the preceding paragraph includes the premium of shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserve for capitalization each year shall not exceed 10% of the paid-in capital.

3. Retained earnings

Pursuant to the Company's Articles of Incorporation, if the Company makes a profit in its financial report, it shall first pay tax and make up for past losses, and then appropriate 10% as legal reserve, and shall appropriate or reverse special reserve in accordance with the laws or regulations or the requirements of the competent authorities. If there is still any distributable earnings, the accumulated undistributed earnings of the previous years shall be added up, and the Board of Directors shall prepare a proposal for the distribution of shareholders' dividends and submit it to the shareholders' meeting for resolution.

The Company is currently in the growth stage. The needs for business expansion such as capital expenditures and working capital are taken into account, as well as the steady development of the Company's short, medium and long-term financial structure, while the focus is on the stability and growth of dividends. In accordance with the preceding Article, 20% or more of the distributable earnings as stated in the annual financial statements shall be set aside for dividend distribution. However, if the accumulated unappropriated earnings of prior years are less than 30% of the paid-in capital, the Company may propose not to distribute such earnings. When the Company distributes stock dividends and cash dividends at the same time, the cash dividends shall not be less than 20% of the total dividends to shareholders for the year.

(1) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to issue new shares or cash from the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

(2) Profit Distribution

The 2022 and 2021 earnings distribution proposals were resolved in the general shareholders' meetings on June 2, 2023 and June 2, 2022. The dividends distributed to the shareholders are as follows:

	2022		**2021**	
	Stock dividend rate (NTD)	**Amount**	**Stock dividend rate (NTD)**	**Amount**
Dividends distributed to common stock shareholders:				
Cash	$ 1.07	70,188	1.00	52,494

The amount of cash dividends for the 2023 earnings distribution proposal was proposed by the Board of Directors on March 15, 2024. The amount of dividends distributed to the shareholders is as follows:

	2023	
	Stock dividend rate (NTD)	**Amount**
Dividends distributed to common stock shareholders:		
Cash	$ 0.50	32,984

(XIII) Share-based payment

1. On June 11, 2020, the Company's annual shareholders' meeting resolved to issue 500 thousand Restricted Stock Awards (RSA). The recipients of the new shares are limited to the Company's full-time employees who meet specific conditions. It has been declared with the Securities and Futures Bureau of the Financial Supervisory Commission and went into effect. It was fully issued on March 9, 2020 as resolved by the board of directors. The capital increase base date was February 25, 2021. The fair value on the grant date was NT$19,378 thousand. The Scholes option evaluation model estimates the fair value of the share-based payment on the grant date.

The parameters used in the evaluation model are as follows:

Reference market price	NT$38.67
Expected duration	3 years
Average fair value per share	NT$38.68 - NT$38.84
Expected volatility	39.6%
Risk-free interest rate	0.07%~0.19%

The expected volatility is based on the weighted average historical volatility and adjusted for expected changes due to publicly available information; the expected risk-free interest rate is based on government bonds.

Employees who are allocated the above-mentioned restricted stock award and have continuously worked for the Company for one, two and three years from the date of subscription receive 30%, 30% and 40% of the shares allocated to them, respectively. After the employee subscribes for the new shares, but before the vesting conditions are met, they must be transferred to an institution designated by the Company for custody and may not be sold, pledged, transferred, gifted or otherwise disposed of; during the period of the consignment to the trust, the voting rights of the shareholders' meeting shall be kept by the trust Institutions who shall implement these in accordance with the relevant laws and regulations. If an employee is not eligible for the vested conditions after the new shares are subscribed, the shares shall be repurchased by the Company at the issue price in full and written off.

Relevant information of the Company's Restricted Stock Awards (RSA): Unit: Thousand shares

	2023	2022
Outstanding quantity as of January 1	342	494
Quantity given in current period	-	-
Quantity vested in this period	-	(148)
Quantity lost in the current period	(169)	(4)
Outstanding quantity as of December 31	173	342

2. The Company's board of directors resolved the capital increase by cash on December 28, 2022, of which 732 thousand shares were reserved for employees to subscribe. The relevant information is as follows:

	Cash capital increase reserved for employee subscription
Grant date	May 16, 2023
Quantity given	732 thousand shares
Number of expired shares	(329) thousand shares
Grantees	All employees
Vesting conditions	Immediately vested

The consolidated company uses the option evaluation model to estimate the fair value of the share-based payment on the grant date.

The fair value of each share option is NT$12.60. In 2023, a remuneration cost of NT$5,072 thousand was recognized and listed as operating expenses. Please refer to Note 6(12) for the recognition of capital reserve.

