

Stock code: 6727



Asia Metal Industries, inc.

## 2023 Annual Report

Published on June 5, 2024

The contents of this annual report and related information about the Company can be found at the following website

Asia Metal Industries, Inc. website: <https://www.asiametalinc.com>

Open Information Observatory website: <http://mops.twse.com.tw>

1. Company's spokesperson, acting spokesperson:

Spokesman

Name: CHIANG YAN-CHIAN

Title: General Manager Office

Deputy general Manager

Tel: (03)472-7111

Email : amiservice@asiametalinc.com.tw

Acting spokesman

Name: LIANG, XIU-RU

Title: Chief Financial Officer cum

Director of management

Tel: (03)472-7111

2. Address and telephone number of head office, branch office and factory:

Head office address: No. 16, Lane 199, Sec. 2, Minfu Rd., Yangmei District, Taoyuan City

Telephone: (03)472-7111

3. Stock transfer institutions:

Name: Yuanta Securities Co., Ltd. Stock Agency Department

Address: B1, No. 210, Sec. 3, Chengde Rd., Datong District, Taipei City

Company website: [www.yuanta.com.tw](http://www.yuanta.com.tw)

Telephone: (02) 2586-5859

4. Latest annual financial report certified accountant

Accountant name: HE JUI-CHUAN, CHANG KEN-HSI

Firm name: Deloitte & Touche United Accounting Firm

Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei City

Company website: [www.deloitte.com.tw](http://www.deloitte.com.tw)

Telephone: (02)2725-9988

5. Name of the trading venue for listing and trading of overseas securities and the way to inquire the information of such overseas securities: not applicable

6. Company's website: <https://www.asiametalinc.com>

## Contents

One. Shareholder report .....	1
Two. Company profile .....	5
I. Set-up date.....	5
II. Company history.....	5
Three. Corporate governance report.....	7
I. Organization system.....	7
(1) Company organizational structure.....	7
(2) Business of each major department .....	8
II. Superior Information of Directors, supervisors and general manager, deputy general manager, assistant manager and each department and branch.....	9
(1) Directors information.....	9
(2) Supervisor Information on general Manager, Deputy general Manager, associate manager, heads of departments and branches.....	13
(3) Remuneration of general directors, independent directors, supervisors, general Managers and deputy managers.....	15
(4) State the analysis of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, supervisors, general managers and deputy general managers as a proportion of the net profit after tax of individual or individual financial reports in the most recent two years, and explain the policies, standards and combinations of remuneration payments, the procedures for determining remuneration, and the correlation with business performance and future risks.....	19
III. Corporate governance operation situation.....	20
(1) Board operation situation.....	20
(2) Audit committee operation situation.....	22
(3) Corporate governance operation situation and the marketing strategy on the reason of the difference and the corporate governance best-practice.....	26
(4) If you have set up a compensation committee, should reveal the composition, responsibilities and operation situation.....	33
(5) To promote the status of implementation of sustainable development and sustainable development strategy with the listed company practice the reason of the difference and code.....	36
(6) To perform the good faith management and strategy with the listed company the reason of the difference and the good faith management rules.....	39
(7) Corporate governance Code and related rules and regulations for inquiry.....	41
(8) Other important information sufficient to enhance the understanding of the operation of corporate governance.....	42
(9) The implementation of the internal control system shall disclose the following matters .....	42
(10) In the most recent year and up to the date of publication of the annual report, where the Company and its internal personnel are punished according to law, or the company penalizes its internal control system for its internal personnel, the result of which may have a significant impact on shareholders' rights and interests or securities prices, the company shall specify the content of the punishment, the main deficiencies and the improvement situation.....	42

(11) Latest fiscal year and as of the publish date of annual report, important resolutions of the shareholders' committee and the board of directors.....	44
(12) Latest year and up to the date of publication of the annual report, directors or supervisors have different opinions on important resolutions adopted by the Board of directors, and there are records or written statements, the main contents of which .....	47
(13) Latest fiscal year and up to the publish date of annual report, chairman of the board of directors of the company, general manager, director, director of finance accounting, director of corporate governance, internal audit director and head of research and development for resignation dismissal.....	47
IV. Certified accountants, public information.....	48
(1) Where the proportion of non-audit public fees paid to the visa accountant, the visa accountant's firm and its affiliated enterprises is more than one-fourth of the audit public fees, the amount of audit and non-audit public fees and non-audit service content shall be disclosed.....	48
(2) If the accounting firm is changed and the audit public fee paid in the year of change is less than the audit public fee paid in the year before the change, the amount of audit public fee before and after the change and the reasons shall be disclosed.....	48
(3) The audit expense a decrease of ten percent or more of the preceding year, shall be disclosed audit expense reduction amount, proportion and the reason.....	48
V. Replacement of accountant information.....	49
VI. The chairman, general manager, manager in charge of financial or accounting affairs of the company, who has worked for the visa accounting firm or its affiliated enterprises within the last year.....	50
VII. Transfer of shares and changes in share pledges of directors, supervisors, managers and shareholders holding more than 10% of shares in the most recent year and as at the date of publication of the annual report.....	50
(1) the equity transfer and the changes in equity pledge.....	50
(2) Information that the relative of the share transfer is the related person.....	50
(3) Information that the relative of the equity pledge is a related person.....	50
VIII. ownership of the top ten shareholders, their mutual for party or for the spouse, within the second degree of kinship information.....	51
IX. The number of shares held by the company, its directors, supervisors, managers and undertakings directly or indirectly controlled by the company in the same reinvested undertakings, and the consolidated shareholding ratio.....	52
Four. Fundraising situation.....	53
I. Capital and share.....	53
(1) Equity sources.....	53
(2) Shareholder structure.....	55
(3) Ownership dispersion.....	55
(4) Major shareholders list.....	56
(5) Market price, net value, earnings and dividends per share and related information for the latest two years.....	57
(6) Company's dividend policy and execution situation.....	58
(7) Impact of the proposed gratuitous rights issue in the current year on the Company's operating performance and earnings per share.....	58
(8) Employees, directors and supervisors for.....	58
(9) Companies to buy back the shares.....	58

II. Corporate bond handling situation.....	59
III. Handling of special shares.....	60
IV. Handling of Overseas depositary receipts.....	60
V. Handling of employee stock option certificates.....	60
VI. Handling of new shares limiting employee rights.....	60
VII. Handling of acquisition or transfer of shares of other companies to issue new shares....	60
VIII. Execution of fund use plan.....	60
Five. Operation situation.....	61
I. Business content.....	61
(1) Business scope.....	61
(2) Industrial profiles.....	63
(3) Technology and research and development overview.....	67
(4) short-and long-term business development plan.....	69
II, Market, production and marketing overview.....	70
(1) Market analysis.....	70
(2) Important uses of the main products and production process.....	72
(3) Supplies of major raw materials.....	75
(4) Customers who have accounted for more than 10% of the total amount of goods imported (sold) in any year of the latest two years and the amount and proportion of goods imported (sold) .....	76
(5) Production value table for the latest two years.....	78
(6) Sales value table for the latest two years.....	78
III. Employee Information: The latest two years and up to the date of publication of the Annual report.....	79
IV. Environmental protection expenditure information.....	79
(1) Pursuant to applicable laws and regulations should be facilities set for pollution permits or pollution prevention and control of pollution discharge permit or should pay fee or dedicated units shall establish environmental protection personnel, claim, or pay the establishment of a description of the situation.....	79
(2) The listed company of the main equipment for environmental pollution prevention and control of investment and its purposes and may produce benefit.....	79
(3) An explanation of the company's progress in improving environmental pollution in the last two years and up to the date of publication of the annual report, and an explanation of the actions taken by the company in the case of pollution disputes....	79
(4) State the total amount of losses (including compensation) and punishments suffered by the Company due to environmental pollution in the most recent two years and up to the date of publication of the annual report, and disclose its future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, punishments and compensation that may occur if no countermeasures are taken, if it cannot be reasonably estimated, State the fact that it cannot be reasonably estimated) .....	79
(5) Explain the current pollution situation and the impact of its improvement on the company's earnings, competitive position and capital expenditure, as well as its expected significant environmental protection capital expenditure in the next two years.....	79

V. Labor relations.....	79
(1) The Company's various employee welfare measures, further education, training, retirement system and its implementation status, as well as the agreement between labor and management and various measures to protect the rights and interests of employees.....	79
(2) Losses suffered as a result of labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the estimated amounts and measures to deal with them at present and in the future, and if it is not reasonably possible to estimate, state the fact that it is not reasonably possible to estimate.....	80
VI. Information and communication security management.....	81
(1) Information and communication security risk management framework, information and communication security policy, concrete management plan and the input of information and communication security management resources.....	81
(2) The Latest fiscal year and up to the publish date of annual report, due to the loss suffered by major information and communication security event, may affect and response measures, such as unable to reasonably estimate, shall specify its reasonable estimates of the fact.....	81
VII. Important contract.....	82
Six. Land and financial situation.....	83
I. Concise Balance Sheet and Statement of Comprehensive Income for the most recent five years.....	83
II. The latest five-year financial statement analysis.....	88
III. Report of the Audit Committee on the most recent annual financial report.....	92
IV. Consolidated financial report of the company for the most recent year verified by accountants.....	94
V. The Latest annual individual financial report of the company verified by the accountant.....	162
VI. If the company and its affiliated enterprises have experienced financial turnover difficulties in the most recent year and up to the date of publication of the annual report, it shall state the impact on the company's financial position.....	246
Seven. Review and analysis of financial position, financial performance, and risk management....	247
I. Financial status.....	247
II. Financial performance.....	249
III. Cash flow.....	250
IV. Impact of significant capital expenditures on financial operations in the latest year.....	250
V. Latest annual investment policy, reasons for profit or loss, improvement plan, and investment plan for the coming year.....	250
VI. Risk matters that should be evaluated.....	251
(1) The impact of interest rate and exchange rate changes, as well as inflation, on the company's profit and loss, and future response measures.....	251
(2) Engagement in high-risk, highly leveraged investments, loans to others, endorsements, and derivatives trading policies: the main reasons for profit or loss, response measures, and future plans.....	252
(3) Future R&D plans and estimated R&D costs.....	253
(4) Important policies and laws at home and abroad: the impact of changes on the company's financial business and response measures.....	253
(5) The impact of technological and industrial changes on the company's financial business and the corresponding measures.....	253

(6) The impact of corporate image change on corporate crisis management and corresponding measures.....	253
(7) Expected benefits, possible risks and countermeasures of M&A.....	253
(8) Expected benefits, possible risks and corresponding measures of plant expansion...253	
(9) Risks and measures to deal with the concentration of goods purchased or sold.....	253
(10) The impact on the Company, risks and measures to deal with the mass transfer or change of shares of directors, supervisors or major shareholders holding more than 10%.....	254
(11) The impact, risks, and countermeasures of changes in management rights on the Company.....	254
(12) Litigation or non-legal issues.....	254
(13) Other important risks and coping measures.....	254
VII. Other important issues.....	254
Eight. Special items.....	255
I. The relationship between enterprise information.....	255
II. The status of subsidiaries holding or disposing of company stock in the latest fiscal year and up to the print date of the annual report.....	256
III. The latest fiscal year, and by the print date of annual report, subsidiary hold or dispose of the company stock situation.....	256
IV. Supplemented by other necessary items.....	256
Nine. In the most recent year and up to the date of publication of the annual report, there have been events that have a material impact on the equity of shareholders or securities prices as specified in Article 36, paragraph 3 (2) of the Securities Exchange Law.....	256

## I. Shareholders Report

### Asia Metal Industries, Inc.

#### Annual Business report for 2023

First of all, the company would like to thank the shareholders for their support. The company has maintained a certain level of revenue in 2023 after undergoing changes in the external economy and the epidemic for three years, and the R&D department has continuously developed and obtained a number of patents. With the efforts of the superior leadership team and all employees, the results of Asia Metal's operation will be shared with shareholders and all employees.

The report on the 2023 operating results and the 2024 Business Plan is as follows:

#### I. Annual operation overview in 2023

##### (A) Business plan implementation results

Consolidated revenue for the year 2023 was NT\$1,310,405 thousand, a decrease of NT\$145,193 thousand compared to the previous year. In terms of profit, with the turnover decreased by 9.97%, the net profit after tax in 2023 was reduced by NT\$89,763 thousand compared with the previous year, a decrease of 44.86%, and the consolidated net profit after tax was NT\$110,353 thousand.

Unit: NT\$ thousand

Item	2023		2022		Increase or decrease	
	Amount	%	Amount	%	Amount	%
Operating income	1,310,405	100	1,455,598	100	-145,193	-9.97
Operating margin	214,374	16.36	246,296	16.92	-31,922	-12.96
Operating profit	96,709	7.38	111,890	7.69	-15,181	-13.57
Before tax net profit	136,975	10.45	250,322	17.20	-113,347	-45.28
After tax net profit	110,353	8.42	200,116	13.75	-89,763	-44.86
Earnings per share (NTD)	4.60		8.83			

tween the two years is mainly due to the impact of foreign exchange gains and losses, and the impact of 2022 is larger, while the impact of the two years is smaller.

#### (2) Enterprise development

Asia Metal produces high-precision flexible material roll-to-roll (R2R) coating and immersion equipment. With the rapid development of printed circuit board industry, semiconductor industry, communication 5G and 6G, electric vehicle industry, intelligent networking, and multi-orbit satellites, Asia Metal is currently the world's largest manufacturer of advanced immersion equipment, with a global market share of more than 70%. With the demand of customers, the company has also made a big step forward in the Southeast Asian market, and with the improvement of the integrity of the product application field, the company is expected to maintain steady growth.



### (3) Analysis of financial revenue and expenditure and profitability

Unit: NT\$ thousand

Item \ Year		2023	2022
Profitability analysis	Assets return rate (%)	3.40	5.68
	Return on shareholders' equity (%)	10.59	22.66
	Ratio of paid-in capital (%)	40.17	48.89
		56.90	109.38
	Net profit ratio (%)	8.42	13.75
	Earnings per share (NTD)	4.60	8.83

#### (4) Research and development status

The company with high precision process equipment development, design, manufacturing, installation and after-sales service capabilities, with a high degree of mechanical and electrical integration and excellent coating lamination related fields of technology, in the coating application market has a competitive advantage, we hereby state the company's specific research and development results in 2023:

##### 1. Improved performance of existing equipment:

Treater equipment performance and stability improvement (production of ultra-thin fabric yield further improvement), evolution to 1000 dust-free equipment, has been developed and put into production.

Treater equipment innovation (IC carrier equipment and environmental requirements 1000 dust-free equipment production line development), has been successfully developed.

Tension Die for the MLCC industry has been successfully developed and mass-produced.

##### 2. Equipment innovation:

PTFE impregnation treatment equipment was successfully developed and patented

Treater successfully developed PTFE oven and obtained a patent

Teflon horizontal coating equipment was successfully developed and patented

The design improvement of the bearing block of the copper foil after processor was successfully produced and patented

Treater developed stainless steel oven successfully produced and patented

Treater roller device material and process change and improvement and successfully obtained patents

##### 3. Research and Development direction:

3.1 Extension of relevant coating industry equipment, (FCCL high temperature yellowing equipment) successfully developed continuous production of non-stop high temperature connecting table (350 degrees C).

3.2 Extension of relevant coating industry equipment, optimization of hydrogen fuel cell R2R production equipment.

3.3 Extension of relevant coating industry equipment, optimization of FAS R2R coating equipment (special storage tank products).

3.4 Develop a new low-tension unwinding machine, and improve the stability of low tension equipment and reduce the fluctuation value of low tension in the immersion production line.

## 2. Summary of 2024 annual business plan

### (1) Business policy and important production and marketing strategies

In response to the expansion of emerging markets and the increasing demand for semiconductors, electric vehicles, 5G and 6G, the company continues to develop and design new products with high functions and market requirements. The business and sales team actively develops new customers and new markets, and the manufacturing and materials department controls the manufacturing quality and cost, which is sufficient to meet the needs of future orders.

New market and new product demand as well as the completion of the company's new plant will contribute to the company's revenue and profit. The following are the company's future planning and development direction:

#### 1. Product development:

On the basis of the original immersion equipment field, we actively invest in 6G communication application products and continue to further develop new products in different application fields such as Teflon substrate and aerospace carbon fiber composite materials, ceramic slurry coating (MLCC), electrical tape, etc., in order to show diversified products.

#### 2. New plant construction and self-production rate:

The increased self-production rate of the new plant helps to strengthen production efficiency and increase capacity to effectively reduce equipment costs and thereby increase profits for the company and shareholders.

#### 3. Continuous market expansion:

The expansion of products, customers, regions and other markets, in consolidating the original customers and Taiwan, the mainland market, Southeast Asia and the United States market has also gained, the company continues to commit to diversified product production and customer base, in order to build Asia Metal more and wider performance development.

#### 4. Corporate Governance 3.0 and Sustainability (ESG) goals drive:

Asia Metal continues to promote corporate governance 3.0 "Strengthen the functions of the Board of Directors, enhance corporate sustainable value", "Improve information transparency, promote sustainable management", "Strengthen stakeholder communication, create a good interactive channel", "in line with international norms, guide due diligence governance" and "deepen the corporate sustainable governance culture," "Providing diversified commodities" further minimizes the impact on the earth's environment and climate. The company takes the interests of shareholders and employees, diverse workplaces, gender equality, training of professional talents and care for vulnerable groups as its social responsibility and goals, and becomes a member of the green supply chain for sustainable management.

### (2) affected by external competitive environment, regulations and the overall business environment

External competition, regulatory and overall environmental impacts are described below:

#### 1. External competition:

Under the industry competition, industry changes and red supply chain, the company's existing Treater related technology field is in a leading position, and the pan-level related equipment will continue to develop, hoping to surpass the industry with a forward-looking layout.

#### 2. Regulations:

Recently, countries have paid attention to ESG and green energy, the company adheres to international standards, in line with the government's corporate governance standards for listed companies, the implementation of relevant regulations to keep pace with the international.

### 3. Overall economic impact:

With the increasing geopolitical influence on the economy, the geopolitical importance of Taiwan is upgraded, and the risks are also upgraded. Looking forward to the Taiwan economy in 2024, with the two major economies of the United States and China respectively facing uncertain factors of consumption and investment, but it is still expected that the global commodity trade will show a recovery trend, Taiwan's foreign trade performance is expected to gradually stabilize, and the company will continue to develop in a stable way.

The Company continues to develop advanced technology, and to explore diversified products and emerging markets, with the support of shareholders, we look forward to better operating results to reward all shareholders and employees.

Chairman: TSOU, KUEI-CHUAN    General Manager: NG, WAN CHAI    Accounting Supervisor: LIANG, XIU-RU



## II. Company Profile

1. Set-up Date: October 29, 1973

2. Company History:

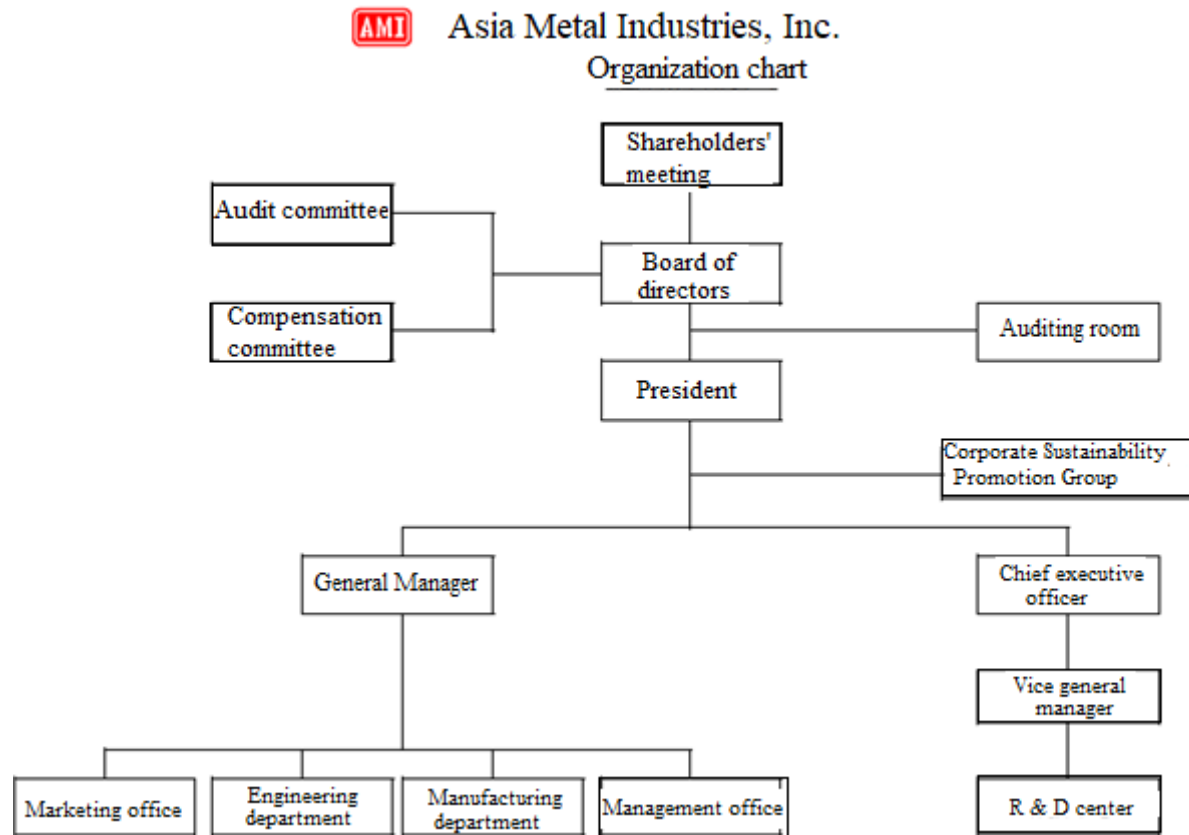
Time	Principal record
1973	On October 29, Asia Metal Industries, Inc. was established with an established and paid-in capital of NT \$10,000. Positioned as a manufacturer of soft material production equipment.
1974	Production of the first semi-automatic slitting machine and core threading machine (MARAN).
1975	OPP/PVC tape coater, glue making equipment, water glue testing machine and activated carbon recovery machine are produced in Chiayi Factory.
1974	Help customers assemble air floating, OPP high-speed coating machine.
1985	Production and export of the first OPP gluing wire, the machine speed of 80 meters.
1986	From Chiayi to Yangmei. Complete the development and manufacture of automatic OPP tape coating line with a speed of 150 meters. Start the development and production of vertical glass cloth impregnation processor and waste gas incinerator. Start the development and production of waste gas incinerator. Began manufacturing and selling the first 20-foot vertical hot-air Treater.
1987	Develop and produce 1.3M wide PVC tape coater.
1991	Sell double tube cutting table to UK; The development and manufacture of 1.6m wide-space floating OPP high speed coater and 12Tons acrylic oil glue reactor began.
1992	PVC tape coating line for export to the world's most famous tape manufacturer.
1994	Began to develop and sell ceramic thin strip forming machine.
1995	Began to develop and sell Silicone Release coating machine and PE double-sided film coating machine.
1998	Began to develop and sell thermal medium oil vertical Treater.
1999	Yangmei factory set up a clean room, placed the first set of multi-functional experimental coating machine for customers to test and develop new products. Began to develop and sell 250m/min high-speed double-sided synchronous coater and Turn-Bar.
2002	Rto-type waste gas incinerator was developed, Curtain Die coating system.
2003	Aluminum foil coating line was developed and sold.
2007	Foam coating line was developed and sold.
2009	Research and development and sales of single gravure roller coating equipment.
2009	Solar backplane coating equipment was developed and sold.
2010	Purchased new plant in response to capacity expansion.
2010	Single SLOT DIE coating equipment was developed and sold.
2010	Nitrogen oven was developed and sold.
2010	Gas vertical immersion coating equipment was developed and sold.
2010	Lithium panel coating equipment was developed and sold.
2010	Electric heating vertical immersion coating equipment was developed and sold.
2011	Reflective film coating equipment was developed and sold.

Time	Principal record
2013	Film anti-fog Gravure coating equipment was developed and sold.
2014	Successfully developed single-sided double-layer spacer plate coating technology and equipment for lithium batteries. (Apply for Leading Program grant)
2014	Plastic ultrasonic welding equipment was developed and sold.
2014	Developed and obtained the patent of "slit coating mold spacer valve".
2015	Hot pressing machine was developed and sold.
2015	Carbon fiber composite material production equipment was developed and sold.
2016	The new generation of CCL immersion equipment can produce CCL thin cloth substrate ( $12 \pm 1$ g/m <sup>2</sup> ).
2017	Aluminum-plastic film coating and laminating equipment was developed and sold.
2018	LTCC coating equipment, and assist customers to introduce mass production was developed and sold. New generation MLCC coating equipment - coating thickness 2um, machine speed 50M/min. The new generation of CCL immersion equipment can produce CCL thin cloth substrate ( $12 \pm 1$ g/m <sup>2</sup> ), and cooperate with the production of thin cloth substrate ( $11 \pm 1$ g/m <sup>2</sup> ). High-speed surface coil improvement, improve the intelligent function of the equipment, remote control, maintenance. Successfully developed an integrated solution for the production of flexible transparent conductive film in cooperation with Aituya.
2019	Asia Metal issue and login Xing cabinet (6727). A new generation of CCL immersion equipment, research and development of automatic cutting and jointing system for coiler, can cancel the storage machine settings.
2020	Asia Metal cabinet listing. R&d and sales of continuous 5G circuit composite production equipment. Assist customers of soft nanosilver transparent conductive film to successfully solve production equipment problems. The new generation of CCL immersion equipment, the production of adhesive substrate can be applied to 5G high-frequency high-speed transmission.
2021	The company issued the first secured conversion corporate bond in China and was listed on June 10, 2021. Over-the-counter code 67271. Developed CCL stainless steel hot plate with nano ceramic radiation paint. Developed FCCL cyclic high temperature bonding mechanism.
2022	It has obtained 4 Taiwan patents and 3 Chinese patents. Special industry Die coating equipment development and mass production test. Optical equipment large width (1,600mm) SLOT DIE coating equipment development and mass production test. MLCC tension Die coating equipment development and mass production test. Development and mass production test of energy storage coating equipment and peripheral equipment.
2023	PTFE impregnation treatment equipment was successfully developed and patented. Treater(including immersion machine) successfully developed PTFE oven and obtained a patent. Teflon horizontal coating equipment was successfully developed and patented. The design improvement of the bearing block of the copper foil afterprocessor was successfully produced and patented. Treater developed stainless steel oven successfully produced and patented. Treater roller device material and process change and improvement and successfully obtained patents.

### Three. Corporate governance report

#### I. Organization system

##### (1) Company Organizational Structure



(2) Business of each major department:

Department name	Department in charge
Audit room	<ol style="list-style-type: none"> <li>1. Establish and maintain records of system in the company, to measure the efficiency of policy implementation and provide improvement advice</li> <li>2. Protect company assets to prevent waste, fraud and inefficiency</li> <li>3. Routine and special audits and abnormal reports</li> </ol>
President room	<ol style="list-style-type: none"> <li>1. To formulate long-term business development strategy</li> <li>2. Implement resolutions of the Board of Directors</li> </ol>
General manager room	<ol style="list-style-type: none"> <li>1. Corporate strategy planning, supervision, and promote the investor relationship maintenance</li> <li>2. Formulation of the company's medium and short-term business objectives, policies and implementation policies</li> </ol>
Marketing Department	<ol style="list-style-type: none"> <li>1. Market information, customer, product and industry change data analysis and collection</li> <li>2. Formulation and implementation of sales plans, strategies and targets</li> <li>3. Customer relationship management, account management, customer complaint tracking and order management</li> <li>4. Project progress planning and tracking, manufacturing and shipping program control</li> </ol>
R&D Center	<ol style="list-style-type: none"> <li>1. the new product research and development of project planning, implementation and discussion</li> <li>2. Management and use of test machine and clean room</li> <li>3. Coordinate all units to promote departmental research and development plans</li> <li>4. Cooperate with customer product manufacturing process production test and plan suitable mass production equipment</li> <li>5. Assist and participate in the planning and implementation of new technologies</li> </ol>
Engineering Department	<ol style="list-style-type: none"> <li>1. Planning, implementation and control of project plans</li> <li>2. Organizing and providing project costs</li> <li>3. Project drawing design and drawing control</li> <li>4. Preparation of engineering design documents and process improvement</li> <li>5. Standardized and modular planning and improvement</li> <li>6. Communicate with customers about engineering, technology and specifications</li> </ol>
Manufacturing Department	<ol style="list-style-type: none"> <li>1. Improve process smoothness</li> <li>2. Control of actual production process</li> <li>3. Production, outsourcing operations and outsourcing manufacturer management</li> <li>4. Responsible for the implementation of all raw material procurement related operations of the company</li> <li>5. Execute production schedule and manufacture according to order</li> </ol>
Administrative Department	<ol style="list-style-type: none"> <li>1. Corporate governance, carbon inventory, ESG sustainable operation and other related matters</li> <li>2. Financial scheduling and analysis, budget planning and tracking</li> <li>3. Accounting management, cost control and statement analysis</li> <li>4. Tax office?</li> <li>5. Development of management methods, manpower organization planning</li> <li>6. Pay attendance operation execution</li> <li>7. Planning and implementing administrative affairs and asset management operations</li> </ol>

II. The directors of the directors, the directors of the directors, and the two ministries and branches of the branch:

(1) Directors

1. Name, academic history, shares held and nature of the directors

April 26, 2024; Unit: thousand shares; %

Title	Nationality or place of registration	Name	Gender age	Date of appointment	Term of office	Date of initial appointment	Holding shares at election		Now holding shares		Spouses and minor children now own shares		Holding shares in someone else's name		Main career experience	Currently working concurrently with the Company and others	Other officers, directors or supervisors with spouse or relation			Remark (Note 2)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
President	R.O.C	TSOU, KUEI-CHUAN	Male	06.21.2022	3	10.24.2017	1,638	7.24	938	3.49	0	0	700	2.60	Master of Business Administration, International University of Monaco	Director, Yangzhou Best Photoelectric Co., Ltd.	-	-	-	-
			71~75 years old												General manager of Qingsan Electronics (stock) Company Deputy general manager of Hongda Electronics (stock) Company					
Director	Malaysia	NG, WAN CHAI	Male	06.21.2022	3	2.23.2016	414	1.83	414	1.54	0	0	0	0	Department of Mechanical Engineering, Taiwan University	General Manager of Asia Metal Industries, Inc. President of Kunshan Ruiping Precision coating Co., Ltd.	-	-	-	-
			66~70 years old												President of Asia Metal Industries, Inc. General Manager of Asia Metal Industries, Inc.					
Director	R.O.C	LIN, TSE-MING	Male	06.21.2022	3	11.30.2018	800	3.53	800	2.98	0	0	0	0	Department of Textile, Fengjia University	-	-	-	-	-
			51-55 years old												Director, Hezheng Technology Ltd. Director of Yuzi Enterprise Ltd.					



Director	R.O.C	CHANG , CHUN- CHENG	Male  66-70 years old	06.21.2022	3	11.30.2017	737	3.26	737	2.74	0	0	0	0	Department of Chemistry, Tamkang University  Vice president of Jia general Industrial Ltd. Quality assurance	-	-	-	-	-
Independe nt director	R.O.C	CHANG , JUNG- MING	Male  66~70 years old	06.21.2022	3	04.30.2019	0	0	0	0	0	0	0	0	Master of Accounting, Oklahoma Homa (City) University, USA Deloitte & Touche certified public accountants practicing accountants	AnPuHua, head of the accounting firm  Director, Roger Investments Ltd.  Independent Director of Chinachem Technology Ltd.	-	-	-	-
Independe nt director	R.O.C	CHEN, AN-SH UN	Male  61~65 years old	06.21.2022	3	06.21.2022	0	0	0	0	0	0	0	0	Bachelor, Department of Mechanical Engineering, Taipei City University of Science and Technology  Design department manager of Zhisheng Industrial Ltd.  President of Qunyi Industrial Ltd.	President of Qunyi Industrial Ltd.  Supervisor of Zhanhong Investment Ltd.	-	-	-	-
Independe nt director	R.O.C	KUO, DENG-F U (Note3)	Male  61~65 years old	06.27.2023	3	06.27.2023	0	0	0	0	0	0	0	0	Bachelor of Law from Chung Hsing University, Taipei University  Judge, Criminal Division and Civil Division, Taipei District Court  Master attorney at Dateng Law Firm	Independent Director of Far East Biotechnology (stock) Company	-	-	-	-

Note 1: 2022/06/21 Full re-election of directors by the General Meeting of shareholders.

Note 2: If the chairman of the board and the general manager or the equivalent person (top manager) of the company are the same person, spouse or a relative of each other, the reason, rationality, necessity and relevant information (such as increasing the number of independent directors, and more than half of the directors should not concurrently serve as employees or managers, etc.) should be explained.

Note 3: Independent Director KUO, DENG-FU was elected on 2023/6/27.

2. Major shareholders of corporate shareholders: Nil.

### 3. Disclosure of information on the professional qualifications of directors and the independence of independent directors

April 26, 2024

Conditions Name	Professional Qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors of other public offering companies
President TSOU, KUEI-CHUAN	1. Currently the President of Asia Metal Industries, Inc. 2. Experience in operation judgment, financial accounting, operation management, industry expertise and marketing ability. 3. There are no provisions of Article 30 of the Company Law.	Not Applicable	-
Director: NG, WAN CHAI	1. At both Asia Metal Industries, Inc. general manager and kunshan farce flat precision coating equipment co., Ltd., chairman of the board of directors. 2. Have operational judgment ability, financial accounting, operation management, machinery professional, industry knowledge and company business marketing ability and work experience. 3. There are no provisions of Article 30 of the Company Law.	Not Applicable	-
Director: LIN, TSE-MING	1. Former director of Hezheng Technology (stock) Company and Yuzi Enterprise (stock) Company. 2. Experience in business judgment, financial accounting, business management, industry knowledge and international market view. 3. There are no provisions of Article 30 of the Company Law.	Not Applicable	-
Director: CHANG, CHUN-CHENG	1. Served as Vice president of quality assurance of Jia General Manager Industrial (stock). 2. Have operational judgment ability, financial accounting, business management and industry knowledge ability and work experience with international market view. 3. There are no provisions of Article 30 of the Company Law.	Not Applicable	-
Independent director: CHANG, JUNG-MING	1. Currently serving as the principal of Anpuhua Accounting Firm and chairman of Roger Investment Co., LTD. 2. Used to be a certified public accountant of Qinye Zhongxin United Accounting Firm and head of Qinde Law Firm. 3. Have operational judgment ability, financial accounting, business management and industry knowledge ability and work experience with international market view. 4. There are no provisions of Article 30 of the Company Law.	Not Applicable	-
Independent director: CHEN, AN-SHUN	1. Currently serving as the president of Group Up Industrial Co.Ltd.. 2. Experience in operation judgment, financial accounting, operation management, industry expertise and marketing ability. 3. There are no provisions of Article 30 of the Company Law.	Not Applicable	-
Independent director KUO, DENG-FU	1. Currently serving as the presiding lawyer of Dateng Law Firm. 2. Served as judge of Criminal Division and Civil Division of Taipei District Court. 3. Experience in operation judgment, financial accounting, operation management, industry expertise and marketing ability. 4. There are no provisions of Article 30 of the Company Law.	Not Applicable	-

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors, and if they are members of the audit committee and have accounting or financial expertise, they should state their accounting or financial background and work experience, and whether they do not have any of the circumstances under Article 30 of the Company Law.

Note 2: Independent directors should state the circumstances that meet their independence, including but not limited to whether he/she or his/her spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and proportion of shares of the company held by the person, spouse, relatives within the second degree of kinship (or in the name of others); Whether he is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Paragraph 1, Paragraphs 5~8 of the Regulations Governing the Establishment of Independent Directors and Matters to be Followed by Public Companies); Salary and remuneration

obtained from providing business, legal, financial, accounting and other services to the Company or its affiliates in the past 2 years.

#### 4. Diversity and independence of directors:

4-1 Diversity of the Board: The Company has formulated the method for the election of directors in accordance with the Code of Practice on the Governance of Listed Companies, and the composition of the directors shall take into account diversity, and formulate and implement appropriate diversity policies for its own operation, business type and development needs. 7 directors (including 3 independent directors) shall be appointed according to the scale of operation and development needs, and the background of the board members shall be included

Implement the policy of diversity in the composition of the Board of Directors covering different cultural, industrial, academic, financial, accounting, business management and other fields.

The implementation of the Board diversity policy is as follows:

Name of director	Sex	Nationality	Age	Core item							
				Operational judgment	Financial accounting analysis ability	Operation and management ability	Crisis management capability	Industry knowledge	International market view	leadership	Decision-making ability
TSOU, KUEI-CHUAN	Male	R.O.C.	71-75 years old	V	V	V	V	V	V	V	V
NG, WAN CHAI	Male	Malaysia	66-70 years old	V	V	V	V	V	V	V	V
LIN, TSE-MING	Male	R.O.C.	51-55 years old	V			V	V	V	V	V
CHANG, CHUN-CHENG	Male	R.O.C.	66-70 years old	V			V	V	V	V	V
CHANG, JUNG-MING	Male	R.O.C.	66-70 years old	V	V	V	V	V	V	V	V
CHEN, AN-SHUN	Male	R.O.C.	61-65 years old	V	V	V	V	V	V	V	V
KUO, DENG-FU	Male	R.O.C.	61-65 years old	V	V	V	V	V	V	V	V

The Company has 7 directors, of which 28% are employees, 43% are independent directors, 1 is 71-75 years old, 3 are 66-70 years old, 2 are 61-65 years old, and 1 is 51-55 years old.

4-2 Independence of the Board of Directors: The current directors of the Company are all in accordance with the provisions of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act, which stipulates that all members of the Board of Directors (including the three independent directors) do not have spouses or relatives within the second degree.

## (2) Information of general manager, deputy general manager, associate manager, heads of departments and branches

April 26, 2024; Unit: shares; %

Title	Nationality	Name	Sex	Date of appointment	Shareholding		Spouses and minor children now own shares		Holding shares in someone else's		Main career experience	Currently working concurrently with the Company and others	Other officers, directors or supervisors with spouse or relation			Remark (Note 1)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Nationality	Name	Relation	
General manager	Malaysia	NG, WAN CHAI	Male	2016.01.04	414,638	1.54%	0	0	0	0	Department of Mechanical Engineering, Taiwan University President of Asia Metal Industries, Inc. General Manager of Asia Metal Industries, Inc.	President of Kunshan Ruiping Precision Coating Co., Ltd.	Nil	Nil	Nil	-
General manager room, a spokesman for the vice general manager	R.O.C.	CHIANG, YAN-CHIAN	Male	.08.01.2019	27,000	0.10%	5,000	0.02%	0	0	New York Polytechnic University Electrical Engineering Master Degree Vice General manager of Hua Wei Electronic Industry (stock) Company Special assistant to general manager office, vice general manager of Asia Metal Industries, Inc.;		Nil	Nil	Nil	-
Vice General manager of R&D center,	R.O.C.	WU, HUAN-RUNG	Male	04.18.2018	82,833	0.31%	0	0	0	0	Centannari University (Master) General manager of Kunshan Guotai Electromechanical Co., Ltd. Engineering R&D department director of Asia Metal Industries, Inc. Engineering R&D department vice general manager of Asia Metal Industries, Inc. Engineering R&D department vice general manager of Asia Metal Industries, Inc. R & D center Vice general manager of Asia Metal Industries, Inc.		Nil	Nil	Nil	-
Manufacturing department head	R.O.C.	CHOU BAI-CHUAN	Male	10.01.2012	107,298	0.40%	0	0	0	0	Department of Mechanical Engineering, Taiwan Institute of Technology Manufacturing department head, special assistance to general manager office of Asia Metal Industries, Inc. General manager of Kunshan Ruiping precision coating Co., LTD.		Nil	Nil	Nil	Note 2
Vice general manager of business project 1	R.O.C.	LIN YUNG-CHIH	Male	11.07.2022	17,423	0.06%	13,000	0.05%	0	0	Nanya Technological Institute Vice general manager of Project business project 1 of Asia Metal Industries, Inc. General manager of Kunshan Ruiping precision coating Co., Ltd.	General manager of Kunshan Ruiping precision coating Co., Ltd.	Nil	Nil	Nil	-

Title	Nationality	Name	Sex	Date of appointment	Shareholding		Spouses and minor children now own shares		Holding shares in someone else's		Main career experience	Currently working concurrently with the Company and others	Other officers, directors or supervisors with spouse or relation			Remark (Note 1)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Nationality	Name	Relation	
Head of project customer service	R.O.C.	KAO, CHI-NING	Male	12.21.2022	100,000	0.37%	0	0	0	0	Chien Hsing Technological Institute Project head at customer service department of Asia Metal Industries, Inc. Customer service director of Asia Metal Industries, Inc.		Nil	Nil	Nil	-
Head of financial & management department	R.O.C.	LIANG, XIU-RU	Female	.01.01.2018	153,000	0.57%	0	0	0	0	Master of Business School, Zhongyuan University Financial Manager of Taiwan Longjie (Stock) Company Director of finance and accounting of Asia Metal Industries, Inc.	Supervisor of Kunshan Ruiping precision coating Co., Ltd.	Nil	Nil	Nil	-
Audit Supervisor	R.O.C.	CHEN, YOU-YU	Male	.09.19.2017	10,000	0.04%	0	0	0	0	Bachelor degree in Accounting Information and Business Administration, Tai Yeh University Financial staff of Changchun Yingli Automobile Industry (stock) Company Auditor of Changchun Yingli Automobile Industry (stock) company Audit clerk of Zicheng United Accounting Firm Head of Audit of Asia Metal Industries, Inc.	-	Nil	Nil	Nil	-

Note 1: When the general manager or the equivalent position (top manager) and the chairman are the same person, spouse or a relative of each other, the reason, rationality, necessity and relevant information (such as increasing the number of independent directors, and more than half of the directors should not concurrently serve as employees or managers, etc.) shall be disclosed.

Note 2: He left office on April 25, 2024

### (3) Remuneration of general directors, independent directors, supervisors, general managers and deputy general managers

#### 1. Remuneration unit for general directors and independent directors: NT \$thousand

Title	Name	Directors' remuneration								Proportion of total A, B, C and D to net profit after tax (Note 9)		Part-time employees receive relevant remuneration								Proportion of the total amount of A, B, C, D, E, F and G to net profit after tax (Note 9)		Receive remuneration from enterprises or parent companies outside subsidiaries (Note 10)	
		Remuneration (A) (Note 1)		Retirement Pension (B)		Directors' remuneration (C) (Note 2)		Operational execution costs (D) (Note 3)				Salaries, bonuses, expenses, etc. (E) (Note 4)		Retirement pension (F)		Employee compensation (G) (Note 5)							
		The Company	All companies in financial reports (Note 6)	The Company	All companies in financial reports (Note 6)	The Company	All companies in financial reports (Note 6)	The Company	All companies in financial reports (Note 6)	The Company	All companies in financial reports (Note 6)	The Company	All companies in financial reports (Note 6)	The Company	All companies in financial reports (Note 6)	The Company		All companies in financial reports (Note 6)		The Company	All companies in financial reports (Note 6)		
																		Cash amount	Stock amount	Cash amount	Stock amount		
President	TSOU, KUEI-CHUAN	-	-	-	-	3,206	3,206	12	12	2.92	2.92	4,985	4,985	-	-	300	-	300	-	7.71	7.71	-	
Director	NG, WAN CHAI	-	-	-	-	1,603	1,603	12	12	1.46	1.46	4,322	4,322	108	108	280	-	280	-	5.73	5.73	-	
Director	LIN, TSE-MING	-	-	-	-	1,603	1,603	12	12	1.46	1.46	-	-	-	-	-	-	-	-	1.46	1.46	-	
Director	CHANG, CHUN-CHENG	-	-	-	-	1,603	1,603	12	12	1.46	1.46	-	-	-	-	-	-	-	-	1.46	1.46	-	
Independent director:	CHANG, JUNG-MING	360	360	-	-	-	-	12	12	0.34	0.34	-	-	-	-	-	-	-	-	0.34	0.34	-	
Independent director:	CHEN, AN-SHUN	360	360	-	-	-	-	12	12	0.34	0.34	-	-	-	-	-	-	-	-	0.34	0.34	-	
Independent director (Note 11):	KUO, DENG-FU	270	270	-	-	-	-	9	9	0.25	0.25	-	-	-	-	-	-	-	-	0.25	0.25	-	

1. Please state the remuneration payment policy, system, standard and structure of independent directors, and the correlation with the amount of remuneration according to the responsibilities, risks, investment time and other factors: The remuneration of the independent directors of the Company is in accordance with the provisions of Article 3 of the "Measures for the Management of the Remuneration of Directors and Managers" adopted by the Remuneration Committee and the Board of Directors on June 25, 108. The independent directors of the Company shall be paid fixed remuneration regardless of the company's operating profit or loss, so they shall not participate in the distribution of directors' remuneration set aside in accordance with the articles of Association.

2. Except as disclosed in the above table, remuneration received by the directors of the Company in the most recent year for services provided to all companies in the financial reports (such as acting as consultants who are not employees) : Nil.

Note 1: This includes the remuneration of directors for the year 2023 (including director's salary, job bonus, severance pay, various bonuses, incentive payments, etc.).

Note 2: The amount of directors' remuneration approved by the Board of Directors for the year 2023.

Note 3: This refers to the relevant business execution expenses of directors for the year 2023 (including transportation expenses, special expenses, various allowances, dormitory, car and other in-kind provisions, etc.).

In the case of the provision of houses, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, such as rent, fuel, and other payments, whether actual or at fair market value, shall be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but not included in the directors' remuneration.

Note 4: This refers to the remuneration received by directors and employees in 2023 (including the general manager, deputy general manager, other managers, and employees). This includes salary, job bonuses, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitory, car, and other in-kind provisions. In the case of the provision of houses, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, such as rent, fuel, and other payments, whether actual or at fair market value, shall be disclosed. Additionally, if there is a driver, the relevant remuneration paid by the company to the driver should be noted but not included in the directors' or employees' remuneration. Furthermore, salary expenses recognized under IFRS 2 "Share-based Payments," including the acquisition of employee stock warrants, new shares with employee rights restrictions, and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 5: This refers to 2023 annual directors concurrently employees (including concurrently general manager, deputy general manager, other managers and employees) received employee compensation (including stock and cash), should disclose the most recent annual employee compensation approved by the board of directors. If it can not be estimated, the proposed amount of this year based on the proportion of the actual amount of last year's distribution.

Note 6: The total amount of remuneration paid to directors of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 7: The Company shall disclose the total amount of remuneration paid to each director and the classification to which it belongs, including the name of the director.

Note 8: The total amount of remuneration paid by all companies (including the Company) to each director of the Company in the consolidated statement shall be disclosed, and the names of the directors shall be

included in the classification to which they belong.

Note 9: Net profit after tax refers to the net profit after tax of the individual or consolidated financial report for the year 2023.

Note 10: a. This column should clearly indicate the amount of remuneration received by the directors of the company from other subsidiaries or related to the parent company (if none, please fill in "none").

b. If a director of the Company receives remuneration from an investment undertaking outside the subsidiary or a parent company, the remuneration received by the director of the company in an investment undertaking outside the subsidiary or a parent company shall be incorporated into column I of the remuneration scale table, and the column name shall be changed to "the parent company and all investment undertakings".

c. Remuneration means the remuneration, remuneration (including the remuneration of employees, directors and supervisors), business execution expenses and other related remuneration received by the directors of the Company for serving as directors, supervisors or managers of enterprises other than subsidiaries or parent companies.

Note 11: Independent Director KUO, DENG-FU was elected on 2023/6/27.

\* The content of remuneration disclosed in this table is different from the concept of income in the Income Tax Law, so the purpose of this table is for information disclosure, not for tax purposes.

## 2. Remuneration unit for General Manager and Deputy General Manager

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonuses, expenses, etc. (C) (Note 3)		Employee Compensation Amount (D) (Note 4)				Percentage of total A, B, C and D to net profit after tax (%) (Note 6)		Receive remuneration from a business or parent company that is invested outside a subsidiary (Note 7)
		The Company	All companies listed in financial reports (Note 5)	The Company	All companies listed in financial reports (Note 5)	The Company	All companies listed in financial reports (Note 5)	The Company		All companies listed in financial reports (Note 5)		The Company	The Company All companies listed in financial reports (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General MANAGER	NG, WAN CHAI	2,232	2,232	108	108	2,090	2,090	280	0	280	0	4.27	4.27	-
General manager office Vice general manager	CHIANG, YAN-CHIAN	1,788	1,788	108	108	809	809	75	0	75	0	2.52	2.52	-
Research and development center Deputy General Manager	WU, HUAN-RUNG	1,642	1,642	98	98	668	668	180	0	180	0	2.35	2.35	-

Note 1: The names of general manager and deputy general manager shall be listed separately, and the payment amounts shall be disclosed in a summary manner.

Note 2: It is the salary of general manager and deputy general manager in 2023, job bonus and severance pay.

Note 3: It is the 2023 annual general manager and vice general manager of various bonuses, incentives, travel expenses, special expenses, various allowances, dormitory, car and other kinds of compensation. In the case of the provision of houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, rent, fuel and other payments, actual or at fair market value, shall be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but not included in the remuneration. In addition, salary expenses recognized under IFRS 2

"Share-based Payments", including the acquisition of employee stock warrants, new shares restricting employee rights and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 4: This is the amount of staff compensation (including stock and cash) approved by the Board of Directors to distribute to the General manager and Deputy General manager in the year 2023. If it is impossible to estimate, the proposed amount of this year's distribution is calculated in proportion to the actual amount of last year's distribution.

Note 5: The total amount of remuneration paid by all companies (including the Company) to the General Manager and Deputy General Manager of the Company shall be disclosed in the consolidated report.

Note 6: Net profit after tax refers to the net profit after tax of the individual or individual financial report for the year 2023.

Note 7: a. This column should clearly specify the amount of remuneration received by the general manager and deputy general manager of the company from the subsidiary to the investment business or the parent company (if no, please fill in "none").

b. If the general manager and deputy general manager of the Company receive any remuneration from the sub-subsidiary or the parent company, the remuneration received by the general manager and Deputy General manager of the company from the sub-subsidiary or the parent company shall be incorporated into column E of the remuneration scale table, and the name of the column shall be changed to "the parent company and all sub-investment undertakings".

c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors), business execution expenses and other related remuneration received by the general manager and deputy general manager of the Company for serving as the director, supervisor or manager of the sub-investment business or the parent company.

\* The content of remuneration disclosed in this table is different from the concept of income in the Income Tax Law, so the purpose of this table is for information disclosure, not for tax purposes.

### 3. Remuneration of the top five executives

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonuses, expenses, etc. (C) (Note 3)		Employee Compensation Amount (D) (Note 4)				Percentage of total A, B, C and D to net profit after tax (%) (Note 6)		Receive remuneration from a business or parent company that is invested outside a subsidiary (Note 7)
		The Company	All companies listed in financial reports (Note 5)	The Company	All companies listed in financial reports (Note 5)	The Company	All companies listed in financial reports (Note 5)	The Company		All companies listed in financial reports (Note 5)		The Company	The Company All companies listed in financial reports (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	TSOU, KUEI-CHUAN	2,754	2,754	0	0	2,231	2,231	300	0	300	0	4.79	4.79	-
General MANAGER	NG, WAN CHAI	2,232	2,232	108	108	2,090	2,090	280	0	280	0	4.27	4.27	-
General manager office Vice general manager	CHIANG, YAN-CHIAN	1,788	1,788	108	108	809	809	75	0	75	0	2.52	2.52	-
Research and development center Deputy General Manager	WU, HUAN-RUNG	1,642	1,642	98	98	668	668	180	0	180	0	2.35	2.35	-
Director of Manufacturing	CHOU BAI-CHUAN	1,789	1,789	108	108	551	551	38	0	38	0	2.25	2.25	-

Note 1: The "top five remuneration executives" refers to the managers of the company, and the identification criteria of the relevant managers shall be handled in accordance with the scope of application of the "managers" stipulated in the letter No. 0920001301 of the Securities and Futures Regulatory Commission of the former Ministry of Finance on March 27, 1992. As for the calculation and recognition principle of the "top five remuneration", it is based on the total amount of salary, retirement pension, bonus and special expenses received by the company's managers from all the companies in the consolidated financial report, as well as the amount of staff compensation (that is, the total of four items A+B+C+D), and the ranking of the top five remuneration is identified.

Note 2: List the salary, job bonus and severance pay of the top five remunerated executives in 112.

Note 3: It is a list of the top five remuneration of the top executives in 112 years of various bonuses, incentives, travel expenses, special expenses, various allowances, dormitory, car and other in-kind provision and other compensation amounts. In the case of the provision of houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, rent, fuel and other payments, actual or at fair market value, shall be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but not included in the remuneration. In addition, salary expenses recognized under IFRS 2 "Share-based Payments", including the acquisition of employee stock warrants, new shares restricting employee rights and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 4: The compensation amount (including stock and cash) of the top five executives approved by the Board of Directors for 2023 is included. If it is not possible to estimate, the proposed amount of this year's distribution is calculated in proportion to the actual amount of last year's distribution, and a separate List 1-3 should be provided.

Note 5: The total amount of remuneration paid to the top five remuneration executives of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 6: Net profit after tax refers to the net profit after tax of the individual or individual financial report for the year 112.

Note 7: a. This column should clearly fill in the amount of remuneration received by the top five remuneration executives of the company from the investment business outside the subsidiary or the parent company (if no, please fill in "none"). b. Remuneration refers to the remuneration, remuneration (including the remuneration of employees, directors and supervisors), business execution expenses and other related remuneration received by the top five remuneration executives of the Company for serving as directors, supervisors or managers of sub-investment businesses outside subsidiaries or parent companies.

\* The content of remuneration disclosed in this table is different from the concept of income in the Income Tax Law, so the purpose of this table is for information disclosure, not for tax purposes.



4. Name of the manager who distributes the employee compensation and the distribution situation

December 31, 2023;

Unit: NT\$ thousand

Handler	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net profit after tax (%)
	President	TSOU, KUEI-CHUAN	0	1,415	1,415	1.28
	General MANAGER	NG, WAN CHAI				
	General manager office Vice general manager	CHIANG, YAN-CHIAN				
	Director of Manufacturing	CHOU BAI-CHUAN				
	Research and development center Deputy General Manager	WU, HUAN-RUNG				
	Deputy General Manager of Project Business A / General Manager of Kunshan Rui Ping"	LIN, YUNG-CHIH				
	Director of customer service	KAO, CHI-MING				
	CFO/Head of Management/Head of Corporate Governance	LIANG, XIU-LU				
	Audit Supervisor	CHEN, YOU-YU				

(4) State the analysis of the total amount of remuneration paid to the directors, general managers and deputy general managers of the Company in the most recent two years as a proportion of the net profit after tax of individual or individual financial reports and explain the policy, standard and mix of remuneration, the procedure for determining remuneration and the relationship between business performance and future risks:

(1) Analysis of the total amount of remuneration paid to directors, general managers and deputy general managers of the Company in the most recent two years as a percentage of net profit after tax

Title	2022		2023	
	The Company	Combined report	The Company	Combined report
Director	2.63%	2.63%	8.16%	8.16%
General Manager and Deputy General Manager	0.67%	0.67%	1.94%	1.94%

(2) Payment of directors, supervisors, general manager? And vice president? Pay? The policies, standards and combinations of, and procedures for determining remuneration are related to operating performance and future risks:

A. Directors and supervisors

The remuneration paid by the Company to the directors and supervisors shall be handled in accordance with the provisions of the articles of Association of the Company, and a remuneration committee shall be established to provide reasonable remuneration based on the participation degree and contribution degree of the company's operation.

B. General Manager and Deputy General Manager

The remuneration paid by the Company to the General Manager and Deputy General Manager is based on the salary level of the position in the peer market, the scope of the responsibilities of the position within the Company, and the contribution to the Company's operational objectives during the year.

C. The relationship between the process of setting remuneration and business performance and future risks: the year-end bonus and employee compensation shall be determined according to the company's performance, and appropriate salary and adjustment shall be given with reference to the company's performance and individual performance.

### III. Operation of corporate governance:

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

The board of directors of the Company held four meetings in 2023, and the directors' attendance was as follows:

Title	Name	Actual attendance	Commissioned attendance	Actual attendance (%)	Remark
President	TSOU, KUEI-CHUAN	4	-	100%	
Director	NG, WAN CHAI	4	-	100%	
Director	LIN, TSE-MING	4	-	100%	
Director	CHANG, CHUN-CHENG	4	-	100%	
Independent director	CHANG, JUNG-MING	4	-	100%	
Independent director	CHEN, AN-SHUN	4	-	100%	
Independent director	KUO, DENG-FU	1	1	50%	6.27.2023 Shareholders' by-election

Other matters to be recorded:

1. If the operation of the Board of directors is under any of the following circumstances, it shall state the date and term of the board of directors, the content of the proposal, all the opinions of independent directors and the company's treatment of the opinions of independent directors:

(1) Matters listed in Article 14 (3) of the Securities Exchange Law:

The Company has established an audit committee in accordance with the law, and the provisions of Article 14-5 (1) of the Securities and Exchange Act shall not apply to the provisions of Article 14-3 of the same Act.

(2) Except for the items mentioned above, other matters decided by the Board of Directors that are opposed or reserved by independent directors and have records or written statements: no such case.

2. The execution of the directors' withdrawal from the interest proposal shall state the names of the directors, the contents of the proposal, the reasons for the withdrawal of interests and the voting circumstances: there is no such case.

3. The listed cabinet company shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self-evaluation (or peer evaluation) :

Evaluation cycle	Evaluation period	Evaluation range	Evaluation method	Evaluation content
Execute once a year	January 1 to December 31, 2023	Board of directors	The executive unit of the Board of Directors shall be assessed in a fair, objective and independent manner	1. Level of involvement in company operations 2. Improve the quality of board decisions 3. Composition and structure of board of Directors 4. Appointment and continuing education of directors 5. Internal control
Execute once a year	January 1 to December 31, 2023	Individual board member	Board members self-review	1. Master the company's goals and tasks 2. Cognition of directors' responsibilities 3. Level of involvement in company operations 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal control
Execute once a year	January 1 to December 31, 2023	Functional committee	The executive unit of the Board of Directors shall be assessed in a fair, objective and independent manner	1. Level of involvement in company operations 2. Understanding of the responsibilities of the Compensation Committee 3. Improve the decision-making quality of the compensation committee 4. Composition of salary and compensation committee and selection of members

4. The objective of strengthening the functions of the Board of Directors in the current and recent years (such as setting up an audit committee, enhancing information transparency, etc.) and the implementation assessment: The Company has set up an audit committee and a remuneration committee to assist the Board of Directors in fulfilling their supervisory duties respectively.

(2) Operation of the Audit Committee:

The Audit Committee of the Company met 4 times in 2023, and the independent directors were excluded as follows:

Title	Name	Actual attendance	Commissioned attendance	Actual attendance (%)	Remark
Independent director	CHANG, JUNG-MING	4	-	100%	Convenor of the second term
Independent director	CHEN, AN-SHUN	4	-	100%	
Independent director	KUO, DENG-FU	1	1	50%	6.27.2023 Shareholders' by-election

Other matters to be recorded:

1. If the operation of the audit committee is under any of the following circumstances, it shall state the date and term of the board of directors, the contents of the motions, the results of the resolutions of the audit committee, and the company's handling of the opinions of the audit committee:

(1) Matters listed in Article 14 (5) of the Securities Exchange Law.

Audit Committee/Date/period	Content of the motion	Results of Audit Committee resolutions	The company's handling of the opinions of the audit Committee
2023/03/23 Second term and fourth time First time in 2023	<ol style="list-style-type: none"> <li>2022 Annual financial statements and business reports.</li> <li>2022 cash dividend distribution plan.</li> <li>2022 surplus distribution plan.</li> <li>Set the base date for the issuance of new shares for the conversion of ordinary shares in the fourth quarter of the year 2022 of the Company's first domestic secured convertible corporate bonds.</li> <li>The company's 2022 internal control system? Assessment of effectiveness and declaration of internal control system.</li> <li>Regularly assess the independence and suitability of the visa accountant.</li> <li>Visa Accountant renewal case for 2023 financial report.</li> <li>To discuss the "General Principles for Pre-Approval of non-conviction Service Policy" between the Company and the Company's Associates, including its Global Alliance member firms.</li> <li>Three months overdue accounts receivable to identify whether it is a loan of funds and its nature.</li> <li>Proposed amendments to some provisions of the Company's "Electronic Data Processing Control Operations".</li> <li>Proposed amendments to some provisions of the Company's "Code of Conduct for Financial Business Related to Related Parties".</li> <li>Proposed amendments to some provisions of the Company's Code of Practice on Sustainable Development.</li> </ol>	All the members present agreed to adopt.	All the members present agreed to adopt.
2023/05/08 Second term and fifth time Second time in 2023	<ol style="list-style-type: none"> <li>Financial Statements and operating Reports for the first quarter of 2023.</li> <li>Set the base date for the capital increase of the Company's first domestic secured convertible corporate bonds to convert ordinary shares in the first quarter of the year 2023.</li> <li>Three months overdue accounts receivable to identify whether it is a fund loan and its nature.</li> <li>Proposed amendments to part of the Company's "Code of Practice on Corporate Governance".</li> <li>Proposed amendments to some provisions of the Company's "Rules of Procedure for Shareholders' Meetings".</li> </ol>	All the members present agreed to adopt.	All the members present agreed to adopt.

	2023/08/09 Second term and sixth time Third time in 2023	1. Second quarter 2023 financial statements. 2. The Company prepares its own financial reporting ability assessment and plan. 3. Three months overdue accounts receivable to identify whether it is a fund loan and its nature. 4. Proposed amendments to some provisions of the Company's "Electronic Data Processing Control Operations". 5. It is proposed to amend some provisions of the Company's "Administrative Measures for Middlemen Distribution".	All the members present agreed to adopt.	All the members present agreed to adopt.
	2023/11/08 Second term and seventh time Fourth time in 2023	1. Third quarter 2023 financial statements. 2. Three months overdue accounts receivable to identify whether it is a fund loan and its nature. 3. Finalize the Company's 2024 annual internal audit plan. 4. Set the base date for the capital increase of the Company's first domestic secured convertible corporate bonds to convert ordinary shares in the third quarter of the year 2023.	All the members present agreed to adopt.	All the members present agreed to adopt.

(2) Except for the items mentioned above, other matters that have not been approved by the audit Committee and have been agreed by more than two-thirds of all directors: no such circumstances.

2. The implementation of the independent director's withdrawal from the interest proposal shall state the name of the independent director, the content of the proposal, the reasons for the withdrawal of interests and the voting circumstances: there is no such situation.

3. Communication between the independent director and the internal audit supervisor and the accountant (including major matters, methods and results of communication on the company's financial and business conditions, etc.):

(1) Communication methods between independent directors and internal audit supervisors and accountants:

1. The independent director and the head of internal audit shall report to the independent director on the execution of internal audit and the operation of internal control of the Company during regular meetings with the audit Committee, and communicate with the committee about the results of the audit and the implementation of the follow-up report. In case of major anomalies, the internal audit director shall convene a meeting at any time.

2. Accountants attend board of directors meetings from time to time and discuss and communicate with the company on the status of checking financial reports or related issues of finance, taxation and internal control.

(2) Summary of communication between the independent director and the internal audit supervisor:

The independent directors of the Company have good communication with each other regarding the performance of the audit business. The main communication matters are summarized as follows:

Date	Communication focus	Communication situation and results	Results of the Company's handling of the opinions of independent directors
2023/03/23 Second term and fourth time Audit committee	1. Assessment of the effectiveness of the internal control system and declaration of the internal control system. 2. Internal audit business report.	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present. 2. The board of directors attended the motion without objection.
2023/05/08 Second term and fifth time Audit committee	1. Assessment of the effectiveness of the internal control system and declaration of the internal control system. 2. Amendment to part of the Company's "Code of Practice on Corporate Governance". 3. Amendment of some	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present. 2. The board of directors attended the motion without

	provisions of the Company's "Rules of Procedure for Shareholders' Meetings".		objection.
	4. Internal audit business report.		
2023/08/09 Second term and six time Audit committee	1. Amendment of some provisions of the Company's "Electronic Data Processing Control Operations". 2. Amendment of some provisions of the Company's "Administrative Measures for Middlemen Distribution". 3. Internal audit business report.	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present. 2. The board of directors attended the motion without objection.
2023/11/08 Second term and seventh time Audit committee	1. Formulate the Company's 113th annual internal audit plan. 2. Internal audit business report.	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present. 2. The board of directors attended the motion without objection.

(3) Summary of communication between independent directors and visa accountants:  
The communication between the independent director of the Company and the visa accountant: The communication is good, and the main communication matters are summarized as follows:

Date	Communication focus	Communication situation and results	Results of the Company's handling of the opinions of independent directors
2023/03/23	1. Note by the Accountant on the 2022 audit financial report. 2. Regularly assess the independence and suitability of the certified accountant. 3. Renewal of certified accountant in 2012 financial report. 4. To discuss the "General Principles for Pre-Approval of non-conviction Service Policy" formulated by the Company and Deloitte & Touche (including its Global Alliance member firms).	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present. 2. The board of directors attended the motion without objection.
2023/05/08	Accountant's note on examination of the financial report for the first quarter of 2023.	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present.
2023/08/09	Accountant's note on examination of the financial report for the second quarter of 2023.	The independent directors agreed to consult.	2. The board of directors attended the motion without objection.
2023/11/08	Accountant's note on examination of the financial report for the third quarter of the year 2023.	The independent directors agreed to consult.	1. The bill was passed without objection by all members of the Audit Committee present.
2023/11/08	The accountant communicates with the management unit.	The independent directors agreed to consult.	The directors agreed to consult.



(3) The situation of corporate governance operation and the difference between the Code of Practice of corporate governance and the listed listed companies and the reasons for it:

Evaluation item	Operation situation			Circumstances and reasons for differences from the Code of Practice on corporate governance of listed companies
	Yes	No	Summary description	
1. Has the company formulated and disclosed the Code of Practice on corporate Governance in accordance with the Code of Practice on Listed Corporate Governance?	✓		The Company has a "Code of Practice on Corporate Governance" and a "Code of Practice on Corporate Social Responsibility" to ensure that the company's internal operations and management operations, as well as the relevant internal management systems, are carried out in a manner that fulfils the role of corporate social responsibility.	No material difference
2. the company's equity structure and shareholders' rights and interests				
(1) whether the Company has established internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation, and has implemented them in accordance with such procedures?	✓		(1) The Company has formulated the "Measures for the Management of Stock Operations" to incorporate the management of stock operations into the control operations of the internal control system, and has dedicated staff of spokespersons and acting spokespersons to deal with shareholders' suggestions or disputes in accordance with the Measures.	No material difference
(2) Does the Company have the list of the major shareholders who actually control the company and the final controllers of the major shareholders?	✓		(2) The Company entrusts a stock agent to handle matters related to stock affairs, and has the list of major shareholders and the list of final controllers of major shareholders, and reports transaction information in accordance with regulations.	No material difference
(3) Whether the company has established and implemented risk control and firewall mechanisms with related enterprises?	✓		(3) The Company formulated the "Related Group Enterprise Transaction Management Measures" in the financial and business transactions have clear strategies and norms, and the financial and business of each related enterprise are independently implemented, and by auditors regularly and irregularly audited.	No material difference
(4) Whether the company has established internal norms to prohibit the company's insiders from trading securities by using undisclosed information in the market?	✓		(4) In order to establish a good internal material information processing and disclosure mechanism of the Company and avoid improper information leakage, the Company has formulated and implemented the "Internal Material Information Processing Operating Procedures".	No material difference

Evaluation item	Operation situation			Circumstances and reasons for differences from the Code of Practice on corporate governance of listed companies
	Yes	No	Summary description	
3. Composition and duties of the Board of Directors				
(1) Whether the Board of Directors has formulated and implemented a diversity policy on membership composition?	✓		(1) The members of the directors of the Company pay attention to diversified elements and have professional knowledge and ability to perform their duties, and there are three independent directors. The background of the board members covers management, science and technology, finance and law and other fields, and technology industry operators, lawyers, accountants... Etc., with an industrial and diversified professional background, you can give professional advice from different angles, which is of great help to improve the company's business performance and management efficiency.	No material difference
(2) In addition to the salary and compensation committee and the audit committee, does the company voluntarily set up other functional committees?		✓	(2) The Company has established an audit committee and a compensation committee in accordance with the law; Other functional committees will evaluate the need for establishment based on the company's operating conditions.	No material difference
(3) whether the company has formulated the performance evaluation method and evaluation method of the Board of directors, conducted the performance evaluation annually and regularly, and reported the results of the performance evaluation to the Board of Directors, and used it as a reference for the compensation of individual directors and the nomination for renewal?	✓		(3) The Company has submitted to the Board of Directors to formulate the performance evaluation method of the Board of directors, and the method will be evaluated and used as a reference basis for future nomination and renewal.	No material difference
(4) Does the company regularly assess the independence of the visa accountant?	✓		(4) The Audit Committee and the Board of Directors of the Company annually evaluate the independence and suitability of the accountants, in addition to requiring the certified accountants to provide "Declaration of Independence" and "Audit Quality Indicators (AQIs)", and evaluate the five dimensions of the audit quality indicators and 13 indicators. It is confirmed that the accountant and the company have no other financial interests and business relationships except for the expenses of visa and tax cases, and the accountant's family members have not violated the independence requirement, and it is confirmed by referring to the AQI index information that the accountant and the firm meet the standards in terms of experience and training hours, and the visa accountant has no disciplinary record of the Accounting Disciplinary Committee in the last two years. The results of the evaluation were discussed and approved by the Audit Committee on March 15, 113, and presented to the Board of Directors on March 15, 113, by resolution to approve the evaluation of the independence and suitability of the accountants.	No material difference

Evaluation item	Operation situation			Circumstances and reasons for differences from the Code of Practice on corporate governance of listed companies
	Yes	No	Summary description	
4. Does the listed listing company have a qualified and appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be responsible for corporate governance related affairs (including but not limited to providing directors and supervisors with information needed to perform business, assisting directors and supervisors to comply with laws and regulations, handling related matters of the board of Directors and shareholders' meetings according to law, and preparing the minutes of the board of Directors and shareholders' meetings, etc.)?	✓		The Office of the Chairman of the Board of Directors of the Company shall be the responsible unit, and shall instruct the Management Office to be responsible for the affairs related to corporate governance, and appoint the Director of the Management Office to be responsible for the supervision. The contents of the affairs related to corporate governance in the preceding paragraph shall be handled in accordance with the provisions of the Code of Practice of Corporate Governance.	No material difference
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a special area for stakeholders on the company's website, and properly respond to important corporate social responsibility issues of concern to stakeholders?	✓		The Company has set up an Stakeholders' zone on the Company's website, where the Company's spokespersons and proxy spokespersons serve as a channel for internal and external communication to respond to important corporate social responsibility issues of concern to stakeholders.	No material difference
6. Does the company appoint a professional stock agency to handle the affairs of the shareholders' meeting?	✓		The Company has appointed "Yuanta Securities Co., Ltd. 's Stock Affairs Agency Department" to handle shareholders' meetings and related matters.	No material difference

Evaluation item	Operation situation			Circumstances and reasons for differences from the Code of Practice on corporate governance of listed companies
	Yes	No	Summary description	
7. Information disclosure (1) Does the company set up a website to disclose financial business and corporate governance information?	✓		The Company has a website to disclose information about the company's financial business and corporate governance, and links to the public information on the official website of the Open Information Observatory, and has a special person responsible for the disclosure of material information entered into the company in accordance with regulations, and implements the spokesperson system in accordance with regulations.	No material difference
(2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a special person to collect and disclose company information, implementing the spokesperson system, placing the company website during the legal person briefing process, etc.)?	✓		The Company shall handle the announcement and declaration of various information in accordance with the provisions of the competent authorities and relevant laws and regulations; Shareholders can inquire and know the Company's information and major events on the Public Information Observatory or the Company's website.	
(3) Whether the company announces and reports the annual financial report within two months after the end of the fiscal year, and announces and reports the financial report of the first, second and third quarters and the operating situation of each month in advance of the prescribed time limit?		✓	The Company shall complete the announcement and declaration of annual and quarterly financial reports within the statutory period, and declare the operation of each month on a monthly basis.	

Evaluation item	Operation situation			Circumstances and reasons for differences from the Code of Practice on corporate governance of listed companies
	Yes	No	Summary description	
8. Whether the Company has other important information that helps to understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors by the Company) Dangerous circumstances, etc.)?	✓		<p>(1) Employee rights and interests: The company provides employees with adequate education and training, so that employees have adequate channels to reflect their opinions, and provides employees with reasonable benefits and remuneration in accordance with local laws and regulations.</p> <p>(2) Employment care: In addition to handling in accordance with the relevant regulations of the local government, we do not regularly hold dinner, recreation and other activities to adjust the body and mind of employees.</p> <p>(3) Investor relations: The Company has a spokesperson and a representative spokesperson, as the company to express opinions or reply to investor questions, if necessary, at any time by telephone, E-mail contact.</p> <p>(4) Supplier relationship: uphold the spirit of mutual trust and mutual benefit for suppliers, and conduct supplier audit and management on the basis of good faith, and confirm that the suppliers can grow together and create a win-win situation under the compliance with various environmental protection treaties and social responsibilities.</p> <p>(5) Rights of stakeholders: In order to implement the spokesperson system, the Company is committed to improving the relationship between stakeholders, shareholders have priority rights to express opinions on the company's operating performance, and respect and try to meet the requirements of all stakeholders.</p> <p>(6) Training of Directors and Supervisors: All directors of the Company (including independent directors) have attended at least 12 hours of corporate governance training course in 2023.</p> <p>(7) Implementation of risk management policies and risk measurement standards: The Company has an internal control system and related management measures and implements them in accordance with these measures to reduce and prevent any possible risks.</p> <p>(8) The implementation of customer policies: the special department is responsible for the customer inquiry appeal pipeline.</p> <p>(9) The Company has purchased liability insurance for directors: The Company has purchased liability insurance for all directors (including independent directors).</p>	No material difference
9. Please explain the improvement in the results of the recent annual corporate Governance evaluation released by the Corporate Governance Center of Taiwan Stock Exchange Co., LTD., and suggest the priorities and measures for strengthening those that have not yet improved: The Company has participated in and completed the self-assessment of the self-assessment according to the corporate governance measures, and most of them are in line with the spirit of corporate self-care without major differences.				

(1/3) The status of directors' training in 2023

Title	Name	Organizer	Study course	Study hours (hours)
President	TSOU, KUEI-CHUAN	Corporate Chunghua Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3
		Corporate Chunghua Corporate Governance Association	Board governance under ESG	3
Director	NG, WAN CHAI	Corporate Chunghua Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3
		Corporate Chunghua Corporate Governance Association	Board governance under ESG	3
Director	LIN, TSE-MING	Corporate Chunghua Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3
		Corporate Chunghua Corporate Governance Association	Board governance under ESG	3
Director	CHANG, CHUN-CHENG	Corporate Chunghua Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3
		Corporate Chunghua Corporate Governance Association	Board governance under ESG	3
Independent director	CHANG, JUNG-MING	Corporate Chunghua Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3
		Corporate Chunghua Corporate Governance Association	Board governance under ESG	3
Independent director	CHEN, AN-SHUN	Taiwan Over-the-Counter Exchange	Shareholding Advocacy Seminar for Insiders of Listed and OTC Companies	3
		Environmental Protection Administration	Green chemistry to create sustainable	3
Independent director	KUO, DENG-FU	Corporate Chunghua Corporate Governance Association	Strategies for Businesses and Individuals in Response to the CFC Crisis	3
		R.O.C. Securities and Futures Market Development Foundation	Advanced Practice Seminar for Directors and Supervisors (including independent) and corporate governance executives	3

(2/3) The continuing education of the executive accounting supervisor and the training of the corporate governance supervisor in relation to corporate governance in 2023

Title	Name	Organizer	Study course	Study hours (hours)
Chief Financial Officer and Director of Management, Head of Accounting	LIANG, XIU-RU	R.O.C. Accounting Research and Development Foundation	Advanced Continuing Education Program for Issuers, Securities Firms, and Stock Exchange Accounting Managers	12
Company Governance Executive	LIANG, XIU-RU	Taiwan Stock Exchange Corporation	Sustainable Development Action Plan Promotion Conference of Listed Cabinet Companies	3
			New Horizons for Sustainable Investment and Financing Forum	3
		Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
		R.O.C. Accounting Research and Development Foundation	2023 Transformational Finance and Sustainable Disclosure Seminar	3
			"Financial report review" common deficiencies and important internal control regulations practice analysis	6

(3/3) Internal Audit supervisors' training status in 2023

Title	Name	Organizer	Study course	Study hours (hours)
Audit Supervisor	CHEN, YOU-YU	R.O.C. Institute of Internal Auditors	The Latest Context of Corporate Governance Viewed Through Corporate Governance Evaluation Indicators	6
			Policy analysis of "self-compilation of financial report" and "sustainable report" and focus on internal audit and internal control practice	6

(4) If the company has a remuneration committee, it shall disclose its composition, duties and operation:

1. Information of members of the Compensation Committee

Status	Name	Have more than five years of work experience and the following professional qualifications			Meet the independence situation (Note 1~ Note 10)										Member numbers of compensation committees of other public offering companies	Remark
		Lecturer or above from a public or private university in a related field of business, legal, finance, accounting or corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed national examinations and obtained certificates necessary for the business of the company	Business, legal, financial, accounting or corporate experience required	1	2	3	4	5	6	7	8	9	10		
Independent director	CHANG, JUNG-MING	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent director	CHEN, AN-SHUN	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent director	KUO, DENG-FU (Note 11)	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note: For members who meet the following conditions two years before and during their term of office, please type "✓" in the space below each condition code.

(1) Persons who are not employees of the Company or its affiliated enterprises.

(2) He is not a director or supervisor of the Company or its affiliated enterprises (except if he is an independent director of the company and its parent company, subsidiary company or subsidiary of the same parent company who serves concurrently with each other in accordance with this law or the laws of the local country).

(3) Natural person shareholders who are not themselves, their spouses, minor children or in the name of others who hold more than 1% of the total number of shares issued by the company or who hold the top ten shares.

(4) Spouses, relatives within the second or immediate relatives within the third of managers listed in (1) or persons listed in (2) and (3).

(5) Directors, supervisors or servants of corporate shareholders who do not directly hold more than 5% of the total number of issued shares of the Company, the top five holders of shares or those who appoint representatives as directors or supervisors of the Company in accordance with paragraph 1 or paragraph 2 of Article 27 of the Company Law (but if they are independent directors of the Company and its parent company, subsidiaries or subsidiaries of the same parent company in accordance with this Act or the laws of the country in which they are located), , this limitation does not apply.

(6) where more than half of the shares with which the company is not a director or with voting rights are controlled by the same person, are directors, supervisors or servants of other companies (except in the case of independent directors of the company or its parent company, subsidiary or subsidiary of the same parent company who are concurrently established by this Act or by law of the country in which they are located).

(7) A director (director), supervisor (supervisor) or servant of another company or institution who is not the same person or spouse as the chairman, general manager or equivalent of the company (except for independent directors of the company and its parent company, subsidiary or subsidiary of the same parent company who are concurrently appointed by this law or the laws of the local country).

(8) is not a director, supervisor, manager, or shareholder holding more than 5% of the company's shares, nor does he/she have financial or business dealings with a specific company or institution (provided that the specific company or institution holds more than 20% but does not exceed 50% of the total number of shares issued by the company). Additionally, if he/she is an independent director of the company or its parent company, subsidiary, or a subsidiary of the same parent company established in accordance with this Act or the laws of the local country, this limitation does not apply.

(9) Professionals, proprietorships, partnerships, business owners, partners, directors (directors), supervisors (supervisors), managers and their spouses who do not provide audit services for companies or affiliated enterprises or whose accumulated remuneration in the last two years does not exceed NT \$500,000. This does not apply to members of the Compensation Committee, Public Takeover Review



Committee or Special Committee on Mergers and Acquisitions who perform their functions under the relevant laws of the Securities and Exchange Act or the Corporate Merger and Acquisition Act.  
(10) no one of the provisions of Article 30 of the Company Law.  
(11) KUO, DENG-FU, independent director, appointed on .03/23/2023

## 2. Information on the operation of the Compensation Committee

(1) There are three members of the Remuneration Committee of the Company.

(2) Term of office of the current member: June 21, 2022 to June 21, 2025, the Salary and Compensation Committee meets three times in the most recent year (A), membership and attendance is as follows:

Title	Name	Actual attendance (B)	Commissioned attendance	Actual attendance (%) 【B/A】 (Note 1)	Remarks (Note 2)
Convener	CHANG, JUNG-MING	3	0	100 %	Convener of the second term Member of the first and second remuneration committee
Member	CHEN, AN-SHUN	3	0	100 %	Member of the second remuneration committee
Member	KUO, DENG-FU (Note3)	1	1	50%	Member of the second remuneration committee 2023.03.23 Appointment

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date, period, content of the proposal, outcome of the resolution of the Board of directors and the company's treatment of the advice of the Remuneration Committee (if the remuneration approved by the Board of Directors is better than the remuneration Committee's recommendation, it shall state the circumstances and reasons for the difference) : No such case.
2. If members of the Remuneration Committee have objections or reservations and there are records or written statements, they should state the date and period of the Remuneration committee, the content of the motion, all members' opinions and the handling of members' opinions: No such case.

Note:

- (1) If a member of the Remuneration Committee has resigned before the end of the year, the date of departure shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated by the number of meetings of the Remuneration Committee and the number of actual attendance during the period of his/her employment.
- (2) Before the end of the year, if there is a reelection of the Remuneration committee, the new and old members of the Remuneration Committee shall be listed, and indicate in the remarks column whether the member is the old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated by the number of meetings of the

Remuneration Committee and the number of actual attendance during his/her employment.

(3) Member KUO, DENG-FU appointed on 03/23/2023.

3. The responsibility of the Remuneration Committee is to assist the Board of Directors to regularly evaluate and determine the remuneration of directors and managers, and to regularly review the policies, systems, standards and structures of performance evaluation and remuneration of directors and managers.

(1/4) If the company has a nomination committee, it shall disclose its composition and operation: Nil.

(5) The implementation status of promoting sustainable development and the differences with the Code of Practice on sustainable Development of listed companies and the reasons for them:

Project Promotion	Implementation status (Note 1)			Circumstances and reasons for differences from the Code of Practice on Sustainable Development of listed companies
	Yes	No	Summary description	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (and part-time) unit to promote sustainable development, and is authorized by the board of directors to handle senior management, and the Board of Directors to supervise the situation?		✓	The Company has not yet promoted the sustainable development of professional (part-time) units.	Will be subject to the company's operating conditions and scale.
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality? (Note 2)		✓	The Company has not yet formulated relevant risk management policies and strategies, which will be prescribed by law or as required by the company in the future.	Will be subject to the company's operating conditions and scale.
3. Environmental issues				
(1) Whether the company has established an appropriate environmental management system according to its industrial characteristics?	✓		(1) The company mainly develops and assembles machines, and the production process will not produce harmful substances and waste water, and the management office will publicize the relevant environmental management systems and precautions; The company shall entrust qualified waste cleaning and transportation companies to deal with waste matters and other ways to establish compliance. Environmental management system of industry characteristics.	No material difference
(2) Is the company committed to improving the efficiency of the utilization of various resources and using recycled materials with low impact on the environmental load?	✓		(2) The Company continues to promote the efficiency of resource utilization, including promoting the electronization of processes, reducing the use of paper, promoting energy saving and water saving policies, setting air conditioning temperature and time control, implementing energy-saving switching off lights during lunch breaks, recycling and reuse of various materials or resources to reduce the impact on the environmental load.	No material difference
(3) Whether the company has assessed the potential risks and opportunities of climate change for the company now and in the future, and has taken measures to address climate-related issues?	✓		(3) The Company always pays attention to the impact of climate change on the company's business activities, and actively improves the utilization rate, reduces waste and reduces the impact on the environment in formulating relevant strategies.	No material difference
(4) whether the company has compiled statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management?	✓		(4) to promote paperless offices, achieve office energy conservation through air conditioning temperature control and water and electricity use control, and enhance publicity on waste separation, so as to reduce the generation of general waste.	No material difference

Project Promotion	Implementation status (Note 1)			Circumstances and reasons for differences from the Code of Practice on Sustainable Development of listed companies
	Yes	No	Summary description	
4. Social issues				
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The personnel unit of the company follows the work rules stipulated by the Labor Law and relevant regulations, respects the internationally recognized principles of basic labor rights, and has established appropriate management methods and procedures.	No material difference
(2) Whether the company has established and implemented reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and properly reflected business performance or results in employee remuneration?	✓		(2) The company's salary and leave are in accordance with the labor law, in addition to the annual bonuses based on business performance, and the relevant reward and punishment system, and the provision of employee treatment methods and performance assessment management methods, but also encourage colleagues to actively participate in the company to fulfill corporate social responsibility can play a activated role.	No material difference
(3) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	✓		(3) In order to achieve the goal of zero disaster in the workplace, the company continuously improves the working environment conditions, maintains the health and safety of employees, and regularly implements safety and health training to enhance the safety concept of employees. The company also organizes physical health checks for workers every two years, so that colleagues can understand their physical and mental conditions, and make contributions to themselves and the company.	No material difference
(4) Whether the company has established an effective career ability development training program for employees?	✓			
(5) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, has the company complied with relevant regulations and international standards, and formulated relevant policies and complaint procedures to protect consumer rights and interests?	✓		The Company had no fire-related incidents in 2023 (4) The Company regularly or irregularly organizes various internal education and training for employees to enrich their personal career abilities. (5) The Company's marketing and labeling of products and services comply with relevant laws and regulations and international standards to protect relevant rights and interests, and set up a marketing office and customer service department to provide after-sales service to customers.	No material difference No material difference
(6) Whether the company has established a supplier management policy, requiring suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health or labor human rights, and its implementation?	✓		(6) The Company has a supplier management method, to understand and communicate with suppliers on environmental protection, safety and health issues, encourage them to improve environmental protection, safety and health performance, in order to implement the implementation of corporate social responsibility; Contracts with major suppliers are handled in accordance with the supplier management procedures established by the Company.	No material difference

Project Promotion	Implementation status (Note 1)			Circumstances and reasons for differences from the Code of Practice on Sustainable Development of listed companies
	Yes	No	Summary description	
5. Does the Company refer to the international standards or guidelines for the preparation of reports to prepare reports disclosing non-financial information of the company, such as the sustainability report? Has the previous report obtained the assurance or assurance opinion of the third party verification unit?		✓	The Company has not prepared reports that disclose non-financial information of the company, such as the Sustainability report.	Will be subject to the company's operating conditions and scale
6. If the company has its own code of Practice for Sustainable Development of Listed Companies in accordance with the Code of Practice for Sustainable Development of Listed Companies, please state the difference between its operation and the code: no difference Code of Practice on Sustainable Development (formerly Code of Practice on Corporate Social Responsibility)				
7. Other important information for understanding the implementation of sustainable development: For employees' rights and interests, the Company has set up an occupational worker welfare committee to pay attention to employees' rights and interests.				

Note 1: If "Yes" is checked, please explain the important policies, strategies, measures adopted and the implementation situation; If "No" is checked, please explain the reasons and explain the plan to adopt the relevant policies, strategies and measures in the future.

Note 2: The materiality principle refers to environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders.

Note 3: Disclosure methods: Please refer to the Best Practice Reference examples of the Taiwan Stock Exchange Corporate Governance Center Website.

(6) The situation of performing honest business and the difference between the code of honest business of listed companies and the reasons for it:

Evaluation item	Operation situation			Situation and reason of the difference between the code of integrity and that of listed companies
	Yes	No	Summary description	
1. Formulate integrity management policies and programs			(1) The Company has formulated the "Ethical Business Code" and the "Ethical Business Operating Procedures and Conduct Guide" and other relevant measures to regulate that all employees must be honest and impartial in the execution of the company's business and comply with government laws and regulations. Board members and management also operate the company with integrity.	No material difference
(1) Has the company formulated an honest business policy approved by the Board of Directors, and expressed in the rules and external documents the honest business policy and practice, and the board of Directors and senior management to actively implement the business policy commitment?	√		(2) The Company's group enterprises and organizations to formulate a preventive plan covering the following preventive measures: 1. Giving and receiving bribes 2. Making illegal political contributions 3. Making improper charitable donations or sponsorships 4. Offering or accepting unreasonable gifts, hospitality or other improper benefits 5. Infringement of trade secrets, trademarks, patents, Copyrights and other intellectual property 6. 7. Products and services are procured, offered or sold to harm, directly or indirectly, the rights, health and safety of consumers or other interested parties.	No material difference
(2) whether the company has established an evaluation mechanism for the risk of dishonest behavior, regularly analyzes and evaluates the business activities with high risk of dishonest behavior within the business scope, and formulates a plan to prevent dishonest behavior according to it, and at least covers the preventive measures for the acts of Article 7, paragraph 2, of the Code of Integrity Management of Listed Companies?	√		(3) In accordance with the Company's "integrity Operating Procedures and guidelines", before establishing business relations with others, should first? Evaluate the legality, integrity policies of agents, suppliers, customers or other business partners, and whether there have been cases of dishonesty. To ensure that its business practices are fair and transparent and that it does not ask for, offer or accept bribes.	No material difference
(3) Whether the company has clearly defined operating procedures, conduct guidelines, disciplinary and appeal systems for violations in the prevention of dishonest behavior program, and implemented them, and regularly reviewed and amended the former program?	√			

Evaluation item	Operation situation			Situation and reason of the difference between the code of integrity and that of listed companies
	Yes	No	Summary description	
2. Implement honest management				
(1) Does the Company evaluate the integrity record of the dealing party and specify the integrity clause in the contract signed between the company and the dealing party?	✓		(1) The group enterprises and organizations of the Company enter into contracts with others, the content of which includes compliance with the integrity management policy and the relevant integrity clauses of the contract may be terminated or terminated at any time if the counterparty of the transaction is involved in dishonest behavior.	No material difference
(2) Whether the company has set up a special unit under the Board of Directors to promote enterprise integrity management, and regularly (at least once a year) report to the Board of Directors its integrity management policy and prevention of dishonest behavior plan and supervise the implementation of the situation?	✓		(2) The management Office of the group enterprises and organizations of the Company shall be responsible for the formulation and supervision of the implementation of the integrity management policy and prevention plan, and report the dishonest behavior, its treatment and subsequent review and improvement measures to the Board of Directors as necessary.	No material difference
(3) Does the company have a conflict-of-interest prevention policy, provide appropriate representation channels, and implement it?	✓		(3) For conflicts of interest related matters, the company's internal employees can report to their immediate supervisor or directly to the supervisor of the management office.	No material difference
(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit will draw up relevant audit plans based on the assessment results of the risk of dishonest behavior, and check the compliance with the plan to prevent dishonest behavior, or entrust accountants to carry out the audit?	✓		(4) The Company has established an effective accounting system and internal control system; There is also an internal audit plan. The internal audit unit will carry out various audit operations according to the audit plan. In case of special circumstances, special audits will be arranged.	No material difference
(5) Does the company regularly conduct internal and external education and training on integrity management?	✓		(5) The chairman, general manager or senior management of the Company regularly conveys the importance of integrity to the directors, employees and appointees. The Company regularly organizes educational training and publicity for directors, supervisors, managers, employees, appointees and substantive controllers, and invites counterparts engaged in business conduct with the Company to participate, so that they fully understand the company's determination, policies, prevention programs and the consequences of dishonest conduct. The company integrates the integrity management policy with the employee performance appraisal and human resources policy to establish a clear and effective reward and punishment system.	No material difference

Evaluation item	Operation situation			Situation and reason of the difference between the code of integrity and that of listed companies
	Yes	No	Summary description	
3. Operation of the company's whistleblowing system				
(1) whether the company has established a specific whistleblowing and reward system, established a pipeline to facilitate whistle-blowing, and designated appropriate personnel to handle the whistle-blowing targets?	✓		(1) The implementation of the company's whistleblowing system, the acceptance unit is the audit room, and the audit supervisor is responsible for; If the investigation finds material violations or the company is in danger of significant damage, immediately make a report and notify the independent directors or supervisors in writing. And if the complaint involves a director or senior executive, report it to an independent director or supervisor.	No material difference
(2) Whether the company has established the investigation standard operating procedures for accepting complaints, the follow-up measures to be taken after the completion of the investigation and the relevant confidentiality mechanism?	✓		(2) The Company will treat the relevant documents and information of the reported matters as confidential documents, and all personnel involved in the process will be publicized by the specialized personnel or the management office, and the relevant personnel have the responsibility of complete confidentiality.	No material difference
(3) Whether the Company has taken measures to protect the whistleblower from improper disposal due to the whistleblower?	✓		(3) The Company is responsible for the confidentiality of the whistleblower and has not handled any matter improperly.	No material difference
4. Strengthen information disclosure				
(a) Whether the Company discloses on its website and open information Observatory the content and effectiveness of its ethical code of conduct?	✓		(1) The Company discloses the content of its Code of integrity on the company website and the Open Information Observatory, and there are no complaints as of the date of publication.	No material difference
5. If the company has its own Code of integrity in accordance with the Code of Integrity for Listed Companies, please state the difference between its operation and the Code: The Company has formulated the Code of Integrity for Listed Companies and the Code of Integrity for Listed Companies and the Code of Integrity for Listed Companies.				
6. Other important information that helps to understand the Company's integrity operation (such as the Company's review and amendment of its ethical business Code, etc.) : The group enterprises and organizations of the Company regularly organize education and training and promotion for directors, managers and employees, and publicize the company's determination to conduct ethical business to the vendors who are all honest in their business dealings.				

(7) How to inquire the corporate Governance Code and related rules:

The Company has formulated the "Code of Practice on Corporate Governance", the "Code of Integrity", the "Rules for the Organization of the Compensation Committee" and the "Rules for the Organization of the Audit Committee" and other relevant regulations. Please refer to the public information observatory



(<http://mops.twse.com.tw>) and our company website (<https://www.asiametalinc.com>) dedicated to corporate governance.

(8) Other important information sufficient to enhance the understanding of the operation of corporate governance may be disclosed together:

The Company continues to invest resources in strengthening its corporate governance operations and currently has three independent directors, as well as an audit Committee and a compensation committee.

(9) The implementation of the internal control system shall disclose the following matters:

1. Internal Control Statement (detail page).

2. Those who entrust accountants to audit the internal control system shall disclose the audit report of accountants: Nil.

(10) In the most recent year and as of the date of publication of the annual report, the company and its internal personnel are punished according to law, or the company has punished its internal control system for its internal personnel, and the punishment result may have a significant impact on shareholders' rights and interests or securities prices, shall list the content of the punishment, the main deficiencies and improvement: Nil.

Asia Metal Industries, inc.  
Internal Control System Statement

Date: January 18, 2024

The internal control system of the company for the year 2023, based on the results of self-evaluation, would like to declare as follows:

1. The Company acknowledges that it is the responsibility of the Board of Directors and managers of the Company to establish, implement and maintain an internal control system and that the Company has established such a system. Its purpose is to provide reasonable assurance for the achievement of operational effectiveness and efficiency (including profit, performance and asset safety protection, etc.), reliability, timeliness, transparency and compliance with relevant regulations and laws and regulations.
2. The internal control system has its inherent limitations, no matter how perfect the design, an effective internal control system can only provide reasonable guarantees for the achievement of the above three objectives; Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change. However, the internal control system of the Company has a self-monitoring mechanism, and the Company will take corrective action once the failure is identified.
3. The Company determines whether the design and implementation of the internal control system is effective in accordance with the evaluation items of the effectiveness of the internal control system stipulated in the "Guidelines for the Treatment of the Establishment of Internal Control System for Public Offering Companies" (hereinafter referred to as the "Treatment Guidelines"). The internal control system used in the "treatment criteria" to judge the project is divided into five components according to the process of management control: 1. Control Environment, 2. Risk Assessment, 3. Control Operations, 4. Information and Communication, and 5. Supervise the operation. Each component in turn includes a number of items. Please refer to the "Treatment Guidelines" for the foregoing items.
4. The Company has adopted the above internal control system to judge projects and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results of the preceding paragraph, the Company considers that the internal control system (including supervision and management of subsidiaries) of the Company as of December 31, 2023, Including understanding the effectiveness of operations and the degree to which efficiency objectives are being achieved, reporting is reliable, timely, transparent and in compliance with relevant codes and relevant laws and regulations, and the design and implementation of relevant internal control systems are effective, and can reasonably ensure the achievement of the above objectives.
6. This statement will be the main content of the Company's annual report and will be made public. If the above disclosed content is false, concealing and other illegal matters, it will involve the legal liability of Article 20, Article 32, Article 171 and Article 174 of the Securities Exchange Law.
7. This statement was passed by the Board of Directors of the Company on January 18, 2024, and 6 directors attended, 1 of whom entrusted other independent directors to attend, 0 of whom objected, and the rest agreed to the content of this statement.

Asia Metal Industries, inc.

President: TSOU, KUEI-CHUAN  
General Manager: NG, WAN CHAI

(11) Important resolutions of the shareholders' meeting and the Board of Directors for the most recent year and up to the date of publication of the annual report.

1. 2023 Annual General Meeting Resolutions and Implementation:

Date	Agenda
06/27	<ol style="list-style-type: none"><li>1. 2022 Annual business Report and financial statement acknowledgement.</li><li>2. 2022 Annual surplus distribution recognition case.</li><li>3. Amendment to the "Rules of Procedure of Shareholders' Meetings" of the Company.</li><li>4. By-election of independent directors of the Company.</li><li>5. Lifting the new director's prohibition against business competition.</li></ol>

## 2. 2023 Important Resolutions of the Board of Directors and their implementation:

Date	Agenda
03/23	<ol style="list-style-type: none"> <li>1. 2022 Performance Appraisal of directors and managers</li> <li>2. The Company's corporate governance director appointment plan.</li> <li>3. 2022 Annual financial statements and business reports.</li> <li>4. 2022 cash dividend distribution plan.</li> <li>5. 2022 surplus distribution plan.</li> <li>6. Set the base date for the issuance of new shares for the conversion of ordinary shares in the fourth quarter of the year 2022 of the Company's first domestic secured convertible corporate bonds.</li> <li>7. The Company's 2022 internal control system effectiveness assessment and internal control system statement.</li> <li>8. Regularly assess the independence and suitability of the visa accountant.</li> <li>9. 2023 financial report on certification accountant renewal case .</li> <li>10. To discuss the "General Principles for Pre-Approval of non-conviction Service Policy" between the Company and the Company's Associates, including its Global Alliance member firms.</li> <li>11. Three months overdue accounts receivable to identify whether it is a loan of funds and its nature.</li> <li>12. Proposed amendments to some provisions of the Company's "Electronic Data Processing Control Operations".</li> <li>13. Proposed amendments to some provisions of the Company's "Code of Conduct for Financial Business Related to Related Parties".</li> <li>14. Proposed amendments to some provisions of the Company's Code of Practice on Sustainable Development.</li> <li>15. Appointment of Remuneration Committee members.</li> <li>16. 2011 employee compensation and director compensation allocation and distribution plan.</li> <li>17. Credit line application for financial institutions.</li> <li>18. The Company's 2023 directors' liability insurance</li> <li>19. By-election of independent Directors of the Company.</li> <li>20. The 112th annual General Meeting of the Company accepts matters relating to shareholders' proposal rights.</li> <li>21. At the 112th annual General Meeting of the Company, the nomination of shareholders shall be considered for inclusion in the list of candidates.</li> <li>22. It is proposed that the Board of Directors nominate the list of independent director candidates and the nominees review the operation.</li> <li>23. Lifting the restriction of the new director's non-competition.</li> <li>24. Preparation of the agenda for the Company's 2023 General Meeting.</li> </ol>
05/08	<ol style="list-style-type: none"> <li>1. First quarter 2023 financial statements.</li> <li>2. Set the base date for the capital increase of the Company's first domestic secured convertible corporate bonds to convert ordinary shares in the first quarter of the year 112.</li> <li>3. Three months overdue accounts receivable to identify whether it is a fund loan and its nature.</li> <li>4. Proposed amendments to part of the Company's Code of Practice on Corporate Governance.</li> <li>5. Proposed amendments to some provisions of the Company's "Rules of Procedure for Shareholders' Meetings".</li> <li>6. Credit line application for financial institutions.</li> <li>7. Preparation of matters relating to the agenda of the 2023 General Meeting of the Company (new items for discussion).</li> </ol>

Date	Agenda
08/09	<ol style="list-style-type: none"> <li>1. The Company establishes a CEO appointment.</li> <li>2. Second quarter 2023 financial statements.</li> <li>3. The Company prepares its own financial reporting ability assessment and plans.</li> <li>4. Three months overdue accounts receivable to identify whether it is a fund loan and its nature.</li> <li>5. Proposed amendments to some provisions of the Company's "Electronic Data Processing Control Operations".</li> <li>6. It is proposed to amend some provisions of the Company's "Administrative Measures for Middlemen Distribution".</li> <li>7. Amendment to the articles of Association of Kunshan Ruiping Precision Coating Equipment Co., Ltd., a subsidiary of the company.</li> <li>8. Credit line application for financial institutions.</li> </ol>
11/08	<ol style="list-style-type: none"> <li>1. Manager promotion case.</li> <li>2. Third quarter 2023 financial statements.</li> <li>3. Three months overdue accounts receivable to identify whether it is a fund loan and its nature.</li> <li>4. Formulate the Company's 113th annual internal audit plan.</li> <li>5. Set the base date for the capital increase of the Company's first domestic secured convertible corporate bonds to convert ordinary shares in the third quarter of the year 2023.</li> <li>6. The Company's 2024 Operating Budget.</li> <li>7. Credit line application for financial institutions.</li> </ol>

3. Important resolutions of the Board of Directors in 2024 and their implementation:

Date	Agenda
01/18	<ol style="list-style-type: none"> <li>1. The company's 2023 annual internal control system effectiveness assessment and internal control system statement.</li> <li>2. Revision of the "Method for the Provision for Loss of Receivables".</li> <li>3. Set the base date for the issuance of new shares for the conversion of ordinary shares in the fourth quarter of the year 2023 for the Company's first domestic secured convertible corporate bonds.</li> <li>4. Credit line application for financial institutions.</li> </ol>
03/15	<ol style="list-style-type: none"> <li>1. 20123 annual performance reviews of the Board, functional committees and managers.</li> <li>2. 2012 annual financial statements and business reports.</li> <li>3. 2023 annual employee compensation and director compensation allocation and distribution plan.</li> <li>4. The Company issued the first secured convertible corporate bond in China, which will be repaid at maturity and terminated.</li> <li>5. In order to cooperate with the internal rotation mechanism of the company, it is proposed to change the visa accountant.</li> <li>6. Regularly assess the independence and suitability of the visa accountant.</li> <li>7. The Company has entered into the "General Principles for Pre-Approval of Non-conviction Service Policies" with the Joint Accounting firm of the Company (including its Global Alliance members).</li> <li>8. Visa Accountant renewal case for 2013 financial report.</li> <li>9. Three months overdue accounts receivable to identify whether it is a loan of funds and its nature.</li> <li>10. Proposed amendments to some provisions of the Company's "Measures for the Exercise of Functions and Powers by the Audit Committee".</li> <li>11. Proposed amendments to some provisions of the Company's "Rules of Procedure for the Board of Directors".</li> <li>12. Credit line application for financial institutions.</li> <li>13. The Company's director's liability insurance for the year 2024.</li> <li>14. The 2024 annual general meeting of the Company shall entertain matters relating to shareholders' proposal rights.</li> <li>15. Preparation of matters relating to the agenda of the Company's General meeting for 2024.</li> </ol>
05/08	<ol style="list-style-type: none"> <li>1. First quarter 2024 financial statements.</li> <li>2. Set the base date for the issuance of new shares for the conversion of common shares into the first quarter of 2013 of the Company's first domestic secured convertible corporate bonds.</li> <li>3. Three months overdue accounts receivable to identify whether it is a fund loan and its nature.</li> <li>4. 2023 annual cash dividend distribution plan.</li> <li>5. 2023 annual surplus distribution plan.</li> <li>6. Credit line application for financial institutions.</li> </ol>

(12) In the most recent year and up to the date of publication of the annual report, directors or supervisors have different opinions on important resolutions adopted by the board of directors and there are records or written statements, the main contents of which are: Nil.

(13) Summary of resignation and removal of Chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor of the Company in the most recent year and as of the date of publication of the annual report: Nil.

## 4, Certified Public Accountant Fee Information: Public Accountant Fee Information Level Table

Unit: NT\$ thousand

Name of accounting firm	Accountant's name		Check period	Remark
Deloitte & Touche	HE JUI-CHUAN	CHANG KEN-HSI	2023/1/1~12/31	

Public Fee		Audit fee	Non-audit fee	Total
Money level				
1	Lower than 2,000 NT\$ thousand	-	376	376
2	2,000 NT\$ thousand (inclusive) ~ 4,000 NT\$ thousand	3,050	-	3,050
3	4,000 NT\$ thousand (inclusive) ~ 6,000 NT\$ thousand	-	-	-
4	6,000 NT\$ thousand (inclusive) ~ 8,000 NT\$ thousand	-	-	-
5	8,000 NT\$ thousand (inclusive) ~ 10,000 NT\$ thousand	-	-	-
6	10,000 NT\$ thousand (inclusive) or more	-	-	-

Unit: NT\$ thousand

Name of accounting firm	Accountant Name	Audit fee	Non-audit fees					Accountant Check period	Remark
			System design	Industrial and commercial registration	Human resources	Other	Subtotal		
Deloitte & Touche	HE JUI-CHUAN	3,050	-	-	-	376	376	112/1/1~12/31	-
	CHANG KEN-HSI								

- (1) If the non-audit public fee paid to the visa accountant, the visa accountant's firm and its affiliated enterprises is more than one quarter of the audit public fee, the amount of audit and non-audit public fee and the content of non-audit service shall be disclosed: not applicable.
- (2) If the accounting firm is changed and the audit public fee paid in the year of change is less than the audit public fee paid in the year before the change, the amount of audit public fee before and after the change and the reasons should be disclosed: not applicable.
- (3) Where the audit public fee is reduced by more than 10% from the previous year, the amount, proportion and reasons for the reduction of the audit public fee shall be disclosed: not applicable.

5. Change accountant information:

Where there is a change of accountant in the most recent two years and the period thereafter, the following matters shall be disclosed:

(1) About the former accountant

Replacement date	Approved by the Board of Directors on March 15, 2024		
Replacement reason and description	In order to meet the needs of internal rotation, the financial report certified accountant HE JUI-CHUAN and CHANG KEN-HSI were replaced by HE JUI-CHUAN and HUANG HAI-YUE from the first quarter of 2024.		
The termination or non-acceptance of the appointment by the appointor or accountant	Party / Condition	Accountant	Appointor
	Voluntary termination of appointment	Not Applicable	Not Applicable
	No further appointment	Not Applicable	Not Applicable
Opinions and reasons for issuing audit reports other than unqualified opinions within the last two years	Not Applicable		
There is no disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Check the scope or procedure
		-	Other
	Nil	V	
	Explanation	Nil	
Other disclosures (Article 10, Paragraph 5, Item 1, Paragraph 4 of the Guidelines for the Annual Records of a publicly issued company shall be disclosed)	Nil		

(2) Regarding succeeding accountants

Firm name	Deloitte & Touche
Accountant's name	Accountants HE JUI-CHUAN, HUANG HAI-YUE
Date of appointment	Adopted by the Board of Directors on March 15, 2024
Matters and results of advice on the accounting treatment or accounting principles of specific transactions and the possible issuance of financial reports prior to appointment	Not Applicable
Written opinion of the successor accountant on matters of disagreement with the predecessor accountant	Not Applicable



(3) The former accountant's reply to item 1 of Article 10, paragraph 6, and item 3 of item 2 of the Guidelines for the annual returns of a publicly issued company: not applicable.

6. The chairman, general manager, or manager in charge of financial or accounting affairs of the company, who has worked in the firm of the certified public accountant or its affiliated enterprise within the last year, shall disclose his name, title, and the period of employment in the firm of the certified public accountant or its affiliated enterprise. The term "affiliated enterprise of the firm of the certified public accountant" refers to an enterprise in which the certified public accountant's firm holds more than 50 percent of the shares or more than half of the board seats, or any company or institution listed as an affiliated enterprise in the information published by the certified public accountant's firm. Nil

7. Changes in equity transfer and equity pledge of directors, supervisors, managers and shareholders holding more than 10% in the most recent year and as of the date of publication of the annual report:

(1) Changes in equity transfer and equity pledge:

Title	Name	2023		2024 (as of April 26)	
		Shares held Increase (decrease)	Shares pledged Increase (decrease)	Shares held Increase (decrease)	Shares pledged Increase (decrease)
President	TSOU, KUEI-CHUAN	-	-	-	-
Director/General Manager	NG, WAN CHAI	-	-	-	-
Director	CHANG, CHUN-CHENG	-	-	-	-
Director	LIN, TSE-MING	-	-	-	(350,000)
Independent director	CHANG, JUNG-MING	-	-	-	-
Independent director	CHEN, AN-SHUN	-	-	-	-
Independent director	KUO, DENG-FU	-	-	-	-
Deputy General manager of General Manager Office	CHIANG, YAN-CHIAN	-	-	-	-
Deputy general manager of R&D center	WU, HUAN-JUNG	-	-	-	-
Director of manufacturing	CHOU, PAI-CHUAN (Note)	-	-	-	-
Project Business A project Vice president/Kunshan Rui Ping General manager	LIN, YUNG-CHIH	-	-	-	-
Director of customer service	KAO-CHI-MING	-	-	-	-
Head of Management/Head of Accounting/Head of Corporate Governance	LIANG, XIU-RU	-	-	-	-
Audit Supervisor	CHEN, YOU-YU	-	-	-	-

Note: Left office on April 25, 2024.

(2) Information that the relative of the equity transfer is a related person: no such case.

(3) Information that the relative of the equity pledge is a related person: no such case.

8. Information about the top 10 shareholders who are related to each other or are spouses or relatives within the second degree.