3. The Company's employee expenses arising from the share-based payment are as follows:

	2023	2022
Restricted Stock Awards (RSA)	564	5,807
Employee stock option	5,072	-
	5,636	5,807

(XIV)Earnings per share

Basic earnings per share for the years ended December 31, 2023 and 2022 are calculated as follows:

	2023	2022
Basic earnings per share		
Net profit attributable to the Company's common stock shareholders	$ 8,328	130,657
Weighted average number of outstanding common stock (shares in thousands)	62,723	57,861
Basic earnings per share (NT$)	**$ 0.13**	**2.26**
Diluted earnings per share		
Current net income attributable to the Company	$ 8,328	130,657
Effect of potentially dilutive ordinary shares	-	-
Net profit attributable to the Company's common stock shareholders (adjusted for dilutive potential common stock effect)	$ 8,328	130,657
Weighted average number of outstanding common stock (shares in thousands)	62,723	57,861
Restricted Stock Awards (RSA)	258	213
Effect of employee stock compensation	30	125
Weighted average number of outstanding common stock (After adjusting the dilutive potential ordinary shares)	63,011	58,199
Diluted earnings per share (NT$)	**$ 0.13**	**2.25**

(XV) Revenue from customer contracts

1. Breakdown of Revenue

		2023	2022
Key regional markets:			
Americas	$	574,101	932,731
Asia		436,924	717,146
Europe		130,335	140,685
Africa		15,873	26,389
Others		45,403	68,977
	$	1,202,636	1,885,928
Main product/service lines:			
Steel ball bearing slide	$	1,167,922	1,831,538
Others		34,714	54,390
	$	1,202,636	1,885,928

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Notes receivable	$	3,597	3,339	5,624
Accounts receivable		273,070	263,846	379,174
Accounts receivable - related parties		2,491	19,833	23,340
Less: Loss allowance		(3,972)	(6,699)	(865)
Total	$	275,186	280,319	407,273

Please refer to Note 6(3) for the disclosure of accounts receivable and its impairment.

(XVI) Remuneration to employees and directors

Pursuant to the Company's Articles of Incorporation, if there is profit in the year, no less than 3% of the profit shall be appropriated as remuneration to employees and no more than 3% as remuneration to directors. However, if the Company still has accumulated losses, the amount shall be reserved in advance to offset the losses. The recipients of the employee compensation in the preceding paragraph, to whom shares or cash are paid, include the employees of the subsidiary who meet certain criteria.

The Company's 2023 and 2022 employees' remuneration is estimated to be NT$105 thousand and NT$9,369 thousand, and directors' remuneration is NT$63 thousand and NT$5,622 thousand, respectively. These are derived by taking the amount of the net income before tax before deducting the remuneration of employees and directors for the period, and multiplied by the share allocation of the remuneration of employees and directors as stipulated in the Articles of Incorporation of the Company as the basis for calculation, which is listed as operating costs or operating expenses for 2023 and 2022. Relevant information is available on the Market Observation Post System (MOPS).

The amount of remuneration distributed to employees and directors as resolved by the above-mentioned board meeting is no different from the estimated amount in the Company's 2023 and 2022 parent company only financial statements.

(XVII) Non-operating income and expenses

1. Interest income

The Company's interest income as of 2023 and 2022 is as follows:

	2023	2022
Interest on bank deposits	$ 7,878	2,110

2. Other income

The Company's other income as of 2023 and 2022 is as follows:

	2023	2022
Rental income	$ 3,536	4,027
Others	12,504	7,533
	$ 16,040	11,560

3. Other gains and losses

The Company's other gains and losses as of 2023 and 2022 are as follows:

	2023	2022
Gains from the disposal of property, plant and equipment	$ 149	219
Foreign exchange gain (loss)	(4,805)	56,105
Net gain on financial assets at fair value through profit or loss	51	40,027
Net gain of financial liabilities at fair value through profit or loss	162	11
Others	(607)	-
	$ (5,050)	96,362

4. Financial cost

The Company's financial costs for 2023 and 2022 are as follows:

		2023	2022
Interest on bank borrowings	$	(23,659)	(23,923)
Interest on lease liabilities		(661)	(302)
Others		(24)	-
	$	(24,344)	(24,225)

(XVIII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

As the Company has a broad customer base and does not conduct transactions with a single customer significantly and has dispersed sales regions, the credit risk of accounts receivable does not have significant concentration. For the objective of lowering credit risk, the Company regularly assesses the financial position of its customers. However, customers are not required to provide collateral.

2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, including the effect of estimated interest.