April 26, 2024; Unit: shares; %

Name	Own shares		Spouse and minor children hold shares		Aggregate holding of shares in the names of others		The top ten shareholders have financial accounting standards communicate with each other. The name or the name and the relation of the person who is a spouse or a relative within the second relative		Remark
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or Name)	Relation	
TSOU, KUEI-CHUAN	938,272	3.49%	-	-	700,000	2.60%	Yongguifu Investment (stock) company	Head of the company	-
LIN, TSE-MING	800,000	2.98%	-	-	-	-	-	-	-
CHANG, CHUN-CHENG	737,157	2.74%	-	-	-	-	-	-	-
Yongfeng Venture Capital Co., LTD Representative: HSU RU-MEI	716,000	2.66%	-	-	-	-	-	-	-
Yongguifu Investment Co., Ltd. Representative: TSOU, KUEI-CHUAN	700,000	2.60%	-	-	-	-	TSOU, KUEI-CHUAN	Person in Charge	-
Xinhua Taifu Co., Ltd. Representative: LI, WEN-CHUEH	499,000	1.86%	-	-	-	-	-	-	-
Zhaofeng Venture Capital Co., Ltd. Representative: LIN, JUI-YUN	473,000	1.76%	-	-	-	-	-	-	-
NG, WAN CHAI	414,638	1.54%	-	-	-	-	-	-	-
CHEN, YI-FANG	343,828	1.28%	-	-	-	-	TSOU, KUEI-CHUAN	Daughter-in-law	-
PENG, YU-YING	340,000	1.26%	-	-	-	-	-	-	-

Note 1: All the top ten shareholders shall be listed, and the names of legal shareholders and representatives shall be listed separately if they are legal shareholders.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in one's own name, spouse, minor children or in the name of others.

Note 3: The shareholders listed in the preceding paragraph include legal persons and natural persons, and the relationship between them shall be disclosed in accordance with the issuer's financial reporting standards.

9. The number of shares held by the company, the company's directors, supervisors, managers and undertakings directly or indirectly controlled by the company in the same reinvestment undertakings, and the combined calculation of the comprehensive shareholding ratio.

March 31, 2024

Unit: thousand shares; %

Reinvestment	Investment by the Company		Directors, supervisors, managers and direct or indirect control of investments in undertakings		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Celestial High Global Limited	(Note)	100%	-	-	(Note)	100%
Kunshan Ruiping precision coating equipment Co., Ltd.	(Note)	100%	-	-	(Note)	100%

Note: Limited company type, so no shares.

#### Four. Fundraising situation

##### I. Capital and shares

##### (1) Sources of capital stock:

##### 1. Process of capital stock formation:

Unit: Thousand shares/thousand NTD

Year /month	Issue price	Authorized share capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital stock	Using property other than cash to offset the share fund	Other
01.2014	10	14,441	144,417	14,441	144,417	Surplus transfer to capital increase 5,554 thousand NTD	Nil	(Note 1)
12.2014	10	18,052	180,521	18,052	180,521	Surplus transfer to capital increase 36,104 thousand NTD	Nil	(Note 2)
12.2020	52.8	35,000	350,000	21,000	210,001	Initial Over-The-Counter Cash increase 29,480 thousand NTD	Nil	(Note 3)
02.2022	53.99	35,000	350,000	21,419	214,187	Corporate bond conversion Issue new shares 4,186 thousand NTD	Nil	(Note 4)
06.2022	51.38	35,000	350,000	22,639	226,393	Corporate bond conversion Issue new shares 12,206 thousand NTD	Nil	(Note 5)
11.2022	51.38	35,000	350,000	22,886	228,865	Corporate bond conversion Issue new shares 2,472 thousand NTD	Nil	(Note 6)
04.2023	51.38	35,000	350,000	23,030	230,305	Corporate bond conversion Issue new shares 1,440 thousand NTD	Nil	(Note 7)
05.2023	48.52	35,000	350,000	24,050	240,503	Corporate bond conversion Issue new shares 10,198 thousand NTD	Nil	(Note 8)
07.2023	48.52	35,000	350,000	24,050	240,503	Not Applicable	Nil	(Note 9)
12.2023	48.52	35,000	350,000	24,073	240,730	Corporate bond conversion Issue new shares 227 thousand NTD	Nil	(Note 10)
02.2024	48.52	35,000	350,000	24,712	247,119	Corporate bond conversion Issue new shares 6,389 thousand NTD	Nil	(Note 11)
05.2024	48.52	35,000	350,000	26,884	268,842	Corporate bond conversion Issue new shares 21,723 thousand NTD	Nil	(Note 12)

Note 1: 2014.01.07 Paper File No. 10291148910.  
 Note 2: 2014.12.16 Paper File No. 10391178400  
 Note 3: 2020.12.16 Paper File No. 10991158890.  
 Note 4: 2022.02.18 Paper File No. 11190752360  
 Note 5: 2022.06.14.Paper File No. 11190902530  
 Note 6: 2022.11.29 Paper File No. 11191111740.  
 Note 7: 2023.04.13 Paper File No. 11290812740.  
 Note 8: 2023.05.29 Paper File No. 11290869700.  
 Note 9: 2023.07.11 Paper File No. 11290935880.  
 Note 10: 2023.12.01 Paper File No. 11291130130.  
 Note 11: 2024.02.05 Paper File No. 11390746280.  
 Note 12: 2024.05.23 Paper File No. 11390893870.

2. Type of shares:

Unit: Share

Class of shares	Authorized share capital			Remark
	Shares outstanding	Unissued shares	Total	
Common stock	26,884,177	8,115,823	35,000,000	Listed (OTC) stocks

3. Information related to the omnibus declaration system: Not applicable.

## (2) Shareholder structure

April 26, 2024

Shareholder structure Quantity	Government agency	Financial institution	Other legal person	Individual	Foreign institutions and foreigners	Total
Persons	-	-	180	20,350	24	20,554
Shares held	-	-	3,122,172	23,061,259	700,746	26,884,177
Shares held	-	-	11.61%	85.78%	2.61%	100%

## (3) The situation of equity dispersion

### 1. Dispersion of common shares

April 26, 2024; Unit: person/share

Shareholding classification	Number of shareholders	Shares held	Shareholding ratio (%)
1 to 999	17,250	110,464	0.41%
1,000 to 5,000	2,627	5,198,280	19.34%
5,001 to 10,000	313	2,497,558	9.29%
10,001 to 15,000	105	1,357,932	5.05%
15,001 to 20,000	73	1,348,072	5.01%
20,001 to 30,000	70	1,846,876	6.87%
30,001 to 40,000	27	966,455	3.59%
40,001 to 50,000	18	843,040	3.14%
50,001 to 100,000	35	2,530,280	9.41%
100,001 to 200,000	20	2,639,229	9.82%
200,001 to 400,000	8	2,267,924	8.44%
400,001 to 600,000	3	1,386,638	5.16%
600,001 to 800,000	4	2,953,157	10.98%
800,001 to 1,000,000	1	938,272	3.49%
More than 1,000,001	0	0	0%
Total	20,554	26,884,177	100.00%

2. Dispersion of special Shares: The Company does not issue special shares.

- (4) List of major shareholders: the number and proportion of shares held by shareholders with an equity proportion of more than 5% or the top ten shareholders with an equity proportion.

April 26, 2024; Unit: shares; %

Name of principal shareholder	Stock	Shares held	Shareholding ratio
TSOU, KUEI-CHUAN		938,272	3.49%
LIN, TSE-MING		800,000	2.98%
CHANG, CHUN-CHENG		737,157	2.74%
Yongfeng Venture Capital Co., Ltd.		716,000	2.66%
Yongguifu Investment Co., Ltd.		700,000	2.60%
Xinhua Taifu Co., Ltd.		499,000	1.86%
Zhaofeng Venture Capital Co., Ltd.		473,000	1.76%
NG, WAN CHAI		414,638	1.54%
CHEN, YI-FANG		343,828	1.28%
PENG, YU-YING		340,000	1.26%

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

Unit: shares; New Taiwan dollar

<div>Item \ Year</div>			2022	2023	Year ended March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		80.70	74.50	59.00
	Lowest		57.90	54.90	55.00
	Average		70.30	66.72	56.92
Net value per share (Note 2)	Before allotment		43.14	44.10	46.07
	After allotment		39.14	(Note 9)	-
Earnings per share	Weighted average shares		22,657,967	23,974,258	24,814,660
	Earnings per share (Note 3)		8.83	4.60	1.82
Dividend per share	Cash dividend		4	2	-
	Gratuitous allotment	Surplus allotment	-	(Note 9)	-
		Allotment of capital reserves	-	(Note 9)	-
	Accumulated unpaid dividends (Note 4)		-	-	-
Return on investment analysis	Price-earnings ratio (Note 5)		7.96	13.87	-
	Capital benefit ratio (Note 6)		17.58	31.90	-
	Cash dividend yield (Note 7)		5.69%	3.13%	-

\* Information on market prices and cash dividends retroactively adjusted to the number of shares issued should be disclosed if surplus or capital reserves are converted into additional rights issues.

Note 1: The maximum and minimum market prices of common shares for each year are shown, and the average market prices for each year are calculated based on the transaction value and volume of each year.

Note 2: Please fill in the number of shares issued at the end of the year and allocated in accordance with the resolution of the next annual shareholders' meeting

Note 3: If retrospective adjustment is required due to unpaid rights issue, the earnings per share before and after adjustment shall be shown.

Note 4: Where the conditions for the issuance of equity securities provide that dividends not paid in the current year may be accrued to the year in which there is a surplus, the dividends accrued up to the current year shall be disclosed separately.

Note 5: PE ratio = Average closing price per share/earnings per share for the year.

Note 6: Ratio of capital to profit = average closing price per share/cash dividend per share for the year.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.

Note 8: Net value per share, earnings per share should be included in the latest quarter as of the date of publication of the annual report audited (reviewed) information; The remaining fields should contain information for the year ending on the publication date of the annual report.

Note 9: The distribution of surplus for 2012 has been approved by the Board of Directors and has not yet been reported to the ordinary meeting of shareholders.



(6) Dividend policy and implementation status of the company

1. Dividend policy stipulated in the Articles of Association:

If the Company has a surplus in the final accounts of each year, in addition to the income tax payable in accordance with the law, it shall first make up the losses of previous years, and the next 10% shall be the statutory surplus reserve. However, when the statutory surplus reserve has reached the amount of the Company's paid-in capital, it may no longer be included in the statutory surplus reserve, and then the special surplus reserve shall be appropriated or reversed in accordance with the provisions of the competent authority. If there is any balance, and the accumulated undistributed surplus is considered as the balance available for distribution, the board of directors shall, after examining the company's operating status, submit it to the shareholders' meeting for a resolution on distribution.

The Company is in a stable growth stage of the industry, based on sound financial planning for sustainable business development, for the allocation of earnings, the company's future capital expenditure budget and capital needs should be taken into account in determining the amount of earnings retained or allocated. Dividends to shareholders may be distributed in the form of cash or stock, provided that the cash dividend shall not be less than 50 percent of the total dividends to shareholders in the current year. However, the proportion of such dividend payment may be adjusted according to the actual profit and capital needs of the year.

If the amount of surplus of the Company in the current year is much lower than the surplus actually distributed by the Company in the previous year, or if the company considers such factors as finance, business and operation, it may distribute all or part of the surplus according to law or as prescribed by the competent authority.

2. Implementation Status:

The Company's 2023 annual surplus distribution motion was passed by the Board of Directors on May 8, 2024, and resolved to distribute the cash dividend to shareholders of NT \$53,768,354, but the base date of distribution has not yet been decided.

(7) The impact of the proposed gratuitous rights issue in the current year on the Company's operating performance and earnings per share:

The Company's 2023 annual earnings distribution plan is a cash dividend distribution, so it is not applicable.

(8) Compensation of employees, directors and supervisors:

1. Percentage or scope of remuneration of employees, directors and supervisors as set out in the articles of association:

If there is any profit in the annual general accounts of the Company, no less than 3% shall be appropriated for employee compensation, which shall be distributed by the Board of Directors in stock or cash, including the employees of the subsidiary company who meet certain conditions; The Company shall allocate no more than 3% of the above initial profits to the remuneration of the directors and supervisors by resolution of the Board of Directors, and the remuneration of the directors and supervisors shall be in cash.

The remuneration of the employees and the remuneration of the directors and supervisors shall be distributed by the Board of Directors with a resolution attended by more than two-thirds of the directors and approved by a majority of the directors present, and shall be reported to the shareholders' meeting.

However, if the company still has accumulated losses, it shall reserve the compensable amount in advance, and then allocate the compensation of employees and directors and supervisors in accordance with the proportion of the preceding paragraph.

2. Accounting treatment for the calculation basis of the compensation amount of employees, directors and supervisors in the current period, the calculation basis of the number of shares allotted as dividends and the actual allocation amount if there is any difference from the estimated number: no such case.

3. Remuneration approved by the Board of Directors:

On March 15, 2024, the Company decided to set aside NT \$4,300,447 for employees and NT \$4,300,446 for directors and supervisors, respectively, and intends to pay them all in cash.

4. The shareholders' meeting reports the situation and results of the distribution of compensation: the actual distribution is the same as the resolution of the shareholders' meeting.

5. The actual allocation of compensation of employees, directors and supervisors in the previous year (including the number, amount and share price of shares allotted) is different from the compensation of recognized employees, directors and supervisors, and should state the difference, reasons and treatment: no such situation.

(9) Circumstances in which the Company repurchases its shares: Nil.

## 2. Corporate bond Handling Situation:

### **Corporate bond handling situation**

Types of corporate bonds (Note 2)		The first secured conversion of corporate bonds in China
Date of issue (processing)		June 10th, 2021
Denomination		NT \$100 thousand per piece
Place of issue and trading (Note 3)		Not Applicable
Issue price		Total issue: NT\$300,000 thousand.
Gross amount		Issued at 102% of face value, the total amount of issue is NT\$306,000 thousand.
Interest rate		0%
Deadline		3 years, 2021/6/10~ 2024/6/10
Guarantee mechanism		Yushan Commercial Bank Co. Ltd.
Bailee		Taishin International Commercial Bank Co., Ltd.
Underwriting agency		Unified Comprehensive securities Co. Ltd.
Certified lawyer		Not Applicable
Certified accountant		Not Applicable
Method of repayment		The principal shall be repaid in cash at maturity according to the denomination of the bonds, except for those converted, sold back or redeemed in advance by the Company or bought back for cancellation by the securities firm's business premises.
Outstanding principal		NT\$0.
Redemption or early redemption clause		Please refer to the Company's first domestic secured convertible bond issue and conversion method.
Restriction Clause (Note 4)		Nil
Name of credit rating agency, rating date, corporate bond rating results		Not Applicable
Plus other rights	The amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as at the date of publication of the annual report	NT\$298,500,000
	Issuance and conversion (exchange or subscription) method	Please refer to the Company's first domestic secured convertible bond issue and conversion method.
Issue and conversion, exchange or subscription method, issue conditions on the possible dilution of equity and the impact on the equity of existing shareholders		No significant impact
Name of the institution entrusted to exchange the subject matter		Not Applicable

Note 1: Corporate bond handling includes public offering and private placement of corporate bonds in process. The public offering of corporate bonds in process means that it has been effective (approved) by the Council; The private placement of corporate bonds in process refers to those that have been approved by the Board of Directors.

Note 2: The number of fields depends on the actual number of adjustments.

Note 3: Listed for overseas corporate bonds.

Note 4: Restrictions on the payment of cash dividends, foreign investment or requirements to maintain a certain proportion of assets, etc.

Note 5: Private placement should be indicated in a prominent manner.

Note 6: In the case of conversion bonds, exchange bonds, all-inclusive declaration and issuance of bonds or bonds with warrants, the information of conversion bonds, exchange bonds, all-inclusive declaration and issuance of bonds with warrants shall be disclosed in the tabular format according to the nature.

3. Special Unit handling Situation: No such situation.

4. Overseas depositary Receipt Handling Situation: No such situation.

5. Employee stock option handling situation: no such situation.

6. Limited employee rights new shares: no such situation.

7. Merger and acquisition or transfer of shares of other companies to issue new shares: no such situation.

8. Implementation of the fund application plan: as of the quarter before the date of publication of the annual report, the issuance or private placement of marketable securities has not been completed or has been completed within the last three years and the planned benefits have not yet appeared: no such situation.

## V. Operation overview

### I. Business content

#### (1) Business scope

1. Main contents of the company's business:

A. Design, manufacture, processing and trading of various metal machinery and parts.

B. Design, manufacture, processing and trading of various molds.

C. Various tanks and related pipeline engineering.

D. Design, manufacture, processing, maintenance and trading of automated mechanical equipment and parts.

E. Design, manufacture, processing and trading of precision testing instruments and parts.

F. Import and export business of the former products.

G. E603050 Automatic control equipment engineering.

H. EZ05010 Instrument and meter installation engineering.

I. E604010 Mechanical installation industry.

2. Business proportion

Unit: NT\$ thousand; %

Year Item	2022		2023	
	Turnover	Business proportion	Turnover	Business proportion
Printed circuit board substrate process equipment	1,372,761	94.31	1,047,717	79.96
Film process equipment	17,435	1.20	136,446	10.41
Sales service	64,655	4.44	97,526	7.44
Other	747	0.05	28,716	2.19
Total	1,455,598	100.00	1,310,405	100

3. Current products and services of the Company and its subsidiaries

No.	Business item
<b>A. Equipment</b>	
1.	Copper foil substrate vertical immersion coating equipment
2.	PTFE(Teflon) immersion machine
3.	Soft circuit board coating and laminating machine (2 Layer, 3 Layer, 2/3 Layer)
4.	Ceramic film (MLCC) coater
5.	Low temperature co-fired ceramic film (LTCC) coater
6.	Reflective film coating and composite machine
7.	Nano silver coating machine
8.	Small multi-functional coating and laminating machine
9.	Optical film coating experimental machine
10.	Tape coating and laminating machine (release paper, PVC tape, double-sided tape, BOPP tape)
11.	Double-sided coating and laminating machine
12.	Pearlescent paper coater A. equipment

<b>A. Equipment</b>	
13.	Foam coating and laminating machine
14.	Aluminum foil coating machine
15.	Solar backplane coater
16.	Single plate gravure roller coater
17.	Single Slot Die coater
18.	Lithium battery single-sided double-layer spacer plate coating machine
19.	High speed SPVC tape coater
20.	CEM1, CEM3 horizontal dipping coating equipment
21.	Carbon fiber composite material production equipment
22.	Automatic double-tube slit for tape
23.	Nitrogen oven 24. Film anti-fog Gravure coater
24.	Plastic ultrasonic welding machine
25.	Hot pressing machine
26.	Aluminum-plastic film coating and laminating machine
27.	Single plate gravure roller coater
<b>B. Coating experiment engineering</b>	
<b>C. Engineering planning and implementation</b>	
1.	Equipment renovation project
2.	Relocation project
3.	Installation project
4.	Piping project
<b>D. After-sales service</b>	
1.	Spare parts and accessories
2.	Equipment regular maintenance and repair

4. New goods and services to be developed

The company's research and development is mainly based on industry trends planning to meet the needs of the client, and looking forward to the future market needs as research and development direction, in order to meet the needs of the terminal application. In response to this trend, the company plans to develop new products and technology directions as follows:

- A. Dust-free grade, high temperature oven: optical industry, touch industry drying.
- B. Nano optical coating equipment: used in the optical industry, touch industry.
- C. Touch gluing equipment: used in touch industry.
- D. Siondie gluing machine: Used in optical industry, MLCC industry.
- E. Copper foil processor, composite material equipment.
- F. Teflon communication substrate immersion equipment, horizontal coating equipment

## (2) Industry overview

### 1. Current situation and development of the industry

#### A. Special production machinery and equipment industry

Mechanical equipment owners can be divided into semiconductors, flat display production equipment and components, other electronic production equipment and components, looking forward to 2024, the overall machinery industry with the international manufacturing base is accelerating the transfer and dispersion, as well as the demand for high-efficiency production equipment, it is expected that Taiwan machinery and equipment exports will "first flat and then rise" annual growth is expected to exceed 5%, 10%.

#### Machinery Association 2024 industry outlook

Item	ViewPoint
Global economic boom	With U.S. inflation easing and the Federal Reserve on hold from raising interest rates, international expectations are for a shift to lower interest rates in the second half of the year, which will benefit the global economic recovery
Machinery industry boom	The international is accelerating the transfer and dispersion of manufacturing bases, coupled with the demand for high-efficiency energy-saving production equipment, will bring export markets and business opportunities, and it is expected that Taiwan's machinery and equipment exports will have the opportunity to grow by 5% to 10% throughout the year
The tool machine industry is booming	Machine tools are capital goods, and based on the current order flow and the depreciation of the yen, it may not turn around until the third quarter
Source: Interview collation	
Song Jian-sheng/Tabulation	

#### Machinery Association 2024 industry outlook

#### B. Printed circuit board

In recent years, the proportion of sales value of various PCB products in China is still changed by printed circuit boards, and the main products include multi-layer boards, HDI boards, soft boards, dual panels and other products.

In recent years, the impact of the US-China trade war has affected terminal demand, coupled with the saturation of demand for smartphone and PC terminal products, and it has fallen into a recession, affecting demand performance, resulting in a decline in the proportion of sales value. Since 2020, although the new coronavirus pneumonia epidemic has driven the domestic economic effect to fermented, Push up the purchase of desktop computers, laptops, tablets and other products to increase, especially in Japan and other government strategies to promote, but also to drive global PC device shipments to growth, driving printed circuit board sales showed a growth trend, but due to smartphones, cars and other sales performance is not as expected, affecting their sales growth. As a result, the proportion of its sales value has continued to decline.

In terms of IC carrier board, it is mainly the key carrier required for semiconductor encapsulation, so the main application market is semiconductor packaging, benefiting from the international competitiveness of China's semiconductor packaging industry, and in response to the improvement of packaging technology, as well as the diversified development of downstream terminal products, and to the cloud, 5G, Internet of Things, AI, big data and other high-speed computing development. Drive the demand for IC carrier board to show steady growth.

## Key issues for the global PCB industry in 2024

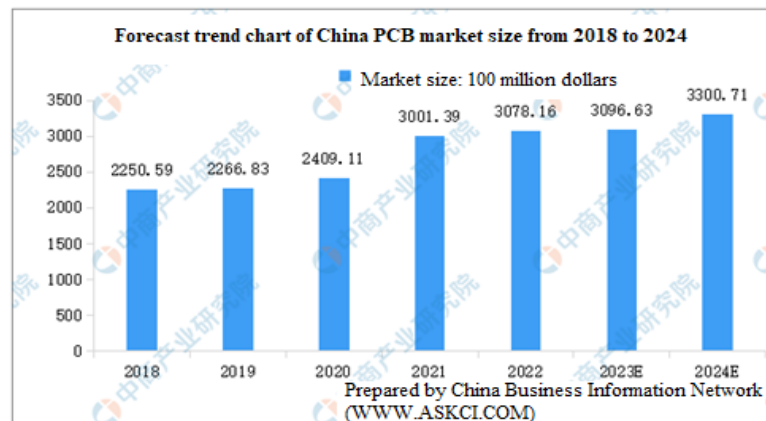
<b>carrier</b>	Countries have strong semiconductor industries, affecting the PCB and carrier ecosystem
<b>ESG trend</b>	Carbon-neutral electronic products are on the market, increasing the pressure on the supply chain to reduce carbon
<b>Layout of Southeast Asia</b>	The supply chain is accelerating globalization, and new PCB settlements are taking shape in Southeast Asia
<b>Growth momentum</b>	The end demand comes from inventory replenishment and the lack of killer applications, so the iterative updating of product specifications has become the main growth driver

Source: Printed Circuit Board Association

Prepared by Lee Shu-Hui

As for the copper foil substrate, it is mainly the upstream key components of PCB and IC carrier board and other products, and the main upstream raw materials of the copper foil substrate are copper foil, glass fiber cloth, BT resin, etc., so although the copper price affects the price performance of the copper foil substrate, the downstream demand is the determining factor of the sales value scale performance, such as 5G, house economy, electric vehicles, servers and other demand growth. As a result, the momentum of copper foil substrate has risen, and by 2022, due to the impact of inflation on consumer demand such as smartphones and computers, copper foil substrate sales have declined.

However, the printed circuit board, IC carrier board and copper foil substrate are widely used, so the boom after 2023 has gradually warmed up under the promotion of countries, and the new PCB settlement in Southeast Asia from the end of 2023 to the beginning of 2024, carbon neutral, automotive PCB price and volume increase, and AI applications will increase the temperature of the hard board. The PCB industry will resume prosperity again soon.



Source :Prismark, China Business Industry Research Institute

### C. Semiconductor industry

The semiconductor industry is important in both consumer products and military defense needs, so it is valued by countries around the world, the global market size in 2022 reached a new high of 574.1 billion US dollars, the fab equipment growth of 8% is better than expected (the expansion of wafer foundry investment), and the sealed test plant revised its investment plan due to the weakness of orders in the second half of the year.

In 2023, affected by the semiconductor boom reversal, the memory industry in the cold winter and the competition between the United States and China, coupled with the recent news of the reduction of production expansion and capital expenditure plans of wafer foundry, the global semiconductor equipment supply chain is seriously waiting for a sharp decline of 10.3%, and many global equipment manufacturers have turned conservative in their business outlook. Various cost saving plans have been carried out in advance.

### Semiconductor Industry Status

**WSTS estimates that the global semiconductor market will reach \$574.1 billion in 2022, with an annual growth rate of 3.3%**

**The global semiconductor market is estimated to reach \$515.1 billion in 2023, with an annual growth rate of -10.3%**



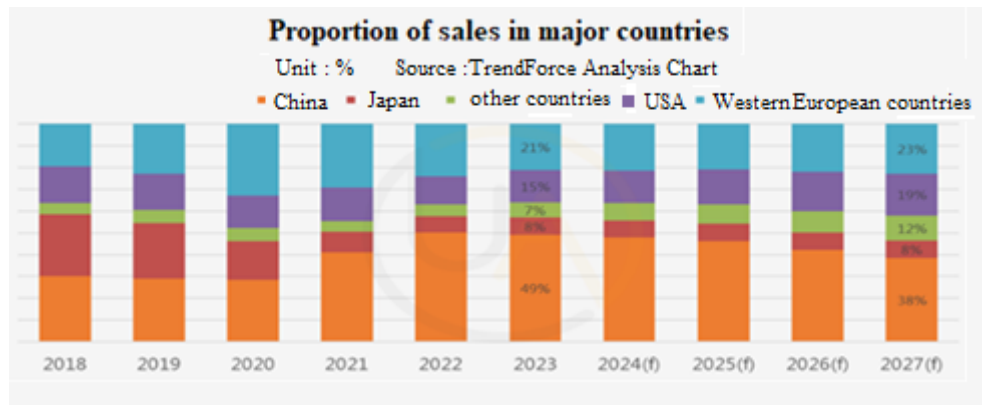
資料來源：WSTS，資策會MIC整理，2023年7月

### D. Electric vehicle industry

As countries around the world have reached a consensus on environmental protection, energy saving and carbon reduction, to accelerate the global transition to renewable energy, in order to reduce dependence on traditional energy and achieve the goal of net zero carbon emission, among which electric vehicles and green transformation benefits are of Paramount importance, and the EU announced that after 2035, the sale of fuel vehicles will be banned. In addition, the United States also announced that more than half of the new cars in the United States from 2023 will be electric vehicles, and electric vehicles have been established as the future mainstream under this trend.

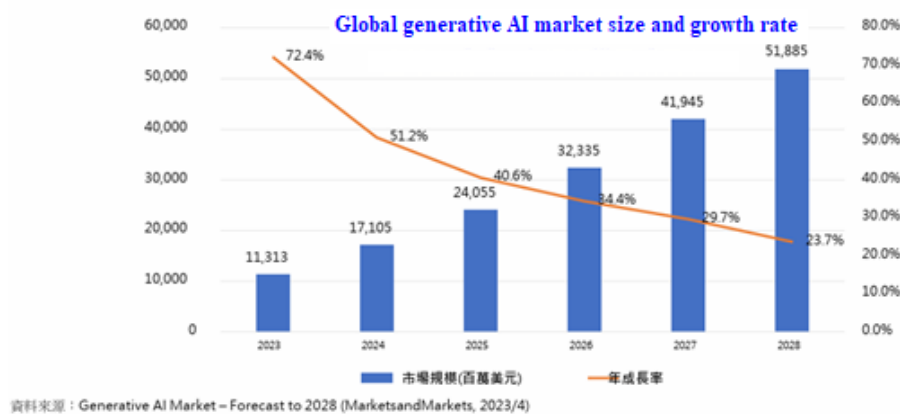
For the electric vehicle market has long been the semiconductor plant layout of the field, the automotive field whether semiconductor or PCB industry can benefit from this, the company produced equipment for PCB copper foil substrate, IC carrier board and semi-conductive industry and research and development of high temperature heat resistant oven, composite materials, etc., can be widely used in the electric vehicle industry. It also benefits from the electric vehicle industry and contributes to environmental protection and carbon reduction.



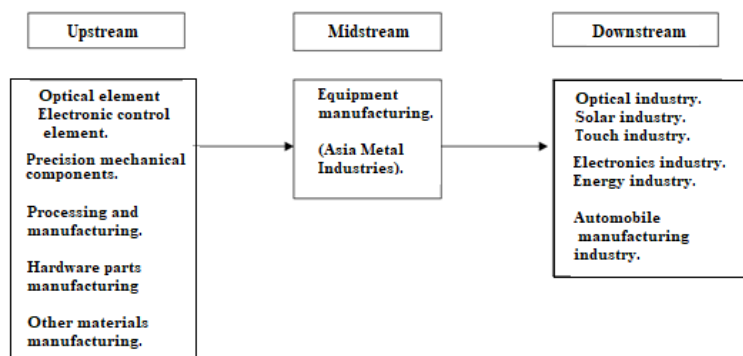


## E. AI industry

Generative AI has entered rapid growth from 2023 to 2028, with the global market size rising from US\$11.3 billion to US\$51.9 billion, and the compound growth rate in five years is an average of 35.6%. In addition to the traditional two major application PCS and Regular servers, under the AI wave, AI Server has doubled. The ABF carrier board market has been successfully expanded, and it is expected that the area required for AI Server related carrier boards in 2024 will account for 5-10% of the total ABF carrier board demand, and the investment mainly for infrastructure is expected to increase by 15% to 20%, so it will also drive the demand for equipment.



## 2. The correlation between the upper, middle and lower reaches of the industry



### 3. Product development trend

Product and technology development is mainly from the downstream market demand, electronic products continue to thin and short, high reliability, multi-functional, high frequency and high speed and green environmental protection development, CCL industry, FCCL industry, MLCC industry, composite materials industry, in line with market demand, will invest more process research and development and equipment update, make products more competitive.

### 4. Competitive situation

The main competitors of the company in the market such as immersion machine and coating machine are Japanese manufacturers. In the case of little difference in equipment technical capabilities between the two sides, the company's advantage in price makes the company more competitive than Japanese manufacturers, but Japanese manufacturers have also begun to find Taiwan manufacturers in recent years to cooperate with OEM manufacturers to win orders in the market, which also increases the company's competitive pressure. At this stage, the integration process of competitors in Taiwan and Japan is still to be run in, so the impact on the company's orders is not large, but focusing on the long-term competitiveness of the company, in addition to constantly improve research and development capabilities, improve equipment accuracy and modular cost reduction, but also actively enter other industries, and many research units and customers to develop a new generation of materials and equipment, As a niche for the company to expand its operations in the future.

## (3) Technology and research and development overview

### 1. Technical level of the business

The Company was established in October 1973, the current main business related application technology for coating technology, immersion technology, laminating technology, dry film technology, glue technology and electric control technology. In addition, with excellent manufacturing process, rich installation experience, after-sales service and experimental factory and other related software and hardware technology, highly recognized by customers. The R & D team continues to communicate and cooperate with partners such as Academia Sinica and Client to improve key process technologies and R & D capabilities, and the technical level continues to be superior to the products of peers in the industry.

### 2. Research and development

The Company with the client needs to continue to develop and improve all kinds of automatic coating equipment, experimental machines, laminating machines... Such special process equipment, continuously accumulate and improve the experience and ability of R & D technology, with the client's product needs, continue to improve the coating line, and other equipment specifications, the company will be based on the existing system automation software and hardware technology for related technology development and related industrial equipment extension, and according to the customer's factory demand production data collection and analysis, In the original technology improvement and advanced product research and development direction, to achieve the customer's intelligent, intelligent and automated system manufacturing goals, hope to maintain the industry's leading position and competitive advantage, in addition to leading the market in the industry, but also must maintain a leading industry in technology research and development.

3. Research and development personnel and academic experience:

Education	2022		2023		As of April 2024	
	Persons	Ratio (%)	Persons	Ratio (%)	Persons	Ratio (%)
Doctor	1	4.76	1	6.67	1	5.00
Master	3	14.29	2	13.33	2	10.00
College	17	80.95	12	80.00	16	80.00
Below high school (including)	-	-	-	-	1	5.00
Total	21	100.00	15	100.00	20	100.00

4. R&D expenses invested in each of the last five years

Unit: NT\$ thousand; %

Item \ Year	2019	2020	2021	2022	2023
R&D Expenses	26,284	25,349	28,453	30,506	26,356
Net revenue	779,033	969,462	1,250,625	1,455,598	1,310,405
R&D expenses and costs as a percentage of net revenue	3.37%	2.62%	2.28%	2.10%	2.01%

5. Technologies or products successfully developed in the last five years

Year	Product/patented technology name
2018	Developed and sold LTCC ultra-thick coating equipment (model: 9364), and assisted customers in mass production.
	R&D and sales of MLCC ultra-thin high-speed coating equipment (Model: 9365)
	Developed and sold thermal medium oil vertical immersion equipment that can produce ultra-thin substrates
	Successfully developed an integrated solution for the production of flexible transparent conductive film in cooperation with Aituya.
	Successfully developed high-speed surface winding equipment for electrical tape (model: 9376), improved and improved control and transmission specifications, practiced Industry 4.0, introduced Industrial Internet of Things (IIoT), and used SCADA and BigData to improve equipment intelligence, remote control and maintenance.
2019	A new generation of CCL immersion equipment, research and development of automatic cutting and jointing system for coiler, can cancel the storage machine Settings.
2020	R&D and sales of continuous 5G circuit composite production equipment. (Model :9388) Assist customers of soft nanosilver transparent conductive film to successfully solve production equipment problems. The new generation of CCL immersion equipment, the production of adhesive substrate can be applied to 5G high-frequency high-speed transmission. (Model :9392)
2021	CCL Stainless Steel hot Plate with Nano Ceramic Radiation Paint (Model :3130)

	FCCL cyclic high temperature Distributing mechanism (Model :2261)
2022	Four Taiwan patents and three Chinese patents has been obtained. Special industry Die coating equipment development and mass production test. Optical equipment large width (1,600mm) SLOT DIE coating equipment development and mass production test. MLCC tension Die coating equipment development and mass production test. Development and mass production test of energy storage coating equipment and peripheral equipment.
2023	PTFE impregnation treatment equipment was successfully developed and patented. Treater(including immersion machine) successfully developed PTFE oven and obtained a patent. Teflon horizontal coating equipment was successfully developed and patented. The design improvement of the bearing block of the copper foil after processor was successfully produced and patented. Treater developed stainless steel oven successfully produced and patented. Treater roller device material and process change and improvement and successfully obtained patents.

#### (4) Long-term and short-term business development plans

##### 1. Short-term business development plan

##### (1) Marketing strategy:

- A. Through business, production, research and development and other integrated services to ensure product quality and delivery, improve competitive advantage.
- B. Establish customer service system to improve customer satisfaction and establish long-term relationship with customers.
- C. Seek cooperation with international manufacturers to continuously improve market share.
- D. Assist international customers to improve other plant equipment problems.
- E. Improve customer satisfaction and actively develop new customers

##### (2) R&D strategy:

- A. Improve the performance of CCL immersion equipment to mass produce 1000-grade glass fiber cloth, greatly improving the competitiveness of equipment.
- B. Developed new MLCC coating equipment, reached the coating dry thickness of 2um, machine speed of 30~50M/min, and assisted customers to introduce mass production.
- C. Continuously improve the appearance of the equipment and enhance the sense of value of the equipment.
- D. Develop touch coating equipment.
- E. Development of thermoplastic process equipment for composite materials.
- F. High temperature oven development.
- G. Teflon communication equipment and horizontal equipment development.

##### (3) Production strategy:

- A. Appropriate planning and adjustment of production capacity allocation to improve the overall production efficiency, facilitate the deepening of the cross-strait division of labor mode and local procurement to reduce costs.
- B. Improve resource utilization rate and reduce resource consumption and waste
- C. Seek qualified processors and assemblers to meet capacity expansion needs.
- D. After receiving the order, continuously improve and review the problems of each production link and put into the standardized operation process.
- E. Completion of the second plant, the self-production rate can be improved and the production capacity can be increased

##### (4) Financial strategy:

- A. Adopt A sound and conservative financial strategy to ensure the sound operation of the company.
- B. Increase cash flow according to the company's business needs.
- C. Due to the impact of inflation and exchange rate, deepen the control of exchange rate.

## 2. Long-term business development plan

### (1) Marketing strategy

- A. Expand the base of international customers, focusing on industry leaders, in order to reduce the degree of economic impact.
- B. Strengthen the depth and breadth of cooperation to enhance competitiveness.
- C. Continue to actively seek domestic and foreign manufacturers to establish cooperative relations to expand cross-industry business.

### (2) R&D strategy:

- A. Develop nanosilver coating solutions, cooperate with materials and process technology in different industry alliances, develop special process equipment simultaneously, and provide one-stop services to create competitive niche.
- B. Developed LTCC coating equipment to reach coating dry thickness of 1000um.
- C. Development of Tension die MLCC coater.
- D. Develop Tension die optical coater.
- E. Development of high temperature thermoplastic process equipment for composite materials.

### (3) Production strategy:

- A. Actively improve manufacturing processes and develop competitive production technologies to improve quality and reduce production costs.
- B. Based on Asia Metal's ability to customize equipment and meet the new process needs of existing customers, develop and introduce special equipment for the next generation of OEM process.
- C. Outsourcing strategy to expand production capacity, cultivate qualified suppliers, spread processing risks, and reduce costs.
- D. Standardization of parts, mass procurement to shorten the waiting period and reduce the cost of materials.
- E. According to the future development plan, purchase land to expand the new plant and expand the production capacity.

### (4) Operation scale and financial strategy:

- A. Focus on corporate governance, personnel training, and financial transparency, conservative and robust planning of the optimal capital structure.
- B. Cooperate with Japanese counterparts to evolve Asia Metal technology and manufacturing level through OEM→ODM, and mutual development of new markets to create win-win opportunities.

## II. Market and production and marketing overview

### (1) Market analysis

#### 1. Sales area of main products

Unit: NT\$ thousand; %

Sales territory \ Year	2022		2023	
	Amount	%	Amount	%
Taiwan	334,921	23.01	123,146	9.40
China	1,120,677	76.99	1,187,259	90.60
Other	-	-	-	-
Total	1,455,598	100.00	1,310,405	100.00

## 2. Future supply and demand conditions and growth of the market

On the demand side, in the face of the ups and downs of the global COVID-19 pandemic, the impact of the Ukrainian-Russian war and the US-China trade war, and the inflationary pressure of various countries, the global economic boom is still difficult to have a significant recovery in the short term, but with 5G, AI and other applications will still make the demand for high-performance computing not fall; On the supply side, with the continuous commitment of various equipment manufacturers to the existing system automation software and hardware technology as the basis for related technology development and related industrial equipment extension, and according to the customer's factory demand production data collection and analysis, in the original technology improvement and advanced product research and development direction, to achieve the customer's intelligent, intelligent and automated system manufacturing goals. Under the complete layout of multiple applications, the continuous mass production of new capacity and the semiconductor factory has adjusted inventory, it is expected that the downturn in China's printed circuit board manufacturing industry should be slowed down in 2023.

## 3. Competitive niche

The Company has invested in automation equipment management for 50 years, and has excellent research and development ability. And a full range of automation equipment sales ability and one-stop after-sales service experience, product manufacturing quality is better than the industry, so that the company's products have poor quality. Chemical advantage or cost competitive advantage, so in the automation equipment industry, the company has a certain competitive strength.

## 4. Advantages and disadvantages of the development prospect and countermeasures

### (1) Favorable factors

- A. Future technology trends are all in the application scope of Asia Metal equipment, and the amount of components has jumped significantly compared with the current.
- a. PCB is often called "the mother of electronic system products" or "the base of the 3C industry", and copper foil substrate is the basic material of electronic products, there is no replacement at present, and the product life cycle is long. Copper foil substrate has different characteristics according to different substrate materials, of which glass fiber epoxy substrate is the most commonly used. Most of Asia Metal CCL immersion equipment customers produce glass fiber epoxy substrate, and a small part of them produce fluorine high frequency substrate and the proportion is increasing year by year.
- b. An electric car needs about 10,000 MLCC, compared with a notebook computer about 600 to 700 MLCC, the car market demand is large and high profits, passive component manufacturers in recent years have shifted production capacity from consumer electronics to "high volume, high voltage" automotive MLCC field development, so that the supply of consumer MLCC slowly reduced, and previously MLCC profit is low, Many companies have withdrawn, but the use of materials in the design of new technology products on the market has increased year by year, resulting in the shortage of MLCC for consumer electronics or LTCC with entry thresholds.
- c. Under the trend of thin and light multiplex terminal products, the application field of soft boards is increasing year by year. With the increasing diversification of mobile device products, including smart phones, tablets, various wearable devices... Have driven up the global demand for soft board products, and even the automotive electronics field can be seen in soft board products. Therefore, it is not too much to say that softboard is the most potential product type in the global circuit board at present. In addition to smartphones, the number of soft boards used in each car is larger and growing faster.
- d. Development of composite equipment for the manufacture of lightweight products for automotive and aviation industries.

B. Diversified products, keep pace with The Times and excellent brand image

- a. The company's products are diversified and widely used industries.
- b. With complete customer satisfaction as the ultimate goal of Asia Metal, we provide customized equipment that meets customer needs, grow hand in hand with customers and share win-win results.
- c. Rich experience in research and development and technology integration, coupled with perfect and immediate pre-sales and after-sales service, is an indispensable business partner for customers, with a high buyback rate, especially in CCL immersion equipment.
- d. Keep abreast of market fluctuations, develop new special equipment, or upgrade existing equipment specifications, such as equipment intelligence and beautification, in order to open up new markets and provide customers with more choices.
- e. Through strategic alliances, develop production integration solutions from materials, processes and equipment, and enter into new industrial applications.
- f. Cooperate with Japanese equipment manufacturers, in the early stage by OEM, in the middle stage by ODM, to stimulate technical ideas, improve manufacturing processes, and assist each other to develop their respective markets.

C. Rising awareness of environmental protection

In order to meet the restrictions of various laws on the harmful substances contained in electronic products, copper foil substrate factory actively invested in environmental protection process and halogen-free lead-free environmental protection substrate development, due to the process and equipment have considerable technology, prompting copper foil substrate manufacturers to build new capacity or upgrade old equipment.

(3) Adverse factors and countermeasures

A. More diversified products, high management costs.

Countermeasures: standardization of spare parts, process transformation.

B. The market boom cycle is accelerating, and the equipment construction takes a long time to complete.

Countermeasures:

- a. Spare parts standardization, shorten the waiting time.
- b. Equipment modular, shorten the site assembly time.

(2) The important uses and production processes of the main products

1. Important uses of main products

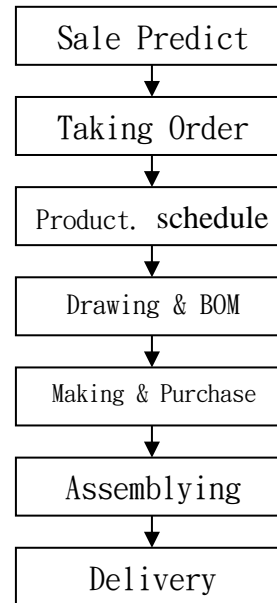
Product name	Main use
Printed circuit board substrate process equipment	<p>1. Vertical immersion machine for copper foil substrate For the production of adhesive tablets. The adhesive sheet is superimposed with copper foil to form a copper foil substrate under high temperature and pressure. Copper foil substrate can be divided into traditional hard board, HDI board (high-density PCB). Traditional hard board is widely used and can carry large current, which is mostly used in TV, PC, game console, server and so on. HDI board features: thin and small size, high line density, low interference, short transmission path, mainly used in: smart phones, PCS, automotive electronics and so on.</p> <p>2. Vertical immersion machine for high frequency copper foil substrate Used for the production of fluorine adhesive tablets. The fluorine bond sheet is superimposed with copper foil to form a</p>

Product name	Main use
	<p>high frequency copper foil substrate under high temperature and high pressure. The characteristic of high frequency is high speed, and the fluorine adhesive film can meet the high speed and low loss, but the cost is high. High-frequency copper foil substrate is often used in automotive collision prevention systems, satellite systems, radio systems, in line with the future Internet of things, 5G, high-speed transmission requirements in self-driving cars.</p> <p>3. Soft circuit board coating and laminating machine Used to produce soft copper foil substrate. According to the number of layers, it can be divided into non-adhesive system soft copper foil substrate (2 Layer FCCL) and adhesive system soft copper foil substrate (3 Layer FCCL). 2L FCCL has the advantages of high heat resistance, good flexibility, good dimensional stability, etc., but the cost is relatively high, so most of the soft boards mainly use 3L FCCL. 2L FCCL is only used for higher order soft boards. With the diversification of mobile device products, in order to respond to the trend of thin and multi-work terminal products, it is mainly used in smart phones, wearable devices, tablets and so on. These diversified products will drive up the demand for soft boards.</p>
Film process equipment	<p>1. Ceramic film coating machine For the production of ceramic layer (thickness 5 ~ 25um). MLCC is formed by stacking parallel ceramic materials and electrode materials. MLCC has a variety of different specifications, and the differences between products are mainly in the capacitance value (stored power per unit voltage), size, temperature stability, operating voltage upper limit, safety certification, ESR (capacitance/charge/discharge time required) and Q value (the degree of loss of input energy) characteristics. MLCC according to the size of the product can be divided into 0805, 0603 is mainly used in the main board and notebook computer information products, 0402 and 0201 are mainly used in high-end mobile phones, with the electronic products to thin and short, driving the product application proportion of 0402 and 0201 specifications continues to increase. Growth was driven by demand for consumer electronics such as iPods/iphones, game consoles and LCD TVs.</p> <p>2.LTCC film coater For the production of low temperature co-fired ceramic layer (thickness above 250um). The low-temperature co-fired ceramic layer is used as the substrate material, and the internal and external electrodes can be respectively used silver, copper, gold and other metals, and various passive components (such as low-capacity capacitors, resistors, filters, impedance converters, couplers and other components are buried in the multi-layer ceramic substrate in the sintering furnace at 850~900 degrees Celsius) by parallel printing coating process sintering to form integrated ceramic components. Because the material of ceramic and silicon is very close, it is suitable for connecting with IC chips, and has the advantages of saving space and reducing costs. At present, the main application market of LTCC technology is in the portable products with thin and light size, which is the technical trend of wireless communication modules.</p>



Product name	Main use
	<p>3. Energy substrate process equipment</p> <p>3.1. Solar backplane Solar backplane with solar panels... After the substrate is coated, the solar module is formed and applied to power generation. The solar backplane is located on the back of the solar panel, which protects and supports the battery, and has reliable insulation, water resistance and aging resistance. According to DuPont's 30 years of performance verification, the pros and cons of the solar backplane are the key to the investment income of the solar industry, because the solar module in a variety of different outdoor environments (desert, tropical, temperate, coastal and plateau climate) long-term exposure to the module components, material quality and manufacturing quality is the ultimate test, and the durability of the backplane, It affects the attenuation degree of system power, and then affects the service life of solar energy system.</p> <p>3.2. Lithium battery pad Lithium batteries are lithium-ion secondary batteries, which can be reused by charging and are widely used in a variety of electronic 3C products (mobile phones, digital cameras, notebook computers, MP3, etc.). The lithium battery consists of a positive electrode, a negative electrode, an isolation diaphragm, an electrolyte and a safety valve. The requirements of lithium batteries are nothing more than high capacity, long life, high safety and other conditions, and the first step to improve battery performance is naturally from positive and negative materials. Pouch is the battery with the highest capacity, lightest weight and highest safety in the lithium battery. It has the ultra-thin shape and can be made into any shape to meet the needs of various products. Aluminum-plastic film is the most important outer packaging material for soft-pack batteries, which is composed of five layers (nylon/adhesive layer/aluminum foil/adhesive layer/polypropylene).</p> <p>3.3. Nanosilver conductive film coating equipment Used for the production of nanosilver conductive film. Nanosilver conductive film features can be used in large displays, single-layer multi-touch functions, bezel-less designs, flexible devices and wearable electronics, and can reduce production processes, reduce device costs and improve end-user experience for touch screen manufacturers. The roll-to-roll production process reduces the film cost to an acceptable range for customers; Production processes can be scaled up quickly, improving efficiency and reducing costs. Main product applications such as game consoles, large-size touch screens, smart phones, writing pad - writing display does not cost electricity, handwriting is cleared by micro-current, dimming film (PDLC)- through the current switch between power and power, transparent and fog surface effect, not only has good privacy function, but also has thermal insulation and UV insulation characteristics.</p>

## 2. Production process of the product



### (3) Supply status of main raw materials:

The main raw materials of the Company's products include sheet metal/workpiece, precision mechanical components, hardware parts, optical components, electronic components and other parts, all kinds of materials are stable and long-term cooperation with domestic and foreign high-quality suppliers, the supply situation is good.

(4) Customers who have accounted for more than 10% of the total amount of imports (sales) in any year of the most recent two years, and the amount and proportion of imports (sales)

1. Main import and sale customer list

(1) The name of the supplier that has accounted for more than 10% of the total purchase in any year of the recent two years, and the amount and proportion of the purchase, and explain the reason for the change:

Unit: NT\$ thousand

	2022				2023				2024 as of the first quarter prior (Note 2)			
Item	Name	Amount	Ratio of net annual purchases (%)	Relationship with the issuer	Name	Amount	Ratio of net annual purchases (%)	Relationship with the issuer	Name	Amount	Ratio of current year's net purchases to last quarter (%)	Relationship with the issuer
1	Not Applicable	-	-	Nil	Company A	134,582	21.71	Nil	Company A	15,468	15.48	Nil
	Net purchases	2,540,436	100.00	-	Net purchases	619,856	100.00	-	Net purchases	99,950	100.00	-

Note 1: Names of suppliers and the purchase amount and proportion of more than 10% of the total purchase in the latest two years, but because the contract does not disclose the name of the supplier or the transaction object is an individual and not a related party, it can be identified.

Note 2: As at the date of publication of the annual report, companies listed or whose shares have been traded on the premises of securities firms should disclose the most recent financial information that has been certified or audited by accountants.

Explanation of changes in purchase:

The change of the Company's main purchasing manufacturers is mainly due to the procurement policy of material preparation, the Cost Down of materials and parts and the training of main suppliers and other factors, so the reason for the change is reasonable.

- (1) Name of the major selling customers who have accounted for more than 10% of the total sales in any year of the most recent two years, and the amount and proportion of their sales, and explain the reasons for their changes:

Unit: NT\$ thousand

	2022				2023				2024 as of the first quarter prior (Note 2)			
Item	Name	Amount	Ratio of net annual purchases (%)	Relationship with the issuer	Name	Amount	Ratio of net annual purchases (%)	Relationship with the issuer	Name	Amount	Ratio of current year's net purchases to last quarter (%)	Relationship with the issuer
1	Company A	558,634	38.38	Nil	Company C	366,362	27.96	Nil	Company C	162,846	44.37	Nil
2	Company C	347,576	23.88	Nil	Company A	156,182	11.92	Nil	Company E	92,551	25.22	Nil
3	Company B	303,644	20.86	Nil	Company D	144,185	11.00	Nil	Company F	58,776	16.01	Nil
4	Other	245,744	16.88	Nil	Other	643,676	49.12	Nil	Other	52,858	14.40	Nil
	Net sales	1,455,598	100.00	-	Net sales	1,310,405	100.00	-	Net sales	367,031	100.00	-

Note 1: List the names of suppliers and the purchase amount and proportion of more than 10% of the total purchase in the latest two years, but because the contract does not disclose the name of the supplier or the transaction object is an individual and not a related party, it can be identified.

Note 2: As at the date of publication of the annual report, companies listed or whose shares have been traded on the premises of securities firms should disclose the most recent financial information that has been certified or audited by accountants.

Explanation of changes in purchase:

The change of the Company's main purchasing manufacturers is mainly due to the procurement policy of material preparation, the Cost Down of materials and parts and the training of main suppliers and other factors, so the reason for the change is reasonable.

## (5) Production volume of the last two years:

Unit: PCS/ set; NT\$ thousand

Year	2022			2023		
Production quantity						
Major commodities	Capacity	Quantity	Production Value	Capacity	Quantity	Production Value
Printed circuit board substrate process equipment	-	-	1,140,481	-	-	837,270
Film process equipment	-	-	14,485	-	-	116,743
Sales service	-	-	53,715	-	-	48,535
Other	-	-	621	-	-	93,483
Total	-	-	1,209,302	-	-	1,096,031

Note 1: The process equipment produced by the company is customized according to customer requirements, and the components required for each equipment assembly are different. The production capacity data is not comparable, so it is not applicable.

Note 2: The process equipment produced by the company is customized production, including the entire production line, single equipment or parts, so the product difference is large, the unit of measurement is not consistent, so the quantity is not listed here.

## Change Analysis:

The Company's annual output value in 2023 was lower than that in 2022, among which the output value of printed circuit board substrate process equipment decreased in response to customer plant expansion and the slowdown in equipment installation demand, and the increase in film process equipment was due to the increase in orders for film process equipment.

## (6) Table of sales volume for the most recent two years

Unit: NT\$ thousand

Year	2022				2023			
Production quantity	Domestic sales		Export sales		Domestic sales		Export sales	
Major commodities	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Printed circuit board substrate process equipment	-	666,123	-	706,637	-	16,851	-	1,030,867
Film process equipment	-	17,435	-	-	-	15,800	-	136,446
Sales service	-	748	-	-	-	17,135	-	-
Other	-	23,380	-	41,275	-	78,737	-	14,569
Total	-	707,686	-	747,912	-	128,523	-	1,181,882

Note: As the size and specifications of the machine are based on customer demand, the sales statistics are not representative.

## Change Analysis:

The Company primarily focuses on sales to customers in mainland China. The decrease in sales for the year 2023 was mainly due to the slowdown in the capacity expansion needs of some customer group subsidiaries, resulting in the procurement of several vertical thermal oil impregnation equipment units from our company. The related machinery was progressively installed and test-run throughout 2023. Orders for printed circuit board (PCB) substrate processing equipment decreased by approximately 44.52%. The decline in after-sales service and other product categories is reasonable due to the high uncertainty of orders and the

relatively small amounts involved.

3. Employee information: The latest two years and up to the date of publication of the annual report

% Unit: Person; Years; %

Year		2022	2023	2024 As of April 30
Number of employees	Direct	61	54	54
	Indirect	86	77	80
	Total	147	131	134
Average age		41.11	39.42	41.41
Average service years		6.48	6.17	7.18
Education distribution ratio (%)	Doctor	0.68	0.76	1.49
	Master	6.12	6.11	5.97
	College and University	54.42	54.20	52.24
	High school	33.34	34.35	35.82
	Below high school	5.44	4.58	4.48

4. Environmental expenditure information

- (1) According to the law, should claim? Pollution facility installation permit or pollution discharge permit or pollution prevention fee shall be paid or pollution prevention fee shall be established. Description of application, payment or establishment status of staff of environmental protection unit: not applicable.
- (2) To list the company's investment in the main equipment for the prevention and control of environmental pollution and its uses and possible benefits: not applicable.
- (3) explain the company's progress in improving environmental pollution in the latest two years and up to the date of publication of the annual report, and if it has any pollution disputes, and how it should respond. Know where it is? Passed: Not applicable.
- (4) State the total amount of losses (including compensation) and punishments suffered by the Company due to environmental pollution in the most recent two years and as of the date of publication of the annual report, and disclose its future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, punishments and compensation that may occur without taking countermeasures, and if it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated): Nil
- (5) Description of the current pollution situation and the impact of its improvement on the company's earnings, competitive position and capital expenditure, as well as its projected significant environmental capital expenditure in the next two years: Nil.

5. Information on industrial relations

- (I) the Company's various employee welfare measures, further education, training and retirement systems and their implementation status, and The agreement between the staff and the measures to protect the rights and interests of employees
- (1) Various staff welfare measures, further education and training measures:
  - A. Pension provision for workers  
From the date of employment, the company shall pay 6% of the employee's monthly salary in accordance with the "Labor Pension Regulations" and deposit it in the Labor pension individual special account set up by the Labor Insurance Bureau.

**B. Labor insurance and health insurance**

From the date of employment, employees shall be required by law to participate in labor insurance and national health insurance, and enjoy the right to benefit from insurance in accordance with relevant laws and regulations.

**C. Group insurance**

In addition to labor health insurance, the company also insured the employer's liability insurance.

**D. Three section bonus**

Spring Festival, Dragon Boat Festival, Mid-Autumn Festival gift to reward employees hard work.

**E. Annual health check-ups**

Employees do not forget to pay attention to their health after work, and the company regularly holds health checks for employees every two years.

**F. Staff refresher and training**

In order to improve the technical and management ability necessary for employees to perform various duties, and stimulate their potential, the department head shall specify the internship procedures and training methods for new employees according to their expertise and work needs, and assign staff to be responsible for guidance; Other colleagues can apply according to their own job needs. Canadian domestic training? Educational training organized by the unit or external professional organizations.

**(2) Retirement system and its implementation:**

Employee pension payment criteria are as follows:

A. The number of years of service before the application of the labor standards Act, the pension will be calculated according to the provisions of the "Measures for the employment and dismissal of Factory and mine workers".

B. If you choose to continue to apply the "Labor Standards Act" to apply the pension provisions under the old system under the Labor Pension Regulations or retain the years of service before the application of the Labor pension Regulations, your pension will be paid in accordance with the following provisions:

(a) Two bases shall be given for each full year of service, but one base shall be given for each full year of service for more than 15 years, the maximum total number shall be limited to 45 bases, half a year if less than half a year, and one year if more than half a year. (b) A person who has been forced to retire in accordance with the provisions of paragraph 2 of the preceding article and whose mental invalidity or physical and mental disability is caused by the performance of his duties shall be given an additional 20% pension in accordance with the provisions of the preceding paragraph. c. The pension claim is calculated on the basis of the average salary of the six months preceding the month of approved retirement.

D. For employees who are subject to the provisions of the "Labor Pension Ordinance Pension" (new system of labor retirement), the Company shall contribute 6% (not less than 6%) of their work to the employee's personal pension account on a monthly basis. If the applicant has reached the age of 60, he or she can claim the claim regardless of whether he or she has retired. If the applicant dies before the age of 60, he or she can claim the claim by the surviving family or designated claimant.

E. The retired person shall give notice before 30 days, and fill in the retirement application form and submit it to the general manager for approval.

F. Pension Payment The Company shall pay the employee the pension provided for under the Labor Standard Act within 30 days of the employee's retirement.

(3) The agreement between labor and management and various measures to protect employees' rights and interests:

The Company's industrial relations are harmonious and there have been no industrial disputes. As the Company always attaches importance to two-way communication between employees and employees to maintain good industrial relations, there have been no major industrial disputes so far.

(II) the losses suffered by the Company as a result of labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the estimated amounts and countermeasures that may occur at present and in the future:

(1) Losses suffered by the Company as a result of Labor disputes in the last two years and up to the date of publication of the Annual report: Nil.

(2) The estimated amount of losses and measures to deal with the possible future Labor disputes:

Since its establishment, the Company has adhered to the integrity and responsible attitude, committed to the well-being of employees, and both employers and employees have worked tirelessly for the growth of the company, making the company's performance gradually improved, so the relationship between employers and employees has always been harmonious, and it is expected that there should be no labor disputes in the future.

## 6. information security management

(1) The Company's security risk management structure, security policy, specific management plan and resources invested in security management:

### 1. Datong Security risk management Structure:

The Information Team of the Management Office is responsible for coordinating information security and related matters, formulating relevant internal control procedures for management, and conducting regular internal information security checks.



### 2. Information Security Policy:

(1) Purpose: In order to maintain the overall information security, the Company will strengthen the security management of various information assets to ensure their confidentiality, integrity, availability and legal compliance, so as to meet the needs of business operations and protect the sustainable operation of the interests of the company and customers.

(2) Scope: This section applies to all information assets of the Company and its information users.



- (3) Objective: To protect information assets from all kinds of accidents such as improper use, leakage, tampering, theft, destruction, etc., and to reduce the degree of damage that may affect and harm the Company's business operations.

### 3. Specific management methods:

The company implements a number of information security enhancement directions, including:

- (1) Strengthen network security management
 

Set up the firewall and set the connection rules to isolate and protect the network segment and block the illegal intrusion of hackers.
- (2) Computer equipment security management
  - A. Each application server and other devices are set in a dedicated computer room.
  - B. The dedicated computer room is equipped with independent air conditioning to maintain the computer equipment in the proper temperature environment; And place a fire extinguisher, can be applied to general or electrical fire caused by.
  - C. The host in the equipment room is configured with an uninterruptible power supply device to prevent the system from crashing due to an unexpected instantaneous power failure, and to ensure that the computer application system can be safely shut down within a limited time during a temporary power failure.
- (3) Gas protection and management
  - A. Install antivirus software to automatically update the virus pattern to reduce the chance of virus infection.
  - B. Set up a spam filtering system for E-mail to prevent spam, virus or phishing mail from entering the user's computer, and set up mail storage mechanism.
  - C. Windows is updated regularly every month.
- (4) Data access control
  - A. User rights level.
  - B. The computer equipment should be kept by a special person and the account password should be set.
  - C. Set the password of the account and specify the appropriate strength.
  - D. Before the device is scrapped, ensure that the hard disk data has been deleted. If the hard disk is no longer needed, physically destroy the hard disk.
- (5) Strain recovery mechanism
  - A. Set up a backup system for daily data backup; And keep a copy of the backup data in the bank every month.
  - B. Periodically perform system restoration exercises every year to ensure the correctness of backup data.
- (6) Enhance employee safety awareness
 

Information on employee security policy is provided by email on a quarterly basis.

### 4. Resources invested in security management:

The Company continues to invest in both software and hardware related to its security architecture.

(II) In the most recent year and up to the date of publication of the annual report, the losses suffered due to major security incidents, possible impact and response measures, if it is not reasonably estimated, should state the fact that it is not reasonably estimated: Nil.

### 7. Important Contracts

Nature of contract	Party	Date of the contract	Main content	Restriction clause
Financing contract/bond guarantee contract	Yushan Bank	03/20/2023~03/20/2024	Short-term mortgage Issuance of corporate bond guarantees	Land and plant guarantees
Financial contracts	Yushan Bank	02/26/2021~02/26/2036	Long-term secured loans	Land guarantee

## VI. Financial Overview

### I. Concise balance sheet and Statement of Comprehensive Income for the most recent five years

#### (1) Concise balance sheet and Statement of Comprehensive Income

##### 1. Concise balance sheet - IFRS (Consolidated)

Unit: NT\$ thousand

Item \ Year		Financial information for the last five years					Financial information for the year ended 31 March 2024 (Note 3)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 2)	
Current assets		1,045,150	1,678,606	3,162,424	3,203,384	2,333,567	2,235,781
Real estate, plant and equipment		185,337	254,805	312,218	521,336	592,931	590,205
Intangible assets		1,982	1,411	970	1,309	1,977	1,847
Other assets		15,044	26,986	28,769	34,173	37,859	36,306
Total assets		1,247,513	1,961,808	3,504,381	3,760,202	2,966,334	2,864,139
Current liabilities	pre-allocation	773,574	1,281,560	2,407,351	2,633,415	1,736,975	1,564,081
	post-allocation	809,678	1,334,060	2,475,269	2,728,916	1,790,743	
Non-current liabilities		13,883	6,242	324,234	133,350	139,523	132,888
Total liabilities	pre-allocation	787,457	1,287,802	2,731,585	2,766,765	1,876,498	1,696,969
	post-allocation	823,561	1,340,302	2,799,503	2,862,266	1,930,266	
Interest attributable to the owner of the parent company		460,056	674,006	772,796	993,437	1,089,836	1,167,170
Capital stock		180,521	210,001	214,187	230,304	247,118	253,342
Capital reserve		2,532	147,899	176,032	244,362	310,736	334,623
Retained earnings	pre-allocation	281,498	319,581	387,470	522,329	537,635	582,703
	post-allocation	245,394	267,081	319,552	426,828	483,867	
Other rights and interests		(4,495)	(3,475)	(4,893)	(3,558)	(5,653)	(3,498)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
total equity	pre-allocation	460,056	674,006	772,796	993,437	1,089,836	1,167,170
	post-allocation	423,952	621,506	704,878	897,936	1,036,068	

Note 1: The consolidated financial information for the years 8-112 and 113 as at 31 March 113 were audited or approved by accountants.

Note 2: The distribution of surplus for 2012 was approved by the Board of Directors and reported to the general meeting of shareholders on June 25.

Note 3: As at the date of publication of the annual report, companies listed or whose shares have been traded on the premises of securities firms should disclose the most recent financial information that has been certified or audited by

accountants.

## 2. Concise Condensed Statement of Comprehensive Income - IFRS (Consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information for the last five years					Financial information for the year ended 31 March 2024 (Note 2)
Operating income	779,033	969,462	1,250,625	1,455,598	1,310,405	367,031
Operating margin	222,967	240,482	286,692	246,296	214,374	73,141
Operating profit and loss	115,005	132,014	168,188	111,890	96,709	39,701
Non-operating income and expenses	5,199	(34,271)	(20,106)	138,432	40,266	16,938
Net profit before tax	120,204	97,743	148,082	250,322	136,975	56,639
Net profit of continuing business units for the period	93,561	73,578	121,170	200,116	110,353	45,068
Loss of defunct unit	-	-	-	-	-	-
Net profit (loss) for the period	93,561	73,578	121,170	200,116	110,353	45,068
Other comprehensive profit and loss (net of tax)	(740)	1,629	(2,199)	3,996	(1,641)	2,155
Total consolidated profit and loss for the period	92,821	75,207	118,971	204,112	108,712	47,223
Net profit is attributable to the owner of the parent company	93,561	73,578	121,170	200,116	110,353	45,068
Net profit is attributable to non-controlling interests	-	-	-	-	-	-
Total consolidated profit and loss is attributable to the owner of the parent company	92,821	75,207	118,971	204,112	108,712	47,223
Total consolidated profit and loss is attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share (NTD)	5.18	4.02	5.75	8.83	4.60	1.82

Note 1: The consolidated financial information for the years 8-112 and 113 as at 31 March 113 have been audited or approved by accountants.

Note 2: As at the date of publication of the annual report, companies listed or whose shares have been traded on the premises of securities firms should disclose the most recent financial information that has been certified or audited by

accountants.

3. Concise Balance Sheet - IFRS (Individual) Unit: NT\$ thousand

Item \ Year		Financial information for the last five years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 2)
Current assets		861,997	1,441,348	2,841,927	2,814,913	1,904,696
Take the equity method of investment		62,234	74,495	92,058	101,329	112,102
Real estate, plant and equipment		183,763	252,965	310,861	519,468	591,494
Investment real estate		-	-	-	-	-
Intangible assets		1,913	1,373	965	1,243	1,940
Other assets		7,029	19,630	20,587	19,988	27,984
Total assets		1,116,936	1,789,811	3,266,398	3,456,941	2,638,216
Current liabilities	Pre-allocation	646,041	1,110,203	2,169,368	2,333,729	1,409,591
	Post-allocation	682,145	1,162,703	2,237,287	2,429,230	1,463,359 (Note 2)
Non-current liabilities		10,939	5,602	324,234	129,775	138,789
Total liabilities	Pre-allocation	656,980	1,115,805	2,493,602	2,463,504	1,548,380
	Post-allocation	693,084	1,168,305	2,561,520	2,559,005	1,602,148 (Note 2)
Interest attributable to the owner of the parent company		460,056	674,006	772,796	993,437	1,089,836
Capital stock		180,521	210,001	210,001	228,864	240,729
Capital received in advance		-	-	4,186	1,440	6,389
Capital reserve		2,532	147,899	176,032	244,362	310,736
Retained earnings	Pre-allocation	281,498	319,581	387,470	522,329	537,635
	Post-allocation	245,394	267,081	319,552	426,828	483,867 (Note 2)
Other rights and interests		(4,495)	(3,475)	(4,893)	(3,558)	(5,653)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Pre-allocation	460,056	674,006	772,796	993,437	1,089,836
	Post-allocation	423,952	621,506	704,878	897,936	1,036,068 (Note 2)

Note 1: 2019 - 2023 annual individual financial data are audited by accountants certification.

Note 2: The distribution of surplus for 2023 was approved by the Board of Directors and reported to the general meeting of

shareholders on June 25.

4. Concise Statement of Comprehensive Income- IFRS (Individual)

Unit: NT\$ thousand

Item \ Year	Financial information for the last five years				
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Operating income	654,525	762,263	1,014,212	1,208,720	1,050,957
Operating margin	203,017	217,195	251,775	230,551	186,456
Operating profit and loss	105,046	120,239	144,276	104,861	81,411
Non-operating income and expenses	14,331	(25,644)	(2,500)	146,293	53,336
Net profit before tax	119,377	94,595	141,776	251,154	134,747
Net profit of continuing business units for the period	93,561	73,578	121,170	200,116	110,353
Loss of defunct unit	-	-	-	-	-
Net profit for the period	93,561	73,578	121,170	200,116	110,353
Other comprehensive profit and loss (net of tax)	(740)	1,629	(2,199)	3,996	(1,641)
Total consolidated profit and loss for the period	92,821	75,207	118,971	204,112	108,712
Net profit is attributable to the owner of the parent company	93,561	73,578	121,170	200,116	110,353
Net profit is attributable to non-controlling interests	-	-	-	-	-
Total consolidated profit and loss is attributable to the owner of the parent company	92,821	75,207	118,971	204,112	108,712
Total consolidated profit and loss is attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NTD)	5.18	4.02	5.75	8.83	4.60

Note 1: 2019 -2023 annual Individual financial information is verified by accountants.

(II) Important events that affect the consistency of the above condensed financial statements, such as accounting changes, company mergers or business unit shutdowns, and their impact on the current year's financial report: Nil.

(III) the name of the visa accountant in the last five years and the audit opinion

Year	Name of Accounting Firm	Name of Accountant	Audit Opinion	Remarks
2019	Deloitte & Touche	CHEN CHUNG-CHENG CHANG KEN-HSI	Opinion without reservation	
2020	Deloitte & Touche	CHEN CHUNG-CHENG CHANG KEN-HSI	Conclusion without reservation	
2021	Deloitte & Touche	CHEN CHUNG-CHENG CHANG KEN-HSI	Conclusion without reservation	
2022	Deloitte & Touche	CHEN CHUNG-CHENG CHANG KEN-HSI	Conclusion without reservation	
2023	Deloitte & Touche	CHEN CHUNG-CHENG CHANG KEN-HSI	Conclusion without reservation	

## II. Analysis of financial statements for the last five years

### 1. Financial Analysis - IFRSS (Consolidated)

Analysis items (Note 4) Year (Note 1)		Financial analysis for the last five years					
		2019	2020	2021	2022	2023	Year as of March 31, 2024 (Note 2)
Financial structure (%)	Ratio of liabilities to assets	63.12	65.64	77.95	73.58	63.26	59.25
	Ratio of long-term funds to property, plant and equipment	255.72	266.97	351.37	216.13	207.34	220.27
Solvency (%)	Current ratio	135.11	130.98	131.37	121.64	134.35	142.95
	Quick ratio	61.91	82.62	80.26	54.46	49.19	57.41
	Interest coverage ratio	10,330.13	4,747.85	3,614.05	3,394.14	2,775.82	6,030.79
Management ability	Payables turnover (times)	4.64	3.71	4.78	6.48	5.13	7.64
	Average days of sales	78.66	98.38	76.36	56.33	71.15	47.77
	Inventory turnover (times)	1.11	1.29	1.12	0.84	0.69	0.85
	Payables turnover (times)	2.68	3.22	2.19	2.81	4.93	6.89
	Average days of sales	328.82	282.95	325.89	434.52	528.99	429.41
	Real estate, plant and equipment turnover (times)	4.29	4.41	4.41	3.49	2.35	2.48
	Total assets turnover (times)	0.58	0.6	0.46	0.40	0.39	0.13
Profitability	Return on assets (%)	7.01	4.7	4.56	5.68	3.40	6.29
	Return on equity (%)	21.69	12.98	16.75	22.66	10.59	15.97
	Ratio of net profit before tax to paid-in capital (%)	66.59	46.54	70.51	109.38	56.90	91.68
	Net profit ratio (%)	12.01	7.59	9.69	13.75	8.42	49.12
	Earnings per share (NTD) (Note 3)	5.18	4.02	5.75	8.83	4.60	1.82
Cash Flow	Cash Flow ratio (%)	-16.17	15.83	32.14	-22.43	2.09	9.16
	Cash flow allowance ratio (%)	48.99	68.87	90.01	22.37	14.88	30.81
	Cash reinvestment ratio (%)	-30.90	22.61	62	-54.77	-1.33	10.61
Lever degree	Operating leverage	1.10	1.09	1.08	1.12	1.15	1.18
	Financial leverage	1.01	1.02	1.03	1.07	1.06	1.11

Analysis of significant changes in financial ratios in the last two years: (changes of up to 20%)

1. Decrease in accounts receivable turnover: Mainly due to a decrease of approximately 10% in net sales and 9% in accounts receivable compared to the previous year, resulting in a decrease of 20.83% in accounts receivable turnover.
2. Increase in average cash collection days: The average cash collection days increased due to the decrease in the turnover rate of receivables compared to the previous year.
3. Payables turnover ratio (times) and average days sold increased: mainly due to the decrease in accounts payable compared to the previous year and the decrease in cost of goods sold less than the inventory amount.
4. The turnover rate of real estate, plant and equipment (times) decreased: mainly due to the transfer of solid capital from new plants in 2023 years.
5. Decrease of return on assets, return on equity, ratio of net profit before tax to paid-in capital (%), net profit ratio (%) and earnings per share (RMB) : mainly due to the decrease of operating profit amount by NT\$15,181 thousand compared with the previous year, but the increase of share capital compared with the previous year.
6. Increase in cash flow ratio: due to cash flow from operating activities greater than the previous year and current liabilities less than the previous year.
7. Cash reinvestment ratio and cash flow allowance ratio decreased: mainly due to cash flow from operating activities greater than the previous year.

Note 1: The financial information for Years 2019-2023 and 2024 as of March 31, 2024 were audited by accountants.

Note 2: As at the date of publication of the annual report, companies listed or whose shares have been traded on the premises of securities firms should also be analyzed if they have the most recent financial information that has been certified or audited by accountants.

Note 3: Earnings per share is calculated by dividing the current period's profit and loss by the weighted average number of shares outstanding of common stock, and the number of shares increased due to the conversion of surplus or capital reserves to capital is adjusted retrospectively.

Note 4: The calculation formula for financial analysis is as follows:

1. Financial structure

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

(2) Ratio of long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.

2. Solvency

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

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

(3) Interest cover times = Net profit before income tax and interest expense/current interest expense.

3. Management ability

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

(2) Average cash collection days = 365 / turnover of receivables.

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

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

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

(6) Real estate, plant and equipment turnover = Net sales/Average net property, plant and equipment.

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

4. Profitability

(1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss/average total equity.

(3) Net profit ratio = profit and loss after tax/net sales.

(4) Earnings per share = (Profit and loss attributable to owners of parent company - special stock dividends)/weighted average number of shares outstanding.

5. Cash flow

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

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

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (Net operating income - variable operating costs and expenses)/operating profit.

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



## 2. Financial Analysis - IFRSS (Individual)

<div> <div>Year (Note1)</div> <div>Analysis items (Note 4)</div> </div>		Financial analysis for the last five years					
		2019	2020	2021	2022	2023	Year as of March 31, 2024
Financial structure (%)	Ratio of liabilities to assets	58.81	62.34	76.34	71.26	58.69	Not
	Ratio of long-term funds to property, plant and equipment	256.25	268.66	352.90	216.22	207.72	
Solvency (%)	Current ratio	133.43	129.83	131	120.62	135.12	
	Quick ratio	64.60	83.92	85.72	56.68	52.34	
	Interest coverage ratio	137.43	46.24	35.33	35.21	28.60	
Management ability	Payables turnover (times)	4.39	3.81	5.00	7.18	5.31	
	Average days of sales	83.09	95.77	73.01	50.85	68.68	Applicable
	Inventory turnover (times)	1.08	1.19	1.09	0.84	0.69	
	Payables turnover (times)	2.35	2.88	1.91	2.44	4.64	
	Average days of sales	338.02	305.96	335.40	436.77	532.70	
	Real estate, plant and equipment turnover (times)	3.65	3.49	3.60	2.91	1.89	
	Total assets turnover (times)	0.53	0.52	0.40	0.36	0.34	
Profitability	Return on assets (%)	7.57	5.18	4.92	6.13	3.75	
	Return on equity (%)	21.69	12.98	16.75	22.66	10.59	
	Ratio of net profit before tax to paid-in capital (%)	66.13	45.05	67.51	109.74	55.97	
	Net profit ratio (%)	14.29	9.65	11.95	16.56	10.50	
	Earnings per share (NTD) (Note 3)	5.18	4.02	5.75	8.83	4.60	
Cash Flow	Cash Flow ratio (%)	-17.87	18.65	34.61	-24.13	-3.70	
	Cash flow allowance ratio (%)	55.44	78.43	103.82	26.23	12.92	
	Cash reinvestment ratio (%)	-29.39	23.35	60.28	-52.85	-11.29	
Lever degree	Operating leverage	1.10	1.06	1.08	1.11	1.15	
	Financial leverage	1.01	1.02	1.03	1.08	1.06	

Analysis of significant changes in financial ratios in the last two years: (changes of up to 20%)

1. Decrease in accounts receivable turnover: Mainly due to a decrease of approximately 10% in net sales and 9% in accounts receivable compared to the previous year, resulting in a decrease of 26.04% in accounts receivable turnover.
2. Increase in average cash collection days: The average cash collection days increased due to the decrease in the turnover rate of receivables compared to the previous year.
3. Payables turnover ratio (times) and average days sold increased: mainly due to the decrease in accounts payable compared to the previous year and the decrease in cost of goods sold less than the inventory amount.
4. The turnover rate of real estate, plant and equipment (times) decreased: mainly due to the transfer of solid capital from new plants in 2023 years.
5. Decrease of return on assets, return on equity, ratio of net profit before tax to paid-in capital (%), net profit ratio (%) and earnings per share (RMB) : mainly due to the decrease of operating profit amount by NT\$23450 thousand compared with the previous year, but the increase of share capital compared with the previous year.
6. Increase in cash flow ratio: due to cash flow from operating activities greater than the previous year and current liabilities less than the previous year.
7. Cash reinvestment ratio and cash flow allowance ratio decreased: mainly due to cash flow from operating activities greater than the previous year.

\* If the company has prepared individual financial reports, it should prepare a separate analysis of the company's individual financial ratio.

Note 1: The financial information for Years 2019-2023 and 2024 as of March 31, 2024 were audited by accountants.

Note 2: As at the date of publication of the annual report, companies listed or whose shares have been traded on the premises of securities firms should also be analyzed if they have the most recent financial information that has been certified or audited by accountants.

Note 3: Earnings per share is calculated by dividing the current period's profit and loss by the weighted average number of shares outstanding of common stock, and the number of shares increased due to the conversion of surplus or capital reserves to capital is adjusted retrospectively.

Note 4: The calculation formula for financial analysis is as follows:

#### 1. Financial structure

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

(2) Ratio of long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.

#### 2. Solvency

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

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

(3) Interest cover times = Net profit before income tax and interest expense/current interest expense.

#### 3. Management ability

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

(2) Average cash collection days = 365 / turnover of receivables.

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

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

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

(6) Real estate, plant and equipment turnover = Net sales/Average net property, plant and equipment.

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

#### 4. Profitability

(1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss/average total equity.

(3) Net profit ratio = profit and loss after tax/net sales.

(4) Earnings per share = (Profit and loss attributable to owners of parent company - special stock dividends)/weighted average number of shares outstanding.

#### 5. Cash flow

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

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

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investments + other non-current assets + working capital).

#### 6. Leverage:

(1) Operating leverage = (Net operating income - variable operating costs and expenses)/operating profit.

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

### III. Audit Committee review report of the most recent annual financial report

# **Asia Metal Industries, Inc.**

## **Audit Report from the Audit Committee**

The board of directors prepared the 2023 annual business report and financial statements of the company. The financial statements were completed by HE JUI-CHUAN and CHANG KEN-HSI, accountants of Deloitte & Touche United Accounting Firm, who issued the audit report. The above business report and financial statements have been reviewed by the Audit Committee and found to have no discrepancies. Please check and verify the above report in accordance with the relevant provisions of Article 14-4 of the Securities Exchange Law and Articles 219 and 228 of the Company Law.

With the best Regards

Asia Metal Industries, Inc. in the 2204 shareholders meeting

Audit Committee

Convenor: CHANG, JUNG-MING



March 15, 2024

**Asia Metal Industries, Inc.**

**Audit Report from the Audit Committee**

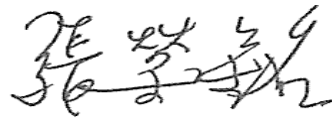
The Board of Directors has prepared the 2023 Earnings Distribution Statement of the Company, which has been reviewed by the Audit Committee and reported in accordance with the relevant provisions of Article 14-4 of the Securities Exchange Act and Articles 219 and 228 of the Company Law.

With the best Regards

Asia Metal Industries, Inc. in the 2204 shareholders meeting

Audit Committee

Convenor: CHANG, JUNG-MING

A handwritten signature in black ink, appearing to be 'CHANG JUNG-MING', written in a cursive style.

May 8, 2024

4. Consolidated financial report of the company for the most recent year audited by accountants: Please refer to pages 94 to 161 of this annual report

Consolidated Financial Statements of Affiliated Enterprises

This is to declare that

For 2023 (from January 1 to December 31, 2023), the Companies required to prepare the consolidated financial statements of the related enterprises under the "Standard for the Preparation of Consolidated Financial Statements and Relationship Reports of the Related Enterprises" are the same as the companies required to prepare the consolidated financial statements of the parent-subsidary companies under IFRSS 10, In addition, the relevant information that should be disclosed in the consolidated financial statements of the affiliated enterprises has been disclosed in the consolidated financial statements of the parent-subsidary companies, and the consolidated financial statements of the affiliated enterprises are no longer prepared separately.

Company Name: Asia Metal Industries, Inc.

Person in Charge: TSOU, KUEI-CHUAN

March 15, 2024

## **Audit Report from Accountant**

### **Asia Metal Industries, Inc.**

### **Audit Opinions**

The consolidated balance sheet of Asia Metal Industries, Inc., as on December 31, 2023, and 2022, and the consolidated income statement for the period from January 1 to December 31, 2023 and 2022, respectively. The statement of changes in consolidated equity, consolidated cash flow statement, and notes to consolidated financial statements (including a summary of significant accounting policies) have been verified by our accountant.

In the opinion of our accountant, the above consolidated financial statements have been prepared in all material respects in accordance with the financial reporting standards for securities Issuers and are sufficient to adequately express the consolidated financial position of Asia Metal Industries, Inc. for the years 2023 and December 31, 2022, and the consolidated financial performance and performance for the years 2023 and January 1 to December 31, 2022 Gold flow.

### **Basis for Audit Opinions**

The audit is carried out in accordance with the Rules and auditing standards for Certified Public Accountants. The accountant's responsibility in respect of these standards will be further explained in the responsibility section of the Accountant's examination of the statement of self-employed financial affairs. The independent personnel of the firm to which the accountant belongs have maintained their independence from Asia Metal Industries, Inc. in accordance with the Code of professional Ethics for accountants, and fulfilled other responsibilities under the Code. We believe that we have obtained sufficient and appropriate verification evidence to form the basis of our opinion.

### **Key audit items**

Key audit matters refer to the most important matters in the examination of the consolidated financial statements of Asia Metal Industries, Inc. for the year 2023 according to the professional judgment of the accountant. These matters have been taken into account in the examination of the consolidated financial statements as a whole and in the formation of the examination opinion, and the accountant does not express an opinion on these matters separately.

The key audit items of Asia Metal Industries, Inc. in the 2023 annual consolidated financial statements are described as follows:

### Revenue Recognition

Asia Metal Group's had a revenue in 2023 was NT\$1,310,405 thousand, with major customers accounting for 98% of the revenue. Due to the substantial amount of consolidated operating income and the necessity for manual judgment in determining the transfer of control based on contract terms, Asia Metal Group is under pressure to meet profit targets to satisfy shareholders and external investors' expectations. Given the significant impact of operating income on the financial statements and that major customers contribute over 90% of the overall operating income, the accountants identified significant risks associated with revenue recognition from these major customers and designated it as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4(12) to the consolidated financial statements.

The audit procedures for the recognition of the above income are as follows:

1. Understand and evaluate the control procedures designed for revenue recognition and test the effectiveness of these controls.
2. Assess whether sales revenue has actually occurred by reviewing contract progress, external acceptance documents, and internal project reports for previous revenue. Additionally, examine whether there are significant sales returns and discounts after the balance sheet date
3. Select samples of contracts, external acceptance documents, and internal project reports from the period around the balance sheet date to confirm whether the timing of revenue recognition is appropriate.

### **Other matters**

Asia Metal Industries, Inc. has prepared the individual financial statements for the years 2023 and 2022, and the audit report issued by the accountant with an unqualified opinion is on file for reference.

### **The responsibility of management and governance units for consolidated financial statements**

It is the responsibility of management to prepare consolidated financial statements in accordance with the standards for the preparation of financial reporting by securities Issuers and to maintain such internal controls as are necessary in connection with the preparation of consolidated financial statements to ensure that the consolidated financial statements are free from material misrepresentations resulting from fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes assessing the ability of Asia Metal Industries, Inc. to continue as a going concern, the disclosure of related matters and the adoption of the accounting basis for going as a going concern unless management intends to liquidate Asia Metal Industries, Inc. or cease operations, or there is no practical alternative to liquidation or winding up.

Asia Metal Industries, Inc.'s management unit (including the audit Committee) is responsible for supervising the financial reporting process.

## **The responsibility of management and governance units for consolidated financial statements**

The purpose of the accountant's examination of the consolidated financial statements is to obtain reasonable assurance as to whether the consolidated financial statements as a whole contain material misrepresentations due to fraud or error, and to issue an examination report. Reasonable confidence is a high degree of confidence, but there is no assurance that an examination performed in accordance with auditing standards will detect material misrepresentations in the consolidated financial statements. Misrepresentation may be due to fraud or error. The misrepresentation of individual amounts or remittance totals is considered material if it could reasonably be expected to affect economic decisions made by users of consolidated financial statements.

The accountant shall exercise professional judgment and professional doubt when conducting audits in accordance with the auditing standards. The accountant also performs the following duties:

1. Identify and assess the risk of material misrepresentation due to fraud or error in consolidated financial statements; Design and implement appropriate responses to the assessed risks; And obtain sufficient and appropriate verification evidence to serve as the basis for the verification opinion. Because fraud may involve collusion, forgery, willful omission, misrepresentation, or breach of internal control, the risk of not detecting a material misrepresentation that results from fraud is higher than if it results from error.
2. To obtain the necessary understanding of the internal controls relevant to the audit in order to design an appropriate audit procedure in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Asia Metal Industries, Inc.
3. Evaluate the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the available verification evidence, determine whether there is material uncertainty regarding the appropriateness of management's adoption of the going-concern accounting basis and events or circumstances that may raise substantial doubt about the ability of the Asia Metal Industries, Inc. to continue as a going concern. If we believe that such material uncertainty exists, we are required to alert users of the consolidated financial statements in the audit report to the relevant disclosures in the consolidated financial statements or to amend the audit opinion if such disclosures are inadequate. The accountant's conclusion is based on the audit evidence available up to the audit report date. However, future events or circumstances may result in Asia Metal Industries, Inc. no longer being able to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including related notes) and whether the consolidated financial statements are allowed to express the relevant transactions and events.
6. Obtain sufficient and appropriate verification evidence of the financial information of the constituent entities of Asia Metal Industries, Inc. in order to express an opinion on the financial statements of the consolidated. The accountant is responsible for the guidance, supervision and execution of the audit case, and is responsible for forming the audit opinion of Asia Metal Industries, Inc.



Communication between the accountant and the governance unit, including the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal control identified during the audit).

The accountant also provides the governing body with a statement that the independent personnel of the firm to which the accountant is affiliated have complied with the Code of Ethics for Accountants regarding independence, and communicates with the governing body all relationships and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

From the matters communicated with the management unit, the accountant decides the key matters for the inspection of the 2223 annual consolidated financial statements of Asia Metal Industries, Inc. The accountant discloses such matters in the audit report, unless the statute does not permit the public disclosure of a particular matter, or in very rare circumstances, the accountant decides not to communicate a particular matter in the audit report because the negative impact of such communication can reasonably be expected to outweigh the public interest.

Deloitte & Touche

Deloitte & Touche

Accountant HE JUI-CHUAN

Accountant CHANG KEN-HSI

Securities and Futures Regulatory Commission Approval

Securities and Futures Regulatory Commission Approval

No. Tai-tsai-liu-zi No. 0930128050

No. Tai-tsai-liu-zi No. 0920123784

March 15, 2024

## Asia Metal Industries, Inc.

## Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT \$thousands

Code	Assets	December 31, 2023.		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and equivalent (Notes 4 and 6)	\$ 481,655	16	\$ 422,752	11
1110	Financial assets measured at fair value through profit or loss - Current (Notes 4 and 7)	-	-	142	-
1136	Financial assets at amortized cost - Current (Notes 4 and 8)	-	-	188,198	5
1140	Contract assets - Current (Notes 4 and 24)	24,273	1	33,741	1
1150	Notes receivable (Notes 4, 9 and 24)	491	-	264	-
1170	Accounts receivable (Notes 4, 9 and 24)	235,539	8	260,715	7
1200	Other receivables (Notes 4 and 9)	2,961	-	4,924	-
130X	Inventory (Notes 4 and 10)	1,422,878	48	1,722,161	46
1410	Advances (Note 32)	20,616	1	32,325	1
1476	Other financial assets - Current (Notes 4, 15 and 33)	145,154	5	525,865	14
1479	Other current assets - Other (Notes 4 and 16)	-	-	12,297	-
11XX	Total current assets	2,333,567	79	3,203,384	85
	Non-current assets				
1600	Real estate, plant and equipment (Notes 4, 12 and 33)	592,931	20	521,336	14
1755	Other intangible Assets (Notes 4 and 14)	4,853	-	6,128	-
1821	Deferred tax assets (Notes 4 and 26)	1,977	-	1,309	-
1840	Net defined benefit assets - Non-current (Notes 4 and 22)	27,271	1	23,971	1
1975	Other non-current assets - Other (Notes IV and XVI)	2,239	-	1,085	-
1990	Total non-current assets	3,495	-	2,989	-
15XX	Investments using the Equity Method (Notes 4, 11 and 32)	632,767	21	556,818	15
1XXX	total assets	\$ 2,966,334	100	\$ 3,760,202	100
	Liabilities and equity				
	Current assets				
2100	Short-term loans (Notes 17 and 33)	\$ 57,000	2	\$ 423,530	11
2130	Contractual liabilities - Current (Notes 4, 24 and 32)	1,318,680	44	1,632,442	43
2170	Accounts payable (Note 19)	166,027	6	278,868	8
2219	Other payables (Note 20)	65,087	2	68,132	2
2230	Current income tax liabilities (Notes 4 and 26)	9,326	-	30,907	1
2250	Reserve for liabilities - Current (Notes 4 and 21)	8,967	-	9,526	-
2280	Lease liabilities - Current (Notes 4 and 13)	3,346	-	2,761	-
2321	Debentures due within one year (Notes 4, 18 and 33)	106,175	4	187,022	5
2322	Long-term Loans due within one year (Notes 17 and 33)	2,083	-	-	-
2399	Other current liabilities	284	-	227	-
21XX	Total current liabilities	1,736,975	58	2,633,415	70
	Non-current assets				
2540	Long-term loans (Notes 17 and 33)	134,317	5	122,800	4
2550	Provision for liabilities - Non-current (Notes 4 and 21)	1,434	-	1,565	-
2570	Deferred income tax liabilities (Notes 4 and 26)	1,975	-	5,410	-
2580	Lease liabilities - Non-current (Notes 4 and 13)	1,797	-	3,575	-
25XX	Total non-current liabilities	139,523	5	133,350	4
2XXX	Total liabilities	1,876,498	63	2,766,765	74
	Equity attributable to owners of the Company (Notes 4 and 23)				
	Principal equity				
3110	Common share capital	240,729	8	228,864	6
3140	Capital received in advance (Note 18)	6,389	-	1,440	-
3100	Share capital total	247,118	8	230,304	6
3200	Capital reserve	310,736	11	244,362	6
	Retained earnings				
3310	Legal surplus reserve	113,084	4	92,806	3
3320	Special surplus reserve	3,558	-	4,893	-
3350	Undistributed surplus	420,993	14	424,630	11
3300	Total retained surplus	537,635	18	522,329	14
3400	Other rights and interests	(5,653)	-	(3,558)	-
31XX		1,089,836	37	993,437	26
3XXX	Total equity	1,089,836	37	993,437	26
	Total liabilities and equity	\$ 2,966,334	100	\$ 3,760,202	100

The attached notes are part of this consolidated financial report.

Chairman: TSOU, KUEI-CHUAN

General Manager: NG, WAN CHAI

Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc. and Subsidiary  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands,  
but earnings per share is NT\$

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 24 and 32)	\$ 1,310,405	100	\$ 1,455,598	100
5000	Operating costs (Notes 10, 14, 25 and 32)	(1,096,031)	( 84 )	( 1,209,302 )	( 83 )
5900	operating margin	214,374	16	246,296	17
	Operating expenses (Notes 14 and 25)				
6100	Marketing expenses	( 23,971 )	( 2 )	( 23,491 )	( 2 )
6200	Administrative expenses	( 67,661 )	( 5 )	( 73,541 )	( 5 )
6300	Research and development expenses				
6450	Expected credit impairment reversal profit	( 26,356 )	( 2 )	( 30,506 )	( 2 )
	(Loss) (Note 9)	323	-	( 6,868 )	-
6000	Total operating expenses	( 117,665 )	( 9 )	( 134,406 )	( 9 )
6900	Net operating profit	96,709	7	111,890	8
	Non-operating income and expenditure (Notes 4 and 25)				
7100	interest income	19,569	1	16,071	1
7010	Other income	1,503	-	1,034	-
7020	Other benefits and losses	24,313	2	128,926	9
7050	Financial cost	( \$ 5,119 )	-	( \$ 7,599 )	( 1 )
7000	Non-operating income and expenses				
	Total	40,266	3	138,432	9
7900	Net profit before tax	136,975	10	250,322	17
7950	Income Tax Expenses (Notes 4 and 26)	( 26,622 )	( 2 )	( 50,206 )	( 3 )
8200	Net profit for the year	110,353	8	200,116	14

(next page)

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
	Other consolidated profit and loss (Notes 4, 22 and 26)				
	Items not reclassified to profit or loss				
8311	Determine the remeasurement of the benefit plan	567	-	3,326	-
8349	Income tax relating to items not reclassified	( 113 )	-	( 665 )	-
8370	Exchange difference of financial statements of foreign operating institutions	454	-	2,661	-
8360		( 2,095 )	-	1,335	-
8300	Other consolidated profit and loss (net of tax) for the year	( 2,095 )	-	1,335	-
8500	Total consolidated profit and loss for the year	( 1,641 )	-	3,996	-
	Earnings per share (Note 27)	\$ 108,712	8	\$ 204,112	14
9710	Basic	\$ 4.60		\$ 8.83	
9810	Dilution	\$ 4.18		\$ 7.63	

The attached notes are part of this consolidated financial report.

Chairman: TSOU, KUEI-CHUAN

General Manager: NG, WAN CHAI

Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc. and Subsidiary  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Code		Capital stock		Capital reserve	Retained earnings			Other equity items	Total equity
		Common stock	Capital received in advance		Legal surplus reserve	Special surplus reserve	Unappropriated surplus	Foreign operating organization Exchange difference of conversion of financial statements	
A1	1 January 2022 balance	\$ 210,001	\$ 4,186	\$ 176,032	\$ 80,767	\$ 3,475	\$ 303,228	( \$ 4,893 )	\$ 772,796
	Distribution of surplus for 2021 (Note 23)								
B1	Legal surplus reserve	-	-	-	12,039	-	( 12,039 )	-	-
B3	Special surplus reserve	-	-	-	-	1,418	( 1,418 )	-	-
B5	Cash dividend	-	-	-	-	-	( 67,918 )	-	( 67,918 )
I1	Conversion of convertible debentures into ordinary shares (Notes 18 and 23)	18,863	( 2,746 )	66,592	-	-	-	-	82,709
D1	Net profit for 2022	-	-	-	-	-	200,116	-	200,116
D3	Other consolidated profit and loss for 2022	-	-	-	-	-	2,661	1,335	3,996
D5	Total consolidated profit and loss for 2022	-	-	-	-	-	202,777	1,335	204,112
C17	Changes in other capital reserves (Note II)	-	-	1,738	-	-	-	-	1,738
Z1	Balance as of 31 December 2022	228,864	1,440	244,362	92,806	4,893	424,630	( 3,558 )	993,437
	Distribution of surplus for Year 2022 (Note 23)								
B1	Legal surplus reserve	-	-	-	20,278	-	( 20,278 )	-	-
B3	Special surplus reserve	-	-	-	-	( 1,335 )	1,335	-	-
B5	Cash dividend	-	-	-	-	-	( 95,501 )	-	( 95,501 )
I1	Conversion of Convertible debentures into ordinary Shares (Notes 18 and 23)	11,865	4,949	66,374	-	-	-	-	83,188
D1	Net profit for 2023					-	110,353	-	110,353
D3	Other consolidated profit and loss for 2023	-	-	-	-	-	454	( 2,095 )	( 1,641 )
D5	Total consolidated profit and loss for 2023	-	-	-	-	-	110,807	( 2,095 )	108,712
Z1	December 31, 2022 balance	\$ 240,729	\$ 6,389	\$ 310,736	\$ 113,084	\$ 3,558	\$ 420,993	( \$ 5,653 )	\$ 1,089,836

The attached notes are part of this consolidated financial report.

Chairman: TSOU, KUEI-CHUAN

General Manager: NG, WAN CHAI

Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc. and Subsidiary  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

Code		Year 2023	Year 2022
	Net cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 136,975	\$ 250,322
A20010	Income and expense items		
A20100	Depreciation expense	14,162	12,093
A20200	Amortization expense	775	891
A20300	Expected credit impairment (reversal profit) loss	( 323 )	6,868
A20400	Measures net losses on financial assets and liabilities at fair value through profit or loss	117	903
A20900	Financial cost		7,599
		5,119	
A21200	Interest income	( 19,569 )	( 16,071 )
A22500	Interest in disposal and abandonment of real estate, plant and equipment	( 43 )	-
A23700	Loss on inventory decline and sluggishness	20,798	13,344
A24100	Unrealized foreign currency exchange loss (gain)	17,590	( 87,831 )
A29900	Provision for liabilities	1,267	5,140
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	9,202	863
A31130	Notes receivable	(227)	444
A31150	Accounts receivable	21,124	( 77,268 )
A31180	Other receivables	550	11,639
A31200	Inventory	278,485	( 583,017 )
A31230	Advance payment	11,709	44,121
A31240	Other current assets	12,297	( 3 )
A32125	Contract liabilities	(313,762 )	136,4771
A32150	Accounts payable	(112,843 )	( 303,492 )
A32180	Other payables	(4,143 )	11,358
A32200	Reserve for liabilities	(1,940)	( 3,571 )
A32230	Other current liabilities	57	227
A32240	Net identified benefit assets	(587 )	( 623 )
A33000	Cash outflow from operations	76,790	( 569,587 )
A33100	Interest charged	20,982	\$ 14,589
A33300	Interest paid	( 6,435 )	( 5,215 )
A33500	Income tax paid	( 55,051 )	( 30,473 )
AAAA	Net cash outflow from operating activities	( 36,286 )	( 590,686 )

(Next page)

(From previous page)

Code		Year 2023	Year 2022
	Cash flows from investment activities		
B00050	Disposition of financial assets measured at amortized cost	184,351	808,611
B02700	Acquisition of property, plant and equipment	( 73,752 )	( 216,214 )
B02800	Disposal of property, plant and equipment proceeds	46	
B03700	Deposit margin increased	(1,417)	( 11,427 )
B04500	Acquisition of intangible assets	( 1,444 )	( 1,230 )
B06500	Increase in other financial assets	-	( 142,072 )
B06600	Decrease in other financial assets	373,783	-
B07100	Increased prepayment for equipment	( 2,050 )	( 2,960 )
BBBB	Net cash inflow from investment activities	479,517	433,904
	Cash flows from financing activities		
C00100	Increased short-term borrowing	-	183,130
C00200	Reduced short-term borrowings	( 366,530 )	-
C09900	Covers the cost of issuing corporate bonds	( 1,056 )	( 1,564 )
C01600	Long-term borrowing	13,600	82,800
C01700	Repayment of long-term borrowings	-	( 13,500 )
C04020	Lease principal repayment	( 3,154 )	( 2,655 )
C04500	Cash dividend	( 95,501 )	( 67,918 )
C09900	Other (Note 23)	-	5
CCCC	Net cash flow (out) from financing activities	( 452,641 )	180,298
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 4,259 )	18,441
EEEE	Net (decrease) increase in cash and equivalent cash	( 58,903 )	41,957
E00100	Cash and equivalent cash balances at beginning of the year	422,752	380,795
E00200	Cash and equivalent cash balances at year-end	\$ 481,655	\$ 422,752

The attached notes are part of this consolidated financial report.

Chairman: TSOU, KUEI-CHUAN

General Manager: NG, WAN CHAI

Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc. and Subsidiary  
Notes to consolidated financial statements  
From January 1 to December 31, 2023 and 2022

(in thousands of New Taiwan (NT) dollars unless otherwise specified)

1. Company History

Asia Metal Industries, Inc. Ltd. (hereinafter referred to as the "Company", the Company and entities controlled by the Company, hereinafter referred to as the "Consolidated Company" was established on October 29, 1973, and its main business is the design, manufacture, processing and trading of various metal machinery and parts; design, manufacturing, processing and trading of various molds; various tanks and related pipeline projects; design, manufacture, processing, maintenance and trading of automated machinery and equipment and parts; the design, manufacture, processing and trading of precision testing instruments and parts, as well as the import and export trading of the preceding products..

Since December 1, 2020, the shares of the Company have been traded on the counter of the R.O.C. Securities Trading Center, a consortium legal entity.

This consolidated financial report is expressed in New Taiwan (NT) Dollar, the Company's functional currency.

2. Date and procedure for the adoption of financial statements

This consolidated financial report was approved by the Board of Directors on March 15, 2024.

3. Application of newly issued and revised standards and interpretations

- (1) First application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Announcements (SIC) (" IFRS ") approved and issued by the Financial Supervisory Commission (" FSC ") in force

It is assessed that the application of IFRS accounting standards approved by the FSC and issued in effect will not result in material changes to the Company's accounting policies.

- (2) IFRS accounting standards as approved by the FSC in 2024

<u>Newly issued/amended/revised standards and interpretation</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024 (Note 2)
Amendment to IAS 1 "Classification of Liabilities as current or non-current"	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with contractual Terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)



Note 1: Unless otherwise indicated, the above newly issued/amended/revised guidelines or interpretations are effective for annual reporting periods beginning after each such date.

Note 2: The Seller and Lessee shall retroactively apply the amendments to IFRS 16 to sale-leaseback transactions entered into after the initial application of IFRS 16.

Note 3: Partial disclosure is exempted from the first application of this amendment.

As of the date of issuance of this consolidated financial report, the Company assesses that amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

- (3) IFRS accounting standards that have been issued by the International Accounting Standards Board (IASB) but have not yet been endorsed and issued by the FSC

Newly issued/amended/revised standards and interpretation	Effective date of IASB publication (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between an investor and an associated enterprise or joint venture" are pending Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between an investor and an associated enterprise or joint venture"	Pending
IFRS 17 "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9- Comparative Information"	January 1, 2023
Amendment to IAS 21 "Lack of convertibility"	January 1, 2025 (Note 2)

Note 1: Unless otherwise indicated, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning after each such date.

Note 2: Applies to annual reporting periods starting after 1 January 2025. The first application of the amendment will affect retained earnings as at the date of first application. When the Company uses non-functional currency as the expression currency, it will affect the foreign operating institution exchange difference under the first applicable date of equity.

As of the date of issuance of this consolidated financial report, the Company continues to evaluate the impact of amendments to the above standards and interpretations on the financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Follow the Preparation Statement

The consolidated financial statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers and the IFRS accounting standards approved and issued by the FSC.

##### (2) Preparation basis

Except for financial instruments measured at fair value and the present value of defined benefit obligations less net defined benefit assets recognized at the fair value of plan assets and other long-term employee benefits, this consolidated financial report has been prepared on a historical cost basis. Fair value measures are graded from 1 to 3 according to the degree and significance of the observable input values:

1. Level 1 Input value: Refers to the quoted price (unadjusted) of the same asset or liability available on the active market at the measurement date.
2. Level 2 Input value: An observable input value of an asset or liability, either directly (i.e., price) or indirectly (i.e., derived from price), other than the quoted value of Level 1.
3. Level 3 Input value: Refers to the unobservable input value of an asset or liability.

(3) The criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets expected to be realized in the normal business cycle, or intended to be sold or consumed;
- 2.. Assets held primarily for trading purposes;
3. Assets expected to be realized within 12 months after the balance sheet date; and
4. Cash and cash equivalents (excluding those restricted to the exchange or discharge of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities expected to be repaid in the normal business cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities that mature within 12 months of the balance sheet date (these are considered current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial reports); and
4. Liabilities whose maturity cannot be unconditionally deferred to at least 12 months after the balance sheet date.

However, if the terms of the liabilities allow for their liquidation through the issuance of equity instruments at the option of the counterparty, this does not affect their classification.

Non-current assets and liabilities are classified as non-current assets and non-current liabilities, respectively.

(4) Consolidation basis

This consolidated financial report covers the financial statements of the Company and entities (subsidiaries) controlled by the Company. The consolidated income statement includes the operating profit and loss of the acquired or disposed subsidiary for the current period from the acquisition date to the disposal date. The financial reporting of the subsidiary has been adjusted to align its accounting policies with those of the combined company. In the preparation of the consolidated financial reports, transactions between individuals, account balances, gains and losses have been completely eliminated.

Details of subsidiaries, shareholding ratios and operating items are set out in Note 11, List 3 and List 4.

(5) Foreign Currency

When the Company prepares financial reports, transactions in currencies other than the Company's functional currency (foreign currency) are converted to the functional currency based on the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing exchange rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or from translating monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date and are not retranslated.

For the purposes of preparing consolidated financial reports, the assets and liabilities of foreign operating entities (including subsidiaries operating in countries or using currencies other than those of the Company) are converted to New Taiwan dollars at the exchange rate on each balance sheet date. Income and expense items are translated at the average exchange rate for the period, and the resulting exchange differences are included in other comprehensive income.

(6) Inventory

Inventory includes raw materials and products in process. Inventory is measured at the lower of cost or net realizable value, with comparisons made on an consolidated item basis, except for items in the same class of inventory. Net realizable value is the estimated selling price under normal circumstances, less the estimated costs to complete the sale and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average method.

(7) Real Estate, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Costs include professional services fees and capitalized borrowing costs. When completed and in their intended state of use, these assets are classified into the appropriate category of real estate, plant and equipment and begin to be depreciated.

With the exception of self-owned land, the remaining real estate, plant and equipment shall be depreciated separately for each significant part on a straight-line basis during the service life. The Company reviews the estimated life, salvage value and depreciation method at least at the end of each year and postpones the impact of changes in the applicable accounting estimates.

When real estate, plant and equipment are excluded, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(8) Intangible assets

1. Get it separately

Intangible assets of limited life acquired separately are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment losses. Intangible assets are amortized on a straight-line basis over the life of the asset and the estimated life, salvage value and amortization method are reviewed at least at the end of each year and the impact of changes in the applicable accounting estimates is deferred. Intangible assets with uncertain life are presented at cost less accumulated impairment losses.

2. Exclusion

When intangible assets are excluded, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(9) Impairment of real estate, plant and equipment, right-of-use assets and intangible assets

The Company assesses at each balance sheet date whether there is any indication that real estate, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an consolidated asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash generating units on a reasonably consistent basis.

Impairment tests are conducted at least annually and when there are signs of impairment for intangible assets with uncertain durability and that are not yet ready for use.

Recoverable amount is the greater of fair value less cost of sale and value used. If the recoverable amount of an individual asset or cash generating unit is lower than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, provided that the carrying amount after the increase does not exceed the carrying amount (less amortization or depreciation) that would have been determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. Reversal of impairment losses is recognized in profit or loss.

#### (10) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the terms of the instrument contract.

In the original recognition of financial assets and financial liabilities, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

##### 1. Financial assets

The customary transactions of financial assets are recognized and excluded by accounting on the transaction date.

##### (1) Category of Measurement

The types of financial assets held by the consolidated company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

##### A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatory at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include investments in debt instruments that are not classified as measured at amortized cost or at fair value through other comprehensive gains or losses.

Financial assets measured at fair value through profit or loss are measured at fair value and their reassessed gains or losses are recognized as other gains and losses. Please refer to Note 31 for the method of determining fair value.

B. Financial assets measured at amortized cost

The consolidated company's investment in financial assets is classified as a financial asset measured at amortized cost if it meets both of the following conditions:

- a. It is held under a business model for the purpose of holding financial assets to receive contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, which are solely for the payment of interest on the principal amount and the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable, accounts receivable - related parties, other receivables, other financial assets - current and margin deposits) are, after original recognition, measured at amortized cost of total carrying amount determined by the effective interest method less any impairment losses. Any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets, except in the following two cases:

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

Credit impairment of financial assets refers to the fact that the issuer or the debtor has incurred significant financial difficulties, defaults, is likely to file for bankruptcy or other financial restructuring, or the active market for financial assets has disappeared due to financial difficulties.