	Book value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings	$ 418,690	423,378	131,635	291,743	-	-	-
Accounts payable	97,336	97,336	97,336	-	-	-	-
Accounts payable- Related party	38,241	38,241	38,241	-	-	-	-
Other payables	45,806	45,806	45,806	-	-	-	-
Lease liabilities	46,216	48,188	5,742	5,558	10,917	25,971	-
Long-term borrowings (including those due within one year)	837,828	891,241	80,458	75,929	197,785	447,456	89,613
	$ 1,484,117	1,544,190	399,218	373,230	208,702	473,427	89,613

December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 253,230	253,855	253,855	-	-	-	-
Notes payable	71	71	71	-	-	-	-
Accounts payable	110,125	110,125	110,125	-	-	-	-
Accounts payable- Related party	38,920	38,920	38,920	-	-	-	-
Other payables	57,151	57,151	57,151	-	-	-	-
Lease liabilities	16,616	16,708	11,092	5,077	473	66	-
Long-term borrowings (including those due within one year)	1,331,495	1,429,817	94,106	93,714	426,008	662,800	153,189
	$ 1,807,608	**1,906,647**	**565,320**	**98,791**	**426,481**	**662,866**	**153,189**

The Company does not expect the cash flow analysis on the maturity date will be significantly early or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The financial assets and liabilities of the Company exposed to significant foreign exchange rate risk are as follows:

Amount: NTD Thousand

	2023.12.31			**2022.12.31**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary assets						
USD	$ 15,612	30.705	479,366	14,291	30.71	438,877
Financial liabilities						
Monetary liabilities						
USD	957	30.705	29,385	1,110	30.71	34,088

(2) Sensitivity analysis

The exchange rate risk of the Company's monetary accounts mainly comes from the foreign currency exchange gains and losses arise during the translation of the cash and cash equivalents, accounts receivable and accounts payable - related parties, denominated in foreign currencies. On December 31, 2023 and 2022, when the value of NTD depreciated or appreciated by 1% against USD, and all other factors remained unchanged, the 2023 and 2022 net income before tax would increase or decrease by NT$4,500 thousand and NT$4,048 thousand, respectively. The analysis of two terms is based on the same basis.

The Company discloses the exchange gain or loss of monetary items in a summarized manner. The foreign currency exchange loss (including realized and unrealized) for 2023 and 2022 were NT$(4,805) thousand and NT$56,105 thousand, respectively.

4. Interest rate analysis

The interest rate exposure of the Company's financial assets and financial liabilities is described in the liquidity risk management of this note.

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of liabilities with floating interest rates is based on the assumption that the amount of liabilities outstanding on the reporting date has been outstanding throughout the year. The rate of change used in the Company's internal reporting of interest rates to key management is an increase or decrease of 1%, which also represents management's assessment of the reasonably possible range of interest rates.

If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the net income before tax of the Company for 2023 and 2022 will decrease or increase by NT$12,257 thousand and NT$6,724 thousand, respectively. This is mainly due to the variable interest rate borrowings of the Company.

5. Fair value information

(1) Type and fair value of financial instruments

Financial assets and liabilities measured at fair value through profit or loss are measured at fair value on a repetitive basis. The book value and fair value of various financial assets and financial liabilities (including fair value hierarchy information, but the book value of the financial instrument not measured at fair value is a reasonable approximation of the fair value, and there is no quoted price in the active market and the fair value cannot rely on the measured equity instrument investment, and there is no need to disclose the fair value information according to the regulations) is shown as follows:

	2023.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 392	-	392	-	392

	2022.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 11,655	-	11,655	-	11,655

(2) Valuation technique for the fair value of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

If there is a quoted market price for the financial instrument, the quoted price on the active market is used as the fair value. The market price announced by major exchanges and TPEx for central government bonds that are determined to be popular are the basis of fair value with open quotation on the active market.

If open quotations of financial instruments can be obtained in a timely manner from exchanges, brokers, underwriters, industrial associations, pricing service institutions or competent authorities, and the prices represent actual and frequently occurring fair market transactions, then the financial instruments have open quotations in the active market. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large spread of the bid-ask spread, a significant increase in the spread of the bid-ask price, or a low trading volume are indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through evaluation technology or by referring to the quotations of the counterparties. The fair value obtained through the evaluation technology can be based on the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method or other evaluation technology, including the value obtained by applying the model to the market information available on the reporting date.

(2.2) Derivative financial instruments

The valuation is based on the valuation models widely accepted by the market users, such as the discount method and the option pricing model. Forward exchange contracts are usually evaluated based on the current forward exchange rate. Structured interest rate derivative financial instruments are based on an appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

(XIX)Financial risk management

1. Summary

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Company's risk exposure information and the objectives, policies and procedures of the Company's risk measurement and management are disclosed in the notes. Please refer to the notes to the parent company only financial statements for further quantitative disclosure.