Approximately cash includes a highly liquid time deposit that can be converted into fixed cash at any time with little risk of change in value within 3 months from the date of acquisition and is used to meet short-term cash commitments.

(2) Impairment of financial assets and contractual assets

At each balance sheet date, the consolidated company assesses impairment losses on financial assets (including receivables and deposits deposited) and contract assets measured at amortized cost on the basis of expected credit losses.

Accounts receivable and contract assets are recognized for losses based on expected credit losses over the duration of their existence. Other financial assets are first assessed for a significant increase in credit risk since the original recognition, if there is no significant increase, the loss is recognized at the 12-month expected credit loss, if there is a significant increase, the loss is recognized at the expected credit loss over the duration.

Expected credit losses are weighted average credit losses weighted by the risk of default occurring. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instrument within 12 months after the reporting date, and the expected credit loss during the duration represents the expected credit loss arising from all possible defaults of the financial instrument during the expected duration.

For the purpose of internal credit risk management, without taking into account the collateral held, the Company determines that the following circumstances represent a default of financial assets:

- a. There is internal or external information indicating that it is no longer possible for the debtor to pay off its debts.
- b. Overdue for more than 360 days or 540 days, unless there is reasonable and corroborating information that the basis for the deferred default is more appropriate.

Impairment losses on all financial assets are reduced to their carrying amounts, either directly or through allowance accounts, except that allowance losses on investments in debt instruments, measured at fair value through other comprehensive profit or loss, are recognized in other comprehensive profit or loss and do not reduce their carrying amounts.

### (3) Exclusion of Financial Assets

The Consolidated company will only exclude financial assets when contractual rights to cash flows from financial assets have lapsed, or when financial assets have been transferred and substantially all of the risks and rewards of ownership of such assets have been transferred to other enterprises.

When financial assets as a whole measured at amortized cost are divided, the difference between their carrying amount and the consideration received is recognized in profit or loss.

## 2. Equity Instruments

The equity instruments issued by the consolidated company are classified as equity according to the substance of the contractual agreement and the definition of equity instruments.

The equity instruments issued by the consolidated company are recognized on the basis of the amount obtained after deducting the direct issuance costs.

The recapture of the Company's own equity instruments is recognized and deducted under the equity account. The purchase, sale, issuance or cancellation of equity instruments of the Company is not recognized as profit or loss.

3. Financial Liabilities

(1) Follow-up measurement

All financial liabilities are measured at cost after cancellation using the effective interest method.

(2) Exclusion of financial liabilities

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

4. Convertible Corporate Bonds

The composite financial instruments (convertible corporate bonds) issued by the consolidated company are classified as financial liabilities and equity separately at the time of original recognition in accordance with the definition of substance and financial liabilities and equity instruments in the contractual agreement.

At the time of original recognition, the fair value of the components of the liability is estimated at the prevailing market interest rate of similar non-convertible instruments and measured at the amortized cost calculated using the effective interest method before the conversion or maturity date. The components of liabilities embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the composite instrument less the fair value of the separately determined liability components, which is recognized as equity after deducting the income tax effect, and will not be measured subsequently. When the conversion right is exercised, the relevant liability component and the amount in equity will be transferred to share capital and capital reserve - issue premium. If the conversion right of the convertible corporate bond is not exercised on the maturity date, the amount recognized in the equity will be transferred to the capital reserve - issue premium.

The transaction costs associated with the issuance of convertible corporate bonds are the liabilities (included in the carrying amount of liabilities) and equity components (included in equity) allocated to the instrument in proportion to the total price apportioned.

5. Derivative Instruments

The derivative Instruments entered into by the consolidated company are convertible corporate bond options.



Derivative instruments are initially recognized at fair value when a derivative contract is entered into and subsequently measured at fair value at the balance sheet date. The gain or loss arising from the subsequent measurement is directly included in profit or loss. However, for derivatives designated as effective hedging instruments, the point at which they are recognized in profit or loss will depend on the nature of the hedging relationship. When the fair value of a derivative is positive, it is classified as a financial asset; When the fair value is negative, it is listed as a financial liability.

If a derivative is embedded in an asset master contract within the scope of IFRS 9 "Financial instrument", the classification of the financial asset is determined by the overall contract. If a derivative instrument is embedded in an asset master contract that is not within the scope of IFRS 9 (e.g. embedded in a financial liability master contract), and an embedded derivative meets the definition of a derivative, its risks and characteristics are not closely related to those of the master contract, and the hybrid contract is not measured at fair value through profit or loss, the derivative is considered a separate derivative instruments.

#### (11) Provision for liabilities

The amount recognized as a liability provision is the best estimate of the expenses required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. Provision for liabilities is measured at the discounted value of estimated cash flows for liquidation obligations.

##### Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenses required to satisfy the company's obligations, which is recognized at the time of revenue recognition of the relevant product.

#### (12) Income Recognition

After the performance obligations are identified in the client contract, the consolidated company will allocate the transaction price to each performance obligation and recognize the revenue when each performance obligation is satisfied.

##### 1. Revenue from Product Sales

The revenue from product sales is the design, manufacture, processing, maintenance and trading of metal machinery and equipment and parts, because the customer has the right to use the equipment and the control of the ownership of the equipment has been transferred at the time of acceptance. The revenue and accounts receivable are recognized by the company at that point in time and the confirmation documents signed back by the customer, and the other contract assets are transferred to the accounts receivable after the expiration of the warranty obligation. The advance payment received before the acceptance of the equipment is recognized as a contractual liability.

## 2.Revenue from Maintenance Services

The service provided by the consolidated company for equipment maintenance is recognized as income when the performance obligations have been met and the control of the service is transferred to the customer.

### (13) Lease

The consolidated company assesses whether the contract is a lease (or includes) a lease on the date of formation of the contract.

#### 1. The consolidated company is the lessor

A lease term is classified as a finance lease when it transfers to the lessee substantially all of the risks and rewards attached to the ownership of the asset. All other leases are classified as operating leases.

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

#### 2. The consolidated company is the lessee

Except for leases of low-value underlying assets and short-term leases for which the exemption applies, lease payments are recognized as expenses during the lease term on a straight-line basis, and all other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of the lease liability, the lease benefit paid before the lease commencement date minus the lease inducement received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent amount is measured at cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are expressed separately on an consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis, whichever is earlier from the commencement date of the lease to the expiration of the useful life or the expiration of the lease term.

Lease liabilities are originally measured at the present value of lease payments (including fixed payments). If the implied interest rate of the lease is easy to determine, the lease benefit is discounted using that rate. If the interest rate is not easy to determine, the lessee rate for incremental borrowing is used.

Subsequently, lease liabilities are measured on a post-amortized cost basis using the effective interest method, and interest expense is amortized over the lease period. If there is a change in future lease payments due to changes in the lease term or the index or rate used to determine lease benefits, the Company will remeasure the lease liability and adjust the right-of-use assets relatively, but if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount will be recognized in profit or loss. Lease liabilities are expressed separately on the consolidated balance sheet.

(14) Borrowing costs

The cost of borrowing, which is directly attributable to the acquisition, construction or production of an asset that meets the requirements, is part of the cost of the asset until almost all necessary activities have been completed to bring the asset to its intended state of use or sale.

The investment income earned from the temporary investment of a specific loan before the occurrence of the capital expenditure that meets the requirements is deducted from the cost of the borrowing that meets the capitalization conditions.

In addition to the above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(15) Government subsidy

Government subsidies will only be recognized if it is reasonably satisfied that the Company will comply with the conditions attached to the Government Grant and will be able to receive such grant.

The government subsidy related to the income is the reduction of the relevant cost that it intends to compensate for during the period during which the Company recognizes the relevant cost on a systematic basis.

If the government subsidy is used to compensate for expenses or losses already incurred, or for the purpose of providing immediate financial support to the Company and there are no future related costs, it will be recognized as profit or loss during the period in which it can be collected.

(16) Employee benefits

1. Short-term employee benefits

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

2. Post-retirement benefits

The pension that is determined to be made to the retirement plan is when the amount of the pension to be made is recognized as an expense during the period of service provided by the employee.

The defined cost of benefits (including cost of services, net interest and remeasures) of the Defined Benefit Retirement Plan is actuarial based on the projected unit benefit method. The cost of services (including the cost of services for the current period) and the net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasures (including actuarial gains and losses and return on plan assets after deducting interest) are recognized in other comprehensive gains or losses and included in retained earnings when incurred, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent shortfalls (remaining) drawdowns of defined benefit retirement plans. Net defined benefit assets may not exceed the present value of the withdrawal from the plan or the reduction of future contributions.

3. Other long-term employee benefits

Other long-term employee benefits are treated in the same way as defined benefit retirement plans, except that the relevant remeasures are recognized in profit or loss.

(17) income tax

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

1. Current income tax

The Company determines the current income (loss) in accordance with the laws and regulations enacted by the Republic of China, and calculates the income tax payable (recoverable) based on it.

The additional income tax on undistributed earnings calculated in accordance with the provisions of the Income Tax Act of Taiwan shall be recognized in the year in which the shareholders' meeting resolves it.

Adjustments to income tax payable in previous years shall be included in the current income tax.

2. Deferred income tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when there is a high probability that there will be taxable income available for the use of deductible temporary differences.

Taxable temporary differences related to investment subsidiaries are recognized as deferred tax liabilities, unless the Company has control over the timing of the reversal of the temporary difference and there is a high probability that the temporary difference will not be reversed in the foreseeable future. Deductible temporary differences in relation to such investments are recognized as deferred tax assets only to the extent that there is a high probability that there will be sufficient taxable income to meet the temporary differences and to the extent that they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to those who are no longer likely to have sufficient taxable income to recover all or part of their assets. If the assets that were not originally recognized as deferred tax assets are also reviewed at each balance sheet date, and the carrying amount will be increased if there is a high probability that the taxable income will be generated in the future for the recovery of all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rate for the period in which the liabilities are liquidated or the assets are realized, and the tax rate is based on the tax rates and tax laws that have been legislated or substantially enacted at the balance sheet date. Deferred tax liabilities and assets are measured to reflect the tax consequences arising from the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive gains or losses or directly recognized in equity are recognized in other comprehensive gains or losses or directly recognized in equity, respectively.

V. A major source of uncertainty in significant accounting judgments, estimates and assumptions

In adopting accounting policies, management must make judgments, estimates and assumptions based on historical experience and other relevant factors where relevant information is not readily available from other sources. Actual results may differ from estimates.

The Company takes into account the possible impact of inflation and market interest rate fluctuations in the development of material accounting estimates, such as cash flow projections, growth rates, discount rates, profitability and other related material estimates, and the management will continue to review the estimates and underlying assumptions.

VI. Cash and Equivalent Cash

	December 31, 2023	December 31, 2022
Bank checks and current deposits	\$ 232	\$ 258
Cash equivalent (investments with original maturities less than 3 months)	236,024	293,873
Banker's acceptance bill	8,772	9,293
Bank time deposit	<u>236,627</u>	<u>119,328</u>
	<u>\$ 481,655</u>	<u>\$ 422,752</u>

The range of interest rates on bank deposits at the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Bank deposits	<u>0.05% ~ 2.95%</u>	<u>0.05% ~ 3.95%</u>
Banker's acceptance bill	0%	0%

7. Financial instruments measured at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets - Liquidity		
Mandatory fair value measurement of derivatives through profit or loss (not specified hedging)		
- Convertible bonds		
Option	\$ <u>-</u>	\$ <u>142</u>

8. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Domestic investment		
Time deposits with original maturities of more than 3 months	\$ <u>-</u>	\$ <u>188,198</u>

As of December 31, 2011, the interest rate range for time deposits with original maturities of more than 3 months was 2.40% to 3.10% per annum. The Company takes into account the historical default loss rate, the current financial position of the bank and the outlook of the industry in which it operates, and its assessment of its sufficient ability to service contractual cash flows. As at 31 December 2022, there is no provision for expected credit losses on financial assets measured at amortized cost.

9. Notes receivable、Accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book amount	\$ 491	\$ 264
Less: Allowance for losses	<u>-</u>	<u>-</u>
	\$ <u>491</u>	\$ <u>264</u>
Occurs by business	\$ <u>491</u>	\$ <u>264</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book amount	\$ 242,338	\$ 267,837
Less: Allowance for losses	( <u>6,799</u> )	( <u>7,122</u> )
	\$ <u>235,539</u>	\$ <u>260,715</u>

(next pages)

	December 31, 2023	December 31, 2022
<u>Other receivables</u>		
Tax refunds receivable	\$ 1,402	\$ 2,882
Interest receivable	373	1,786
Allowance receivable	852	-
Other	<u>334</u>	<u>256</u>
	<u>\$ 2,961</u>	<u>\$ 4,924</u>

(1) Bills receivable

The average number of days for the consolidated company to redeem notes receivable is 60 to 180 days.

The consolidated company recognizes a provision for notes receivable on the basis of expected credit losses over the duration of its existence. Expected credit losses over the life period take into account the customer's past default record and the current financial position and industrial economic situation, taking into account GDP forecasts and industry outlook. As of December 31, 2023 and 2022, the consolidated company does not have to include expected credit losses in its assessment of notes receivable.

The aging analysis of notes receivable on the basis of the Posting date is as follows:

	December 31, 2023	December 31, 2022
1 to 60 days	\$ 58	\$ -
61 to 90 days	-	264
9 to 120 days	<u>433</u>	<u>-</u>
Total	<u>\$ 491</u>	<u>\$ 264</u>

(2) Accounts receivable

The consolidated company's credit period for product sales is subject to the contract.

To mitigate credit risk, the management of the Company has appointed a dedicated team responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate action has been taken to collect overdue accounts receivable. In addition, the consolidated company reviews the recoverable amounts of accounts receivable at the balance sheet date on a case-by-case basis to ensure that appropriate impairment losses have been included for accounts receivable that cannot be collected. Accordingly, the management of the consolidated company considers that the credit risk of the Company is properly managed.

The consolidated company recognizes a loss allowance for accounts receivable on the basis of expected credit losses during the duration of existence. Expected credit losses over the life period are calculated using the reserve matrix, which takes into account the customer's past default history and current financial position, industry economic situation, GDP forecast and industry outlook. Before 2022, the Company's historical experience with credit losses showed that there was no significant difference in the pattern of losses among different customer groups, so the reserve matrix did not further distinguish between customer groups and only determined the expected credit loss rate based on the number of days overdue on accounts receivable. Since 2023, due to the different patterns of credit losses of some customers and other customers, the Company has adjusted to adopt different reserve matrices according to the customer's historical collection experience and risk level, and take into account the overdue days of accounts receivable and the customer's economic situation to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, as the amount recovered is recognized in profit or loss.

The Company's allowance for accounts receivable as measured by the reserve matrix is as follows:

### December 31, 2023

Group 1	not overdue	overdue 1 to 120 days	overdue 121 to 240 days	overdue 121 to 240 days	Over 360days	Total
Expected credit loss rate	0.00%	0.00%~0.01%	0.01%~0.15%	0.46%~21.42%	100%	
Total book amount	\$ 122	\$ -	\$ 6,483	\$ 1,812	\$ 6,786	\$ 15,203
Allowance for losses (Expected credit losses at duration)	-	-	( 5 )	( 8 )	( 6,786 )	( 6,799 )
Cost after amortization	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 6,478</u>	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ 8,404</u>

Group 2	not overdue	overdue 1 to 180 days	overdue 181 to 360 days	overdue 161 to 540 days	Over 540days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Total book amount	\$ 4,235	\$ 179,060	\$ 11,652	\$ 10,920	\$ -	\$ 227,135
Allowance for losses (Expected credit losses at duration)	-	-	-	-	-	-
Cost after amortization	<u>\$ 4,235</u>	<u>\$ 179,060</u>	<u>\$ 11,652</u>	<u>\$ 10,920</u>	<u>\$ -</u>	<u>\$ 227,135</u>

### December 31, 2022

	not overdue	overdue 1 to 90 days	overdue 81 to 180 days	overdue 181 to 270 days	overdue 171 to 360 days	Over 360days	Total
Expected credit loss rate	0.01%	0.08%~0.12%	0.17%~0.48%	0.79%~1.60%	2.67%~14.53%	100%	
Total book amount	\$ 43,788	\$ 74,101	\$ 40,546	\$ 5,482	\$ 2,147	\$ 6,588	\$ 267,837
Allowance for losses (Expected credit losses at duration)	( 11 )	( 75 )	( 101 )	( 63 )	( 281 )	( 6,588 )	( 7,122 )
Cost after amortization	<u>\$ 43,777</u>	<u>\$ 74,026</u>	<u>\$ 40,445</u>	<u>\$ 5,419</u>	<u>\$ 1,866</u>	<u>\$ -</u>	<u>\$ 165,533</u>

Information on changes in allowance for losses in accounts receivable is as follows:

	2023	2022
Year-begin balance	\$ 7,122	\$ 254
Plus: Impairment loss is included in the current year	-	6,868
Less: reversal impairment loss for the year	( 323 )	-
Year-end balance	<u>\$ 6,799</u>	<u>\$ 7,122</u>



(3) Other receivables

Other receivables in the consolidated company's accounts are mainly tax refunds receivable, interest receivable and allowances receivable, etc. It is the Company's policy to only deal with creditworthy parties. The Company continues to track and analyze the counterparty's past delinquency records and current financial position with reference to assess whether the credit risk of other receivables has significantly increased since the original recognition and to measure expected credit losses. As of December 31, 2023 and 2022, the Company assessed that other receivables were not subject to expected credit losses.

10. Inventory

	December 31, 2023	December 31, 2022
Product in process	\$ 1,360,196	\$ 1,652,334
Raw Material	<u>62,682</u>	<u>69,827</u>
	<u>\$ 1,422,878</u>	<u>\$ 1,722,161</u>

The nature of cost of goods sold is as follows:

	2023	2022
Cost of inventory sold	\$1,062,667	\$1,159,317
loss on inventory valuation	20,798	13,344
Manufacturing costs not apportioned		
Other	1,282	-
	<u>11,284</u>	<u>36,641</u>
	<u>\$1,096,031</u>	<u>\$1,209,302</u>

11. Subsidiaries

Subsidiaries included in consolidated financial reports

The main entities of this consolidated financial report are as follows:

				Percentage of equity held		
Name of Investment Company	Name of Subsidiary			December 31, 2023	December 31, 2022	Remark
The Company	Celestial Limited, Samoa	High	Global investment holding	100%	100%	Note 1
Celestial Limited, Samoa	Kunshan Ruiping precision coating equipment Co., Ltd.	High	Global Equipment installation and sales	100%	100%	Note 1

Note 1: The main operating risk is exchange rate risk.

Note 2: The main operating risks are political risks and exchange rate risks arising from the government order and cross-strait changes.

## 12. Real estate, plant and equipment

### Own use

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Research experimental equipment	Incomplete project & inspected equipment	Total
<b>Cost</b>								
January 1, 2023 balance	\$ 189,388	\$ 85,120	\$ 24,350	\$ 4,505	\$ 13,134	\$ 12,068	\$ 268,448	\$ 597,013
Addition	-	55,918	19,222	3,950	498	-	-	79,588
處分	-	-	-	( 34 )	-	-	-	( 34 )
Reclassification (note)	-	265,316	6,092	-	-	-	( 268,448 )	2,960
淨兌換差額	-	-	( 72 )	( 35 )	( 13 )	-	-	( 120 )
December 31, 2023 balance	<u>\$ 189,388</u>	<u>\$ 406,354</u>	<u>\$ 49,592</u>	<u>\$ 8,386</u>	<u>\$ 13,619</u>	<u>\$ 12,068</u>	<u>\$ -</u>	<u>\$ 679,407</u>
<b>Accumulated depreciation</b>								
January 1, 2023 balance	\$ -	\$ 35,825	\$ 15,358	\$ 2,694	\$ 9,740	\$ 12,060	\$ -	\$ 75,677
Disposal	-	-	-	( 31 )	-	-	-	( 31 )
Depreciation expense	-	6,075	3,248	581	1,010	8	-	10,922
Net exchange difference	-	-	( 64 )	( 20 )	( 8 )	-	-	( 92 )
December 31, 2023 balance	<u>\$ -</u>	<u>\$ 41,900</u>	<u>\$ 18,542</u>	<u>\$ 3,224</u>	<u>\$ 10,742</u>	<u>\$ 12,068</u>	<u>\$ -</u>	<u>\$ 86,476</u>
December 31, 2023 net	<u>\$ 189,388</u>	<u>\$ 364,454</u>	<u>\$ 31,050</u>	<u>\$ 5,162</u>	<u>\$ 2,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,931</u>
<b>Cost</b>								
January 1, 2022 balance	\$ 189,388	\$ 80,571	\$ 23,653	\$ 4,175	\$ 11,350	\$ 12,068	\$ 57,285	\$ 378,490
Addition	-	4,549	643	308	1,475	-	211,163	218,138
Reclassification (note)	-	-	-	-	304	-	-	304
Net exchange difference	-	-	54	22	5	-	-	81
December 31, 2022 balance	<u>\$ 189,388</u>	<u>\$ 85,120</u>	<u>\$ 24,350</u>	<u>\$ 4,505</u>	<u>\$ 13,134</u>	<u>\$ 12,068</u>	<u>\$ 268,448</u>	<u>\$ 597,013</u>
<b>Accumulated depreciation</b>								
January 1, 2022 balance	\$ -	\$ 30,365	\$ 13,220	\$ 2,215	\$ 8,462	\$ 12,010	\$ -	\$ 66,272
Depreciation expense	-	5,460	2,089	470	1,273	50	-	9,342
Net exchange difference	-	-	49	9	5	-	-	63
December 31, 2022 balance	<u>\$ -</u>	<u>\$ 35,825</u>	<u>\$ 15,358</u>	<u>\$ 2,694</u>	<u>\$ 9,740</u>	<u>\$ 12,060</u>	<u>\$ -</u>	<u>\$ 75,677</u>
December 31, 2022 net	<u>\$ 189,388</u>	<u>\$ 49,295</u>	<u>\$ 8,992</u>	<u>\$ 1,811</u>	<u>\$ 3,394</u>	<u>\$ 8</u>	<u>\$ 268,448</u>	<u>\$ 521,336</u>

Note: It is transferred from the prepaid equipment payment.

Property, plant and equipment showed no signs of impairment in years 2023 and 2022 and therefore the Company did not carry out impairment tests.

Depreciation expense is provided on a straight-line basis for the following service years:

Housing and construction	
Plant main building	15 to 51 years
Accessory equipment	2 to 10 years
Machine equipment	2 to 10 years
Transport equipment	5 to 10 years
Office equipment	3 to 10 years
Research experimental equipment	6 years

Refer to Note 33 for the amount of private property, plant and equipment set as security for the loan.

### 13. Lease Agreement

#### (1) The right to use the assets

	December 31, 2023	December 31, 2022
Book amount of assets of use right		
Building	\$ 3,275	\$ 5,938
Transport equipment	<u>1,578</u>	<u>190</u>
	<u>\$ 4,853</u>	<u>\$ 6,128</u>
	2023	2022
The addition of usufruct assets	<u>\$ 2,034</u>	<u>\$ 7,942</u>
Depreciation expense of usufruct assets		
Building	\$ 2,644	\$ 2,522
Transportation equipment	<u>596</u>	<u>229</u>

#### (2) Lease liabilities

	December 31, 2023	December 31, 2022
Book amount of lease liabilities		
Liquidity	<u>\$ 3,346</u>	<u>\$ 2,761</u>
Non- liquidity	<u>\$ 1,797</u>	<u>\$ 3,575</u>

The discount rate ranges for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Building	<u>4.75%</u>	<u>4.75%</u>
Transportation equipment	<u>0.97% ~ 2.95%</u>	<u>0.97%</u>

#### (3) Major leasing activities and terms

The combined company leases certain buildings and transportation equipment for business use for a period of 36 to 44 months. Upon termination of the lease term, the merged Company shall have no preferential right to take over the leased buildings and transportation equipment, and it is agreed that the Merged Company shall not sublease or transfer all or part of the leased subject matter without the consent of the lessor.

#### 4) Other leasing information

	2023	2022
Short-term rental charges	<u>\$ 1,343</u>	<u>\$ 4,767</u>
Low value asset lease charges	<u>\$ 309</u>	<u>\$ 199</u>
Total cash (outflows) from leases	<u>(\$ 5,084)</u>	<u>(\$ 7,881)</u>

The consolidated company elects to apply the exemption to the lease of plant and other equipment eligible for short term lease and photocopiers and other equipment eligible for low value asset and does not recognize the relevant right of use assets and lease liabilities for such leases.

14. Other intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance as of January 1, 2023	\$ 3,649
Separate acquisition	1,444
Net exchange difference	( 3 )
Balance as of December 31, 2023	<u>\$ 5,090</u>
<u>Cumulative amortization and impairment</u>	
Balance as of January 1, 2023	(\$ 2,340)
Amortization expense	( 775 )
Net exchange difference	2
Balance as of December 31, 2023	<u>(\$ 3,113)</u>
Net of December 31, 2023	<u>\$ 1,977</u>
<u>Cost</u>	
Balance as of January 1, 2022	\$ 2,418
Separate acquisition	1,230
Net exchange difference	1
Balance as of December 31, 2022	<u>\$ 3,649</u>
<u>Cumulative amortization and impairment</u>	
Balance as of January 1, 2022	(\$ 1,448)
Amortization expense	( 891 )
Net exchange difference	( 1 )
Balance as of December 31, 2022	<u>(\$ 2,340)</u>
Net of December 31, 2022	<u>\$ 1,309</u>

Amortization of computer software is charged on a straight-line basis over three to five years of durability.

Amortization expense by function is summarized as follows:

	<u>2023</u>	<u>2022</u>
Operating cost	\$ 410	\$ 374
administration cost	<u>365</u>	<u>517</u>
	<u>\$ 775</u>	<u>\$ 891</u>

## 15. Other financial assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted time deposits	<u>\$ 145,154</u>	<u>\$ 525,865</u>

- (1) As of December 31, 2023 and 2022, the interest rates of restricted time deposits ranged from 1.30% to 3.80% and 1.65% to 5.00% respectively.
- (2) The Company takes into account the historical default loss rate, the current financial position of the bank and the prospects of the industry in which it operates, and assents that it has sufficient ability to repay the contracted cash flows. As of December 31, 2023 and 2022, no expected credit losses have been provided for other financial assets.
- (3) For information on other pledges of financial assets, please refer to Note 33.

## 16. Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Deposit margin (Note)	\$ -	\$ 12,294
Payment on behalf	<u>-</u>	<u>3</u>
	<u>\$ -</u>	<u>\$ 12,297</u>
 <u>Non- liquidity</u>		
Deposit margin (Note)	\$ 1,445	\$ 29
Advance payment for equipment	<u>2,050</u>	<u>2,960</u>
	<u>\$ 3,495</u>	<u>\$ 2,989</u>

Note: The Company takes into account the historical default loss rate of the contract counterparty, the current financial position and the outlook of the industry in which it operates, and evaluates its sufficient ability to repay the contract cash flow. As of December 31, 2023 and 2022, no expected credit loss has been provided for the deposit.

## 17. Loans

### (1) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans (Note 33)</u>		
Bank loan	\$ 57,000	\$ 373,530
 <u>Unsecured loan</u>		
Bank loan	<u>-</u>	<u>50,000</u>
	<u>\$ 57,000</u>	<u>\$ 423,530</u>

The interest rates on bank loans as at 31 December 2023 and 2022 were 1.700% to 2.095% and 1.250% to 1.650% respectively. Of the secured bank borrowings for the year 2023, \$22,000 was secured by bank deposits and \$35,000 was secured by the Consortium's SME Credit Guarantee Fund. Secured bank borrowings for year 2022 were secured by bank deposit pledges.

(2) Long-term loans

	December 31, 2023	December 31, 2022
<u>Secured loans (Note 33)</u>		
Bank loan	\$ 126,400	\$ 112,800
<u>Unsecured loan</u>		
Bank loan	10,000	10,000
Less: listed as part due within 1 year	( <u>2,083</u> )	<u>-</u>
	<u>\$ 134,317</u>	<u>\$ 122,800</u>

In order to purchase land, the consolidated company signed a loan contract with Shanghai Commercial Savings Bank with the guarantee of land and buildings. The maturity date of the loan is February 26, 2036, and the principal and interest are amortized in 180 installments per month. The Company has completed the early repayment in June, 2022.

In order to plant and equipment, the consolidated company entered into a loan contract with Shanghai Commercial Savings Bank with the mortgage of land and buildings, the maturity date of the loan is 15 May and 15 December, 2028 respectively, and the transfer of \$13,600 thousand and \$82,800 thousand in 2023 and 2022 respectively, after a grace period of three years, the principal and interest are repaid in 48 installments monthly. As at 31 December 2023 and 2022, the borrowing rates were 0.760% and 0.635% respectively.

The unsecured loan is a floating interest rate loan from Shanghai Commercial Savings Bank, which matures in February 2028 and has interest rates of 0.760% and 0.635% as of December 31, 2023 and 2022 respectively.

18. Corporate bonds payable

	December 31, 2023	December 31, 2022
Domestic secured convertible bonds	\$ 106,175	\$ 187,022
Less: listed as part due within 1 year	( <u>106,175</u> )	( <u>187,022</u> )
	<u>\$ -</u>	<u>\$ -</u>

(1) The conditions for the issuance of the first secured convertible corporate bond in Taiwan are summarized as follows:

1. Date of issue: June 10, 2021.
2. Total issue: 300,000 yuan.
3. Denomination: 100 thousand NT dollar/piece.
4. Issue price: 102% of the face value.
5. Issuance period: 3 years, expiring on June 10, 2024.
6. Coupon rate: 0%.
7. Date and manner of repayment: Unless the Debenture holder exercises the conversion right or sale right and the Company redeemes the debenture in advance or the Company buys the debenture back for cancellation by the securities dealer's Office, the debenture Convertible debenture held by the Debenture holder shall be repaid in cash in one lump sum at the face value of the debenture within seven business days following the date of maturity.
8. Conversion period: The debenture holder may start from the day following the expiration of three months after the issuance of the converted corporate bonds (September 11, 2021) to the maturity date (June 10, 2024), except for the period of transfer suspension according to law; 15 business days from the date of cessation of transfer of the Company's gratuitous rights issue, cash dividend or cash increase subscription, until the base date of rights distribution; From the base date of capital reduction to the day before the trading date of the shares issued for capital reduction, conversion into ordinary shares of the Company may be handled in accordance with the issuance and conversion measures except for the request for conversion.
9. Please refer to Note 3 for the security for conversion of bonds.
10. Conversion Price and Adjustment: The conversion price at the time of issuance of the conversion bonds is set at \$55.90 per share. After the issue of conversion bonds, except for the exchange of ordinary shares in various securities issued or placed by the Company with conversion rights or stock options or the issue of new shares for employee compensation, in the event of an increase in ordinary shares issued or placed by the Company; In the event that the Company allocates cash dividends to ordinary shares; In the event of a reissue or private placement by the Company of various marketable securities with conversion rights or options for common shares at a conversion or subscription price lower than the current price per share; The conversion price shall be adjusted in accordance with the issuance and conversion method in the event of a reduction in the shares of ordinary shares of the Company due to capital reduction other than cancellation of Treasury shares.

As of December 31, 2023, the conversion price was \$48.52 per share.

11. New shares sold after conversion: The ordinary shares issued after conversion of the corporate bonds will be sold at the counter trading center from the date of delivery.
  12. The redemption right of the Company to convert the bonds: (1) If the closing price of the ordinary shares of the Company exceeds the then conversion price by 30% for thirty consecutive business days, the Company may, within thirty business days after the completion of three months following the issuance of the convertible bonds (September 11, 2021) and expires forty days before the maturity date (May 1, 2024), Notify the bondholders of the redemption of all outstanding convertible bonds in cash at the value of the bonds; (2) If the outstanding balance of the convertible bonds is less than 10% of the total amount of the original issue, the Company may at any time thereafter withdraw the entire outstanding convertible bonds in cash at the face value of the bonds.
  13. Bondholder's right to sell back: The date on which the convertible bonds have been issued for two years (June 10, 2023) is the base date for the bondholder to sell back the convertible bonds in advance. The Company shall notify the debenture holders forty days prior to the base date of sale and shall write to the over-the-counter trading Centre to notify the exercise of the Debenture holders' right to sell.
- (2) The convertible debenture comprises liabilities and equity components, which are expressed as capital reserves - stock options under equity. The original recognized effective interest rate on the component of the liability was 1.6344%.

Issuance price (less transaction costs of NT\$ 12,706 thousand)	\$ 293,294
Equity component	( 10,789)
Financial assets measured at fair value through profit or loss	609
Deferred tax assets	<u>2,541</u>
Component of liabilities at issue date	285,655
Interest calculated at an effective rate of 1.6344%	8,482
Conversion of bonds payable to common Stock	( <u>187,962</u> )
Component of liabilities, December 31, 2023	<u>\$ 106,175</u>

- (3) Amortization of discount on bonds payable in 2023 and 2022 is NT\$2,366 thousand and NT\$3,410 thousand respectively, which are included in the finance cost.
- (4) Conversion bonds separate options from liabilities and account for financial assets measured at fair value through profit or loss - current, bonds payable and capital reserves - stock options.



- (5) As of December 31, 2023, the cumulative conversion face value of the converted corporate bonds was NT\$193,100 thousand, including the transfer of ordinary share capital of NT\$30,728 thousand and the capital received in advance of NT\$6,389 thousand; The exercise of the bond conversion right also resulted in a decrease of MT\$6,944 thousand in the capital reserves of the original issue - stock options, a decrease of NT\$5,138 thousand in the discount on bonds payable, and a decrease of \$542 thousand in financial assets - current measured at fair value through profit or loss, Net conversion of capital surplus in excess of the denomination of converted ordinary shares - conversion premium of converted corporate bonds amounting to NT\$157,247 thousand.

#### 19. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable</u>		
Occurs by business	<u>\$ 166,027</u>	<u>\$ 278,868</u>

The Company's terms of trade with general suppliers are 90 days from immediate settlement to the following month. The Company has a financial risk management policy in place to ensure that all payables are paid within the pre-agreed credit period.

#### 20. Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Other payables		
Salaries and bonuses payable	\$ 21,482	\$ 31,337
Employee compensation and director compensation payable	24,632	16,031
Bond related expenses payable	3,102	4,158
Premium payable	8,248	7,620
Pension payable	1,399	1,404
Equipment payable	820	311
Labor expenses payable	2,515	361
Other	39	1,691
	<u>2,850</u>	<u>5,219</u>

#### 21. Provision for liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Warranty (1)	<u>\$ 8,967</u>	<u>\$ 9,526</u>
<u>Non-liquidity</u>		
Other Long-term Employee Benefits (2)	<u>\$ 1,434</u>	<u>\$ 1,565</u>

	Warranty
Balance as of January 1, 2022	\$ 7,957
Addition	10,073
Use	( 3,575)
Reverse the unused balance	( 4,933)
Net exchange difference	<u>4</u>
Balance as of December 31, 2022	9,526
Addition	7,865
Use	( 1,809)
Reverse the unused balance	( 6,598)
Net exchange difference	<u>( 17)</u>
Balance as of December 31, 2023	<u>\$ 8,967</u>

- (1) The reserve for warranty liabilities is the present value of the Company's management's best estimate of the outflow of future economic benefits resulting from warranty obligations as agreed in the sales product contract. This estimate is based on historical warranty experience and adjusted for other factors affecting product quality.
- (2) The reserve for other long-term employee benefit liabilities is included in the assessment of the employee's permanent service award payment.

## 22. Post-employment benefits plan

### (1) Determining the appropriation plan

The pension system to which the Company applies under the Workers' Pension Ordinance is a defined-contribution retirement plan administered by the government, with a contribution of 6% of an employee's monthly salary to a special personal account of the Labor Insurance Bureau.

Employees of subsidiaries in the People's Republic of China are members of the retirement benefit plan of the People's Republic of China. The subsidiary is required to allocate a specific percentage of payroll costs to the retirement benefit Plan in order to fund the plan. The obligation of the consolidated Company for this government-run retirement benefit scheme is only to make specific contributions.

### (2) Determine the welfare plan

The Company's pension system in accordance with the Labor Standards Act of our country is a defined-benefit retirement plan administered by the government. The pension payment is based on the length of service and the average salary of the six months prior to the approved retirement date. The Company allocates 5.1% of the total monthly salary of employees to a special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee. If the estimated balance of the special account is insufficient to pay the workers who are expected to reach the retirement conditions in the following year, the difference will be allocated by the end of March of the next year. The management of the special account

is entrusted to the Labor Fund Management Bureau of the Ministry of Labor, and the Company has no right to influence the investment management strategy.

The defined benefit plan amounts included in the consolidated balance sheet are shown as follows:

	December 31, 2023	December 31, 2022
Determine the present value of welfare obligations	\$ 12,805	\$ 13,725
Fair value of planned assets	( <u>15,044</u> )	( <u>14,810</u> )
Net defined benefit assets	( <u>\$ 2,239</u> )	( <u>\$ 1,085</u> )

The net defined benefit (asset) liability changes as follows:

	Determine the present value of welfare obligations	Fair value of planned assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2022	\$ 15,954	( \$ 13,090 )	\$ 2,864
Interest expense (income)	<u>80</u>	( <u>67</u> )	<u>13</u>
Recognized in profit or loss	<u>80</u>	( <u>67</u> )	<u>13</u>
Remeasure number			
Return on planned assets (other than amount included in net interest)	-	( 1,017 )	( 1,017 )
Actuarial Benefits - Financial assumptions alteration	( 534 )	-	( 534 )
Actuarial Benefit - Adjustment for experience	( <u>1,775</u> )	<u>-</u>	( <u>1,775</u> )
Recognized in other consolidated profit and loss	( <u>2,309</u> )	( <u>1,017</u> )	( <u>3,326</u> )
Employer-sponsored defined contribution plans	<u>-</u>	( <u>636</u> )	( <u>636</u> )
Balance as of January 1, 2022	<u>13,725</u>	( <u>14,810</u> )	( <u>1,085</u> )
Interest expense (income)	<u>181</u>	( <u>200</u> )	( <u>19</u> )
Recognized in profit or loss	<u>181</u>	( <u>200</u> )	( <u>19</u> )
Remeasure number			
Return on planned assets (other than amount included in net interest)	-	( 111 )	( 111 )
Actuarial Benefits - Financial assumptions alteration	164	-	164
Actuarial Benefit - Adjustment for experience	( <u>620</u> )	<u>-</u>	( <u>620</u> )
Recognized in other consolidated profit and loss	( <u>456</u> )	( <u>111</u> )	( <u>567</u> )
Employer appropriation	<u>-</u>	( <u>568</u> )	( <u>568</u> )
Welfare payment	( <u>645</u> )	<u>645</u>	<u>-</u>
Balance as of December 31, 2023	<u>\$ 12,805</u>	( <u>\$ 15,044</u> )	( <u>\$ 2,239</u> )

The Company is exposed to the following risks as a result of the pension system under the Labor Standards Act:

1. Investment risk: The Labor Fund Management Bureau of the Ministry of Labor invests the labor pension Fund in domestic (foreign) equity securities and debt securities and bank deposits respectively through its own operation and entrusted operation, provided that the amount of the company's plan assets is allocated at the rate of interest calculated at no less than the 2-year fixed deposit rate of local banks.
2. Interest rate risk: The net defined benefit liability is partially offset by an increase in the present value of defined benefit obligations resulting from a decrease in the interest rate on government bonds, but also by an increase in the return on debt investment of plan assets.
3. Salary risk: The calculation to determine the present value of benefit obligations is based on the future salary of plan members. Therefore, an increase in the salary of plan members will increase the present value of the defined benefit obligation.  
The present value of the Company's benefit obligations is determined by a qualified actuary and the significant assumptions of the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.21%	1.33%
Expected increase in salary	2.50%	2.50%

If the significant actuarial assumptions were to change separately as reasonably possible, the amount that would increase (decrease) the present value of the determined benefit obligation, with all other assumptions held constant, would be as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	(\$ 356)	(\$ 410)
Decrease by 0.25%	\$ 368	\$ 424
Expected increase in salary		
Increase by 0.25%	\$ 335	\$ 386
Decrease by 0.25%	(\$ 325)	(\$ 374)

Since the actuarial assumptions may be interrelated and changes in a single assumption are unlikely, the above sensitivity analysis may not reflect actual changes in determining the present value of benefit obligations.

The analysis to determine the average maturity period of benefit obligations is as follows:

	December 31, 2023	December 31, 2022
Amount expected to be allocated within 1 year	\$ 582	\$ 651
Determine the average maturity period of benefit obligations	10.35 years	11.11 years

## 23. Rights and interests

### (1) Share capital

#### General stock

	December 31, 2023	December 31, 2022
Rated number of shares (thousands)	<u>35,000</u>	<u>35,000</u>
Nominal share capital	<u>\$ 350,000</u>	<u>\$ 350,000</u>
Number of shares issued and fully paid for (thousands)	<u>24,073</u>	<u>22,886</u>
Issued share capital	\$ 240,729	\$ 228,864
Capital received in advance	<u>6,389</u>	<u>1,440</u>
	<u>\$ 247,118</u>	<u>\$ 230,304</u>

The holders of convertible corporate bonds in the year 2022 converted the ordinary share capital of the Company to a total of NT\$16,117 thousand, of which NT\$12,206 thousand yuan was added on May 6, 2022, and the change registration was completed on June 14, 2022; The base date of the capital increase of NT\$2,471 thousand yuan is November 7, 2022, and the change registration has been completed on November 29, 2022. The balance of 1,440 thousand yuan is included in the capital received in advance, and the base date of capital increase is March 23, 2023, and the change registration has been completed on April 13, 2023.

The holders of the convertible debenture for the year 2023 converted the ordinary share capital of the Company amounting to NT\$16,814 thousand, of which NT\$10,199 thousand was added on May 8, 2023, and the change registration was completed on May 29, 2023; The base date of the capital increase of NT\$226 thousand is November 8, 2023, and the change registration has been completed on December 1, 2023. As at December 31, 2023, the balance of NT\$6,389 thousand was included in the account under the capital received in advance and has not yet completed the registration of changes.

### (2) Capital reserve

	December 31, 2023	December 31, 2022
<u>May be used to cover losses, issue cash or allocate capital (Note 1)</u>		
Equity premium	\$ 145,883	\$ 145,883
Corporate bond conversion premium	157,247	87,835
Treasury stock trading (Note 2)	2,016	2,016
<u>Only to cover losses</u>		
other	1,745	1,745
<u>Not to be used for any purpose</u>		
Stock rights	<u>3,845</u>	<u>6,883</u>
	<u>\$ 310,736</u>	<u>\$ 244,362</u>

Note 1: Such capital reserves may be used to cover losses or, in the absence of losses, to issue cash or to allocate capital, subject to a certain percentage of paid-in capital each year.

Note 2: Such capital reserves are the capital reserves affected by the transfer of Treasury shares by the Company to employees.

The reconciliation of various capital reserve balances for years 2023 and 2022 is as follows:

	Stock issue premium	Corporate bond conversion	Premium stock options	Treasury Stock transaction	Other	Total
Balance as of January 1, 2022	\$ 145,883	\$ 18,150	\$ 9,976	\$ 2,016	\$ 7	\$ 176,032
Convertible bond conversion	-	69,685	( 3,093)	-	-	66,592
Dividends not claimed by shareholders	-	-	-	-	1,733	1,733
Exercise of subsumption	-	-	-	-	5	5
Balance as of December 31, 2022	<u>\$ 145,883</u>	<u>\$ 87,835</u>	<u>\$ 6,883</u>	<u>\$ 2,016</u>	<u>\$ 1,745</u>	<u>\$ 244,362</u>
Balance as of January 1, 2023	\$ 145,883	\$ 87,835	\$ 6,883	\$ 2,016	\$ 1,745	\$ 244,362
Convertible bond conversion	-	69,412	( 3,038)	-	-	66,374
Balance as of December 31, 2023	<u>\$ 145,883</u>	<u>\$ 157,247</u>	<u>\$ 3,845</u>	<u>\$ 2,016</u>	<u>\$ 1,745</u>	<u>\$ 310,736</u>

(3) Retention of earnings and dividend policy

The earnings distribution policy of the Company's articles of Association provides as follows:

1. The Company authorizes the Board to make a special resolution that dividends and bonuses payable in whole or in part shall be paid in cash; If the Company has no losses, all or part of the statutory surplus reserve (the portion exceeding 25% of the total paid-in share capital) and the capital reserve in accordance with the provisions of the Company Law shall be paid out in cash in proportion to the original shares of the shareholders and submitted to the latest shareholders' meeting.
2. If there is a surplus in the annual final accounts, in addition to paying taxes according to law and making up for accumulated losses, another 10% shall be set aside as legal surplus reserve, and the rest shall be appropriated or reversed as special surplus reserve according to law; If there is still a balance and accumulated undistributed surplus, the board of Directors shall draw up a surplus distribution plan and submit it to the shareholders' meeting for a resolution on distributing dividends to shareholders.

See Note 25

(7) Remuneration of employees and directors.

The dividend policy of the Company is based on the current and future development plans, taking into account the investment environment, capital needs and domestic and foreign competition, and taking into account the interests of shareholders, and shall allocate not less than 10% of the available for distribution of dividends to shareholders each year, but shall not be distributed if the accumulated available for distribution of

surplus is less than 10% of the paid-in capital. Dividends to shareholders may be distributed in the form of cash or stock, in which the cash dividend shall not be less than 50% of the total dividend.

The statutory surplus reserve may no longer be included when it has reached the paid-in capital of the company. Statutory surplus reserves are used to cover losses. If the company has no losses, the part of the statutory surplus reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to the capital.

The distribution of the Company's earnings for the years 2022 and 2021 is as follows:

	2022	2021
Legal reserve	\$ 20,278	\$ 12,039
Special reserve	(\$ 1,335)	\$ 1,418
Cash dividends	\$ 95,501	\$ 67,918
Cash dividend per share (NTD)	\$ 4.00	\$ 3.00

The above cash dividends were distributed by the resolutions of the Board of Directors on 23 March 2023 and 23 March 2022 respectively, and the remaining distribution items of surplus were also resolved by the ordinary shareholders on June 27, 2023 and June 21, 2022 respectively.

As of March 15, 2024, the Company's 2023 annual surplus allocation motion has not been proposed by the Board of Directors.

#### 24. Income

	2023	2022
Customer contract revenue		
Equipment sales revenue	\$ 1,268,546	\$ 1,427,646
Parts repair service revenue	41,859	27,952
	<u>\$ 1,310,405</u>	<u>\$ 1,455,598</u>

#### Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (Notes 9)	<u>\$ 236,030</u>	<u>\$ 260,979</u>	<u>\$ 180,663</u>
Contract assets - Liquidity			
Equipment warranty	<u>\$ 24,273</u>	<u>\$ 33,741</u>	<u>\$ 32,798</u>
Contract liabilities - Liquidity			
Advances on sales	<u>\$ 1,318,680</u>	<u>\$ 1,632,442</u>	<u>\$ 1,495,965</u>

Changes in contract assets and contract liabilities mainly result from the difference between the time of satisfaction of performance obligations and the time of payment by the customer.

The consolidated company recognizes the loss allowance for contract assets in terms of expected credit losses over the life of the contract. The contract assets will be transferred to accounts receivable at the end of the warranty period and have the same credit risk characteristics as accounts receivable arising from similar contracts, so the Company considers that the expected credit loss rate of accounts receivable can also be applied to the contract assets.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant contract assets, but will continue to pursue recovery activities, as the amount recovered is recognized in profit or loss.

As of December 31, 2023 and 2022, the total book amount of contract assets is NT\$24,273 thousand and NT\$33,741 thousand respectively, with an expected credit loss ratio of 0% and a provision for losses of NT\$0 thousand for both.

The amounts of contract liabilities from the beginning of the year recognized as revenue during the year are as follows:

	2023	2022
<u>From contract liabilities at the beginning of the year</u>		
Equipment sales	<u>\$ 837,029</u>	<u>\$ 742,413</u>

## 25. Net profit

### (1) Interest income

	2023	2022
Bank deposit	\$ 19,569	\$ 16,069
Other	<u>-</u>	<u>2</u>
	<u>\$ 19,569</u>	<u>\$ 16,071</u>

### (2) other income

	2023	2022
Rental income	\$ 228	\$ 229
Other	<u>1,275</u>	<u>805</u>
	<u>\$ 1,503</u>	<u>\$ 1,034</u>



(3) Other interests and losses

	<u>2023</u>	<u>2022</u>
Losses on financial assets and financial liabilities		
Losses on financial assets measured at fair value through profit or loss	( \$ 117 )	( \$ 903 )
Net foreign currency exchange gain	<u>24,397</u>	<u>129,837</u>
Disposition of interests in real estate, plant and equipment	43	-
Other	( 10 )	( 8 )
	\$ 24,313	\$ 128,926

(4) Financial cost

	<u>2023</u>	<u>2022</u>
Bank loan interest	\$ 6,124	\$ 4,912
Interest on lease liabilities	278	260
Convertible bond interest	2,366	3,410
Other	33	43
Less: Included under property, plant and equipment	( <u>3,682</u> )	( <u>1,026</u> )
	<u>\$ 5,119</u>	<u>\$ 7,599</u>

Interest capitalization information is as follows:

	<u>2023</u>	<u>2022</u>
Interest capitalization amount	\$ 3,682	\$ 1,026
Interest capitalized rate	0.510% ~ 2.095%	0.010% ~ 1.650%

(5) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Depreciation costs are summarized by function		
Operating cost	\$ 11,154	\$ 8,483
Operating expense	<u>3,008</u>	<u>3,610</u>
	<u>\$ 14,162</u>	<u>\$ 12,093</u>
Amortization expense is summarized by function		
Operating cost	\$ 410	\$ 374
Operating expense	<u>365</u>	<u>517</u>
	<u>\$ 775</u>	<u>\$ 891</u>

For information on the allocation of intangible asset amortization charges to consolidated line items, please refer to Note 14.

(6) Employee welfare expenses

	2023	2022
Short-term employee benefits	\$ 151,049	\$ 175,968
Post-employment benefits		
Identified appropriation plan	6,209	6,717
Identified benefit plan (Note 22)	( 19 )	13
Determination of the benefit Scheme (Note 22)	6,431	7,994
Other employee benefits	\$ 163,670	\$ 190,692
Total employee benefit cost		
Summary by function	\$ 79,080	\$ 91,487
Operating cost	84,590	99,205
Operating expense	\$ 163,670	\$ 190,692
	\$ 151,049	\$ 175,968

(7) Remuneration of employees and directors

In accordance with the articles of association of the Company, the compensation of employees and directors shall be set aside at a rate of not less than 3% and not more than 3% respectively on the basis of the net profit before tax of the year before the compensation of distributed employees and directors. However, if the company still has accumulated losses, it shall reserve the compensable amount in advance, and then allocate the remuneration of employees and directors according to the proportion of the preceding paragraph. On 15 March 2024 and 23 March 2023 respectively, the Board of Directors resolved as follows :

Scale of Estimation

	2023	2022
Employee compensation	3%	3%
Directors' compensation	3%	3%

Amount

	2023		2022	
	Cash	Stocks	Cash	Stocks
Employee rewards	\$ 4,301	\$ -	\$ 8,016	\$ -
Director's remuneration	4,300	-	8,015	-

If the amount of the annual consolidated financial report is still changed after the release date, it will be treated according to the change of the accounting estimate and adjusted in the following year.

There is no difference between the amount of the employee compensation and the directors' compensation decided for the years 2022 and 2021 and the amount recognized in the Consolidated Financial Reports for the years 2022 and 2021.

For information on employee compensation and director compensation as decided by the Board of Directors of the Company, please visit the "Open Information Observatory" of the Taiwan Stock Exchange.

(8) Profit (loss) on foreign currency exchange

	2023	2022
Total foreign currency exchange benefit	\$ 71,475	\$ 225,392
Total foreign currency exchange (loss)	( <u>47,078</u> )	( <u>95,555</u> )
Net profit	<u>\$ 24,397</u>	<u>\$ 129,837</u>

26. Income tax

(1) Income tax recognized in profit and loss

The main components of income tax expense are as follows:

	2023	2022
Current income tax		
This year generated	\$ 33,873	\$ 44,308
Additional charge on undistributed surplus	-	1,951
Adjustments from prior years	( <u>275</u> )	( <u>3,865</u> )
	33,598	42,394
Deferred income tax		
Produced this year	( <u>6,976</u> )	<u>7,812</u>
Income tax expense recognized in profit or loss	<u>\$ 26,622</u>	<u>\$ 50,206</u>

Reconciliation of accounting income to income tax expense is as follows:

	2023	2022
Before tax net profit	<u>\$ 136,975</u>	<u>\$ 250,322</u>
	\$ 30,836	\$ 52,243
Income tax expense calculated at the statutory tax rate (20%)	1,104	1,002
Non-deductible tax expense	( 2,664 )	( 1,776 )
Deferred tax impact on earnings of subsidiaries	-	1,951
Additional levy on undistributed surplus	-	2,867
The current year recognizes temporary differences arising from previous years	( 275 )	( 3,865 )
Adjustment of current income tax expense for previous years in the current year	( <u>2,379</u> )	( <u>2,216</u> )
Other	<u>\$ 26,622</u>	<u>\$ 50,206</u>
Income tax expense recognized in profit or loss	<u>\$ 136,975</u>	<u>\$ 250,322</u>

The tax rate for an individual in a consolidated company subject to the Income Tax Law of the Republic of China is 20%. Kunshan Ruiping Precision Coating Equipment Co., Ltd., a subsidiary of the merged company established in China, is subject to a statutory tax rate of 25% in accordance with the provisions of the Enterprise Income Tax Law of the People's Republic of China, but certain tax deductions and exemptions are available if it complies with the provisions of the General Administration of Taxation of the Ministry of Finance of the People's Republic of China for small micro-profit enterprises.

## 2) Income tax recognized in other comprehensive profit and loss

	2023	2022
<u>Deferred income tax</u>		
Current generation		
- Determine the benefit plan and then measure the number	\$ <u>113</u>	\$ <u>665</u>

## (3) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax liability		
Income tax payable	\$ <u>9,326</u>	\$ <u>30,907</u>

## (4) Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

### Year 2023

	Year-begin balance	Recognized in profit or loss	Recognized in other consolidated profit and loss	Year-end balance
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized product warranty cost	\$ 1,946	( \$ 100 )	\$ -	( \$ 5 )
Loss on unrealized inventory decline	3,040	4,143	-	( 6 )
Employee benefits payable	1,765	( 223 )	-	( 28 )
Deferred income	5,192	( 630 )	-	( 86 )
Corporate bond issuance cost fiscal tax difference	1,200	( 847 )	-	-
Tentative estimated cost of goods sold	7,681	1,917	-	-
Reserve for loss on	1,077	( 160 )	-	-
Other	2,070	( 672 )	-	( 3 )
	<u>\$ 23,971</u>	<u>\$ 3,428</u>	<u>\$ -</u>	<u>( \$ 128 )</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Determine the welfare plans to measure number	( \$ 1,008 )	\$ -	( \$ 113 )	\$ -
Unrealized exchange gain	( 4,402 )	3,548	-	-
	<u>( \$ 5,410 )</u>	<u>\$ 3,548</u>	<u>( \$ 113 )</u>	<u>\$ -</u>

## Year 2022

	Year-begin balance	Recognized in profit or loss	Recognized in other consolidated profit and loss	Year-end balance
Deferred income tax assets				
Temporary differences				
Unrealized product warranty cost	\$ 1,610	\$ 335	\$ -	\$ 1
Loss on unrealized inventory depreciation	325	2,713	-	2
Unrealized conversion loss	10,392	( 10,392 )	-	-
Employee benefits payable	2,053	( 320 )	-	32
Deferred income	4,681	444	-	67
Corporate bond issuance cost				
fiscal and tax difference	2,047	( 847 )	-	-
Estimated cost of goods sold	4,190	3,491	-	-
Allowance for losses	-	1,077	-	-
Other	1,972	89	-	9
	<u>\$ 27,270</u>	<u>( \$ 3,410 )</u>	<u>\$ -</u>	<u>\$ 111</u>
Deferred income tax assets				
Temporary differences				
Determine the welfare plans to measure number	( \$ 343 )	\$ -	( \$ 665 )	\$ -
Unrealized exchange gain	-	( 4,402 )	-	-

### (5) Aggregate amounts of temporary differences related to investments and not recognized for deferred tax liabilities

As of December 31, 2023 and 2022, taxable temporary differences related to investment subsidiaries that were not recognized as deferred tax liabilities were NT\$71,871 thousand and NT\$58,551 thousand, respectively.

### (6) Income tax verification situation

The income tax settlement declaration of the Company's profit-making enterprise has been approved by the tax collecting authority until the year 2021. As at 31 December 2023, the Company did not have any pending tax litigation cases.

## 27. Earnings per share

	2023	Unit: NTD per share 2022
Basic earnings per share	<u>\$ 4.60</u>	<u>\$ 8.83</u>
Diluted earnings per share	<u>\$ 4.18</u>	<u>\$ 7.63</u>

The earnings and weighted average number of common shares used to calculate earnings per share are as follows:

<u>Net profit for the year</u>	<u>2023</u>	<u>2022</u>
Net income used to calculate basic earnings per share	\$ 110,353	\$ 200,116
Dilutive potential common stock impact:		
Convertible bonds	<u>1,986</u>	<u>3,451</u>
Net income used to calculate diluted earnings per share	<u>\$ 112,339</u>	<u>\$ 203,567</u>

<u>Number of shares</u>	<u>2023</u>	<u>2022</u>
Unit: thousands of shares		
The weighted average number of common shares used to calculate basic earnings per share	23,974	22,658
Dilutive potential common stock impact:		
Convertible bonds	2,781	3,899
Company's employee rewards	<u>97</u>	<u>132</u>
The weighted average number of common shares used to calculate diluted earnings per share	<u>26,852</u>	<u>26,689</u>

If the company has the option to pay employees in stock or cash, diluted earnings per share will be calculated on the assumption that employee compensation will be issued in stock, and the weighted average number of shares outstanding when the potential common stock is dilutive will be included in the calculation of diluted earnings per share. The dilution of these potential ordinary shares also continues to be taken into account in calculating diluted earnings per share before the Board decides on the number of shares to be paid to employees in the next year.

## 28. Government subsidies

In November 2023, the Company obtained a government subsidy of NT\$852 thousand from the Corporate Human Resources Enhancement Program, which was included as a reduction in payroll expenses in 2023.

## 29. Cash flow information

### (1) Non-cash transactions

Except as disclosed in other notes, the following non-cash transactions were made by the Company during the years 2023 and 2022:

1. As of December 31, 2023 and 2022, NT\$2,515 thousand and NT\$361 thousand, respectively, remain outstanding from the purchase price of real estate, plant, and equipment acquired by the Company, including other payables.

2. In 2022, the Company transferred dividends (originally recorded as other payables) that were not claimed by shareholders after the time limit (see Note 23) to the capital reserve.

(2) Changes in liabilities from financing activities:

Year 2023

	January 1, 2023	Cash Flow	New lease	Non-cash movements				December 31, 2023
				Conversion of corporate bonds into common stock	Discount on bonds payable	Amortization of interest expense	Other	
Short-term borrowing	\$ 423,530	(\$ 366,530)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,000
Long-term borrowing(including those due within one year)	122,800	13,600	-	-	-	-	-	136,400
Bonds payable (including those due within one year)	187,022	-	-	( 84,500)	1,287	2,366	-	106,175
Lease liability	6,336	( 3,154)	2,034	-	-	278	( 73)	( 278 )
	<u>\$ 739,688</u>	<u>(\$ 356,084)</u>	<u>\$ 2,034</u>	<u>(\$ 84,500)</u>	<u>\$ 1,287</u>	<u>\$ 2,644</u>	<u>(\$ 73)</u>	<u>(\$ 278)</u>

Year 2022

	January 1, 2022	Cash Flow	Conversion of corporate bonds into common stock	Discount on bonds payable	Amortization of interest expense	Other	December 31, 2022
Short-term borrowing	\$ 240,400	\$ 183,130	\$ -	\$ -	\$ -	\$ -	\$ 423,530
Long-term borrowing(including those due within one year)	53,500	69,300	-	-	-	-	122,800
Bonds payable (including those due within one year)	266,727	-	( 86,000 )	2,885	3,410	-	187,022
Lease liability	1,056	( 2,655 )	7,942	-	-	260	( 7 )
	<u>\$ 561,683</u>	<u>\$ 249,775</u>	<u>\$ 7,942</u>	<u>( \$ 86,000 )</u>	<u>\$ 2,885</u>	<u>\$ 3,670</u>	<u>( \$ 7 )</u>

30. Capital risk management

The Company conducts capital management to ensure that its businesses are able to maximize shareholder returns by optimizing debt and equity balances as a going concern. There is no change in the Company's overall strategy.

The capital structure of the Company consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., equity, capital reserves, retained earnings and other equity items).

The Company is not subject to other external capital requirements.

Based on the recommendations of key management, the Company will balance its overall capital structure by paying dividends, issuing corporate bonds and bank financing.

31. Financial instruments

(1) Fair Value Information - Financial instruments not measured at fair value

The management of the Company is of the opinion that the carrying amounts of financial assets and financial liabilities not measured at fair value of the financial instruments shown in the balance sheet are close to their fair value, except for the items set out in the table below.

### December 31, 2023

		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
<u>Financial liability</u>					
Financial liabilities measured at amortized cost					
- Convertible bonds	\$ 106,175	\$ -	\$ 106,301	\$ -	\$ 106,301

### December 31, 2022

		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
<u>Financial liability</u>					
Financial liabilities measured at amortized cost					
- Convertible bonds	\$ 187,022	\$ -	\$ 187,553	\$ -	\$ 187,553

### Evaluation techniques and input values for Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Financial liabilities - Domestic convertible bonds payable	The reference interest rate of corporate bonds announced by the counter buying center is selected according to the credit rating grade and duration of the reference interest rate, and the evaluation interest rate is obtained by interpolation method, and then the price of 100 NT dollars is calculated.

## (2) Fair Value Information - Financial instruments measured at fair value on a recurring basis

### 1. Fair value level

#### December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Through profit and loss at fair value</u>				
<u>Measured financial assets</u>				
Convertible bond option	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Through profit and loss at fair value</u>				
<u>Measured financial assets</u>				
Convertible bond option	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142</u>	<u>\$ 142</u>

### 2. Reconciliation of financial instruments measured at level 3 fair value

#### December 31, 2023

<u>Financial assets measured at fair value through</u>	<u>Derivatives -</u>
--	----------------------



profit or loss	Convertible corporate bond options
Year-begin balance	\$ 142
Recognition in profit or loss (other gains and losses)	( 117)
Conversion of bonds to Common Stock	( 25)
Year-end balance	<u>\$ -</u>
The change in unrealized gain or loss for the year relating to assets held at the end of the year and recognized in profit or loss	( <u>\$ 117</u> )

December 31, 2022

Financial assets measured at fair value through profit or loss	Derivatives - Convertible corporate bond options
Year-begin balance	\$ 1,451
Recognition in profit or loss (other gains and losses)	( 903)
Conversion of bonds to Common Stock	( 406)
Year-end balance	<u>\$ 142</u>
The change in unrealized gain or loss for the year relating to assets held at the end of the year and recognized in profit or loss	( <u>\$ 903</u> )

3. Evaluation techniques and input values for Level 3 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Convertible bond option	Binary tree convertible bond evaluation model: considering the duration of corporate bonds, convertible bond underlying stock price and its fluctuation, conversion price, risk-free interest rate, risk discount rate and liquidity risk of convertible bonds.

(3) Types of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 865,844	\$ 1,412,159
By measuring profit and loss at fair value, force fair value through profit and loss	-	142
<u>Financial liability</u>		
Measured at amortized cost (Note 2)	474,889	1,022,269

Note 1: Balances include cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable, accounts receivable - related parties, other receivables (excluding tax refunds receivable), other financial assets - current and deposits deposited and other financial assets measured at amortized cost.

Note 2: Balances are financial liabilities measured at amortized cost, such as short-term borrowings, long-term borrowings due within one year and corporate bonds payable, long-term borrowings, accounts payable, accounts payable - associates and other payables (excluding salaries and bonuses payable, employees' compensation payable and directors' compensation payable, insurance premiums payable and pensions payable).

#### (4) Financial risk management purposes and policies

The consolidated company's principal financial instruments include cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other financial assets, accounts payable, lease liabilities, borrowings and debentures payable. The financial management Department of the Company provides services to various business units, co-ordinates the operation of entering the domestic financial market, analyzes the risk according to the degree and breadth of risk, and supervises and manages the financial risks related to the operation of the Company. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The financial management department reports regularly to management, who carry out risk monitoring and policy implementation in accordance with their responsibilities to mitigate risks.

#### 1. Market risk

The main financial risks that the consolidated company is exposed to as a result of its operations are the risk of changes in foreign exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

There has been no change in the consolidated company's exposure to market risks in financial instruments and its management and measurement of such exposure.

##### (1) Exchange rate risk

The Company is engaged in foreign currency denominated sales and purchase transactions, which exposes the Company to exchange rate fluctuations.

The carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date are set out in note 36.

### Sensitivity analysis

The Company is primarily affected by fluctuations in US dollar and RMB exchange rates.

The following table details the Company's sensitivity analysis when the exchange rate of the New Taiwan Dollar (functional currency) increases and decreases by 1% against the relevant foreign currencies (mainly US Dollar and RMB). 1% is the sensitivity ratio used internally by the Company in reporting exchange rate risks to key management and represents management's assessment of the range of reasonable possible changes in foreign exchange rates. The sensitivity analysis includes only monetary items in foreign currencies that are in circulation and adjusts their conversion rates at the end of the year for a 1% change. The positive number system in the table below represents the amount of increase in pre-tax net income that would result from a 1% depreciation of the new Taiwan dollar relative to the respective currencies; When the NT dollar appreciates by 1% against the respective currencies, the impact on net profit before tax will be negative by the same amount.

	<u>Impact of the USD</u>		<u>Impact of the renminbi</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit and Loss	\$ 1,075	\$ 7,670	\$ 4,355	\$ 3,214

The impact of the above profit and loss is primarily due to the Company's US dollar and RMB denominated bank deposits and receivables and payables outstanding at the balance sheet date.

The decrease in the Company's sensitivity to the US dollar exchange rate during the year was mainly due to the decrease in US dollar denominated bank deposits during the year; The increased sensitivity to the RMB exchange rate was mainly due to the increase in bank deposits denominated in RMB during the year.

### (2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities subject to interest rate risk as at the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With fair value interest rate risk		
- Financial assets	\$ 381,781	\$ 833,391
- Financial liabilities	111,318	193,358
With fair value interest rate risk		
- Financial assets	234,388	292,237
- Financial liabilities	193,400	546,330

### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date are outstanding during the reporting period. The rate of change used in the Company's internal reporting of interest rates to key management is a 100 basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonable possible changes in interest rates.

An increase/decrease in interest rates of 100 basis points would have resulted in an increase/decrease in pre-tax net profit of \$360 thousand and a decrease/increase of \$2,541 thousand for 2023 and 2022, respectively, with all other variables held constant, mainly due to the exposure to the Company's floating rate bank deposit and borrowing rate risks.

The Company's reduced interest rate sensitivity during the year was mainly due to a decrease in borrowings at variable interest rates.

## 2. Credit risk

Credit risk refers to the risk of financial loss of the Company as a result of counterparties defaulting on contractual obligations. As at the balance sheet date, the Company's maximum credit risk insurance (excluding collateral or other credit enhancement instruments, and the maximum irrevocable risk insurance amount) that may result from a counterparty's non-performance of its obligations is primarily derived from the carrying amount of financial assets recognized in the consolidated balance sheet.

It is the Company's policy to deal only with reputable parties and, where necessary, to obtain sufficient guarantees to mitigate the risk of financial loss arising from default.

The Company's credit risk is mainly concentrated in the Company's top three customers, and as at 31 December 2023 and 2022, the ratio of receivables and total contractual assets from such customers was 61% and 89% respectively.

## 3. Liquidity risk

The Company manages and maintains sufficient positions of cash and cash equivalents to fund operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the bank's facility and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company. For the Company's unutilized facility as of December 31, 2023 and 2022, please refer to the description of Facility (2) below.

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

The analysis of remaining contract maturities of non-derivative financial liabilities is prepared on the basis of undiscounted cash flows of financial liabilities, including principal and estimated interest, based on the earliest date on which the Company may be required to repay. As a result, the Company may require immediate repayment of bank borrowings, set out in the earliest period of the table below, without regard to the probability of immediate exercise of such right by the bank; The maturity analysis of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

For interest cash flows paid at floating rates, the amount of undiscounted interest is derived from the daily yield curve of the balance sheet.

December 31, 2023

	Within 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 149,905	\$ 25,409	\$ -	\$ -
Lease liabilities	860	2,688	1,848	-
Floating rate instrument	57,429	2,532	136,757	-
Fixed-rate instrument	-	106,900	-	-
	<u>\$ 208,194</u>	<u>\$ 137,529</u>	<u>\$ 138,605</u>	<u>\$ -</u>

December 31, 2022

	Within 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 233,022	\$ 55,895	\$ -	\$ -
Lease liabilities	724	2,234	3,637	-
Floating rate instrument	423,725	585	96,933	29,203
Fixed-rate instrument	-	191,400	-	-
	<u>\$ 657,471</u>	<u>\$ 250,114</u>	<u>\$ 100,570</u>	<u>\$ 29,203</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Floating rate instrument	<u>\$ 424,310</u>	<u>\$ 96,933</u>	<u>\$ 29,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing line

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank borrowing line		
- Amount spent	\$ 10,000	\$ 60,000
- Unspent amount	<u>100,000</u>	<u>30,000</u>
	<u>\$ 110,000</u>	<u>\$ 90,000</u>
Unsecured bank borrowing line		
- Amount spent	\$ 183,400	\$ 486,330
- Unspent amount	<u>1,978,000</u>	<u>1,217,200</u>
	<u>\$ 2,161,400</u>	<u>\$ 1,703,530</u>
Unsecured bank borrowing line		
- Amount spent	\$ 306,000	\$ 306,000
- Unspent amount	<u>-</u>	<u>-</u>
	<u>\$ 306,000</u>	<u>\$ 306,000</u>

The Company issued the first secured convertible corporate bond in Taiwan on June 10, 2021, with a total issue amount of NT\$300,000, which was guaranteed by the bank.

32. Related party transactions

Transactions, account balances, income and expense losses between the Company and its subsidiaries (which are related to the Company) are all wiped out at the time of consolidation and are therefore not disclosed in this note. Except as disclosed in other notes, the transactions between the combined Company and other associates are as follows.

Main management remuneration

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 13,397	\$ 14,369
Post-employment benefits	<u>315</u>	<u>237</u>
	<u>\$ 13,712</u>	<u>\$ 14,606</u>

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

33. Assets pledged as collateral

The following assets are provided as collateral for financing borrowings, debentures payable and bank performance guarantees:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Real estate, plant and equipment		
Land	\$ 189,388	\$ 189,388
Houses and buildings	364,454	49,295
Other financial asset		
Pledged certificates of deposit	<u>145,154</u>	<u>525,865</u>
	<u>\$ 698,996</u>	<u>\$ 764,548</u>

34. Significant contingent liabilities and unacknowledged contractual commitments

Other than as stated in other notes, the Company's material commitments at the balance sheet date are as follows:

(1) The contractual commitments not recognized by the Company are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Purchase contract	<u>\$ 7,147</u>	<u>\$ 42,395</u>
Purchase of real estate, plant and equipment	<u>\$ 2,050</u>	<u>\$ 49,378</u>

(2) As of December 31, 2023 and 2022, the amount of bank performance guarantee used by the Company to undertake the project is NT\$36,669 thousand and NT\$173,601 thousand respectively.

35. Important post-date matters

The Company's convertible bonds of NT\$31,000 in the fourth quarter of 2023 were converted into 639 thousand ordinary shares of the Company at NT\$10 each, and the base date of the capital increase was adopted on January 18, 2024 by the resolution of the Board of Directors, and the change registration was completed on February 5, 2024.

During the period from January 1 to March 15, 2024, the holders of the Company's convertible debentures requested the conversion of bonds of NT\$7,400 thousand in value, for a total of 153 thousand ordinary shares of the Company.

36. Information on significant foreign currency assets and liabilities

The following information is summarized in terms of foreign currencies other than the Company's functional currencies. The exchange rates disclosed refer to the exchange rates of those foreign currencies converted to functional currencies. The foreign currency assets and liabilities that have a significant impact are as follows:

December 31, 2023

	Foreign currency (thousand NTD)	Exchange rate	Book amount
Foreign currency assets			
Monetary items			
USD	\$ 3,501	30.705 (USD : NTD)	\$ 107,505
RMB	101,412	4.327 (RMB : NTD)	438,810
Foreign currency liabilities			
Monetary items			
RMB	771	4.327 (RMB : NTD)	3,335

December 31, 2022

	Foreign currency (thousand NTD)	Exchange rate	Book amount
Foreign currency assets			
Monetary items			
USD	\$ 25,010	30.710 (USD : NTD)	\$ 768,070
RMB	73,490	4.408 (RMB : NTD)	323,942
Foreign currency liabilities			
Monetary items			
USD	34	30.710 (USD : NTD)	1,044
RMB	570	4.408 (RMB : NTD)	2,514

Realized and unrealized foreign currency exchange gains and losses that have a significant impact are as follows:

	2023	2022
Foreign currency	Exchange rate	Exchange rate
USD	31.155 (USD : NTD)	29.805 (USD : NTD)
RMB	4.396 (RMB : NTD)	4.422 (RMB : NTD)
	Net exchange gain or loss	Net exchange gain or loss
	\$ 27,699	\$ 126,468
	( 3,302 )	3,369
	\$ 24,397	\$ 129,837

37. Disclosure in Notes

(1) Information related to major transactions:

1. Loan of funds to others: None.
2. Endorsement guarantee for others: None.
3. Securities holdings at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint ventures) : none.
4. The cumulative purchase or sale of the same securities amounts to NT \$300 million or more than 20% of the paid-in capital: none.
5. The amount of immovable property acquired is NT \$300 million or more than 20% of the paid-in capital: List 1.



6. Disposal of real estate amounts to NT \$300 million or more than 20% of the paid-in capital: none.
7. The amount of purchases and sales with related parties is NT \$100 million or more than 20% of the paid-in capital: none.
8. The amount receivable from related parties reaches NT \$100 million or more than 20% of the paid-in capital: none.
9. Trading in derivatives: Note 7.
10. Others: Business relations and important transactions between parent and subsidiary companies and between subsidiaries and amounts: List 2.

(2) Information related to the reinvested business: List 3.

(3) Mainland Investment Information:

1. Name of the mainland investee company, main business items, paid-in capital, investment method, remittance of funds, shareholding ratio, investment profit and loss, closing investment book amount, repatriated investment profit and loss, and investment quota in the mainland: List 3.
2. The following major transactions with the mainland investee company directly or indirectly through the third region, and their prices, payment terms, unrealized gains and losses: List 4.
  - (1) Closing balance and percentage of purchase amount and related payables.
  - (2) The amount and percentage of sales and the closing balance and percentage of related receivables.
  - (3) the amount of the property transaction and the amount of profit or loss arising therefrom.
  - (4) The closing balance of the instrument endorsement guarantee or offering of the security and its purpose.
  - (5) The maximum balance of the financing, the closing balance, the interest rate range and the total interest of the current period.
  - (6) Other transactions that have a material impact on the profit or loss or financial position of the current period, such as the provision or receipt of services.
- (4) Information of major shareholders: Name, amount and proportion of shareholders with equity ratio of more than 5%: List 6.

### 38. Department information

#### (1) Industry-specific financial information

The consolidated company is a single industry segment, mainly engaged in the manufacturing and trading of metal machinery and parts, and provides information to key operating decision makers to allocate resources and measure the performance of the segment, focusing on each product type delivered or provided.

The major operating decision makers treat the manufacturing and trading business units of metal machinery and parts in each region as individual operating segments, but in preparing the financial reports, the combined Company considers the following factors and aggregates these operating segments as a single operating segment:

1. Similar product nature and process;
2. The product is delivered to the customer in the same way.

#### (2) Distinguish information

The consolidated company operates primarily in two regions - Taiwan and China.

The consolidated company's revenues from external customers are divided by customer location and non-current assets are divided by asset location as follows:

	Income from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
China	\$ 1,187,259	\$ 1,120,677	\$ 4,749	\$ 7,872
Taiwan	123,146	334,921	598,508	523,890
	<u>\$ 1,310,405</u>	<u>\$ 1,455,598</u>	<u>\$ 603,257</u>	<u>\$ 531,762</u>

Non-current assets exclude deferred tax assets and net defined benefit assets.

#### (3) Main customer information

Revenue from a single customer is more than 10% of the combined company's total revenue as follows:

	2023	2022
Customer A	\$ 156,182	\$ 558,634
Customer B	Not applicable (Note)	303,644
Customer C	366,362	347,576
Customer D	144,185	Not applicable (Note)
Customer E	141,371	Not applicable (Note)

Note: The revenue amount is less than 10% of the combined company's total revenue.

Asia Metal Industries, Inc. and Subsidiary

The amount of real estate acquired is NT \$300 million or more than 20% of the paid-in capital

Year 2023

List 1

Unit: NT \$Thousand

A company that acquires real property	Name of property	Factual date	Transaction amount	Status of payment	Transaction object	Relation	Where the transaction object is a related person, the previous transfer of data				The reference basis for price determination	Purpose obtained and circumstances of use	Other agreed matters
							possessor	Relationship with the issuer	Transfer date	amount			
Asia Metal Industries, Inc.	Newly built factory	12.28. 2021	\$ 187,725	Full payment has been made in accordance with the progress of the works	Yu Ming Construction Engineering Co., LTD	-	-	-	-	\$ -	-	Operational requirements	-

Asia Metal Industries, Inc. and Subsidiary

The business relations and important transactions between the parent and subsidiary companies and the subsidiaries and the amount

Year 2023

List 2

Unit: NT\$ thousand

No.. (Note 1)	Trader's name	Trade counterparty	Relationship of traders (Note 2)	Transaction status			
				Subject	Amount (Note 4)	Terms of the transaction	Percentage of total consolidated revenues or assets (Note 3)
0	Asia Metal Industries, Inc.	Kunshan Ruiping Precision Coating Equipment Co., Ltd.	1	Sales revenue	\$ 9,968	Settled 0 ~ 90 days per month	1
0	Asia Metal Industries, Inc.	Kunshan Ruiping Precision Coating Equipment Co., Ltd.	1	Accounts receivable	362	Settled 0 ~ 90 days per month	-
0	Asia Metal Industries, Inc.	Kunshan Ruiping Precision Coating Equipment Co., Ltd.	1	Advance payment	42,583	Settled 30 days at end of month	1
1	Kunshan Ruiping Precision Coating Equipment Co., Ltd.	Asia Metal Industries, Inc.	2	Sales revenue	38,404	Settled 30 days at end of month	3
1	Kunshan Ruiping Precision Coating Equipment Co., Ltd.	Asia Metal Industries, Inc.	2	Accounts receivable	1,078	Settled 30 days at end of month	-
1	Kunshan Ruiping Precision Coating Equipment Co., Ltd.	Asia Metal Industries, Inc.	2	Advance payment	1,439	Settled 0 ~ 90 days per month	-

Note 1: The business transactions between the parent company and the subsidiaries shall be indicated in the number field respectively, and the number shall be filled in as follows:

(1) Fill in 0 for parent company.

(2) The subsidiary companies are numbered in the order of the company, beginning with the Arabic numeral 1.

Note 2: There are three types of relationships with traders:

(1) Parent company to subsidiary company.

(2) Subsidiary to parent company.

(3) Subsidiaries to subsidiaries.

Note 3: The ratio of transaction current amount to consolidated total revenue or total assets, in the case of assets and liabilities, is calculated as the closing balance to consolidated total assets; In the case of profit or loss items, the amount is calculated as a percentage of the consolidated total revenue.

Note 4: Transactions and balances between parent and subsidiary companies have been written off at the time of merger.

Note 5: The operating conditions of the subsidiary are as follows:

(1) Celestial High Global Limited, Samoa mainly for the general investment industry.

(2) Kunshan Ruiping Precision Coating Equipment Co., Ltd. is mainly engaged in equipment installation and trading.

Asia Metal Industries, Inc.  
Investee company information, location... And other relevant information  
Year 2023

List 3

Unit: Thousands of shares, NT \$thousand

Investment company name	Name of the investee company	Local area	Main business item	Original investment amount		Ending holding			Current profit and loss of the investee company	Investment gains and losses recognized in the current period	Remark
				End of current period	End of last year	Shares	Ratio	Book amount			
Asia Metal Industries, Inc.	Celestial High Global Limited, Samoa	Samoa	Investment holding	\$ 47,716	\$ 47,716	- ( Note 6 )	100%	\$ 112,102	\$ 13,320	\$ 13,320	A subsidiary

Note 1: The recognition of profit or loss on the relevant investments is based on the financial statements of the investee company audited by the Company's accountants for the same period

Note 2: At the time of preparation of these consolidated financial statements, they have been consolidated and charged off.

Note 3: Please refer to List 4 for information about mainland investee companies.

Note 4: There is no matter of pledge.

Note 5: The maximum interim holding is the same as the end holding.

Note 6: It is a limited company, so there are no shares.

Asia Metal Industries, Inc. and Subsidiary  
China Investment Information  
Year 2023

List 4

units: NT \$Thousand, foreign currency thousand

Name of the mainland investee company	Main business item	Paid-in capital	Investment mode (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or withdrawn during current period		Accumulated investment amount remitted from Taiwan at end-period	Current profit and loss of the investee company	Proportion of the Company's direct or indirect investment	Recognized investment gains and losses for the period (Note 2(2)B.)	Closing investment book amount	Investment income was repatriated as of the current period
					Remit	Withdraw						
Kunshan Ruiping precision coating equipment Co., Ltd.	Equipment installation and sale industry	\$ 47,716 (USD 1,500)	(2)	\$ 47,716 (USD 1,500)	\$ -	\$ -	\$ 47,716 (USD 1,500)	\$ 13,320 (RMB 3,030)	100	\$ 13,320 (RMB 3,030)	\$ 112,102 (RMB25,908)	\$ -

Cumulative at end of current period Investment amount remitted from Taiwan to the mainland	Investment amount approved by the Ministry of Economic Affairs	According to the provisions of the Ministry of Economic Affairs investment review Committee to the mainland area investment quota
\$ 47,716 (USD 1,500)	\$ 75,396 (USD 2,500)	\$ 653,902 (Note 3)

Note 1: Investment methods can be divided into the following three types, indicating the categories:

- (1) Direct investment in Mainland China
- (2) Reinvest in the mainland through the Third Region Investment Company (Celestial High Global Limited, Samoa).
- (3) Other ways.

Note 2: In the column of recognized investment gains and losses for the current period:

- (1) If it is in preparation and there is no investment profit or loss, it should be indicated.
- (2) Investment profit and loss recognition basis is divided into the following three types, should be indicated.
  - A. Check the financial statements of the visa by an international accounting firm that has a cooperative relationship with a Republic of China accounting firm.
  - B. Financial statements audited by certified accountants of the parent company in Taiwan.
  - C. Other.

Note 3: The calculation is based on 60% of the equity value in accordance with the Order No. 09704604680.

Note 4: At the time of preparation of these consolidated financial statements, they have been consolidated and charged off.

Note 5: The relevant figures in this table are presented in New Taiwan dollars and, where foreign currencies are involved, are converted to New Taiwan dollars at the exchange rate at the balance sheet date; However, the amount related to the profit and loss category is converted to New Taiwan dollars at the average exchange rate for the year.

Note 6: There is no matter of pledge.

Note 7: The maximum interim holding is the same as the end holding.

Asia Metal Industries, Inc. and Subsidiary

The following material transactions with the mainland investee company directly or indirectly through the third region and their prices, payment terms, unrealized gains and losses and other relevant information

Year 2023

List 5

Unit: NT \$Thousand

(1) Closing balance and percentage of purchase amount and related payables and (2) Closing balance and percentage of sales amount and percentage of related accounts receivable:

Name of the mainland investee company	Transaction type	Import/sell goods		Price	Terms of trade		Bills and accounts receivable (paid)		Unrealized gains and losses	Remark
		Amount	Percent		Payment terms	Comparison with general transactions	Amount	Percent		
Kunshan Ruiping Precision Coating Equipment Co., Ltd.	Sales	(\$ 9,968)	1	By mutual agreement	Settlement 0-90 days	It depends on the contract	\$ 362	-	\$ 1,831	—
	Incoming goods	38,404	11	By mutual agreement	Settlement 30 days	Immediate to settlement 90 days next month	( 1,078)	1	-	—

(3) The amount of the property transaction and the amount of profit or loss arising therefrom: none.

(4) The closing balance of the instrument endorsement guarantee or security provided and its purpose: none.

(5) Maximum balance of financing, closing balance, interest rate range and total interest of the current period: none.

(6) Other transactions that have a material impact on the profit or loss or financial position of the current period, such as the provision or receipt of services: none.

Asia Metal Industries, Inc.  
Major shareholder information  
December 31, 2023

List 6

Major shareholder name	Shares	
	Number of shares	Shareholding ratio
TSOU, KUEI-CHUAN	1,638,272 (Note)	6.63%

Note: Includes 938,272 ordinary shares held by myself and 700,000 ordinary shares held in the name of others



5. The most recent annual certified individual financial report of the company: Please refer to pages 162 to 245 of this annual report

**Deloitte**

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 110016 Taiwan

Tel: +886(2) 2725-9988  
Fax: +886(2) 4051-6888  
[www.deloitte.com.tw](http://www.deloitte.com.tw)

## **Audit Report from Accountant**

**Asia Metal Industries, Inc.**

### **Audit Opinions**

The individual balance sheet of Asia Metal Industries, Inc., as on December 31, 2023, and 2022, and the individual consolidated income statement for the period from January 1 to December 31, 2023 and 2022, respectively. The statement of changes in individual equity, individual cash flow statement, and notes to individual financial statements (including a summary of significant accounting policies) have been verified by our accountant.

In the opinion of our accountant, the above individual financial statements have been prepared in all material respects in accordance with the financial reporting standards for securities Issuers and are sufficient to adequately express the individual financial position of Asia Metal Industries, Inc. for the years 2023 and December 31, 2022, and the individual financial performance and performance for the years 2023 and January 1 to December 31, 2022 Gold flow.

### **Basis for Audit Opinions**

The audit is carried out in accordance with the Rules and auditing standards for Certified Public Accountants. The accountant's responsibility in respect of these standards will be further explained in the responsibility section of the Accountant's examination of the statement of self-employed financial affairs. The independent personnel of the firm to which the accountant belongs have maintained their independence from Asia Metal Industries, Inc. in accordance with the Code of professional Ethics for accountants, and fulfilled other responsibilities under the Code. We believe that we have obtained sufficient and appropriate verification evidence to form the basis of our opinion.

### **Key audit items**

Key audit matters refer to the most important matters in the examination of the individual financial statements of Asia Metal Industries, Inc. for the year 2023 according to the professional judgment of the accountant. These matters have been taken into account in the examination of the individual financial statements as a whole and in the formation of the examination opinion, and the accountant does not express an opinion on these matters separately.

The key audit items of Asia Metal Industries, Inc. in the 2023 annual individual financial statements are described as follows:

### Revenue Recognition

Asia Metal Group's had a revenue in 2023 was NT\$1,310,405 thousand, with major customers accounting for 98% of the revenue. Due to the substantial amount of individual operating income and the necessity for manual judgment in determining the transfer of control based on contract terms, Asia Metal Group is under pressure to meet profit targets to satisfy shareholders and external investors' expectations. Given the significant impact of operating income on the financial statements and that major customers contribute over 90% of the overall operating income, the accountants identified significant risks associated with revenue recognition from these major customers and designated it as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4(12) to the individual financial statements.

The audit procedures for the recognition of the above income are as follows:

1. Understand and evaluate the control procedures designed for revenue recognition and test the effectiveness of these controls.
2. Assess whether sales revenue has actually occurred by reviewing contract progress, external acceptance documents, and internal project reports for previous revenue. Additionally, examine whether there are significant sales returns and discounts after the balance sheet date
3. Select samples of contracts, external acceptance documents, and internal project reports from the period around the balance sheet date to confirm whether the timing of revenue recognition is appropriate.

### **The responsibility of management and governance units for individual financial statements**

It is the responsibility of management to prepare individual financial statements in accordance with the standards for the preparation of financial reporting by securities Issuers and to maintain such internal controls as are necessary in connection with the preparation of individual financial statements to ensure that the individual financial statements are free from material misrepresentations resulting from fraud or error.

In preparing the individual financial statements, management's responsibility also includes assessing the ability of Asia Metal Industries, Inc. to continue as a going concern, the disclosure of related matters and the adoption of the accounting basis for going as a going concern unless management intends to liquidate Asia Metal Industries, Inc. or cease operations, or there is no practical alternative to liquidation or winding up.

Asia Metal Industries, Inc.'s management unit (including the audit Committee) is responsible for supervising the financial reporting process.

### **The responsibility of management and governance units for individual financial statements**

The purpose of the accountant's examination of the individual financial statements is to obtain reasonable assurance as to whether the individual financial statements as a whole contain material misrepresentations due to fraud or error, and to issue an examination report. Reasonable confidence is a high degree of confidence, but there is no assurance that an examination performed in accordance with auditing standards will detect material misrepresentations in the individual financial statements. Misrepresentation may be due to fraud or error. The misrepresentation of individual amounts or remittance totals is considered material if it could reasonably be expected to affect economic decisions made by users of individual financial statements.

The accountant shall exercise professional judgment and professional doubt when conducting audits in accordance with the auditing standards. The accountant also performs the following duties:

1. Identify and assess the risk of material misrepresentation due to fraud or error in individual financial statements; Design and implement appropriate responses to the assessed risks; And obtain sufficient and appropriate verification evidence to serve as the basis for the verification opinion. Because fraud may involve collusion, forgery, willful omission, misrepresentation, or breach of internal control, the risk of not detecting a material misrepresentation that results from fraud is higher than if it results from error.
2. To obtain the necessary understanding of the internal controls relevant to the audit in order to design an appropriate audit procedure in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Asia Metal Industries, Inc.
3. Evaluate the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the available verification evidence, determine whether there is material uncertainty regarding the appropriateness of management's adoption of the going-concern accounting basis and events or circumstances that may raise substantial doubt about the ability of the Asia Metal Industries, Inc. to continue as a going concern. If we believe that such material uncertainty exists, we are required to alert users of the individual financial statements in the audit report to the relevant disclosures in the individual financial statements or to amend the audit opinion if such disclosures are inadequate. The accountant's conclusion is based on the audit evidence available up to the audit report date. However, future events or circumstances may result in Asia Metal Industries, Inc. no longer being able to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements (including related notes) and whether the individual financial statements are allowed to express the relevant transactions and events.

6. Obtain sufficient and appropriate verification evidence of the financial information of the constituent entities of Asia Metal Industries, Inc. in order to express an opinion on the financial statements of the individual. The accountant is responsible for the guidance, supervision and execution of the audit case, and is responsible for forming the audit opinion of Asia Metal Industries, Inc.

Communication between the accountant and the governance unit, including the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal control identified during the audit).

The accountant also provides the governing body with a statement that the independent personnel of the firm to which the accountant is affiliated have complied with the Code of Ethics for Accountants regarding independence, and communicates with the governing body all relationships and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

From the matters communicated with the management unit, the accountant decides the key matters for the inspection of the 2223 annual individual financial statements of Asia Metal Industries, Inc. The accountant discloses such matters in the audit report, unless the statute does not permit the public disclosure of a particular matter, or in very rare circumstances, the accountant decides not to communicate a particular matter in the audit report because the negative impact of such communication can reasonably be expected to outweigh the public interest.

Deloitte & Touche

Deloitte & Touche

Accountant HE JUI-CHUAN

Accountant CHANG KEN-HSI

Securities and Futures Regulatory Commission Approval

Securities and Futures Regulatory Commission Approval

No. Tai-tsai-liu-zi No. 0930128050

No. Tai-tsai-liu-zi No. 0920123784

March 15, 2024

## Asia Metal Industries, Inc.

## Individual Balance Sheet

December 31, 2023 and 2022

Unit: NT \$thousands

Code	Assets	December 31, 2023.		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and equivalent (Notes 4 and 6)	\$ 391,923	15	\$ 404,581	12
1110	Financial assets measured at fair value through profit or loss - Current (Notes 4 and 7)	-	-	142	-
1136	Financial assets at amortized cost - Current (Notes 4 and 8)	-	-	188,198	6
1140	Contract assets - Current (Notes 4 and 24)	17,873	1	33,191	1
1170	Accounts receivable (Notes 4, 9 and 24)	214,271	8	165,533	5
1180	Accounts receivable - Parties (Notes 4, 24 and 32)	362	-	1,462	-
1200	Other receivables (Notes 4 and 9)	2,627	-	4,668	-
130X	Inventory (Notes 4 and 10)	1,077,926	41	1,397,877	40
1410	Advances (Note 32)	54,560	2	81,099	2
1476	Other financial assets - Current (Notes 4, 15 and 33)	145,154	5	525,865	15
1479	Other current assets - Other (Notes 4 and 16)	-	-	12,297	-
11XX	Total current assets	1,904,696	72	2,814,913	81
	Non-current assets				
1550	Investments using the Equity Method (Notes 4, 11 and 32)	112,102	4	101,329	3
1600	Real estate, plant and equipment (Notes 4, 12 and 33)	91,494	23	519,468	15
1755	Other intangible Assets (Notes 4 and 14)	1,578	-	190	-
1821	Deferred tax assets (Notes 4 and 26)	1,940	-	1,243	-
1840	Net defined benefit assets - Non-current (Notes 4 and 22)	20,672	1	15,724	1
1975	Other non-current assets - Other (Notes IV and XVI)	2,239	-	1,085	-
1990	Total non-current assets	3,495	-	2,989	-
15XX	Investments using the Equity Method (Notes 4, 11 and 32)	733,520	28	642,028	19
1XXX	total assets	\$ 2,638,216	100	\$ 3,456,941	100
	Liabilities and equity				
	Current assets				
2100	Short-term loans (Notes 17 and 33)	\$ 57,000	2	\$ 423,530	12
2130	Contractual liabilities - Current (Notes 4, 24 and 32)	1,057,586	40	1,369,810	40
2170	Accounts payable (Note 19)	113,805	5	255,326	7
2180	Accounts payable - Related Parties (Note 32)	1,078	-	2,272	-
2200	Other payables (Note 20)	53,784	2	55,730	2
2230	Current income tax liabilities (Notes 4 and 26)	9,246	1	30,914	1
2250	Reserve for liabilities - Current (Notes 4 and 21)	8,018	-	8,706	-
2280	Lease liabilities - Current (Notes 4 and 13)	532	-	192	-
2321	Debentures due within one year (Notes 4, 18 and 33)	106,175	4	187,022	5
2322	Long-term Loans due within one year (Notes 17 and 33)	2,083	-	-	-
2399	Other current liabilities	284	-	227	-
21XX	Total current liabilities	1,409,591	54	2,333,729	67
	Non-current assets				
2540	Long-term loans (Notes 17 and 33)	134,317	5	122,800	4
2550	Provision for liabilities - Non-current (Notes 4 and 21)	1,434	-	1,565	-
2570	Deferred income tax liabilities (Notes 4 and 26)	1,975	-	5,410	-
2580	Lease liabilities - Non-current (Notes 4 and 13)	1,063	-	-	-
25XX	Total non-current liabilities	138,789	5	129,775	4
2XXX	Total liabilities	1,548,380	59	2,463,504	71
	Equity (Notes 4 and 23)				
	Principal equity				
3110	Common share capital	240,729	9	228,864	7
3140	Capital received in advance (Note 18)	6,389	-	1,440	-
3100	Share capital total	247,118	9	230,304	7
3200	Capital reserve	310,736	12	244,362	7
	Retained earnings				
3310	Legal surplus reserve	113,084	4	92,806	3
3320	Special surplus reserve	3,558	-	4,893	-
3350	Undistributed surplus	420,993	16	424,630	12
3300	Total retained surplus	537,635	20	522,329	15
3400	Other rights and interests	( 5,653 )	-	( 3,558 )	-
3XXX	Total equity	1,089,836	41	993,437	29
	Total liabilities and equity	\$ 2,638,216	100	\$ 3,456,941	100

The attached notes are part of this individual financial report.

Chairman: TSOU, KUEI-CHUAN



General Manager: NG, WAN CHAI



Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc.  
Individual Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands,  
but earnings per share is NT\$

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 24 and 32)	\$ 1,050,957	100	\$ 1,208,720	100
5000	Operating costs (Notes 10, 14, 25 and 32)	( 864,501 )	( 82 )	( 978,169 )	( 81 )
5900	operating margin	186,456	18	230,551	19
5910	Unrealized gain on sales (Note 32)	( 1,831 )	-	( 1,379 )	-
5920	Profit from sales realized	1,379	-	434	-
5950	Realized operating margin	186,004	18	229,606	19
Operating expenses (Notes 14 and 25)					
6100	Marketing expenses	( 21,070 )	( 2 )	( 21,459 )	( 2 )
6200	Administrative expenses	( 57,472 )	( 5 )	( 65,929 )	( 5 )
6300	Research and development expenses				
6450	Expected credit impairment reversal profit	( 26,357 )	( 3 )	( 30,506 )	( 2 )
	(Loss) (Note 9)	306	-	( 6,851 )	( 1 )
6000	Total operating expenses	( 104,593 )	( 10 )	( 124,745 )	( 10 )
6900	Net operating profit	81,411	8	104,861	9
Non-operating income and expenditure (Notes 4 and 25)					
7100	interest income	19,160	2	14,874	1
7010	Other income	1,458	-	946	-
7020	Other benefits and losses	24,280	2	128,934	11
(next page)					

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
7050	Financial cost	( \$ 4,882 )	-	( \$ 7,342 )	( 1 )
7070	Share of subsidiary profits and losses using the equity method	13,320	1	8,881	1
7000	Non-operating income and expenses				
	Total	53,336	5	146,293	12
7900	Net profit before tax	134,747	13	251,154	21
7950	Income Tax Expenses (Notes 4 and 26)	( 24,394 )	( 3 )	( 51,038 )	( 4 )
8200	Net profit for the year	110,353	10	200,116	17
	Other consolidated profit and loss (Notes 4, 22 and 26)				
	Items not reclassified to profit or loss				
8311	Determine the remeasurement of the benefit plan	567	-	3,326	-
8349	Income tax relating to items not reclassified	( 113 )	-	( 665 )	-
8370	Exchange difference of financial statements of foreign operating institutions	454	-	2,661	-
8360		( 2,095 )	-	1,335	-
8300	Other consolidated profit and loss (net of tax) for the year	( 2,095 )	-	1,335	-
8500	Total consolidated profit and loss for the year	( 1,641 )	-	3,996	-
	Earnings per share (Note 27)	\$ 108,712	10	\$ 204,112	17
9710	Basic	\$ 4.60		\$ 8.83	
9810	Dilution	\$ 4.18		\$ 7.63	

The attached notes are part of this individual financial report.

Chairman: TSOU, KUEI-CHUAN



General Manager: NG, WAN CHAI



Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc.  
Individual Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Code		Capital stock		Capital reserve	Retained earnings			Other equity items	Total equity
		Common stock	Capital received in advance		Legal surplus reserve	Special surplus reserve	Unappropriated surplus	Foreign operating organization Exchange difference of conversion of financial statements	
A1	1 January 2022 balance	\$ 210,001	\$ 4,186	\$ 176,032	\$ 80,767	\$ 3,475	\$ 303,228	( \$ 4,893 )	\$ 772,796
	Distribution of surplus for 2021 (Note 23)								
B1	Legal surplus reserve	-	-	-	12,039	-	( 12,039 )	-	-
B3	Special surplus reserve	-	-	-	-	1,418	( 1,418 )	-	-
B5	Cash dividend	-	-	-	-	-	( 67,918 )	-	( 67,918 )
I1	Conversion of convertible debentures into ordinary shares (Notes 18 and 23)	18,863	( 2,746 )	66,592	-	-	-	-	82,709
D1	Net profit for 2022	-	-	-	-	-	200,116	-	200,116
D3	Other consolidated profit and loss for 2022	-	-	-	-	-	2,661	1,335	3,996
D5	Total consolidated profit and loss for 2022	-	-	-	-	-	202,777	1,335	204,112
C17	Changes in other capital reserves (Note II)	-	-	1,738	-	-	-	-	1,738
Z1	Balance as of 31 December 2022	228,864	1,440	244,362	92,806	4,893	424,630	( 3,558 )	993,437
	Distribution of surplus for Year 2022 (Note 23)								
B1	Legal surplus reserve	-	-	-	20,278	-	( 20,278 )	-	-
B3	Special surplus reserve	-	-	-	-	( 1,335 )	1,335	-	-
B5	Cash dividend	-	-	-	-	-	( 95,501 )	-	( 95,501 )
I1	Conversion of Convertible debentures into ordinary Shares (Notes 18 and 23)	11,865	4,949	66,374	-	-	-	-	83,188
							110,353	-	110,353
D1	Net profit for 2023	-	-	-	-	-	-	-	-
D3	Other consolidated profit and loss for 2023	-	-	-	-	-	454	( 2,095 )	( 1,641 )
D5	Total consolidated profit and loss for 2023	-	-	-	-	-	110,807	( 2,095 )	108,712
Z1	December 31, 2022 balance	\$ 240,729	\$ 6,389	\$ 310,736	\$ 113,084	\$ 3,558	\$ 420,993	( \$ 5,653 )	\$ 1,089,836

The attached notes are part of this individual financial report.

Chairman: TSOU, KUEI-CHUAN



General Manager: NG, WAN CHAI



Accounting Supervisor: LIANG XIU-RU





Asia Metal Industries, Inc.  
Individual Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT \$thousands

Code		Year 2023	Year 2022
	Net cash flow from operating activities		
A10000	Net profit before tax for the year	\$ 134,747	\$ 251,154
A20010	Income and expense items		
A20100	Depreciation expense	11,118	9,260
A20200	Amortization expense	747	867
A20300	Expected credit impairment (reversal profit) loss	( 306 )	6,851
A20400	Measures net losses on financial assets and liabilities at fair value through profit or loss	117	903
A20900	Financial cost	4,882	7,342
A21200	Interest income	( 19,160 )	( 14,874 )
A22400	Share of subsidiary profits recognized using the equity method	( 13,320 )	( 8,881 )
A23700	Loss on inventory decline and sluggishness	21,116	12,472
A23900	Unrealized interests with subsidiaries	1,831	1,379
A24000	Realized benefits with subsidiaries	( 1,379 )	( 434 )
A24100	Unrealized foreign currency exchange loss (gain)	17,572	( 87,741 )
A29900	Provision for liabilities	1,122	4,672
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	15,052	( 5,739 )
A31130	Notes receivable	-	38
A31150	Accounts receivable	( 52,807 )	( 628 )
A31160	Accounts Receivable - Related Parties	1,098	( 492 )
A31180	Other receivables	628	11,756
A31200	Inventory	298,835	( 481,228 )
A31230	Advance payment	26,539	( 28,564 )
A31240	Other current assets	3	( 3 )
A32125	Contract liabilities	( 312,224 )	59,791
A32150	Accounts payable	( 141,519 )	( 289,680 )
A32160	Accounts Payable - Related parties	( 1,186 )	1,704
A32180	Other payables	( 3,044 )	12,178
A32200	Reserve for liabilities	( 1,941 )	( 3,543 )
A32230	Other current liabilities	57	227
A32240	Net identified benefit assets	( 587 )	( 623 )
A33000	Cash outflow from operations	( 12,009 )	( 541,836 )

(Next page)

(From previous page)

Code		Year 2023	Year 2022
A33100	Interest charged	\$ 20,573	\$ 13,392
A33300	Interest paid	( 6,198 )	( 4,958 )
A33500	Income tax paid	( 54,558 )	( 29,751 )
AAAA	Net cash outflow from operating activities	( 52,192 )	( 563,153 )
	Cash flows from investment activities		
B00050	Disposition of financial assets measured at amortized cost	184,351	808,611
B02700	Acquisition of property, plant and equipment	( 73,752 )	( 216,214 )
B03700	Deposit margin increased	-	( 11,427 )
B03800	Deposit margin reduced	10,878	-
B04500	Acquisition of intangible assets	( 1,444 )	( 1,145 )
B06500	Increase in other financial assets	-	( 142,072 )
B06600	Decrease in other financial assets	373,783	-
B07100	Increased prepayment for equipment	( 2,050 )	( 2,960 )
BBBB	Net cash inflow from investment activities	491,766	434,793
	Cash flows from financing activities		
C00100	Increased short-term borrowing	-	183,130
C00200	Reduced short-term borrowings	( 366,530 )	-
C09900	Covers the cost of issuing corporate bonds	( 1,056 )	( 1,564 )
C01600	Long-term borrowing	13,600	82,800
C01700	Repayment of long-term borrowings	-	( 13,500 )
C04020	Lease principal repayment	( 581 )	( 229 )
C04500	Cash dividend	( 95,501 )	( 67,918 )
C09900	Other (Note 23)	-	5
CCCC	Net cash flow (out) from financing activities	( 450,068 )	182,724
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 2,164 )	17,106
EEEE	Net (decrease) increase in cash and equivalent cash	( 12,658 )	71,470
E00100	Cash and equivalent cash balances at beginning of the year	404,581	333,111
E00200	Cash and equivalent cash balances at year-end	\$ 391,923	\$ 404,581

The attached notes are part of this individual financial report.

Chairman: TSOU, KUEI-CHUAN

General Manager: NG, WAN CHAI

Accounting Supervisor: LIANG XIU-RU



Asia Metal Industries, Inc.  
Notes to individual financial statements  
From January 1 to December 31, 2023 and 2022  
(in thousands of New Taiwan (NT) dollars unless otherwise specified)

1. Company History

Asia Metal Industries, Inc. (hereinafter referred to as the "Company") was established on October 29, 1973, and its main business is the design, manufacture, processing and trading of various metal machinery and parts; design, manufacturing, processing and trading of various molds; various tanks and related pipeline projects; design, manufacture, processing, maintenance and trading of automated machinery and equipment and parts; the design, manufacture, processing and trading of precision testing instruments and parts, as well as the import and export trading of the preceding products..

Since December 1, 2020, the shares of the Company have been traded on the counter of the R.O.C. Securities Trading Center, a consortium legal entity.

This individual financial report is expressed in New Taiwan (NT) Dollar, the Company's functional currency.

2. Date and procedure for the adoption of financial statements

This individual financial report was approved by the Board of Directors on March 15, 2024.

3. Application of newly issued and revised standards and interpretations

(1) First application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Announcements (SIC) (" IFRS ") approved and issued by the Financial Supervisory Commission (" FSC ") in force

It is assessed that the application of IFRS accounting standards approved by the FSC and issued in effect will not result in material changes to the Company's accounting policies.

(2) IFRS accounting standards as approved by the FSC in 2024

<u>Newly issued/amended/revised standards and interpretation</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024 (Note 2)
Amendment to IAS 1 "Classification of Liabilities as current or non-current"	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with contractual Terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise indicated, the above newly issued/amended/revised guidelines or interpretations are effective for annual reporting periods beginning after each such date.

Note 2: The Seller and Lessee shall retroactively apply the amendments to IFRS 16 to sale-leaseback transactions entered into after the initial application of IFRS 16.

Note 3: Partial disclosure is exempted from the first application of this amendment.

As of the date of issuance of this individual financial report, the Company assesses that amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

(3) IFRS accounting standards that have been issued by the International Accounting Standards Board (IASB) but have not yet been endorsed and issued by the FSC

Newly issued/amended/revised standards and interpretation	Effective date of IASB publication (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between an investor and an associated enterprise or joint venture" are pending Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between an investor and an associated enterprise or joint venture"	Pending
IFRS 17 "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9- Comparative Information"	January 1, 2023
Amendment to IAS 21 "Lack of convertibility"	January 1, 2025 (Note 2)

Note 1: Unless otherwise indicated, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning after each such date.

Note 2: Applies to annual reporting periods starting after 1 January 2025. The first application of the amendment will affect retained earnings as at the date of first application. When the Company uses non-functional currency as the expression currency, it will affect the foreign operating institution exchange difference under the first applicable date of equity.

As of the date of issuance of this individual financial report, the Company continues to evaluate the impact of amendments to the above standards and interpretations on the financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Follow the Preparation Statement

This individual financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers.

(2) Preparation basis

Except for financial instruments measured at fair value and the present value of defined benefit obligations less net defined benefit assets recognized at the fair value of plan assets and other long-term employee benefits, this individual financial report has been prepared on a historical cost basis. Fair value measures are graded from 1 to 3 according to the degree and significance of the observable input values:

1. Level 1 Input value: Refers to the quoted price (unadjusted) of the same asset or liability available on the active market at the measurement date.
2. Level 2 Input value: An observable input value of an asset or liability, either directly (i.e., price) or indirectly (i.e., derived from price), other than the quoted value of Level 1.
3. Level 3 Input value: Refers to the unobservable input value of an asset or liability.

When preparing individual financial reports, the Company uses the equity method to account for its investment in subsidiaries. To ensure that the current year's profit and loss, other comprehensive income, and equity in the individual financial report align with those in the consolidated financial report attributable to the owners of the Company, certain adjustments are made. These adjustments address differences in accounting treatments between individual and consolidated reports and include modifications to "Equity Method Investments," "Equity Method Shares of Subsidiaries, Affiliates, and Joint Ventures," "Equity Method Shares of Subsidiaries, Affiliates, and Joint Ventures Other Comprehensive Income," and related equity items.

(3) The criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets expected to be realized in the normal business cycle, or intended to be sold or consumed;
  - 2.. Assets held primarily for trading purposes;
  3. Assets expected to be realized within 12 months after the balance sheet date; and
  4. Cash and cash equivalents (excluding those restricted to the exchange or discharge of liabilities more than 12 months after the balance sheet date).
1. Liabilities expected to be repaid in the normal business cycle;
  2. Liabilities held primarily for the purpose of trading;

3. Liabilities that mature within 12 months of the balance sheet date (these are considered current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial reports); and

4. Liabilities whose maturity cannot be unconditionally deferred to at least 12 months after the balance sheet date. However, if the terms of the liabilities allow for their liquidation through the issuance of equity instruments at the option of the counterparty, this does not affect their classification.