2. Risk management framework

The Board of Directors is solely responsible for establishing and supervising the risk management framework of the Company. The Board of Directors has established a Risk Management Committee to be responsible for developing and controlling the risk management policies of the Company, and to report its operations to the Board of Directors on a regular basis.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and the compliance of risk limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the operation of the Company. The Company develops a disciplined and constructive controlled environment through training, management guidelines, and operating procedures so that all employees understand their roles and obligations.

Monitor the compliance of the Company's risk management policies and procedures, and review the adequacy of the Company's relevant risk management framework for the risks faced. The internal auditors assist the Company's Audit Committee to play a supervisory role. These personnel conduct regular and ad hoc reviews of risk management controls and procedures, and report the results of the review to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss resulting from the failure of the Company's customers or financial instrument trading counterparts to perform contractual obligations, which mainly comes from the Company's accounts receivable from customers and securities investment.

(1) Accounts receivable and other receivables

The Company has established a credit policy. According to the policy, before granting standard payment and shipping terms and conditions, the consolidated company shall analyze the credit rating of each new customer and establish an individual credit limit to control the credit risk.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the counterparties of the Company are banks with good credit ratings and there is no significant performance doubts, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Company cannot deliver cash or other financial assets to settle financial liabilities and fail to fulfill related obligations. The Company manages liquidity by ensuring that, as far as possible, under normal and stressed circumstances, the Company has sufficient working capital to cover liabilities as they fall due, without causing unacceptable losses or risk of damage to the Company's reputation.

The Company manages and maintains sufficient cash and cash equivalents to fund its operations and mitigate the impact of cash flow fluctuations. The Company's management supervises the use of the bank's financing facilities and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity to the Company. As of December 31, 2023 and 2022, the Company's unused short-term bank facilities amounted to NT$581,310 thousand and NT$446,770 thousand, respectively.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument price changes, which will affect the Company's income or the value of financial instruments. The objective of market risk management is to control market risk exposure within the tolerable range and to optimize investment returns.

(1) Exchange rate risk

The Company is exposed to the exchange rate risk generated by the sales transactions denominated in non-functional currency. The Company's functional currency is mainly the New Taiwan Dollar. These transactions are mainly denominated in the currencies of NTD and USD.

The Company uses USD forward contracts to balance accounts receivable denominated in USD to reduce the risk of valuation loss of USD accounts receivable due to exchange rate fluctuations.

The borrowing interest is denominated in the principal currency. In general, the borrowings are denominated in the same currency as the cash flows generated by the Company's operations, mainly in New Taiwan Dollars. In this case, the Company provides economic hedging without the need to enter into derivative instruments; therefore, hedge accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, when a short-term imbalance occurs, the Company ensures that the net risk exposure is maintained at an acceptable level by buying or selling foreign currencies at the real-time exchange rate.

(2) Interest rate risk

The Company's interest rate risk arises from long-term and short-term borrowings (including long-term borrowings due within one year). Borrowings at floating interest rates expose the Company to cash flow interest rate risk, which is partially offset by the cash and cash equivalents held at floating interest rates. The Company's borrowings at floating interest rates are denominated in NTD.

(XX) Capital management

The objectives of the Company's capital management are to ensure the ability to continue as a going concern, to continuously provide shareholder returns and other benefits for stakeholders, and to maintain the optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to pay off liabilities.

The Company manages capital based on the debt capital ratio. The said ratio is net debt divided by total capital. Net liabilities are the total liabilities shown in the balance sheet less cash and cash equivalents. Total capital is all of the equity (i.e. share capital, capital reserve, retained earnings and other equity) plus net liabilities.

The debt capital ratios as of December 31, 2023 and 2022 are as follows:

	2023.12.31	2022.12.31
Total liabilities	$ 1,541,191	1,904,850
Less: Cash and cash equivalents	(384,551)	(335,007)
Net liabilities	1,156,640	1,569,843
Total equity	1,925,447	1,571,275
Total capital	$ 3,082,087	3,141,118
Debt capital ratio	37.53%	49.98%

(XXI)Investment and financing activities of non-cash transactions

1. For the right-of-use assets acquired by lease, please refer to Note 6(6).
2. The adjustment of liabilities from financing activities is as follows:

	2023.1.1	Cash flow	Non-cash changes Others	2023.12.31
Long-term borrowings	$ 1,331,495	(493,667)	-	837,828
Short-term borrowings	253,230	165,460	-	418,690
Lease liabilities	16,616	(20,447)	50,047	46,216
Total liabilities from financing activities	$ 1,601,341	(348,654)	50,047	1,302,734