Non-current assets and liabilities are classified as non-current assets and non-current liabilities, respectively.

(4) Foreign Currency

When the Company prepares financial reports, transactions in currencies other than the Company's functional currency (foreign currency) are converted to the functional currency based on the exchange rate on the transaction date.

Foreign currency monetary items are translated at the closing exchange rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or from translating monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date and are not retranslated.

For the purposes of preparing individual financial reports, the assets and liabilities of foreign operating entities (including subsidiaries operating in countries or using currencies other than those of the Company) are converted to New Taiwan dollars at the exchange rate on each balance sheet date. Income and expense items are translated at the average exchange rate for the period, and the resulting exchange differences are included in other comprehensive income.

(5) Inventory

Inventory includes raw materials and products in process. Inventory is measured at the lower of cost or net realizable value, with comparisons made on an individual item basis, except for items in the same class of inventory. Net realizable value is the estimated selling price under normal circumstances, less the estimated costs to complete the sale and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average method.

(6) Investment in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is defined as an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost, and the carrying amount after acquisition increases or decreases with the Company's share and profit distribution of subsidiary gains and losses and other consolidated gains and losses. In addition, changes to the Company's other interests in subsidiaries are recognized on a proportional basis.

When the Company's change of ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of an investment and the fair value of the consideration paid or received is directly recognized as equity.

When the Company's share of losses to a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subcompany under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), losses continue to be recognized on a shareholding basis.

The amount at which the acquisition cost exceeds the Company's share of the net fair value of identifiable assets and liabilities of subsidiaries constituting the business as at the acquisition date is included in the carrying amount of the investment and is not amortized; The amount of the Company's share of the net fair value of identifiable assets and liabilities of subsidiaries constituting the business in excess of the cost of acquisition at the acquisition date is included in income for the period.

In assessing impairment, the Company considers the cash-generating unit as a whole and compares its recoverable amount with the carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as profit, provided that the carrying amount of the asset after the reversal does not exceed what the carrying amount would have been, net of amortization, if no impairment loss had been recognized. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.

When control of a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at the fair value at the date of loss of control, and the fair value of the remaining investment and the difference between the disposal price and the carrying amount of the investment at the date of loss of control is included in the current profit or loss. In addition, all amounts recognized in other consolidated profit or loss relating to the subsidiary are accounted for on the same basis as the Company would have to be on a direct disposition of the underlying asset or liability.

Unrealized gains and losses from the Company's on-stream transactions with subsidiaries are eliminated in the individual financial report. Gains and losses arising from the Company's counter-current and side-current transactions with subsidiaries are recognized in the individual financial reports only to the extent that they are not related to the Company's interest in the subsidiaries.

#### (7) Real Estate, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Costs include professional services fees and capitalized borrowing costs. When completed and in their intended state of use, these assets are classified into the appropriate category of real estate, plant and equipment and begin to be depreciated.

With the exception of self-owned land, the remaining real estate, plant and equipment shall be depreciated separately for each significant part on a straight-line basis during the service life. The Company reviews the estimated life, salvage value and depreciation method at least at the end of each year and postpones the impact of changes in the applicable accounting estimates.

When real estate, plant and equipment are excluded, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(8) Intangible assets

1. Get it separately

Intangible assets of limited life acquired separately are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment losses. Intangible assets are amortized on a straight-line basis over the life of the asset and the estimated life, salvage value and amortization method are reviewed at least at the end of each year and the impact of changes in the applicable accounting estimates is deferred. Intangible assets with uncertain life are presented at cost less accumulated impairment losses.

2. Exclusion

When intangible assets are excluded, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the current period.

(9) Impairment of real estate, plant and equipment, use right assets and intangible assets

The Company assesses at each balance sheet date whether there is any indication that real estate, plant and equipment, tenure assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash generating units on a reasonably consistent basis.

Impairment tests are conducted at least annually and when there are signs of impairment for intangible assets with uncertain durability and that are not yet ready for use.



Recoverable amount is the greater of fair value less cost of sale and value used. If the recoverable amount of an individual asset or cash generating unit is lower than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is increased to the revised recoverable amount, provided that the carrying amount after the increase does not exceed the carrying amount (less amortization or depreciation) that would have been determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. Reversal of impairment losses is recognized in profit or loss.

#### (10) Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the terms of the instrument contract.

In the original recognition of financial assets and financial liabilities, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

##### 1. Financial assets

The customary transactions of financial assets are recognized and excluded by accounting on the transaction date.

##### (1) Category of Measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

##### A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatory at fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include investments in debt instruments that are not classified as measured at amortized cost or at fair value through other comprehensive gains or losses.

Financial assets measured at fair value through profit or loss are measured at fair value and their reassessed gains or losses are recognized as other gains and losses. Please refer to Note 31 for the method of determining fair value.

B. Financial assets measured at amortized cost

The Company's investment in financial assets is classified as a financial asset measured at amortized cost if it meets both of the following conditions:

- a. It is held under a business model for the purpose of holding financial assets to receive contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, which are solely for the payment of interest on the principal amount and the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable, accounts receivable - related parties, other receivables, other financial assets - current and margin deposits) are, after original recognition, measured at amortized cost of total carrying amount determined by the effective interest method less any impairment losses. Any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets, except in the following two cases:

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

Credit impairment of financial assets refers to the fact that the issuer or the debtor has incurred significant financial difficulties, defaults, is likely to file for bankruptcy or other financial restructuring, or the active market for financial assets has disappeared due to financial difficulties.

Approximately cash includes a highly liquid time deposit that can be converted into fixed cash at any time with little risk of change in value within 3 months from the date of acquisition and is used to meet short-term cash commitments.

(2) Impairment of financial assets and contractual assets

At each balance sheet date, the Company assesses impairment losses on financial assets (including receivables and deposits deposited) and contract assets measured at amortized cost on the basis of expected credit losses.

Accounts receivable and contract assets are recognized for losses based on expected credit losses over the duration of their existence. Other financial assets are first assessed for a significant increase in credit risk since the original recognition, if there is no significant increase, the loss is recognized at the 12-month expected credit loss, if there is a significant increase, the loss is recognized at the expected credit loss over the duration.

Expected credit losses are weighted average credit losses weighted by the risk of default occurring. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instrument within 12 months after the reporting date, and the expected credit loss during the duration represents the expected credit loss arising from all possible defaults of the financial instrument during the expected duration.

For the purpose of internal credit risk management, without taking into account the collateral held, the Company determines that the following circumstances represent a default of financial assets:

- a. There is internal or external information indicating that it is no longer possible for the debtor to pay off its debts.
- b. Overdue for more than 360 days or 540 days, unless there is reasonable and corroborating information that the basis for the deferred default is more appropriate.

Impairment losses on all financial assets are reduced to their carrying amounts, either directly or through allowance accounts, except that allowance losses on investments in debt instruments, measured at fair value through other comprehensive profit or loss, are recognized in other comprehensive profit or loss and do not reduce their carrying amounts.

### (3) Exclusion of Financial Assets

The Company will only exclude financial assets when contractual rights to cash flows from financial assets have lapsed, or when financial assets have been transferred and substantially all of the risks and rewards of ownership of such assets have been transferred to other enterprises.

When financial assets as a whole measured at amortized cost are divided, the difference between their carrying amount and the consideration received is recognized in profit or loss.

## 2. Equity Instruments

The equity instruments issued by the Company are classified as equity according to the substance of the contractual agreement and the definition of equity instruments.

The equity instruments issued by the Company are recognized on the basis of the amount obtained after deducting the direct issuance costs.

The recapture of the Company's own equity instruments is recognized and deducted under the equity account. The purchase, sale, issuance or cancellation of equity instruments of the Company is not recognized as profit or loss.

### 3. Financial Liabilities

#### (1) Follow-up measurement

All financial liabilities are measured at cost after cancellation using the effective interest method.

#### (2) Exclusion of financial liabilities

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

### 4. Convertible Corporate Bonds

The composite financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity separately at the time of original recognition in accordance with the definition of substance and financial liabilities and equity instruments in the contractual agreement.

At the time of original recognition, the fair value of the components of the liability is estimated at the prevailing market interest rate of similar non-convertible instruments and measured at the amortized cost calculated using the effective interest method before the conversion or maturity date. The components of liabilities embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the composite instrument less the fair value of the separately determined liability components, which is recognized as equity after deducting the income tax effect, and will not be measured subsequently. When the conversion right is exercised, the relevant liability component and the amount in equity will be transferred to share capital and capital reserve - issue premium. If the conversion right of the convertible corporate bond is not exercised on the maturity date, the amount recognized in the equity will be transferred to the capital reserve - issue premium.

The transaction costs associated with the issuance of convertible corporate bonds are the liabilities (included in the carrying amount of liabilities) and equity components (included in equity) allocated to the instrument in proportion to the total price apportioned.

### 5. Derivative Instruments

The derivative Instruments entered into by the Company are convertible corporate bond options.

Derivative instruments are initially recognized at fair value when a derivative contract is entered into and subsequently measured at fair value at the balance sheet date. The gain or loss arising from the subsequent measurement is directly included in profit or loss. However, for derivatives designated as effective hedging instruments, the point at which they are recognized in profit or loss will depend on the nature of the hedging relationship. When the fair value of a derivative is positive, it is classified as a financial asset; When the fair value is negative, it is listed as a financial liability.

If a derivative is embedded in an asset master contract within the scope of IFRS 9 "Financial instrument", the classification of the financial asset is determined by the overall contract. If a derivative instrument is embedded in an asset master contract that is not within the scope of IFRS 9 (e.g. embedded in a financial liability master contract), and an embedded derivative meets the definition of a derivative, its risks and characteristics are not closely related to those of the master contract, and the hybrid contract is not measured at fair value through profit or loss, the derivative is considered a separate derivative instruments.

#### (11) Provision for liabilities

The amount recognized as a liability provision is the best estimate of the expenses required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. Provision for liabilities is measured at the discounted value of estimated cash flows for liquidation obligations.

##### Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenses required to satisfy the company's obligations, which is recognized at the time of revenue recognition of the relevant product.

#### (12) Income Recognition

After the performance obligations are identified in the client contract, the Company will allocate the transaction price to each performance obligation and recognize the revenue when each performance obligation is satisfied.

##### 1. Revenue from Product Sales

The revenue from product sales is the design, manufacture, processing, maintenance and trading of metal machinery and equipment and parts, because the customer has the right to use the equipment and the control of the ownership of the equipment has been transferred at the time of acceptance. The revenue and accounts receivable are recognized by the company at that point in time and the confirmation documents signed back by the customer, and the other contract assets are transferred to the accounts receivable after the expiration of the warranty obligation. The advance payment received before the acceptance of the equipment is recognized as a contractual liability.

##### 2. Revenue from Maintenance Services

The service provided by the Company for equipment maintenance is recognized as income when the performance obligations have been met and the control of the service is transferred to the customer.

(13) Lease

The Company assesses whether the contract is a lease (or includes) a lease on the date of formation of the contract.

The Company is the lessor

A lease term is classified as a finance lease when it transfers to the lessee substantially all of the risks and rewards attached to the ownership of the asset. All other leases are classified as operating leases.

Under an operating lease, lease payments are recognized as income on a straight-line basis during the relevant lease period.

The Company is the lessee

Except for leases of low-value underlying assets and short-term leases for which the exemption applies, lease payments are recognized as expenses during the lease term on a straight-line basis, and all other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of the lease liability, the lease benefit paid before the lease commencement date minus the lease inducement received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent amount is measured at cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are expressed separately on an individual balance sheet.

Right-of-use assets are depreciated on a straight-line basis, whichever is earlier from the commencement date of the lease to the expiration of the useful life or the expiration of the lease term.

Lease liabilities are originally measured at the present value of lease payments (including fixed payments). If the implied interest rate of the lease is easy to determine, the lease benefit is discounted using that rate. If the interest rate is not easy to determine, the lessee rate for incremental borrowing is used.

Subsequently, lease liabilities are measured on a post-amortized cost basis using the effective interest method, and interest expense is amortized over the lease period. If there is a change in future lease payments due to changes in the lease term or the index or rate used to determine lease benefits, the Company will remeasure the lease liability and adjust the right-of-use assets relatively, but if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasured amount will be recognized in profit or loss. Lease liabilities are expressed separately on the individual balance sheet.

(14) Borrowing costs

The cost of borrowing, which is directly attributable to the acquisition, construction or production of an asset that meets the requirements, is part of the cost of the asset until almost all necessary activities have been completed to bring the asset to its intended state of use or sale.

The investment income earned from the temporary investment of a specific loan before the occurrence of the capital expenditure that meets the requirements is deducted from the cost of the borrowing that meets the capitalization conditions.

In addition to the above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(15) Government subsidy

Government subsidies will only be recognized if it is reasonably satisfied that the Company will comply with the conditions attached to the Government Grant and will be able to receive such grant.

The government subsidy related to the income is the reduction of the relevant cost that it intends to compensate for during the period during which the Company recognizes the relevant cost on a systematic basis.

If the government subsidy is used to compensate for expenses or losses already incurred, or for the purpose of providing immediate financial support to the Company and there are no future related costs, it will be recognized as profit or loss during the period in which it can be collected.

(16) Employee benefits

1. Short-term employee benefits

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

2. Post-retirement benefits

The pension that is determined to be made to the retirement plan is when the amount of the pension to be made is recognized as an expense during the period of service provided by the employee.

The defined cost of benefits (including cost of services, net interest and remeasures) of the Defined Benefit Retirement Plan is actuarial based on the projected unit benefit method. The cost of services (including the cost of services for the current period) and the net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasures (including actuarial gains and losses and return on plan assets after deducting interest) are recognized in other comprehensive gains or losses and included in retained earnings when incurred, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent shortfalls (remaining) drawdowns of defined benefit retirement plans. Net defined benefit assets may not exceed the present value of the withdrawal from the plan or the reduction of future contributions.

3. Other long-term employee benefits

Other long-term employee benefits are treated in the same way as defined benefit retirement plans, except that the relevant remeasures are recognized in profit or loss.

(17) income tax

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

1. Current income tax

The Company determines the current income (loss) in accordance with the laws and regulations enacted by the Republic of China, and calculates the income tax payable (recoverable) based on it.

The additional income tax on undistributed earnings calculated in accordance with the provisions of the Income Tax Act of Taiwan shall be recognized in the year in which the shareholders' meeting resolves it.

Adjustments to income tax payable in previous years shall be included in the current income tax.

2. Deferred income tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when there is a high probability that there will be taxable income available for the use of deductible temporary differences.

Taxable temporary differences related to investment subsidiaries are recognized as deferred tax liabilities, unless the Company has control over the timing of the reversal of the temporary difference and there is a high probability that the temporary difference will not be reversed in the foreseeable future. Deductible temporary differences in relation to such investments are recognized as deferred tax assets only to the extent that there is a high probability that there will be sufficient taxable income to meet the temporary differences and to the extent that they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to those who are no longer likely to have sufficient taxable income to recover all or part of their assets. If the assets that were not originally recognized as deferred tax assets are also reviewed at each balance sheet date, and the carrying amount will be increased if there is a high probability that the taxable income will be generated in the future for the recovery of all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rate for the period in which the liabilities are liquidated or the assets are realized, and the tax rate is based on the tax rates and tax laws that have been legislated or substantially enacted at the balance sheet date. Deferred tax liabilities and assets are measured to reflect the tax consequences arising from the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.



3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive gains or losses or directly recognized in equity are recognized in other comprehensive gains or losses or directly recognized in equity, respectively.

5.A major source of uncertainty in significant accounting judgments, estimates and assumptions

In adopting accounting policies, management must make judgments, estimates and assumptions based on historical experience and other relevant factors where relevant information is not readily available from other sources. Actual results may differ from estimates.

The Company takes into account the possible impact of inflation and market interest rate fluctuations in the development of material accounting estimates, such as cash flow projections, growth rates, discount rates, profitability and other related material estimates, and the management will continue to review the estimates and underlying assumptions.

6. Cash and Equivalent Cash

	December 31, 2023	December 31, 2022
Bank checks and current deposits	<u>\$ 231,018</u>	<u>\$ 291,865</u>
Cash equivalent (investments with original maturities less than 3 months)		
Bank time deposit	<u>160,905</u>	<u>112,716</u>
	<u>\$ 391,923</u>	<u>\$ 404,581</u>

The range of interest rates on bank deposits at the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Bank deposits	<u>0.05% ~ 2.95%</u>	<u>0.05% ~ 3.95%</u>

7. Financial instruments measured at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets - Liquidity		
Mandatory fair value measurement of derivatives through profit or loss (not specified hedging)		
- Convertible bonds		
Option	\$ <u>-</u>	\$ <u>142</u>

8. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Liquidity</u>		
Domestic investment		
Time deposits with original maturities of more than 3 months	\$ <u>-</u>	\$ <u>188,198</u>

As of December 31, 2022, the interest rate range for time deposits with original maturities of more than 3 months was 2.40% to 3.10% per annum. The Company takes into account the historical default loss rate, the current financial position of the bank and the outlook of the industry in which it operates, and its assessment of its sufficient ability to service contractual cash flows. As at 31 December 2022, there is no provision for expected credit losses on financial assets measured at amortized cost.

9. Accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book amount	\$ 221,070	\$ 172,638
Less: Allowance for losses	( <u>6,799</u> )	( <u>7,105</u> )
	\$ <u>214,271</u>	\$ <u>165,533</u>
<u>Other receivables</u>		
Tax refunds receivable	\$ 1,402	\$ 2,882
Interest receivable	373	1,786
Allowance receivable	<u>852</u>	<u>-</u>
	\$ <u>2,627</u>	\$ <u>4,668</u>

(1) Accounts receivable

The Company's credit period for product sales is subject to the contract.

To mitigate credit risk, the management of the Company has appointed a dedicated team responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate action has been taken to collect overdue accounts receivable. In addition, the Company reviews the recoverable amounts of accounts receivable at the balance sheet date on a case-by-case basis to ensure that appropriate impairment losses have been included for accounts receivable that cannot be collected. Accordingly, the management of the Company considers that the credit risk of the Company is properly managed.

The Company recognizes a loss allowance for accounts receivable on the basis of expected credit losses during the duration of existence. Expected credit losses over the life period are calculated using the reserve matrix, which takes into account the customer's past default history and current financial position, industry economic situation, GDP forecast and industry outlook. Before 2022, the Company's historical experience with credit losses showed that there was no significant difference in the pattern of losses among different customer groups, so the reserve matrix did not further distinguish between customer groups and only determined the expected credit loss rate based on the number of days overdue on accounts receivable. Since 2023, due to the different patterns of credit losses of some customers and other customers, the Company has adjusted to adopt different reserve matrices according to the customer's historical collection experience and risk level, and take into account the overdue days of accounts receivable and the customer's economic situation to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, as the amount recovered is recognized in profit or loss.

The Company's allowance for accounts receivable as measured by the reserve matrix is as follows:

### December 31, 2023

Group 1	not overdue	overdue 1 to 120 days	overdue 121 to 240 days	overdue 121 to 240 days	Over 360days	Total
Expected credit loss rate	0.00%	0.00%~0.01%	0.01%~0.15%	0.46%~21.42%	100%	
Total book amount	\$ 122	\$ -	\$ 6,483	\$ 1,812	\$ 6,786	\$ 15,203
Allowance for losses (Expected credit losses at duration)	-	-	( 5 )	( 8 )	( 6,786 )	( 6,799 )
Cost after amortization	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 6,478</u>	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ 8,404</u>

Group 2	not overdue	overdue 1 to 180 days	overdue 181 to 360 days	overdue 161 to 540 days	Over 540days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Total book amount	\$ 4,235	\$ 179,060	\$ 11,652	\$ 10,920	\$ -	\$ 205,867
Allowance for losses (Expected credit losses at duration)	-	-	-	-	-	-
Cost after amortization	<u>\$ 4,235</u>	<u>\$ 179,060</u>	<u>\$ 11,652</u>	<u>\$ 10,920</u>	<u>\$ -</u>	<u>\$ 205,867</u>

### December 31, 2022

	not overdue	overdue 1 to 90 days	overdue 81 to 180 days	overdue 181 to 270 days	overdue 171 to 360 days	Over 360days	Total
Expected credit loss rate	0.01%	0.08%~0.12%	0.17%~0.48%	0.79%~1.60%	2.67%~14.53%	100%	
Total book amount	\$ 43,788	\$ 74,101	\$ 40,546	\$ 5,482	\$ 2,147	\$ 6,574	\$ 172,638
Allowance for losses (Expected credit losses at duration)	( 11 )	( 75 )	( 101 )	( 63 )	( 281 )	( 6,574 )	( 7,105 )
Cost after amortization	<u>\$ 43,777</u>	<u>\$ 74,026</u>	<u>\$ 40,445</u>	<u>\$ 5,419</u>	<u>\$ 1,866</u>	<u>\$ -</u>	<u>\$ 165,533</u>

Information on changes in allowance for losses in accounts receivable is as follows:

	<u>2023</u>	<u>2022</u>
Year-begin balance	\$ 7,105	\$ 254
Plus: Impairment loss is included in the current year	-	6,851
Less: reversal impairment loss for the year	( <u>306</u> )	<u>-</u>
Year-end balance	<u>\$ 6,799</u>	<u>\$ 7,105</u>

(2) Other receivables

Other receivables in the Company's accounts are mainly tax refunds receivable, interest receivable and allowances receivable, etc. It is the Company's policy to only deal with creditworthy parties. The Company continues to track and analyze the counterparty's past delinquency records and current financial position with reference to assess whether the credit risk of other receivables has significantly increased since the original recognition and to measure expected credit losses. As of December 31, 2023 and 2022, the Company assessed that other receivables were not subject to expected credit losses.

## 10. Inventory

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Product in process	\$ 1,030,379	\$ 1,342,224
Raw Material	<u>47,547</u>	<u>55,653</u>
	<u>\$ 1,077,926</u>	<u>\$ 1,397,877</u>

The nature of cost of goods sold is as follows:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 831,303	\$ 929,277
loss on inventory valuation	21,116	12,472
Manufacturing costs not apportioned		
Other	1,282	-
	<u>10,800</u>	<u>36,420</u>
	<u>\$ 864,501</u>	<u>\$ 978,169</u>

## 11. Investments using the equity method

### investment in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CELESTIAL HIGH GLOBAL LIMITED		
Samoa	<u>\$ 112,102</u>	<u>\$ 101,329</u>
	<u>Percentage of all interests and voting rights</u>	<u>Percentage of all interests and voting rights</u>
<u>Subsidiary name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CELESTIAL HIGH GLOBAL LIMITED		
Samoa	100%	100%

The share of equity method profit and loss and other consolidated profit and loss of subsidiaries for years 2023 and 2022 is recognized on the basis of the financial reports of subsidiaries audited by accountants for the same period.

For details of investment subsidiaries indirectly held by the Company, please refer to Note 37.

## 12. Real estate, plant and equipment

### Own use

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Research experimental equipment	Incomplete project & inspected equipment	Total
<u>Cost</u>								
January 1, 2023 balance	\$ 189,388	\$ 85,120	\$ 20,420	\$ 2,590	\$ 12,409	\$ 12,068	\$ 268,448	\$ 590,443
Addition	-	55,918	19,222	3,950	498	-	-	79,588
Reclassification (note)	-	265,316	6,092	-	-	-	( 268,448 )	2,960
December 31, 2023 balance	<u>\$ 189,388</u>	<u>\$ 406,354</u>	<u>\$ 45,734</u>	<u>\$ 6,540</u>	<u>\$ 12,907</u>	<u>\$ 12,068</u>	<u>\$ -</u>	<u>\$ 672,991</u>
<u>Accumulated depreciation</u>								
January 1, 2023 balance	\$ -	\$ 35,825	\$ 11,930	\$ 1,788	\$ 9,372	\$ 12,060	\$ -	\$ 70,975
Depreciation expense	-	6,075	3,184	313	942	8	-	10,522
December 31, 2023 balance	<u>\$ -</u>	<u>\$ 41,900</u>	<u>\$ 15,114</u>	<u>\$ 2,101</u>	<u>\$ 10,314</u>	<u>\$ 12,068</u>	<u>\$ -</u>	<u>\$ 81,497</u>
December 31, 2023 net	<u>\$ 189,388</u>	<u>\$ 364,454</u>	<u>\$ 30,620</u>	<u>\$ 4,439</u>	<u>\$ 2,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,494</u>
<u>Cost</u>								
January 1, 2022 balance	\$ 189,388	\$ 80,571	\$ 19,955	\$ 2,590	\$ 10,948	\$ 12,068	\$ 57,285	\$ 372,805
Addition	-	4,549	465	-	1,157	-	211,163	217,334
Reclassification (note)	-	-	-	-	304	-	-	304
December 31, 2022 balance	<u>\$ 189,388</u>	<u>\$ 85,120</u>	<u>\$ 20,420</u>	<u>\$ 2,590</u>	<u>\$ 12,409</u>	<u>\$ 12,068</u>	<u>\$ 268,448</u>	<u>\$ 590,443</u>
<u>Accumulated depreciation</u>								
January 1, 2022 balance	\$ -	\$ 30,365	\$ 9,876	\$ 1,540	\$ 8,153	\$ 12,010	\$ -	\$ 61,944
Depreciation expense	-	5,460	2,054	248	1,219	50	-	9,031
December 31, 2022 balance	<u>\$ -</u>	<u>\$ 35,825</u>	<u>\$ 11,930</u>	<u>\$ 1,788</u>	<u>\$ 9,372</u>	<u>\$ 12,060</u>	<u>\$ -</u>	<u>\$ 70,975</u>
December 31, 2022 net	<u>\$ 189,388</u>	<u>\$ 49,295</u>	<u>\$ 8,490</u>	<u>\$ 802</u>	<u>\$ 3,037</u>	<u>\$ 8</u>	<u>\$ 268,448</u>	<u>\$ 519,468</u>

Note: It is transferred from the prepaid equipment payment.

Property, plant and equipment showed no signs of impairment in years 2023 and 2022 and therefore the Company did not carry out impairment tests.

Depreciation expense is provided on a straight-line basis for the following service years:

Housing and construction	
Plant main building	15 to 51 years
Accessory equipment	2 to 10 years
Machine equipment	2 to 10 years
Transport equipment	5 to 10 years
Office equipment	3 to 10 years
Research experimental equipment	6 years

Refer to Note 33 for the amount of private property, plant and equipment set as security for the loan.

### 13. Lease Agreement

#### (1) The right to use the assets

	December 31, 2023	December 31, 2022
Book amount of assets of use right		
Transport equipment	<u>\$ 1,578</u>	<u>\$ 190</u>
	2023	2022
The addition of usufruct assets	<u>\$ 1,984</u>	<u>\$ -</u>
Depreciation expense of usufruct assets		
Transportation equipment	<u>\$ 596</u>	<u>\$ 229</u>

#### (2) Lease liabilities

	December 31, 2023	December 31, 2022
Book amount of lease liabilities		
Liquidity	<u>\$ 532</u>	<u>\$ 192</u>
Non- liquidity	<u>\$ 1,063</u>	<u>\$ -</u>

The discount rate ranges for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Transportation equipment	<u>0.97% ~ 2.95%</u>	<u>0.97%</u>

#### (3) Major leasing activities and terms

The company leases transportation equipment for operational use for a period of 36 to 44 months. Upon termination of the lease term, the Company has no preferential right to take off the leased transport equipment, and it is agreed that the Company shall not sublease or transfer all or part of the leased subject matter without the consent of the lessor.

#### (4) Other leasing information

	2023	2022
Short-term rental charges	<u>\$ 963</u>	<u>\$ 3,242</u>
Low value asset lease charges	<u>\$ 309</u>	<u>\$ 199</u>
Total cash (outflows) from leases	<u>(\$ 1,894)</u>	<u>(\$ 3,673)</u>

The Company elects to apply the exemption to the lease of plant and other equipment eligible for short term lease and photocopiers and other equipment eligible for low value asset and does not recognise the relevant right of use assets and lease liabilities for such leases.

#### 14. Other intangible assets

	<u>Computer software</u>
<u>Cost</u>	
Balance as of January 1, 2023	\$ 3,467
Separate acquisition	<u>1,444</u>
Balance as of December 31, 2023	<u>\$ 4,911</u>
<u>Cumulative amortization and impairment</u>	
Balance as of January 1, 2023	(\$ 2,224)
Amortization expense	<u>( 747)</u>
Balance as of December 31, 2023	<u>(\$ 2,971)</u>
Net of December 31, 2023	<u>\$ 1,940</u>
<u>Cost</u>	
Balance as of January 1, 2022	\$ 2,322
Separate acquisition	<u>1,145</u>
Balance as of December 31, 2022	<u>\$ 3,467</u>
<u>Cumulative amortization and impairment</u>	
Balance as of January 1, 2022	(\$ 1,357)
Amortization expense	<u>( 867)</u>
Balance as of December 31, 2022	<u>(\$ 2,224)</u>
Net of December 31, 2022	<u>\$ 1,243</u>

Amortization of computer software is charged on a straight-line basis over three to five years of durability.

Amortization expense by function is summarized as follows:

	<u>2023</u>	<u>2022</u>
Operating cost	\$ 382	\$ 350
administration cost	<u>365</u>	<u>517</u>
	<u>\$ 747</u>	<u>\$ 867</u>

## 15. Other financial assets

	December 31, 2023	December 31, 2022
Restricted time deposits	<u>\$ 145,154</u>	<u>\$ 525,865</u>

- (1) As of December 31, 2023 and 2022, the interest rates of restricted time deposits ranged from 1.30% to 3.80% and 1.65% to 5.00% respectively.
- (2) The Company takes into account the historical default loss rate, the current financial position of the bank and the prospects of the industry in which it operates, and assents that it has sufficient ability to repay the contracted cash flows. As of December 31, 2023 and 2022, no expected credit losses have been provided for other financial assets.
- (3) For information on other pledges of financial assets, please refer to Note 33.

## 16. Other assets

	December 31, 2023	December 31, 2022
<u>Liquidity</u>		
Deposit margin (Note)	\$ -	\$ 12,294
Payment on behalf	<u>-</u>	<u>3</u>
	<u>\$ -</u>	<u>\$ 12,297</u>
<u>Non-liquidity</u>		
Deposit margin (Note)	\$ 1,445	\$ 29
Advance payment for equipment	<u>2,050</u>	<u>2,960</u>
	<u>\$ 3,495</u>	<u>\$ 2,989</u>

Note: The Company takes into account the historical default loss rate of the contract counterparty, the current financial position and the outlook of the industry in which it operates, and evaluates its sufficient ability to repay the contract cash flow. As of December 31, 2023 and 2022, no expected credit loss has been provided for the deposit.

## 17. Loans

### (1) Short-term loans

	December 31, 2023	December 31, 2022
<u>Secured loans (Note 33)</u>		
Bank loan	\$ 57,000	\$ 373,530
<u>Unsecured loan</u>		
Bank loan	<u>-</u>	<u>50,000</u>
	<u>\$ 57,000</u>	<u>\$ 423,530</u>



The interest rates on bank loans as at 31 December 2023 and 2022 were 1.700% to 2.095% and 1.250% to 1.650% respectively. Of the secured bank borrowings for the year 2023, \$22,000 was secured by bank deposits and \$35,000 was secured by the Consortium's SME Credit Guarantee Fund. Secured bank borrowings for year 2022 were secured by bank deposit pledges.

(2) Long-term loans

	December 31, 2023	December 31, 2022
<u>Secured loans (Note 33)</u>		
Bank loan	\$ 126,400	\$ 112,800
<u>Unsecured loan</u>		
Bank loan	10,000	10,000
Less: listed as part due within 1 year	( <u>2,083</u> )	<u>-</u>
	<u>\$ 134,317</u>	<u>\$ 122,800</u>

In order to purchase land, the Company signed a loan contract with Shanghai Commercial Savings Bank with the guarantee of land and buildings. The maturity date of the loan is February 26, 2036, and the principal and interest are amortized in 180 installments per month. The Company has completed the early repayment in June, 2022.

plant and equipment, the Company entered into a loan contract with Shanghai Commercial Savings Bank with the mortgage of land and buildings, the maturity date of the loan is 15 May and 15 December, 2028 respectively, and the transfer of \$13,600 thousand and \$82,800 thousand in 2023 and 2022 respectively, after a grace period of three years, the principal and interest are repaid in 48 installments monthly. As at 31 December 2023 and 2022, the borrowing rates were 0.760% and 0.635% respectively.

The unsecured loan is a floating interest rate loan from Shanghai Commercial Savings Bank, which matures in February 2028 and has interest rates of 0.760% and 0.635% as of December 31, 2023 and 2022 respectively.

18. Corporate bonds payable

	December 31, 2023	December 31, 2022
Domestic secured convertible bonds	\$ 106,175	\$ 187,022
Less: listed as part due within 1 year	( <u>106,175</u> )	( <u>187,022</u> )
	<u>\$ -</u>	<u>\$ -</u>

(1) The conditions for the issuance of the first secured convertible corporate bond in Taiwan are summarized as follows:

1. Date of issue: June 10, 2021.
2. Total issue: 300,000 thousand NT dollars.
3. Denomination: 100 thousand NT dollars/piece.
4. Issue price: 102% of the face value.
5. Issuance period: 3 years, expiring on June 10, 2024.
6. Coupon rate: 0%.
7. Date and manner of repayment: Unless the Debenture holder exercises the conversion right or sale right and the Company redeemes the debenture in advance or the Company buys the debenture back for cancellation by the securities dealer's Office, the debenture Convertible debenture held by the Debenture holder shall be repaid in cash in one lump sum at the face value of the debenture within seven business days following the date of maturity.
8. Conversion period: The debenture holder may start from the day following the expiration of three months after the issuance of the converted corporate bonds (September 11, 2021) to the maturity date (June 10, 2024), except for the period of transfer suspension according to law; 15 business days from the date of cessation of transfer of the Company's gratuitous rights issue, cash dividend or cash increase subscription, until the base date of rights distribution; From the base date of capital reduction to the day before the trading date of the shares issued for capital reduction, conversion into ordinary shares of the Company may be handled in accordance with the issuance and conversion measures except for the request for conversion.
9. Please refer to Note 3 for the security for conversion of bonds.
10. Conversion Price and Adjustment: The conversion price at the time of issuance of the conversion bonds is set at \$55.90 per share. After the issue of conversion bonds, except for the exchange of ordinary shares in various securities issued or placed by the Company with conversion rights or stock options or the issue of new shares for employee compensation, in the event of an increase in ordinary shares issued or placed by the Company; In the event that the Company allocates cash dividends to ordinary shares; In the event of a reissue or private placement by the Company of various marketable securities with conversion rights or options for common shares at a conversion or subscription price lower than the current price per share; The conversion price shall be adjusted in accordance with the issuance and conversion method in the event of a reduction in the shares of ordinary shares of the Company due to capital reduction other than cancellation of Treasury shares.  
  
As of December 31, 2023, the conversion price was \$48.52 per share.
11. New shares sold after conversion: The ordinary shares issued after conversion of the corporate bonds will be sold at the counter trading center from the date of delivery.

12. The redemption right of the Company to convert the bonds: (1) If the closing price of the ordinary shares of the Company exceeds the then conversion price by 30% for thirty consecutive business days, the Company may, within thirty business days after the completion of three months following the issuance of the convertible bonds (September 11, 2021) and expires forty days before the maturity date (May 1, 2024), Notify the bondholders of the redemption of all outstanding convertible bonds in cash at the value of the bonds; (2) If the outstanding balance of the convertible bonds is less than 10% of the total amount of the original issue, the Company may at any time thereafter withdraw the entire outstanding convertible bonds in cash at the face value of the bonds.
13. Bondholder's right to sell back: The date on which the convertible bonds have been issued for two years (June 10, 2023) is the base date for the bondholder to sell back the convertible bonds in advance. The Company shall notify the debenture holders forty days prior to the base date of sale and shall write to the over-the-counter trading Centre to notify the exercise of the Debenture holders' right to sell.
- (2) The convertible debenture comprises liabilities and equity components, which are expressed as capital reserves - stock options under equity. The original recognized effective interest rate on the component of the liability was 1.6344%.
- |   |                    |
|---|--------------------|
| Issuance price (less transaction costs of NT\$ 12,706 thousand) | \$ 293,294         |
| Equity component  | ( 10,789)          |
| Financial assets measured at fair value through profit or loss  | 609                |
| Deferred tax assets   | <u>2,541</u>       |
| Component of liabilities at issue date                          | 285,655            |
| Interest calculated at an effective rate of 1.6344%             | 8,482              |
| Conversion of bonds payable to common Stock                     | ( <u>187,962</u> ) |
| Component of liabilities, December 31, 2023                     | <u>\$ 106,175</u>  |
- (3) Amortization of discount on bonds payable in 2023 and 2022 is NT\$2,366 thousand and NT\$3,410 thousand respectively, which are included in the finance cost.
- (4) Conversion bonds separate options from liabilities and account for financial assets measured at fair value through profit or loss - current, bonds payable and capital reserves - stock options.
- (5) As of December 31, 2023, the cumulative conversion face value of the converted corporate bonds was NT\$193,100 thousand, including the transfer of ordinary share capital of NT\$30,728 thousand and the capital received in advance of NT\$6,389 thousand; The exercise of the bond conversion right also resulted in a decrease of MT\$6,944 thousand in the capital reserves of the original issue - stock options, a decrease of NT\$5,138 thousand in the discount on bonds payable, and a decrease of \$542 thousand in financial assets - current measured at fair value through profit or loss, Net conversion of capital surplus in excess of the denomination of converted ordinary shares - conversion premium of converted corporate bonds amounting to NT\$157,247 thousand.

## 19. Accounts payable

	December 31, 2023	December 31, 2022
<u>Accounts payable</u>		
Occurs by business	<u>\$ 113,805</u>	<u>\$ 255,326</u>

The Company's terms of trade with general suppliers are 90 days from immediate settlement to the following month. The Company has a financial risk management policy in place to ensure that all payables are paid within the pre-agreed credit period.

## 20. Other liabilities

	December 31, 2023	December 31, 2022
<u>Liquidity</u>		
Other payables		
Salaries and bonuses payable	\$ 16,538	\$ 26,551
Employee compensation and director compensation payable	24,632	16,031
Bond related expenses payable	3,102	4,158
Premium payable	2,199	2,239
Pension payable	1,399	1,404
Equipment payable	2,515	361
Labor expenses payable	820	311
Other	<u>2,579</u>	<u>4,675</u>
	<u>\$ 53,784</u>	<u>\$ 55,730</u>

## 21. Provision for liabilities

	December 31, 2023	December 31, 2022
<u>Liquidity</u>		
Warranty (1)	<u>\$ 8,018</u>	<u>\$ 8,706</u>
<u>Non-liquidity</u>		
Other Long-term Employee Benefits (2)	<u>\$ 1,434</u>	<u>\$ 1,565</u>

	Warranty
Balance as of January 1, 2022	\$ 7,581
Addition	9,223
Use	( 3,547)
Reverse the unused balance	( <u>4,551</u> )
Balance as of December 31, 2022	8,706
Addition	6,902
Use	( 1,810)
Reverse the unused balance	( <u>5,780</u> )
Balance as of December 31, 2023	<u>\$ 8,018</u>

- (1) The reserve for warranty liabilities is the present value of the Company's management's best estimate of the outflow of future economic benefits resulting from warranty obligations as agreed in the sales product contract. This estimate is based on historical warranty experience and adjusted for other factors affecting product quality.
- (2) The reserve for other long-term employee benefit liabilities is included in the assessment of the employee's permanent service award payment.

## 22. Post-employment benefits plan

### (1) Determining the appropriation plan

The pension system to which the Company applies under the Workers' Pension Ordinance is a defined-contribution retirement plan administered by the government, with a contribution of 6% of an employee's monthly salary to a special personal account of the Labor Insurance Bureau.

### (2) Determine the welfare plan

The Company's pension system in accordance with the Labor Standards Act of our country is a defined-benefit retirement plan administered by the government. The pension payment is based on the length of service and the average salary of the six months prior to the approved retirement date. The Company allocates 5.1% of the total monthly salary of employees to a special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee. If the estimated balance of the special account is insufficient to pay the workers who are expected to reach the retirement conditions in the following year, the difference will be allocated by the end of March of the next year. The management of the special account is entrusted to the Labor Fund Management Bureau of the Ministry of Labor, and the Company has no right to influence the investment management strategy.

The defined benefit plan amounts included in the individual balance sheet are shown as follows:

	December 31, 2023	December 31, 2022
Determine the present value of welfare obligations	\$ 12,805	\$ 13,725
Fair value of planned assets	( 15,044 )	( 14,810 )
Net defined benefit assets	( \$ 2,239 )	( \$ 1,085 )

The net defined benefit (asset) liability changes as follows:

	Determine the present value of welfare obligations	Fair value of planned assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2022	\$ 15,954	( \$ 13,090 )	\$ 2,864
Interest expense (income)	80	( 67 )	13
Recognized in profit or loss	80	( 67 )	13
Remeasure number			
Return on planned assets (other than amount included in net interest)	-	( 1,017 )	( 1,017 )
Actuarial Benefits - Financial assumptions			
Alteration	( 534 )	-	( 534 )
Actuarial Benefit - Adjustment for experience	( 1,775 )	-	( 1,775 )
Recognized in other consolidated profit and loss	( 2,309 )	( 1,017 )	( 3,326 )
Employer-sponsored defined contribution plans	-	( 636 )	( 636 )
Balance as of January 1, 2022	13,725	( 14,810 )	( 1,085 )
Interest expense (income)	181	( 200 )	( 19 )
Recognized in profit or loss	181	( 200 )	( 19 )
Remeasure number			
Return on planned assets (other than amount included in net interest)	-	( 111 )	( 111 )
Actuarial Benefits - Financial assumptions			
Alteration	164	-	164
Actuarial Benefit - Adjustment for experience	( 620 )	-	( 620 )
Recognized in other consolidated profit and loss	( 456 )	( 111 )	( 567 )
Employer appropriation	-	( 568 )	( 568 )
Welfare payment	( 645 )	645	-
Balance as of December 31, 2023	\$ 12,805	( \$ 15,044 )	( \$ 2,239 )

The Company is exposed to the following risks as a result of the pension system under the Labor Standards Act:

1. Investment risk: The Labor Fund Management Bureau of the Ministry of Labor invests the labor pension Fund in domestic (foreign) equity securities and debt securities and bank deposits respectively through its own operation and entrusted operation, provided that the amount of the company's plan assets is allocated at the rate of interest calculated at no less than the 2-year fixed deposit rate of local banks.

2. Interest rate risk: The net defined benefit liability is partially offset by an increase in the present value of defined benefit obligations resulting from a decrease in the interest rate on government bonds, but also by an increase in the return on debt investment of plan assets.

3. Salary risk: The calculation to determine the present value of benefit obligations is based on the future salary of plan members. Therefore, an increase in the salary of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's benefit obligations is determined by a qualified actuary and the significant assumptions of the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.21%	1.33%
Expected increase in salary	2.50%	2.50%

If the significant actuarial assumptions were to change separately as reasonably possible, the amount that would increase (decrease) the present value of the determined benefit obligation, with all other assumptions held constant, would be as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	(\$ 356)	(\$ 410)
Decrease by 0.25%	\$ 368	\$ 424

Expected increase in salary		
Increase by 0.25%	\$ 335	\$ 386
Decrease by 0.25%	(\$ 325)	(\$ 374)

Since the actuarial assumptions may be interrelated and changes in a single assumption are unlikely, the above sensitivity analysis may not reflect actual changes in determining the present value of benefit obligations.

The analysis to determine the average maturity period of benefit obligations is as follows:

	December 31, 2023	December 31, 2022
Amount expected to be allocated within 1 year	\$ 582	\$ 651
Determine the average maturity period of benefit obligations	10.35 years	11.11 years

## 23. Rights and interests

### (1) Share capital

#### General stock

	December 31, 2023	December 31, 2022
Rated number of shares (thousands)	<u>35,000</u>	<u>35,000</u>
Nominal share capital	<u>\$ 350,000</u>	<u>\$ 350,000</u>
Number of shares issued and fully paid for (thousands)	<u>24,073</u>	<u>22,886</u>
Issued share capital	\$ 240,729	\$ 228,864
Capital received in advance	<u>6,389</u>	<u>1,440</u>
	<u>\$ 247,118</u>	<u>\$ 230,304</u>

The holders of convertible corporate bonds in the year 2022 converted the ordinary share capital of the Company to a total of NT\$16,117 thousand, of which NT\$12,206 thousand yuan was added on May 6, 2022, and the change registration was completed on June 14, 2022; The base date of the capital increase of NT\$2,471 thousand yuan is November 7, 2022, and the change registration has been completed on November 29, 2022. The balance of 1,440 thousand yuan is included in the capital received in advance, and the base date of capital increase is March 23, 2023, and the change registration has been completed on April 13, 2023.

The holders of the convertible debenture for the year 2023 converted the ordinary share capital of the Company amounting to NT\$16,814 thousand, of which NT\$10,199 thousand was added on May 8, 2023, and the change registration was completed on May 29, 2023; The base date of the capital increase of NT\$226 thousand is November 8, 2023, and the change registration has been completed on December 1, 2023. As at December 31, 2023, the balance of NT\$6,389 thousand was included in the account under the capital received in advance and has not yet completed the registration of changes.

### (2) Capital reserve

	December 31, 2023	December 31, 2022
<u>May be used to cover losses, issue cash or allocate capital (Note 1)</u>		
Equity premium	\$ 145,883	\$ 145,883
Corporate bond conversion premium	157,247	87,835
Treasury stock trading (Note 2)	2,016	2,016
<u>Only to cover losses</u>		
other	1,745	1,745
<u>Not to be used for any purpose</u>		
Stock rights	<u>3,845</u>	<u>6,883</u>
	<u>\$ 310,736</u>	<u>\$ 244,362</u>



Note 1: Such capital reserves may be used to cover losses or, in the absence of losses, to issue cash or to allocate capital, subject to a certain percentage of paid-in capital each year.

Note 2: Such capital reserves are the capital reserves affected by the transfer of Treasury shares by the Company to employees.

The reconciliation of various capital reserve balances for years 2023 and 2022 is as follows:

	Stock issue premium	Corporate bond conversion	Premium stock options	Treasury Stock transaction	Other	Total
Balance as of January 1, 2022	\$ 145,883	\$ 18,150	\$ 9,976	\$ 2,016	\$ 7	\$ 176,032
Convertible bond conversion	-	69,685	( 3,093)	-	-	66,592
Dividends not claimed by shareholders	-	-	-	-	1,733	1,733
Exercise of subsumption	-	-	-	-	5	5
Balance as of December 31, 2022	<u>\$ 145,883</u>	<u>\$ 87,835</u>	<u>\$ 6,883</u>	<u>\$ 2,016</u>	<u>\$ 1,745</u>	<u>\$ 244,362</u>
Balance as of January 1, 2023	\$ 145,883	\$ 87,835	\$ 6,883	\$ 2,016	\$ 1,745	\$ 244,362
Convertible bond conversion	-	69,412	( 3,038)	-	-	66,374
Balance as of December 31, 2023	<u>\$ 145,883</u>	<u>\$ 157,247</u>	<u>\$ 3,845</u>	<u>\$ 2,016</u>	<u>\$ 1,745</u>	<u>\$ 310,736</u>

(3) Retention of earnings and dividend policy

The earnings distribution policy of the Company's articles of Association provides as follows:

1. The Company authorizes the Board to make a special resolution that dividends and bonuses payable in whole or in part shall be paid in cash; If the Company has no losses, all or part of the statutory surplus reserve (the portion exceeding 25% of the total paid-in share capital) and the capital reserve in accordance with the provisions of the Company Law shall be paid out in cash in proportion to the original shares of the shareholders and submitted to the latest shareholders' meeting.
2. If there is a surplus in the annual final accounts, in addition to paying taxes according to law and making up for accumulated losses, another 10% shall be set aside as legal surplus reserve, and the rest shall be appropriated or reversed as special surplus reserve according to law; If there is still a balance and accumulated undistributed surplus, the board of Directors shall draw up a surplus distribution plan and submit it to the shareholders' meeting for a resolution on distributing dividends to shareholders.

See Note 25 (7) of Compensation for employees and Directors for the policy on compensation distribution for employees and directors set forth in the Articles of Association of the Company.

The dividend policy of the Company is based on the current and future development plans, taking into account the investment environment, capital needs and domestic and foreign competition, and taking into account the interests of shareholders, and shall allocate not less than 10% of the available for distribution of dividends to shareholders each year,

but shall not be distributed if the accumulated available for distribution of surplus is less than 10% of the paid-in capital. Dividends to shareholders may be distributed in the form of cash or stock, in which the cash dividend shall not be less than 50% of the total dividend.

The statutory surplus reserve may no longer be included when it has reached the paid-in capital of the company. Statutory surplus reserves are used to cover losses. If the company has no losses, the part of the statutory surplus reserve exceeding 25% of the total paid-in capital may be distributed in cash in addition to the capital.

The distribution of the Company's earnings for the years 2022 and 2021 is as follows:

	2022	2021
Legal reserve	<u>\$ 20,278</u>	<u>\$ 12,039</u>
Special reserve	<u>(\$ 1,335)</u>	<u>\$ 1,418</u>
Cash dividends	<u>\$ 95,501</u>	<u>\$ 67,918</u>
Cash dividend per share (NTD)	\$ 4.00	\$ 3.00

The above cash dividends were distributed by the resolutions of the Board of Directors on 23 March 2023 and 23 March 2022 respectively, and the remaining distribution items of surplus were also resolved by the ordinary shareholders on June 27, 2023 and June 21, 2022 respectively.

As of March 15, 2024, the Company's 2023 annual surplus allocation motion has not been proposed by the Board of Directors.

## 24. Income

	2023	2022
Customer contract revenue		
Equipment sales revenue	\$ 1,016,434	\$ 1,186,494
Parts repair service revenue	<u>34,523</u>	<u>22,226</u>
	<u>\$ 1,050,957</u>	<u>\$ 1,208,720</u>

### Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (Notes 9 and 32)	<u>\$ 214,633</u>	<u>\$ 166,995</u>	<u>\$ 162,419</u>
Contract assets - Liquidity			
Equipment warranty	<u>\$ 17,873</u>	<u>\$ 33,191</u>	<u>\$ 25,646</u>
Contract liabilities - Liquidity			
Advances on sales	<u>\$ 1,057,586</u>	<u>\$ 1,369,810</u>	<u>\$ 1,310,019</u>

Changes in contract assets and contract liabilities mainly result from the difference between the time of satisfaction of performance obligations and the time of payment by the customer.

The Company recognizes the loss allowance for contract assets in terms of expected credit losses over the life of the contract. The contract assets will be transferred to accounts receivable at the end of the warranty period and have the same credit risk characteristics as accounts receivable arising from similar contracts, so the Company considers that the expected credit loss rate of accounts receivable can also be applied to the contract assets.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant contract assets, but will continue to pursue recovery activities, as the amount recovered is recognized in profit or loss.

As of December 31, 2023 and 2022, the total book amount of contract assets is NT\$17,873 thousand and NT\$33,191 thousand respectively, with an expected credit loss ratio of 0% and a provision for losses of NT\$0 thousand for both.

The amounts of contract liabilities from the beginning of the year recognized as revenue during the year are as follows:

	2023	2022
<u>From contract liabilities at the beginning of the year</u>		
Equipment sales	<u>\$ 657,978</u>	<u>\$ 642,274</u>

## 25. Net profit

### (1) Interest income

	2023	2022
Bank deposit	\$ 19,160	\$ 14,872
Other	<u>-</u>	<u>2</u>
	<u>\$ 19,160</u>	<u>\$ 14,874</u>

### (2) other income

	2023	2022
Rental income	\$ 228	\$ 229
Other	<u>1,230</u>	<u>717</u>
	<u>\$ 1,458</u>	<u>\$ 946</u>

(3) Other interests and losses

	2023	2022
Losses on financial assets and financial liabilities		
Losses on financial assets measured at fair value through profit or loss	( \$ 117 )	( \$ 903 )
Net foreign currency exchange gain	<u>24,397</u>	<u>129,837</u>
	<u>\$ 24,280</u>	<u>\$ 128,934</u>

(4) Financial cost

	2023	2022
Bank loan interest	\$ 6,124	\$ 4,912
Interest on lease liabilities	41	3
Convertible bond interest	2,366	3,410
Other	33	43
Less: Included under property, plant and equipment	( <u>3,682</u> )	( <u>1,026</u> )
	<u>\$ 4,882</u>	<u>\$ 7,342</u>

Interest capitalization information is as follows:

	2023	2022
Interest capitalization amount	\$ 3,682	\$ 1,026
Interest capitalized rate	0.510% ~ 2.095%	0.010% ~ 1.650%

(5) Depreciation and amortization

	2023	2022
Depreciation costs are summarized by function		
Operating cost	\$ 8,346	\$ 6,467
Operating expense	<u>2,772</u>	<u>2,793</u>
	<u>\$ 11,118</u>	<u>\$ 9,260</u>
Amortization expense is summarized by function		
Operating cost	\$ 382	\$ 350
Operating expense	<u>365</u>	<u>517</u>
	<u>\$ 747</u>	<u>\$ 867</u>

For information on the allocation of intangible asset amortization charges to individual line items, please refer to Note 14.

(6) Employee welfare expenses

	2023	2022
Short-term employee benefits	\$ 129,630	\$ 156,058
Post-employment benefits		
Identified appropriation plan	4,592	4,616
Determination of the benefit Scheme (Note 22)	( 19 )	13
Other employee benefits	4,218	5,038
Total employee benefit cost	<u>\$ 138,421</u>	<u>\$ 165,725</u>
Summary by function		
Operating cost	\$ 63,529	\$ 75,872
Operating expense	74,892	89,853
	<u>\$ 138,421</u>	<u>\$ 165,725</u>

(7) Remuneration of employees and directors

In accordance with the articles of association of the Company, the compensation of employees and directors shall be set aside at a rate of not less than 3% and not more than 3% respectively on the basis of the net profit before tax of the year before the compensation of distributed employees and directors. However, if the company still has accumulated losses, it shall reserve the compensable amount in advance, and then allocate the remuneration of employees and directors according to the proportion of the preceding paragraph. On 15 March 2024 and 23 March 2023 respectively, the Board of Directors resolved as follows: :

Scale of Estimation

	2023	2022
Employee compensation	3%	3%
Directors' compensation	3%	3%

Amount

	2023		2022	
	Cash	Stocks	Cash	Stocks
Employee rewards	\$ 4,301	\$ -	\$ 8,016	\$ -
Director's remuneration	4,300	-	8,015	-

If the amount of the annual individual financial report is still changed after the release date, it will be treated according to the change of the accounting estimate and adjusted in the following year.

There is no difference between the amount of the employee compensation and the directors' compensation decided for the years 2022 and 2021 and the amount recognized in the Individual Financial Reports for the years 2022 and 2021.

For information on employee compensation and director compensation as decided by the Board of Directors of the Company, please visit the "Open Information Observatory" of the Taiwan Stock Exchange.