	2022.1.1	Cash flow	Non-cash changes Others	2022.12.31
Long-term borrowings	$ 1,539,164	(207,669)	-	1,331,495
Short-term borrowings	328,493	(75,263)	-	253,230
Short-term notes payable	100,000	(100,000)	-	-
Lease liabilities	32,447	(23,801)	7,970	16,616
Total liabilities from financing activities	$ 2,000,104	(406,733)	7,970	1,601,341

VII. Related party transactions

(I) Name of related party and relationship

Transactions with the Company's subsidiaries and other related parties during the period covered by the parent company only financial statements are as follows:

Name of related party	Relationship with the Company
Chin-Lan Lee	Chairman of the Company
Hsin-Cheng Wu	Director of the Company
Jen-Shan Wu	President of the Company
SUZHOU NAN JUEN TRADE CO., LTD (hereinafter referred to as "Suzhou Trading")	Subsidiary of the Company
REPON (USA), INC.	Subsidiary of the Company
Suzhou Repon Industrial Co., Ltd. (hereinafter referred to as "Suzhou Repon")	Its chairman is the same as the chairman of the Company
SHERN DAR INDUSTRIAL CORP. (hereinafter referred to as Shern Dar Industrial)	Its Chairman is a second-degree relative of the Chairman of the Company
UNITED FORTUNE INVESTMENT LIMITED COMPANY	Its Chairman is the same as the President of the Company

(II) Significant transactions with related parties

1. Operating income

	2023	2022
Other related party	$ 4,514	6,528
Subsidiary	21,445	36,728
	$ 25,959	43,256

The payment terms of the above-mentioned sales of the Company are not significantly different from those of general customers, and the sales price is negotiated by both parties according to the specifications of individual item numbers. The receivables between related parties have not been accepted as collateral, and after assessment, it is not necessary to recognize the impairment loss.

2. Purchase of goods

The Company's purchase amount to the related party is as follows:

		2023	2022
Other related party - Suzhou Repon	$	82,613	124,190
Other related party		42,039	46,863
	$	124,652	171,053

The Company does not purchase the same type of products from other suppliers, so the purchase price from the related party is not comparable to that of general suppliers, and the payment term is 60 to 90 days, which is not significantly different from that of general suppliers.

3. Leases

The rent expenses paid by the Company to the key management personnel of the parent company for renting the Yunlin Beigang Plant on December 31, 2023 and 2022 were both NT$240 thousand. Up to December 31, 2023 and 2022, the proceeds from the above transactions have been paid.

The Company leased buildings and land from other related parties in January 2021, and with reference to the rent and land prices in the neighborhood, a three-year lease contract was signed with a total contract value of NT$25,740 thousand and a deposit of NT$2,040 thousand was paid and was accounted for under "other non-current assets." The rent paid in 2023 and 2022 are NT$9,000 thousand and NT$8,580 thousand respectively; as of December 31, 2023 and 2022, the balance of lease liability is NT$0 thousand and NT$8,943 thousand.

4. Endorsements and guarantees

The Company's borrowings from financial institutions on December 31, 2023 and 2022 were jointly guaranteed by the key management personnel of the parent company in accordance with the requirements of some borrowing agreements.

5. Receivables from related parties

Presentation item	Category of related party	2023.12.31	2022.12.31
Accounts receivable	Other related party	$ 1,219	526
Accounts receivable	Subsidiary	1,272	19,307
Other receivables	Other related party	-	-
Other receivables	Subsidiary	7,959	7,364
		$ 10,450	27,197

6. Property transactions

The Company had purchased machinery, equipment and molds from other related parties for a total price of NT$3,604 thousand in 2022. The purchase amount had been paid as of December 31, 2022. Please refer to Note 6(5) for details.

7. Payables to related parties

Presentation item	Category of related party	2023.12.31	2022.12.31
Accounts payable	Other related party - Suzhou Repon	$ 23,160	31,839
Accounts payable	Other related party	15,081	7,081
		$ 38,241	38,920

(III) Key management personnel transactions

The remuneration to the Company's key management personnel includes:

	2023	2022
Short-term employee benefits	$ 17,069	17,224
Post-employment benefits	436	480
	$ 17,505	17,704

VIII. Pledged assets

As of December 31, 2023 and 2022, the Company's assets pledged as collateral are as follows:

Mortgage and pledge of	Subject matter of guarantee	2023.12.31	2022.12.31

assets				
Other current assets	Option margin	$	3,399	3,247
Other current assets	Letter of guarantee for technical cooperation		180	180
Land, buildings and structures	Guarantee for bank loans		2,125,233	2,159,102
		$	**2,128,812**	**2,162,529**

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) As of December 31, 2023 and 2022, the Company had unused letters of credit for NT$23,296 thousand and NT$42,287 thousand, respectively, for the purchase of raw materials.

(II) The amount of the guaranteed deposit/guarantee notes issued by the Company to purchase goods from the vendor amounted to NT$12,500 thousand as of December 31, 2023 and 2022.

(III) The amount of the letter of guarantee issued by the Company for the industry-university cooperation and technology transfer with the National Kaohsiung University of Applied Sciences was NT$180 thousand as of December 31, 2023 and 2022.

(IV) As of December 31, 2023 and 2022, the unrecognized contractual commitments of the Company for the acquisition of property, plant and equipment before tax amounted to NT$588,920 thousand and NT$559,460 thousand, respectively.

X. Losses due to major disasters: None.

(XI) Material events after the period: Please refer to Note 6(5)

XII. Others

The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function / By nature	2023			2022		
	Attributable to operating costs	**Attributable to operating expenses**	**Total**	**Attributable to operating costs**	**Attributable to operating expenses**	**Total**

Employee benefit expense						
Salary expenses	192,120	85,060	277,180	213,366	91,108	304,474
Labor and national health insurance expenses	22,216	8,687	30,903	27,704	8,443	36,147
Pension expense	7,889	3,638	11,527	9,807	3,833	13,640
Remuneration to directors	-	2,354	2,354	-	6,749	6,749
Other employee benefit expenses	8,648	2,294	10,942	9,473	1,799	11,272
Depreciation expense	81,503	29,544	111,047	93,808	35,243	129,051
Amortization expense	240	3,718	3,958	240	3,577	3,817

Additional information on the number of employees and employee benefit expenses as of 2023 and 2022 is as follows:

	2023	2022
Number of Employees	546	603
Number of Directors who are not also employees	7	5
Average employee benefit expense	$ 613	611
Average employee salaries and wages	$ 514	509
Average adjustment to employee salaries	0.98%	(4.86)%
Remuneration to supervisors	$ -	-

The Company's remuneration policy (including directors, managers and employees) is as follows:

The remuneration to the Company's directors mainly consists of the directors' compensation and remuneration to directors. In accordance with the Company's Articles of Incorporation, the remuneration to the directors is determined by the Board of Directors after the approval of the Remuneration Committee based on their participation in the Company's operations and contribution value, and taking into account the general standards in the industry. In addition, in accordance with the Company's Articles of Incorporation, remuneration to directors may be made based on the annual profit not higher than 3%. In accordance with the "Regulations Governing the Remuneration of Directors and Functional Committee Members", the Company provides reasonable remuneration to the directors taking into account the annual performance evaluation of individual directors and the actual attendance, and the operational risk assessment and operational performance contribution by individual directors. Upon the approval of the Remuneration Committee, the Board of Directors resolves and submits the directors remuneration to the Shareholders' Meeting.

The Company's managerial officers and employees are compensated in the form of salaries, bonuses and remuneration. The fixed salaries for managerial officers and employees are approved based on the market standard. In addition to bonuses, the Company's Articles of Incorporation provides that employees' remuneration is based on a profit of no less than 3% for the year. Based on the operating performance targets set by the Company, individual performance of managers and employees is reviewed to pay bonuses to employees to encourage managers and employees to perform long-term work.

The remuneration policy of the Company's directors, managers and employees, in addition to assessing its positive correlation with business performance, takes into account industry business risks and future long-term development trends, while focusing on short-term and long-term reward systems to seek sustainable operations and the balance between risk management and control.

XIII. Disclosures in notes

(I) Information on significant transactions: None.

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall further disclose the relevant information of the material transactions in 2023 as follows:

1. Loans to others: None.
2. Endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Companies in possession	Type and name of marketable securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				Number of shares	Book value	Shareholding ratio	Fair value	
SUZHOU NAN JUEN TRADE CO., LTD	Bank of China's cumulative- Daily wealth management products	-	Financial assets measured at fair value through profit or loss- Current	-	9,305	- %	9,305	

4. Accumulated purchases or sales of the same securities reaching NT$300 million or more

than 20% of the paid-in capital: None.

5. Acquisition of real estate for an amount over NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate for an amount over NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to NT$100 million or more than 20% of the paid-in capital: None.
9. Trading of derivatives: Please refer to Note 6(2).

(II) Information on investees:

Unit: Thousand shares

Name of Investment Company	Name of investee	Location of the area	Main business items	Initial investment amount		Held at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Book value			
The Company	REPON(USA),INC	US	Sale of steel ball bearing slide	14,974 (USD500)	7,325 (USD250)	1	100.00%	21,881	6,784	6,784	

(III) Mainland China Investment Information:

1. Information on investments in Mainland China:

Name of investee company in Mainland China	Main business items	Paid-in capital size	Investment method (Note)	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Investee profit or loss for the period	The Company's shareholding ratio in direct or indirect investments	Investment gains and losses recognized in the current period	Book value of investment at the end of the period	Repatriated investment income up to the current period
					Exported	Withdrawal						
SUZHOU NAN JUEN TRADE CO., LTD	Sale of steel ball bearing slide	15,500 (USD500)	(I)	15,500 (USD500)	-	-	15,500 (USD500)	(4,867)	100.00%	(4,867)	3,148	-

Note 1: There are three types of investment:

(I) Direct investment in Mainland China.

(II) Reinvestment in Mainland China companies is carried out through companies set up in third regions.

(III) By any other means.

Note 2: Investment gains and losses are recognized based on the financial statements audited by the parent company's CPAs in Taiwan.

2. Limit of investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	The limit on investment in Mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs
15,500 (USD 500 thousand)	92,115 (USD 3,000 thousand)	1,155,268

3. Material transactions: None.

(IV) Information of major shareholders:

Unit: shares

Shares Name of major shareholder	Number of shares held	Shareholding ratio
He Ying Investment Co., Ltd.	8,840,525	13.46%
Junyi Investment Co., Ltd.	7,411,030	11.29%
AWESON TEK INVESTMENTS LIMITED	4,596,000	7.00%
Chin-Lan Li	4,195,965	6.39%
He Hung Investment Co., Ltd.	3,990,810	6.07%

XIV Segment Information

Please refer to the 2023 consolidated financial statements.

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2023

Unit: NTD thousand

Item	Summary	Amount
Cash	Cash on hand	$ 325
Demand deposits		85,614
Foreign currency deposits	USD 9,663 thousand	296,702
	EUR 56 thousand	1,910
	Subtotal	384,226
Total		**$ 384,551**

Note: Foreign currency deposits are converted at the spot exchange rate as of December 31, 2023.
USD: NTD = 1:30.705
Euro: NTD = 1: 33.98

Statement of Accounts Receivable

Item	Amount
Customer A	$ 48,760
Customer B	34,240
Customer H	19,634
Customer K	18,396
Customer G	17,987
Others (all less than 5%)	134,053
Less: Loss allowance	(3,972)
Total	**$ 269,098**

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Inventories

December 31, 2023 **Unit: NTD thousand**

Item	Amount		
	Cost		Net realizable value
Raw materials	$	87,050	88,177
Materials		8,192	8,184
Work-in-process and semi-finished products		44,785	48,211
Finished goods		115,772	163,136
Commodities		1,018	1,019
Subtotal		256,817	
Less: Allowance for inventory obsolescence losses		(5,849)	
Total	$	250,968	

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Changes in Investment Using Equity Method

January 1, 2023 to December 31, 2023 **Unit: NTD Thousand/Thousand shares**

	Opening balance		Increase in the current period		Decrease in current period		Investment income (loss) under equity method	Translation adjustment	Others	Closing balance			Market price or net equity amount	Guarantee or pledge
Name of investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Shareholding ratio %	Amount		
SUZHOU NAN JUEN TRADE CO., LTD	-	$ 8,088	-	-	-	-	(4,867)	(73)	-	-	100.00	3,148	3,148	None
REPON (USA), INC.	1	6,644	-	7,649	-	-	6,784	(72)	876	1	100.00	21,881	22,478	None
Subtotal		$ 14,732		7,649		-	1,917	(145)	876			25,029		

NAN JUEN INTERNATIONAL CO., LTD.

Statement of short-term borrowings

December 31, 2023

Unit: NTD thousand

Type of loan	Description	Closing balance	Duration of contract	Interest Rate Range %	Financing limit	Pledge or guarantee
Credit loans	Chang Hwa Bank	$ 15,000	2023/11/17 ~ 2024/2/15	1.88%	160,000	None
Credit loans	Chang Hwa Bank	13,690	2023/12/29~ 2024/3/28	1.88%	200,000	"
Credit loans	Bank of Shanghai	100,000	2023/12/25 ~ 2024/2/26	1.80%	100,000	"
Secured borrowings	Chang Hwa Bank	290,000	2023/12/29 ~ 2024/12/29	1.75%	300,000	(Note 1)
		$ 418,690				

(Note 1) Please refer to Note 8 to the parent company only financial statements.

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Accounts Payable

December 31, 2023 **Unit: NTD thousand**

Item	Amount
Supplier E	$ 12,599
Supplier F	7,641
Supplier G	7,113
Supplier H	6,395
Supplier I	5,650
Others (all less than 5%)	57,938
Total	$ 97,336

Statement of other payables

Item	Amount
Payables and employee bonus	$ 45,678
Labor and health insurance premiums payable	7,128
Others (all less than 5%)	41,729
Total	$ 94,535

NAN JUEN INTERNATIONAL CO., LTD.

Statement of long-term borrowings

December 31, 2023 **Unit: NTD thousand**

Summary	Creditors	Due within one year	Portion of maturity over one year	Duration of contract	Interest rate range	Financing limit	Pledge or guarantee
Credit loans	Chang Hwa Bank	$ 20,342	-	2019/10/15~2024/10/15	1.60%~1.65%	184,000	None
Credit loans	Chang Hwa Bank	-	139,000	2022/2/7~2027/1/5	1.65%	139,000	None
Secured borrowings	Chang Hwa Bank	37,070	303,078	2017/6/28~2032/6/28	2.01%	717,000	(Note 1)
Credit loans	Taiwan Cooperative Bank	13,744	24,051	2019/10/1~2026/10/1	1.50%	100,000	None
Secured borrowings	Taiwan Cooperative Bank	1,857	6,500	2021/6/30~2028/6/30	1.40%	46,000	(Note 1)
Secured borrowings	Taiwan Cooperative Bank	20,362	145,926	2017/2/3~2032/2/3	1.957%	609,000	(Note 1)
Credit loans	Mega Bank	48,734	77,164	2019/8/5~2026/8/5	1.70%	200,000	None
	Total	$ 142,109	695,719				

(Note 1) Please refer to Note 8 to the parent company only financial statements.

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Operating Revenue

January 1, 2023 to December 31, 2023 **Unit: NTD thousand**

Item	Amount
Steel ball bearing slide	$ 1,167,922
Others	34,714
Net operating revenue	**$ 1,202,636**

Note: The above amount has deducted the sales returns and discount of NT$3,965 thousand.

NAN JUEN INTERNATIONAL CO., LTD.

Statement of Operating Cost

January 1, 2023 to December 31, 2023 **Unit: NTD thousand**

Item	Amount
Raw materials:	
Raw materials, beginning of period	$ 142,015
Add: Materials purchased	242,040
Less: Raw materials, end of the period	(87,050)
Inventory deficit	(109)
Raw materials consumed in current period	296,896
Materials at beginning of period	6,283
Add: Net purchase of materials in current period	240,180
Inventory profit	10
Less: Materials, end of the period	(8,192)
Transfer expenses	(19,874)
Scrapped	(253)
Consumed supplies in current period	218,154
Direct labor	98,304
Manufacturing overhead	328,454
Manufacturing cost	941,808
Add: Work in process at beginning of period	33,020
Less: Work in process at end of period	(44,785)
Cost of finished goods	930,043
Add: Finished goods at beginning of period	104,981
Current purchases	2,160
Inventory profit	262
Less: Finished goods at end of period	(115,772)
Scrapped	(3,206)
Cost of self-made goods sold	918,468
Merchandise, beginning	1,003
Add: Net purchase in current period	83,373
Less: Merchandise, end of the period	(1,018)
Scrapped	(113)
Cost of merchandise goods sold	83,245
Cost of goods sold	1,001,713
Inventory profit	(163)
Loss of obsolete inventory	3,572
Gain on reversal of decline in value of inventories	(12,999)
Operating cost	**$ 992,123**

NAN JUEN INTERNATIONAL CO., LTD.

Statement of sales and marketing expenses

January 1, 2023 to December 31, 2023 **Unit: NTD thousand**

Item	Amount
Salary expenses	$ 19,701
Export expenses	9,761
Freight charges	5,661
Insurance premium	2,894
Advertising expenses	2,654
Others (less than 5% of the account balance)	10,628
Total	$ 51,299

Statement of administrative expenses

Item	Amount
Salary expenses	$ 40,361
Depreciation	26,177
Miscellaneous expenses	13,006
Others (less than 5% of the account balance)	35,392
Total	$ 114,936

Statement of R&D expenses

Item	Amount
Salary expenses	$ 27,211
Depreciation	2,315
Insurance premium	2,838
Miscellaneous expenses	2,300
Others (less than 5% of the account balance)	7,718
Total	$ 42,382

Please refer to Note 6(5) for details of changes in property, plant and equipment.
Please refer to Note 6(5) for details of changes in accumulated depreciation of property, plant and equipment.
Please refer to Note 6(6) for details of changes in right-of-use assets.