(8) Profit (loss) on foreign currency exchange

	2023	2022
Total foreign currency exchange benefit	\$ 71,475	\$ 225,392
Total foreign currency exchange (loss)	( <u>47,078</u> )	( <u>95,555</u> )
Net profit	<u>\$ 24,397</u>	<u>\$ 129,837</u>

26. Income tax

(1) Income tax recognized in profit and loss

The main components of income tax expense are as follows:

	2023	2022
Current income tax		
This year generated	\$ 33,278	\$ 43,892
Additional charge on undistributed surplus	-	1,951
Adjustments from prior years	( <u>388</u> )	( <u>3,098</u> )
	32,890	42,745
Deferred income tax		
Produced this year	( <u>8,496</u> )	<u>8,293</u>
Income tax expense recognized in profit or loss	<u>\$ 24,394</u>	<u>\$ 51,038</u>

Reconciliation of accounting income to income tax expense is as follows:

	2023	2022
Before tax net profit	<u>\$ 134,747</u>	<u>\$ 251,154</u>
Income tax expense calculated at the statutory tax rate (20%)	\$ 26,949	\$ 50,231
Non-deductible tax expense	497	863
Deferred tax impact on earnings of subsidiaries	( 2,664 )	( 1,776 )
Additional levy on undistributed surplus	-	1,951
The current year recognizes temporary differences arising from previous years	-	2,867
Adjustment of current income tax expense for previous years in the current year	( <u>388</u> )	( <u>3,098</u> )
Income tax expense recognized in profit or loss	<u>\$ 24,394</u>	<u>\$ 51,038</u>

(2) Income tax recognized in other comprehensive profit and loss

	2023	2022
<u>Deferred income tax</u>		
Current generation		
- Determine the benefit plan and then measure the number	\$ 113	\$ 665

(3) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax liability		
Income tax payable	\$ 9,246	\$ 30,914

(4) Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Year 2023

	Year-begin balance	Recognized in profit or loss	Recognized in other consolidated profit and loss	Year-end balance
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized product warranty cost	\$ 1,741	( \$ 137 )	\$ -	\$ 1,604
Loss on unrealized inventory decline	2,650	4,223	-	6,873
Corporate bond issuance cost fiscal tax difference	1,200	( 847 )	-	353
Tentative estimated cost of goods sold	7,681	1,917	-	9,598
Reserve for loss on	1,073	( 156 )	-	917
Other	1,379	( 52 )	-	1,327
	<u>\$ 15,724</u>	<u>\$ 4,948</u>	<u>\$ -</u>	<u>\$ 20,672</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Determine the welfare plans to measure number	( \$ 1,008 )	\$ -	( \$ 113 )	( \$ 1,121 )
Unrealized exchange gain	( 4,402 )	3,548	-	( 854 )
	<u>( \$ 5,410 )</u>	<u>\$ 3,548</u>	<u>( \$ 113 )</u>	<u>( \$ 1,975 )</u>

Year 2022

	Year-begin balance	Recognized in profit or loss	Recognized in other consolidated profit and loss	Year-end balance
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized product warranty cost	\$ 1,516	\$ 225	\$ -	\$ 1,741
Loss on unrealized inventory depreciation	155	2,495	-	2,650
Unrealized conversion loss	10,392	( 10,392 )	-	-
Corporate bond issuance cost fiscal and tax difference	2,047	( 847 )	-	1,200

(Next page)

(From previous page)

	Year-begin balance	Recognized in profit or loss	Recognized in other consolidated profit and loss	Year-end balance
Estimated cost of goods sold	\$ 4,190	\$ 3,491	\$ -	\$ 7,681
Allowance for losses	-	1,073	-	1,073
Other	1,315	64	-	1,379
	<u>\$ 19,615</u>	<u>( \$ 3,891 )</u>	<u>\$ -</u>	<u>\$ 15,724</u>

Deferred income tax assets

Temporary differences

Determine the welfare plans

to measure number

( \$ 343 ) \$ - ( \$ 665 ) ( \$ 1,008 )

Unrealized exchange gain

- ( 4,402 ) - ( 4,402 )

( \$ 343 ) ( \$ 4,402 ) ( \$ 665 ) ( \$ 5,410 )

(5) Aggregate amounts of temporary differences related to investments and not recognized for deferred tax liabilities

As of December 31, 2023 and 2022, taxable temporary differences related to investment subsidiaries that were not recognized as deferred tax liabilities were NT\$71,871 thousand and NT\$58,551 thousand, respectively.

(6) Income tax verification situation

The income tax settlement declaration of the Company's profit-making enterprise has been approved by the tax collecting authority until the year 2021. As at 31 December 2023, the Company did not have any pending tax litigation cases.

27. Earnings per share

	2023	Unit: NTD per share 2022
Basic earnings per share	<u>\$ 4.60</u>	<u>\$ 8.83</u>
Diluted earnings per share	<u>\$ 4.18</u>	<u>\$ 7.63</u>

The earnings and weighted average number of common shares used to calculate earnings per share are as follows:

Net profit for the year

	2023	2022
Net income used to calculate basic earnings per share	\$ 110,353	\$ 200,116
Dilutive potential common stock impact:		
Convertible bonds	<u>1,986</u>	<u>3,451</u>
Net income used to calculate diluted earnings per share	<u>\$ 112,339</u>	<u>\$ 203,567</u>



<u>Number of shares</u>	<u>2023</u>	Unit: thousands of shares <u>2022</u>
The weighted average number of common shares used to calculate basic earnings per share	23,974	22,658
Dilutive potential common stock impact:		
Convertible bonds	2,781	3,899
Company's employee rewards	97	132
The weighted average number of common shares used to calculate diluted earnings per share	<u>26,852</u>	<u>26,689</u>

If the company has the option to pay employees in stock or cash, diluted earnings per share will be calculated on the assumption that employee compensation will be issued in stock, and the weighted average number of shares outstanding when the potential common stock is dilutive will be included in the calculation of diluted earnings per share. The dilution of these potential ordinary shares also continues to be taken into account in calculating diluted earnings per share before the Board decides on the number of shares to be paid to employees in the next year.

## 28. Government subsidies

In November 2023, the Company obtained a government subsidy of NT\$852 thousand from the Corporate Human Resources Enhancement Program, which was included as a reduction in payroll expenses in 2023.

## 29. Cash flow information

### (1) Non-cash transactions

Except as disclosed in other notes, the following non-cash transactions were made by the Company during the years 2023 and 2022:

- As of December 31, 2023 and 2022, NT\$2,515 thousand and NT\$361 thousand, respectively, remain outstanding from the purchase price of real estate, plant, and equipment acquired by the Company, including other payables.
- In 2022, the Company transferred dividends (originally recorded as other payables) that were not claimed by shareholders after the time limit (see Note 23) to the capital reserve.

### (2) Changes in liabilities from financing activities:

#### Year 2023

	Non-cash movements							
	January 1, 2023	Cash Flow	New lease	Conversion of corporate bonds into common stock	Discount on bonds payable	Amortization of interest expense	Other	
Short-term borrowing	\$ 423,530	(\$ 366,530)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,000
Long-term borrowing(including those due within one year)	122,800	13,600	-	-	-	-	-	136,400
Bonds payable (including those due within one year)	187,022	-	-	( 84,500)	1,287	2,366	-	106,175
Lease liability	192	( 581)	1,984	-	-	41	( 41)	1,595
	<u>\$ 733,544</u>	<u>(\$ 353,511)</u>	<u>\$ 1,984</u>	<u>(\$ 84,500)</u>	<u>\$ 1,287</u>	<u>\$ 2,407</u>	<u>(\$ 41)</u>	<u>\$ 301,170</u>

## Year 2022

	January 1, 2022	Cash Flow	Non-cash movements				December 31, 2022
			Conversion of corporate bonds into common stock	Discount on bonds payable	Amortization of interest expense	Other	
Short-term borrowing	\$ 240,400	\$ 183,130	\$ -	\$ -	\$ -	\$ -	\$ 423,530
Long-term borrowing(including those due within one year)	53,500	69,300	-	-	-	-	122,800
Bonds payable (including those due within one year)	266,727	-	( 86,000 )	2,885	3,410	-	187,022
Lease liability	421	( 229 )	-	-	3	( 3 )	192
	<u>\$ 561,048</u>	<u>\$ 252,201</u>	<u>( \$ 86,000 )</u>	<u>\$ 2,885</u>	<u>\$ 3,413</u>	<u>( \$ 3 )</u>	<u>\$ 733,544</u>

### 30. Capital risk management

The Company conducts capital management to ensure that its businesses are able to maximize shareholder returns by optimizing debt and equity balances as a going concern. There is no change in the Company's overall strategy.

The capital structure of the Company consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., equity, capital reserves, retained earnings and other equity items).

The Company is not subject to other external capital requirements.

Based on the recommendations of key management, the Company will balance its overall capital structure by paying dividends, issuing corporate bonds and bank financing.

### 31. Financial instruments

(1) Fair Value Information - Financial instruments not measured at fair value

The management of the Company is of the opinion that the carrying amounts of financial assets and financial liabilities not measured at fair value of the financial instruments shown in the balance sheet are close to their fair value, except for the items set out in the table below.

#### December 31, 2023

	Book amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liability</u> Financial liabilities measured at amortized cost					
- Convertible bonds	<u>\$ 106,175</u>	<u>\$ -</u>	<u>\$ 106,301</u>	<u>\$ -</u>	<u>\$ 106,301</u>

#### December 31, 2022

	Book amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liability</u> Financial liabilities measured at amortized cost					
- Convertible bonds	<u>\$ 187,022</u>	<u>\$ -</u>	<u>\$ 187,553</u>	<u>\$ -</u>	<u>\$ 187,553</u>

## Evaluation techniques and input values for Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Financial liabilities - Domestic convertible bonds payable	The reference interest rate of corporate bonds announced by the counter buying center is selected according to the credit rating grade and duration of the reference interest rate, and the evaluation interest rate is obtained by interpolation method, and then the price of 100 NT dollars is calculated.

## (2) Fair Value Information - Financial instruments measured at fair value on a recurring basis

### 1. Fair value level

#### December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Through profit and loss at fair value</u>				
<u>Measured financial assets</u>				
Convertible bond option	\$ -	\$ -	\$ -	\$ -

#### December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Through profit and loss at fair value</u>				
<u>Measured financial assets</u>				
Convertible bond option	\$ -	\$ -	\$ 142	\$ 142

### 2. Reconciliation of financial instruments measured at level 3 fair value

#### December 31, 2023

Financial assets measured at fair value through profit or loss	Derivatives - Convertible corporate bond options
Year-begin balance	\$ 142
Recognition in profit or loss (other gains and losses)	( 117)
Conversion of bonds to Common Stock	( 25)
Year-end balance	\$ -

The change in unrealized gain or loss for the year relating to assets held at the end of the year and recognized in profit or loss	(\$ 117)
--	----------

December 31, 2022

Financial assets measured at fair value through profit or loss	Derivatives - Convertible corporate bond options
Year-begin balance	\$ 1,451
Recognition in profit or loss (other gains and losses)	( 903 )
Conversion of bonds to Common Stock	( 406 )
Year-end balance	<u>\$ 142</u>
The change in unrealized gain or loss for the year relating to assets held at the end of the year and recognized in profit or loss	( \$ 903 )

3. Evaluation techniques and input values for Level 3 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Convertible bond option	Binary tree convertible bond evaluation model: considering the duration of corporate bonds, convertible bond underlying stock price and its fluctuation, conversion price, risk-free interest rate, risk discount rate and liquidity risk of convertible bonds.

(3) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 754,380	\$ 1,299,748
By measuring profit and loss at fair value, force fair value through profit and loss	-	142
<u>Financial liability</u>		
Measured at amortized cost (Note 2)	423,474	1,000,455

Note 1: Balances include cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable, accounts receivable - related parties, other receivables (excluding tax refunds receivable), other financial assets - current and deposits deposited and other financial assets measured at amortized cost.

Note 2: Balances are financial liabilities measured at amortized cost, such as short-term borrowings, long-term borrowings due within one year and corporate bonds payable, long-term borrowings, accounts payable, accounts payable - associates and other payables (excluding salaries and bonuses payable, employees' compensation payable and directors' compensation payable, insurance premiums payable and pensions payable).

(4) Financial risk management purposes and policies

The Company's principal financial instruments include cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other financial assets, accounts payable, lease liabilities, borrowings and debentures payable. The financial management Department of the Company provides services to various business units, co-ordinates the operation of entering the domestic financial market, analyzes the risk according to the degree and breadth of risk, and supervises and manages the financial risks related to the operation of the Company. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The financial management department reports regularly to management, who carry out risk monitoring and policy implementation in accordance with their responsibilities to mitigate risks.

1. Market risk

The main financial risks that the Company is exposed to as a result of its operations are the risk of changes in foreign exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

There has been no change in the Company's exposure to market risks in financial instruments and its management and measurement of such exposure.

(1) Exchange rate risk

The Company is engaged in foreign currency denominated sales and purchase transactions, which exposes the Company to exchange rate fluctuations.

The carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date are set out in note 36.

Sensitivity analysis

The Company is primarily affected by fluctuations in US dollar and RMB exchange rates.

The following table details the Company's sensitivity analysis when the exchange rate of the New Taiwan Dollar (functional currency) increases and decreases by 1% against the relevant foreign currencies (mainly US Dollar and RMB). 1% is the sensitivity ratio used internally by the Company in reporting exchange rate risks to key management and represents management's assessment of the range of reasonable possible changes in foreign exchange rates. The sensitivity analysis includes only monetary items in foreign currencies that are in circulation and adjusts their conversion rates at the end of the year for a 1% change. The positive number system in the table below represents the amount of increase in pre-tax net income that would result from a 1% depreciation of the new Taiwan dollar relative to the respective currencies; When the NT dollar appreciates by 1% against the respective currencies, the impact on net profit before tax will be negative by the same amount.

	<u>Impact of the USD</u>		<u>Impact of the renminbi</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit and Loss	\$ 1,075	\$ 7,670	\$ 4,355	\$ 3,214

The impact of the above profit and loss is primarily due to the Company's US dollar and RMB denominated bank deposits and receivables and payables outstanding at the balance sheet date.

The decrease in the Company's sensitivity to the US dollar exchange rate during the year was mainly due to the decrease in US dollar denominated bank deposits during the year; The increased sensitivity to the RMB exchange rate was mainly due to the increase in bank deposits denominated in RMB during the year.

## (2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities subject to interest rate risk as at the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With fair value interest rate risk		
- Financial assets	\$ 306,059	\$ 826,779
- Financial liabilities	107,770	187,214
With fair value interest rate risk		
- Financial assets	229,382	290,229
- Financial liabilities	193,400	546,330

### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date are outstanding during the reporting period. The rate of change used in the Company's internal reporting of interest rates to key management is a 100 basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonable possible changes in interest rates.

An increase/decrease in interest rates of 100 basis points would have resulted in an increase/decrease in pre-tax net profit of \$360 thousand and a decrease/increase of \$2,561 thousand for the years 2023 and 2022, respectively, with all other variables held constant, mainly due to the exposure to the Company's floating rate bank deposit and borrowing rate risks.

The Company's reduced interest rate sensitivity during the year was mainly due to a decrease in borrowings at variable interest rates.

## 2. Credit risk

Credit risk refers to the risk of financial loss of the Company as a result of counterparties defaulting on contractual obligations. As at the balance sheet date, the Company's maximum credit risk (excluding collateral or other credit enhancement instruments, and the maximum irrevocable risk insurance amount) that may result from a counterparty's non-performance of its obligations is primarily derived from the carrying amount of financial assets recognized in the individual balance sheet.

It is the Company's policy to deal only with reputable parties and, where necessary, to obtain sufficient guarantees to mitigate the risk of financial loss arising from default.

The Company's credit risk is mainly concentrated in the Company's top three customers, and as at 31 December 2023 and 2022, the ratio of receivables and total contractual assets from such customers was 58% and 86% respectively.

## 3. Liquidity risk

The Company manages and maintains sufficient positions of cash and cash equivalents to fund operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the bank's facility and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company. For the Company's unutilized facility as of December 31, 2023 and 2022, please refer to the description of Facility (2) below.

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

The analysis of remaining contract maturities of non-derivative financial liabilities is prepared on the basis of undiscounted cash flows of financial liabilities, including principal and estimated interest, based on the earliest date on which the Company may be required to repay. As a result, the Company may require immediate repayment of bank borrowings, set out in the earliest period of the table below, without regard to the probability of immediate exercise of such right by the bank; The maturity analysis of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

For interest cash flows paid at floating rates, the amount of undiscounted interest is derived from the daily yield curve of the balance sheet.

### December 31, 2023

	<u>Within 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 101,396	\$ 22,503	\$ -	\$ -
Lease liabilities	143	429	1,095	-
Floating rate instrument	57,429	2,532	136,757	-
Fixed-rate instrument	-	106,900	-	-
	<u>\$ 158,968</u>	<u>\$ 132,364</u>	<u>\$ 137,852</u>	<u>\$ -</u>

### December 31, 2022

	<u>Within 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 215,960	\$ 51,143	\$ -	\$ -
Lease liabilities	58	135	-	-
Floating rate instrument	423,725	585	96,933	29,203
Fixed-rate instrument	-	191,400	-	-
	<u>\$ 639,743</u>	<u>\$ 243,263</u>	<u>\$ 96,933</u>	<u>\$ 29,203</u>

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

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 15 years</u>	<u>15 to 20 years</u>	<u>More than 20 years</u>
Floating rate instrument	<u>\$ 424,310</u>	<u>\$ 96,933</u>	<u>\$ 29,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## (2) Financing line

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank borrowing line		
- Amount spent	\$ 10,000	\$ 60,000
- Unspent amount	100,000	30,000
	<u>\$ 110,000</u>	<u>\$ 90,000</u>
Unsecured bank borrowing line		
- Amount spent	\$ 183,400	\$ 486,330
- Unspent amount	1,978,000	1,217,200
	<u>\$ 2,161,400</u>	<u>\$ 1,703,530</u>
Unsecured bank borrowing line		
- Amount spent	\$ 306,000	\$ 306,000
- Unspent amount	-	-
	<u>\$ 306,000</u>	<u>\$ 306,000</u>



The company issued the first secured convertible corporate bond in Taiwan on June 10, 2021, with a total issue amount of NT\$300,000, which was guaranteed by the bank.

### 32. Related party transactions

Except as disclosed in other notes, the Company's dealings with its associates are as follows.

#### (1) The name of the party concerned and their relationship

Party name	Relationship with the Company
Kunshan Ruping Precision Coating Equipment Co., Ltd.	Sub-subsidiary

#### (2) Business income

Account entry	Party category/name	2023	2022
Sales revenue	Sub-subsidiary	<u>\$ 9,968</u>	<u>\$ 6,895</u>

The sales price of the Company to the parties concerned is mutually agreed; The credit period for related parties is 0 to 90 days, and the credit period for non-related parties is determined by the contract.

As of December 31, 2023 and 2022, unrealised profit on sales to subsidiaries was NT\$1,831 thousand and NT\$1,379 thousand respectively.

#### (3) Purchase goods

Party category/name	2023	2022
Sub-subsidiary	<u>\$ 38,404</u>	<u>\$ 61,151</u>

The purchase price of the company for the parties concerned is mutually agreed; The payment period for related parties is 30 days per month, and the payment period for non-related parties is from immediate to 90 days per month.

#### (4) Contract liabilities

Party category/name	2023	2022
Sub-subsidiary	<u>\$ 1,439</u>	<u>\$ -</u>

#### (5) Amounts receivable from related parties (excluding loans to related parties)

Account entry	Party category/name	December 31, 2023	December 31, 2022
Receivables	Sub-subsidiary	<u>\$ 362</u>	<u>\$ 1,462</u>

There is no guarantee of collection of amounts receivable from related parties in circulation. As of December 31, 2023 and 2022, the Company's amounts due to related parties were not overdue and therefore no provision was made for losses.

(6) Payments payable to related parties (excluding loans from related parties)

<u>Account entry</u>	<u>Party category/name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receivables	Sub-subsidiary	<u>\$ 1,078</u>	<u>\$ 2,272</u>

The outstanding balance of amounts payable to related parties is not secured.

(7) Payment in advance

<u>Party category/name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sub-subsidiary	<u>\$ 42,583</u>	<u>\$ 54,113</u>

(8) Salaries of major management levels

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 12,577	\$ 13,504
Post-employment benefits	315	237
	<u>\$ 12,892</u>	<u>\$ 13,741</u>

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

33. Assets pledged as collateral

The following assets are provided as collateral for financing borrowings, debentures payable and bank performance guarantees:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Real estate, plant and equipment		
Land	\$ 189,388	\$ 189,388
Houses and buildings	364,454	49,295
Other financial asset		
Pledged certificates of deposit	<u>145,154</u>	<u>525,865</u>
	<u>\$ 698,996</u>	<u>\$ 764,548</u>

34. Significant contingent liabilities and unacknowledged contractual commitments

Other than as stated in other notes, the Company's material commitments at the balance sheet date are as follows:

(1) The contractual commitments not recognized by the Company are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Purchase contract	<u>\$ 5,620</u>	<u>\$ 33,519</u>
Purchase of real estate, plant and equipment	<u>\$ 2,050</u>	<u>\$ 49,378</u>

- (2) As of December 31, 2023 and 2022, the amount of bank performance guarantee used by the Company to undertake the project is NT\$36,669 thousand and NT\$173,601 thousand respectively.

35. Important post-date matters

The Company's convertible bonds of NT\$31,000 in the fourth quarter of 2023 were converted into 639 thousand ordinary shares of the Company at NT\$10 each, and the base date of the capital increase was adopted on January 18, 2024 by the resolution of the Board of Directors, and the change registration was completed on February 5, 2024.

During the period from January 1 to March 15, 2024, the holders of the Company's convertible debentures requested the conversion of bonds of NT\$7,400 thousand in value, for a total of 153 thousand ordinary shares of the Company.

36. Information on significant foreign currency assets and liabilities

The following information is summarized in terms of foreign currencies other than the Company's functional currencies. The exchange rates disclosed refer to the exchange rates of those foreign currencies converted to functional currencies. The foreign currency assets and liabilities that have a significant impact are as follows:

December 31, 2023

	Foreign currency (thousand NTD)	Exchange rate	Book amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 3,501	30.705 (USD : NTD)	\$ 107,505
RMB	101,412	4.327 (RMB : NTD)	438,810
<u>Nonmonetary items</u>			
Subsidiary under the equity method			
USD	3,711	30.705 (USD : NTD)	113,932
Foreign currency liabilities			
<u>Monetary items</u>			
RMB	771	4.327 (RMB : NTD)	3,335

December 31, 2022

	Foreign currency (thousand NTD)	Exchange rate	Book amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 25,010	30.710 (USD : NTD)	\$ 768,070
RMB	73,490	4.408 (RMB : NTD)	323,942
<u>Nonmonetary items</u>			
Subsidiary under the equity method			
USD	3,300	30.710 (USD : NTD)	101,329
Foreign currency liabilities			
<u>Monetary items</u>			
USD	34	30.710 (USD : NTD)	1,044
RMB	570	4.408 (RMB : NTD)	2,514

Realized and unrealized foreign currency exchange gains and losses that have a significant impact are as follows:

	2023		2022	
Foreign currency	Exchange rate	Net exchange gain or loss	Exchange rate	Net exchange gain or loss
USD	31.155 (USD : NTD)	\$ 27,699	29.805 (USD : NTD)	\$ 126,468
RMB	4.396 (RMB : NTD)	( 3,302 )	4.422 (RMB : NTD)	3,369
		<u>\$ 24,397</u>		<u>\$ 129,837</u>

37. Disclosure in Notes

(1) Information related to major transactions:

1. Loan of funds to others: Nil.
2. Endorsement guarantee for others: Nil.
3. Securities holdings at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint ventures) : Nil.
4. The cumulative purchase or sale of the same securities amounts to NT \$300 million or more than 20% of the paid-in capital: Nil.
5. The amount of immovable property acquired is NT \$300 million or more than 20% of the paid-in capital: List 1.
6. Disposal of real estate amounts to NT \$300 million or more than 20% of the paid-in capital: Nil.
7. The amount of purchases and sales with related parties is NT \$100 million or more than 20% of the paid-in capital: Nil.
8. The amount receivable from related parties reaches NT \$100 million or more than 20% of the paid-in capital: Nil.

9. Trading in derivatives: Note 7.

(2) Information related to the reinvested business: List 2.

(3) Mainland Investment Information:

1. Name of the mainland investee company, main business items, paid-in capital, investment method, remittance of funds, shareholding ratio, investment profit and loss, closing investment book amount, repatriated investment profit and loss, and investment quota in the mainland: List 3.

2. The following major transactions with the mainland investee company directly or indirectly through the third region, and their prices, payment terms, unrealized gains and losses: List 4.

(1) Closing balance and percentage of purchase amount and related payables.

(2) The amount and percentage of sales and the closing balance and percentage of related receivables.

(3) the amount of the property transaction and the amount of profit or loss arising therefrom.

(4) The closing balance of the instrument endorsement guarantee or offering of the security and its purpose.

(5) The maximum balance of the financing, the closing balance, the interest rate range and the total interest of the current period.

(6) Other transactions that have a material impact on the profit or loss or financial position of the current period, such as the provision or receipt of services.

(4) Information of major shareholders: Name, amount and proportion of shareholders with equity ratio of more than 5% : List 5.

Asia Metal Industries, Inc.

The amount of real estate acquired is NT \$300 million or more than 20% of the paid-in capital

Year 2023

List 1

Unit: NT \$Thousand

A company that acquires real property	Name of property	Factual date	Transaction amount	Status of payment	Transaction object	Relation	Where the transaction object is a related person, the previous transfer of data				The reference basis for price determination	Purpose obtained and circumstances of use	Other agreed matters
							possessor	Relationship with the issuer	Transfer date	amount			
Asia Metal Industries, Inc.	Newly built factory	12.28. 2021	\$ 187,725	Full payment has been made in accordance with the progress of the works	Yu Ming Construction Engineering Co., Ltd.	-	-	-	-	\$ -	-	Operational requirements	-

Asia Metal Industries, Inc.  
Investee company information, location... And other relevant information  
Year 2023

List 2

Unit: Thousands of shares, NT \$thousand

Investment company name	Name of the investee company	Local area	Main business item	Original investment amount		Ending holding			Current profit and loss of the investee company	Investment gains and losses recognized in the current period	R e m a r k
				End of current period	End of last year	Shares	Ratio	Book amount			
Asia Metal Industries, Inc.	CELESTIAL HIGH GLOBAL LIMITED, Samoa	Samoa	Investment holding	\$ 47,716	\$ 47,716	- ( Note 3 )	100%	\$ 112,102	\$ 13,320	\$ 13,320	A subsidiary

Note 1: The recognition of profit or loss on the relevant investments is based on the financial statements of the investee company audited by the Company's accountants for the same period.

Note 2: Please refer to List 3 for information about mainland investee companies.

Note 3: It is a limited company, so there are no shares.

Asia Metal Industries, Inc.  
China Investment Information  
Year 2023

List 3

Units: NT \$Thousand, Foreign Currency Thousand

Name of the mainland investee company	Main business item	Paid-in capital	Investment mode (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or withdrawn during current period		Accumulated investment amount remitted from Taiwan at end-period	Current profit and loss of the investee company	Proportion of the Company's direct or indirect investment	Recognized investment gains and losses for the period (Note 2(2)B.)	Closing investment book amount	Investment income was repatriated as of the current period
					Remit	Withdraw						
Kunshan Ruiping precision coating equipment Co., Ltd.	Equipment installation and sale industry	\$ 47,716 (USD 1,500)	(2)	\$ 47,716 (USD 1,500)	\$ -	\$ -	\$ 47,716 (USD 1,500)	\$ 13,320 (RMB 3,030)	100	\$ 13,320 (RMB 3,030)	\$ 112,102 (RMB25,908)	\$ -

Cumulative at end of current period Investment amount remitted from Taiwan to the mainland	Investment amount approved by the Ministry of Economic Affairs	According to the provisions of the Ministry of Economic Affairs investment review Committee to the mainland area investment quota
\$ 47,716 (USD 1,500)	\$ 75,396 (USD 2,500)	\$ 653,902 (Note 3)

Note 1: Investment methods can be divided into the following three types, indicating the categories:

- (1) Direct investment in Mainland China
- (2) Reinvest in the mainland through the Third Region Investment Company (CELESTIAL HIGH GLOBAL LIMITED, Samoa).
- (3) Other ways.

Note 2: In the column of recognized investment gains and losses for the current period:

- (1) If it is in preparation and there is no investment profit or loss, it should be indicated.
- (2) Investment profit and loss recognition basis is divided into the following three types, should be indicated.
  - A. Check the financial statements of the visa by an international accounting firm that has a cooperative relationship with a Republic of China accounting firm.
  - B. Financial statements audited by certified accountants of the parent company in Taiwan.
  - C. Other.

Note 3: The calculation is based on 60% of the equity value in accordance with the Order No. 09704604680.

Note 4: The relevant figures in this table are presented in New Taiwan dollars and, where foreign currencies are involved, are converted to New Taiwan dollars at the exchange rate at the balance sheet date; However, the amount related to the profit and loss category is converted to New Taiwan dollars at the average exchange rate for the year.



Asia Metal Industries, Inc.

The following material transactions with the mainland investee company directly or indirectly through the third region and their prices, payment terms, unrealized gains and losses and other relevant information

Year 2023

List 4

Unit: NT \$Thousand

(1) Closing balance and percentage of purchase amount and related payables and (2) Closing balance and percentage of sales amount and percentage of related accounts receivable:

Name of the mainland investee company	Transaction type	Import/sell goods		Price	Terms of trade		Bills and accounts receivable (paid)		Unrealized gains and losses	Remark
		Amount	Percent		Payment terms	Comparison with general transactions	Amount	Percent		
Kunshan Ruiping precision coating equipment Co., Ltd.	Sales	(\$ 9,968)	1	By mutual agreement	Settlement 0-90 days	It depends on the contract	\$ 362	-	\$ 1,831	—
	Incoming goods	38,404	11	By mutual agreement	Settlement 30 days	Immediate to settlement 90 days next month	( 1,078)	1	-	—

(3) The amount of the property transaction and the amount of profit or loss arising therefrom: Nil.

(4) The closing balance of the instrument endorsement guarantee or security provided and its purpose: Nil.

(5) Maximum balance of financing, closing balance, interest rate range and total interest of the current period: Nil.

(6) Other transactions that have a material impact on the profit or loss or financial position of the current period, such as the provision or receipt of services: Nil

Asia Metal Industries, Inc.  
Major shareholder information  
December 31, 2023

List 5

Major shareholder name	Shares	
	Number of shares	Shareholding ratio
TSOU, KUEI-CHUAN	1,638,272 (Note)	6.63%

Note: Includes 938,272 ordinary shares held by myself and 700,000 ordinary shares held in the name of others.

## § CATALOG OF SIGNIFICANT ACCOUNTING ITEMS §

ITEM	NUMBER/INDEX
Itemized statement of assets, liabilities and equity	
Statement of cash and cash equivalents	Detail Table 1
Financial assets measured at fair value through profit or loss	Note 7
- Statement of Fluidity	
List of contract assets	List 2
List of accounts receivable	Detail Table 3
List of other receivables	Detail Table 4
Inventory List	Detail Table 5
List of prepayments	List 6
List of other financial assets	Note 15
List of changes in investments using the equity method	List 7
List of changes in property, plant and equipment	Note 12
List of changes in accumulated depreciation of real estate, plant and equipment	Note 12
List of deferred tax assets	Note 26
List of short-term borrowings	List 8
List of contractual liabilities	List 9
List of accounts payable	List 10
List of other payables	Note 20
Reserve for Liabilities - Current Statement	Note 21
List of corporate bonds payable	List 11
List of long-term borrowings	List 12
Reserve for Liabilities - Non-current statement	Note 21
Net defined benefit Assets - non-current List	Note 22
Statement of profit and loss items	
Statement of operating income	List 12
List of operating costs	List 14
Statement of operating expenses	List 15
Statement of other net income and loss	Note 25
Summary of employee benefits, depreciation, depletion and amortization expense functions incurred during the period	List 16

Asia Metal Industries, Inc.  
Statement of cash and cash equivalents  
December 31, 2023

List 1

Unit: NT \$Thousand, Foreign  
currency \$Thousand

Item	Summary	Amount
Cash		
Bank deposit		
Check deposit		\$ 1,636
Current deposits		143,740
Foreign currency deposits	including US \$7,000 and RMB 19,742 thousand	85,642
Equivalent cash		
Time deposit	The maturity is 2024.02.25 ~ 2024.03.20, the interest rate is 2.40% ~ 2.95%, including 37,186 thousand RMB	<u>160,905</u>
		<u>\$ 391,923</u>

Note: Exchange rate USD\$1=NT\$30.705

RMB \$1 = NT \$4.327

Asia Metal Industries, Inc.

List of contract assets

December 31, 2023

List 2

Units: NT \$Thousand

Name	Summary	Amount
Contract assets - Fluidy		
INTERNATIONAL PARTNERS LIMITED	Warranty payment	\$ 13,595
Guangdong Yinghua Electronic Materials Co., Ltd.	"	4,121
Other (note)	"	<u>157</u>
		<u>\$ 17,873</u>

Note: Individual balances do not exceed 5% of the balance of the section

.

Asia Metal Industries, Inc.  
List of accounts receivable  
December 31, 2023

List 3

Units: NT \$Thousand

Name	Summary	Amount
<hr/>		
Accounts receivable		
Unrelated person		
Lianmao Electronics Co., Ltd.	Payment on delivery	\$ 51,212
International Partners Limited	"	40,784
Taihong Technology Co., Ltd.	"	23,938
Zhuhai Huazheng New Material Co., Ltd.	"	21,990
Nanya Plastics Industry Co., Ltd.	"	21,690
Guangdong Shengyi Technology Co., Ltd.	"	15,098
Taiopto-electronic Materials (Kunshan) Co., Ltd. "	"	11,391
Other (note)	"	<u>34,967</u>
		221,070
Less: Allowance for losses		( <u>6,799</u> )
		<u>\$ 214,271</u>
Related person		
Kunshan Ruiping Precision Coating Equipment Co., Ltd.	delivery	<u>\$ 362</u>

Note: Individual balances do not exceed 5% of the balance of the section. °

Asia Metal Industries, Inc.

List of other receivables

December 31, 2023

List 4

Units: NT \$Thousand

Name	Summary	Amount
Unrelated person		
Business tax refund receivable	Business tax	\$ 1,402
Allowance receivable	Supplementary funds	852
Allowance		
Interest receivable		<u>373</u>
		<u>\$ 2,627</u>

Asia Metal Industries, Inc.

Inventory List

December 31, 2023

List 5

Units: NT\$ Thousand

Name	Cost	Net realizable value	Remarks
Raw materials	\$ 60,668	\$ 47,547	Note
Product in process	<u>1,051,623</u>	<u>1,317,197</u>	Note
	1,112,291	<u>\$ 1,364,744</u>	
Less: Provision for losses from falling prices and sluggish inventories	( <u>34,365</u> )		
	<u>\$ 1,077,926</u>		

Note: Please refer to note 4 (5) to the financial report

.



Asia Metal Industries, Inc.

List of Prepayments

December 31, 2023

List 6

Units: NT\$ Thousand

Name	Summary	Amount
prepayment		
Payment in advance	Payment of goods	\$ 52,089
Prepaid Fees	Other Fees (Note)	<u>2,471</u>
		<u>\$ 54,560</u>

Note: The balance of each item is less than 5% of the closing balance of the section.

Asia Metal Industries, Inc.  
List of changes in investments using the equity method  
From January 1 to December 31, 2023

List 7

Units: Number of shares is thousands,  
NT\$ Thousands

	Opening amount		Current increase		Current decrease		Ending amount			Market price or net equity value (Note 1)		Provide security
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price	Total price	or pledge
Equity method was used for evaluation CELESTIAL HIGH GLOBAL LIMITED, Samoa (Note 2)	-	<u>\$ 101,329</u>	-	<u>\$ 14,699</u>	-	<u>\$ 3,926</u>	-	100%	<u>\$ 112,102</u>	(註 3)	<u>\$ 113,932</u>	-

Note 1: The net equity value is mainly calculated on the basis of the financial statements of the investee company verified by accountants and the shareholding ratio of the company during the same period.

Note 2: The increase in the current period is attributable to the investment profit of NT\$13,320 thousand recognized under the equity method and the realized gross profit of NT\$1,379 thousand yuan in the previous period; The decrease in the current period is a cumulative conversion adjustment of \$2,095 thousand and the current unrealized gross profit of \$1,831 thousand.

Note 3: It is a limited company, so there are no shares

Asia Metal Industries, Inc.  
List of short-term borrowings  
December 31, 2023

List 8		Units: NT \$Thousand				
Creditor	Type of loan	Loan term	Annual interest rate	Balance	Financing line	Mortgage or guarantee
Federal bank	Secured loan	2023.08.23~2024.02.23	1.700%	\$ 22,000	\$ 200,000	Order of deposit
Bank of Shanghai	Secured loan	2023.10.05~2024.10.05	2.095%	<u>35,000</u>	<u>35,000</u>	Small & medium-sized enterprise credit guarantee fund
Total short-term borrowings				<u>\$ 57,000</u>	<u>\$ 235,000</u>	

Asia Metal Industries, Inc.  
List of contractual liabilities  
December 31, 2023

List 9

Units: NT \$Thousand

Name	Summary	Amount
Changshu Shengyi Technology Co., Ltd.	Machine deposit and payment	\$ 250,354
International Partners Limited	Machine deposit and payment	159,478
Guangdong Yinghua electronic Materials Co., Ltd.	Machine deposit and payment	100,932
Taihong Technology Co., Ltd.	Machine deposit and payment	97,065
Taiopto-electronic Materials (Kunshan) Co., Ltd.	Machine deposit and payment	95,235
Zhuhai Huazheng new material Co., Ltd.	Machine deposit and payment	72,676
Machine deposit and payment	Machine deposit and payment	67,991
Other (note)	Machine deposit and payment	<u>213,855</u>
		<u>\$ 1,057,586</u>

Note: Individual balances do not exceed 5% of the head balance.

Asia Metal Industries, Inc.

List of accounts payable

December 31, 2023

List 10

Units: NT\$ Thousand

Name	Summary	Amount
<u>Accounts payable</u>		
Unrelated person		
Feng Song Enterprise Co., Ltd.	Payment	\$ 6,108
Other (note)	"	<u>107,697</u>
		<u>\$113,805</u>
Related person		
Kunshan Ruiping Precision Coating Equipment Co., Ltd.	Maintenance service	<u>\$ 1,078</u>

Note: Individual balances do not exceed 5% of the head balance.

Asia Metal Industries, Inc.  
List of corporate bonds payable  
December 31, 2023

List 11

Units:NT\$ Thousand

Bond name	bailee	Issue date	Interest payment date	Interest rate	Total issue	Amount				Method of reimbursement	Security situation
						Converted amount	Ending balance	Unamortized Premium (reduced) price	Book amount		
Domestical first secured convertible corporate bond	Taixin International Commercial Bank Co., Ltd.	110.06.10	-	-	<u>\$ 300,000</u>	<u>\$ 193,100</u>	<u>\$ 106,900</u>	( <u>\$ 725</u> )	<u>\$ 106,175</u>	Refer to note 18	Refer to Notes 31 and 33

Asia Metal Industries, Inc.  
List of long-term borrowings  
December 31, 2023

List 12

Units: NT\$ Thousand

Creditor	Summary	Due within one year	Due over one year	Contract term	Interest rate	Mortgage or guarantee
Shanghai Bank, Zhongli branch	Credit loan	\$ 2,083	\$ 7,917	2021.02.26~ 2028.02.15	0.76%	—
Shanghai Bank, Zhongli branch	Mortgage loan	-	30,000	2021.12.29~ 2028.12.15	0.76%	Land, houses and buildings
Shanghai Bank, Zhongli branch	Mortgage loan	-	39,422	2021.01.17~ 2028.12.15	0.76%	Land, houses and buildings
Shanghai Bank, Zhongli branch	Mortgage loan	-	29,567	2022.03.07~ 2028.12.15	0.76%	Land, houses and buildings
Shanghai Bank, Zhongli branch	Mortgage loan	-	13,811	2022.05.05~ 2028.12.15	0.76%	Land, houses and buildings
Shanghai Bank, Zhongli branch	Mortgage loan	<u>      -</u>	<u>13,600</u>	2023.05.30~ 2028.05.15	0.76%	Land, houses and buildings
		<u>\$ 2,083</u>	<u>\$134,317</u>			

Asia Metal Industries, Inc.  
Statement of operating income  
From January 1 to December 31, 2023

List 13

Units: NT\$ Thousand

Item	Quantity	Amount
Mechanical equipment	29	\$ 1,016,434
Parts replacement and repair	122	<u>34,523</u>
		<u>\$ 1,050,957</u>



Asia Metal Industries, Inc.

List of operating costs

From January 1 to December 31, 2023

List 14

Units: NT\$ Thousand

Name	Amount
Period-begin raw materials	\$ 56,912
Plus: Current feed	363,756
Less: Period-end materials	( 60,668 )
Raw materials scrap loss	( <u>143</u> )
Direct raw material consumption	359,857
Direct labor	36,923
Manufacturing expenses	<u>133,742</u>
Manufacturing cost	530,522
Plus: Period-begin product in process	1,354,214
Less: Period-end product in process	( 1,051,623 )
Less: The product warranty is transferred out of actual use	( <u>1,810</u> )
Cost of production and sales	831,303
Provision was made for losses on inventory declines and sluggishness	21,116
Unapportioned manufacturing expenses	1,282
Loss on inventory obsolescence	143
Low-end income	( 56 )
Product warranty cost	1,122
Estimated closing cost	<u>9,591</u>
Operating cost	<u>\$ 864,501</u>

Asia Metal Industries, Inc.  
Statement of operating expenses  
From January 1 to December 31, 2023

List 15	Units: NT\$ Thousand			
Item	Marketing expenses	Administrative expenses	R&D Cost	Expected credit turnaround profit
Salary expenses and year-end bonuses (including pension and directors' remuneration)	\$ 16,110	\$ 32,077	\$ 19,982	\$ -
Insurance expense	1,376	2,289	1,754	-
Travelling expenses	1,282	716	887	-
Labor cost	-	4,197	-	-
Expected credit turnaround profit	-	-	-	( 306)
Other (note)	<u>2,302</u>	<u>18,193</u>	<u>3,734</u>	<u>-</u>
	<u>\$ 21,070</u>	<u>\$ 57,472</u>	<u>\$ 26,357</u>	<u>(\$ 306)</u>

Note: The amount of each item does not exceed 5% of the amount of the section.

Asia Metal Industries, Inc.

Functional summary of employee benefits, depreciation and amortization expenses incurred during the period

From January 1 to December 31, 2023 and 2022

	2023 Years			2022 Years		
	For operating cost	For operating expense	Total	For operating cost	For operating expense	Total
Employee benefit expense						
Salaries Expense	\$ 53,431	\$ 60,235	\$113,666	\$ 65,467	\$ 70,779	\$136,246
Labor insurance premium	5,315	5,277	10,592	5,084	5,573	10,657
Pension expense	2,011	2,562	4,573	2,044	2,585	4,629
Director's remuneration	-	5,372	5,372	-	9,155	9,155
Other employee benefit expenses	<u>2,772</u>	<u>1,446</u>	<u>4,218</u>	<u>3,277</u>	<u>1,761</u>	<u>5,038</u>
	<u>\$ 63,529</u>	<u>\$ 74,892</u>	<u>\$138,421</u>	<u>\$ 75,872</u>	<u>\$ 89,853</u>	<u>\$165,725</u>
Depreciation expense	<u>\$ 8,346</u>	<u>\$ 2,772</u>	<u>\$ 11,118</u>	<u>\$ 6,467</u>	<u>\$ 2,793</u>	<u>\$ 9,260</u>
Amortization expense	<u>\$ 382</u>	<u>\$ 365</u>	<u>\$ 747</u>	<u>\$ 350</u>	<u>\$ 517</u>	<u>\$ 867</u>

1. The number of employees in the current year and the previous year is 147 and 146 respectively, among which the number of directors who are not concurrently employed is 5.
2. The average employee welfare expenses for 2023 and 2022 were NT\$937 thousand and NT\$1,110 thousand respectively (" Total employee welfare expenses for the Year - Total Director Remuneration "/" Number of employees for the Year - Number of Directors not concurrently employed ").
3. The average employee salary expenses for 2023 and 2022 were 800 thousand Yuan and 966 thousand yuan respectively (total salary expenses for the year/" Number of employees for the Year - Number of directors without concurrent employees ").
4. Decrease of 17.18% in the adjustment of average employee salary expense (" Average employee salary expense of the current year - Average employee salary expense of the previous year "/" Average employee salary expense of the previous year).
5. The Company has set up an audit committee, so there is no supervisor.
6. The Company's compensation policy (including directors, managers and employees)

- (1) Directors and independent directors: The remuneration of directors of the Company shall be determined by the Remuneration Committee based on the degree of their participation in the operation of the company and the value of their contributions, taking into account domestic and foreign industry standards. The remuneration of independent directors shall be fixed monthly remuneration as determined by relevant legal procedures and shall not participate in the distribution of the company's earnings.
- (2) Managers: based on the company's business strategy, profit, performance, job contribution and other factors, and with reference to the salary market level, the compensation committee will make recommendations, and the board of directors will approve the implementation.

- (3) Staff: Staff compensation mainly includes basic salary, total attendance bonus, transportation allowance, job allowance, technical allowance and other allowances. Compare the salary market situation, job category, academic experience, professional knowledge and technology, professional years and experience to determine the salary better than the average market situation in the industry.
- (4) Employees' compensation and directors' compensation: In accordance with the articles of association, the Company shall allocate not less than 3% of the total annual final accounts for employees' compensation, which shall be distributed in stock or cash by the resolution of the Board of directors; The Company shall set aside no more than 3% of the above initial profits by resolution of the Board of Directors for directors' remuneration, which shall be in cash. Employee compensation and director compensation distribution plan shall be submitted to the shareholders' meeting report. However, if the company has accumulated losses, it shall reserve the compensatory amount in advance.

6. If the company and its affiliated enterprises have financial turnover difficulties in the most recent year and up to the date of publication of the annual report, it shall state its impact on the company's financial position: no such situation.

## Seven. Review and analysis of financial position and financial performance and risk management

### I. Financial status:

#### (1) Financial position (consolidation)

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	3,203,384	2,333,567	-869,817	-27.15
Real estate, plant and equipment	521,336	592,931	71,595	13.73
Intangible assets	1,309	1,977	668	51.03
Other assets	34,173	37,859	3,686	10.79
Total assets	3,760,202	2,966,334	-793,868	-21.11
Current liabilities	2,633,415	1,736,975	-896,440	-34.04
Non-current liabilities	133,350	139,523	6,173	4.63
Total liabilities	2,766,765	1,876,498	-890,267	-32.18
Capital stock	230,304	247,118	16,814	7.30
Capital reserve	244,362	310,736	66,374	27.16
Retained earnings	522,329	537,635	15,306	2.93
Other rights and interests	-3,558	-5,653	-2,095	58.88
Total equity	993,437	1,089,836	96,399	9.70

I. The main reasons for the change of more than 20% before and after the change, and the change amount is more than 10 million yuan are explained as follows:

1. Current assets and total assets: The decrease of NT\$869,817 thousand and NT\$793,868 thousand respectively in 2023 and 2022 was mainly due to the decrease in inventory.
2. Current liabilities and total liabilities: The decrease of NT\$896,440 thousand and NT\$890,267 thousand respectively in 2023 and 2022 was mainly due to the decrease in contract liabilities and accounts payable.
3. Capital reserve: The increase of NT\$66,374 thousand in 2023 compared to 2022 was mainly due to the conversion premium of corporate bonds

#### II. Future response plans of major influencers:

The above changes have no material adverse effect on the Company, and there are no material anomalies in the overall performance of the Company, and there should be no need to draw up a response plan.

## (2) Financial status (individual)

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	2,814,913	1,904,696	-910,217	-32.34
Real estate, plant and equipment	519,468	591,494	72,026	13.87
Intangible assets	1,243	1,940	697	56.07
Other assets	121,317	140,086	18,769	15.47
Total assets	3,456,941	2,638,216	-818,725	-23.68
Current liabilities	2,333,729	1,409,591	-924,138	-39.60
Non-current liabilities	129,775	138,789	9,014	6.95
Total liabilities	2,463,504	1,548,380	-915,124	-37.15
Capital stock	230,304	247,118	16,814	7.30
Capital reserve	244,362	310,736	66,374	27.16
Retained earnings	522,329	537,635	15,306	2.93
Other rights and interests	-3,558	-5,653	-2,095	58.88
Total equity	993,437	1,089,836	96,399	9.70
<p>I. The main reasons for the change of more than 20% before and after the change, and the change amount is more than 10 million yuan are explained as follows:</p> <p>1. Current assets and total assets: The decrease of NT\$910,217 thousand and NT\$818,725 thousand respectively in 2023 and 2022 was mainly due to the decrease in inventory.</p> <p>2. Current liabilities and total liabilities: The decrease of NT\$924,138 thousand and NT\$915,124 thousand respectively in 2023 and 2022 was mainly due to the decrease in contract liabilities and accounts payable.</p> <p>3. Capital reserve: The increase of NT\$66,374 thousand in 2023 compared to 2022 was mainly due to the conversion premium of corporate bonds</p> <p>II. Future response plans of major influencers:</p> <p>The above changes have no material adverse effect on the Company, and there are no material anomalies in the overall performance of the Company, and there should be no need to draw up a response plan.</p>				

## II. Financial Performance:

### (1) Analysis and Comparison of Operating Results (consolidation)

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Operating income	1,455,598	1,310,405	-145,193	-9.97
Operating cost	1,209,302	1,096,031	-113,271	-9.37
Operating margin	246,296	214,374	-31,922	-12.96
Operating profit	111,890	96,709	-15,181	-13.57
Non-operating income and expenses	138,432	40,266	-98,166	-70.91
Net profit before tax	250,322	136,975	-113,347	-45.28
Net profit for the period	200,116	110,353	-89,763	-44.86
<p>I. The main reasons for the change of more than 20% before and after the change, and the change amount is more than 10 million yuan are explained as follows:</p> <p>1. Non-operating income and expenses: Mainly due to the decrease in foreign currency exchange benefit compared to the previous year due to the smaller fluctuation of foreign currency exchange rate.</p> <p>2. Net profit before tax: The operating income of the year decreased compared with the previous year, resulting in a decrease in operating profit and a decrease in non-operating profit compared with the previous year.</p> <p>3. Net profit of the current period: the reason for the difference is the same as that of the previous year.</p> <p>II. The expected sales volume and its basis, the possible impact on the Company's future financial business and the corresponding plan:</p> <p>Not applicable as the Company has not announced financial forecasts.</p>				

### (2) Analysis and Comparison of Operating Results (Individual)

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Operating income	1,208,720	1,050,957	-157,763	-13.05
Operating cost	978,169	864,501	-113,668	-11.62
Operating margin	230,551	186,456	-44,095	-19.13
Operating profit	104,861	81,411	-23,450	-22.36
Non-operating income and expenses	146,293	53,336	-92,957	-63.54
Net profit before tax	251,154	134,747	-116,407	-46.35
Net profit for the period	200,116	110,353	-89,763	-44.86
<p>I. The main reasons for the change of more than 20% before and after the change, and the change amount is more than 10 million yuan are explained as follows:</p> <p>1. Operating profit: It is due to the decrease of operating income compared with the previous year is greater than the cost.</p> <p>2. Non-operating income and expenses: Mainly due to the decrease in foreign currency exchange benefit compared to the previous year due to the smaller fluctuation of foreign currency exchange rate.</p> <p>3. Net profit before tax: The operating income of the year decreased compared with the previous year, resulting in a decrease in operating profit and a decrease in non-operating profit compared with the previous year.</p> <p>4. Net profit of the current period: The reason for the difference is the same as that of the previous year.</p> <p>II. The expected sales volume and its basis, the possible impact on the Company's future financial business and the corresponding plan:</p> <p>Not applicable as the Company has not announced financial forecasts.</p>				



### III. Cash flow:

#### (1) Analysis of recent annual cash flow changes

Unit: NT\$ thousand

Item \ year	2022	2023	Plus (minus)	
			Amount	Percent (%)
Business activity	-590,686	36,286	626,972	-106.14
Investment activity	433,904	479,517	45,613	10.51
Financing activities	180,298	-452,641	-632,939	-351.05

Analysis of cash flow changes:

- (1) Operating activities: mainly due to an increase in accounts receivable and a decrease in payables in 2023.  
 (2) Investment activities: mainly due to the reduction of maturities of more than three months and fixed deposits, and the decrease of acquisition of immovable plant and equipment in 2023.  
 (3) Financing activities: mainly due to the reduction of short-term borrowing in 2023.

(2) Remedial measures and liquidity analysis of the expected cash deficiency: none

(3) Cash liquidity analysis for the coming year (2024) :

Unit: NT\$ thousand

Opening cash balance	expected net cash flow from operating activities for a full year	Net cash flows from investing and financing activities are expected for the full year	Amount of cash remaining (insufficient)	Remedy for cash deficiency	
				Investment activity	Financing activities
481,655	800,000	(750,000)	531,655	-	-

Analysis of cash flow changes in the coming year:

- (1) Operating activities: Mainly due to the expected cash inflow generated by operations in the coming year and deducting related operating expenses, the net cash inflow from operating activities for the full year is expected to be NT\$ 800,000.  
 (2) Investment and financing activities: Net cash of NT\$750,000 was generated mainly from capital expenditures of new and used plants and repayment of bank borrowings.  
 2. Liquidity improvement plan and cash liquidity analysis for the coming year: The Company estimates that the remaining cash amount at the end of the period is NT\$531,655 thousand, which is higher than the minimum level required by the Company of NT\$120,000 thousand, and there is no shortage of cash liquidity.

### IV. Impact of significant capital expenditures on financial operations in the most recent year:

Planned project	Actual or anticipated sources of funds	Actual or expected completion date	Total financial requirements	Use of funds
				2023
Construction of plant and acquisition of machinery	Raise and issue the first secured conversion corporate bonds and own funds or bank loans in the country	At the end of December 2023	NT\$326,900 thousand	The use of corporate bond funds has been implemented in the second quarter of 2023

### V. Recent annual investment policy and the main reasons for profit or loss and its improvement plan and investment plan for the next year:

#### 1. Policy of reinvestment

Based on operational needs and future development factors, the Company makes a detailed assessment of the organizational type, location, market conditions and other items of the investment business as the basis for investment decisions, and the executive department follows the internal control "investment cycle" and "Acquisition or disposal of assets processing procedures" to implement investment-related matters. In addition, the Company also keeps track of the operating status of the business in which it has invested to facilitate post-investment tracking and management.

## 2.The main reasons for the profit or loss of the reinvestment and its improvement plan

December 31, 2023

Unit: NT\$ thousand

Item/Description	Invest Amount	Policy	Recent 2023 annual investment (loss) gain	Main reason for profit or loss	Improve ment plan
Celestial High Global Limited	47,716	As above 1.	13,320	Normal operation	Not Applicable
Kunshan Ruiping precision coating equipment Co., Ltd.	47,716	As above 1.	13,320	Normal operation	Not Applicable

3. Investment plan for the next year: Nil.

## VI. Risk matters should be analyzed and evaluated

(I) The impact of interest rate, exchange rate changes, inflation on the company's profit and loss and future response measures:

(1) Impact of interest rate changes

Unit: NT\$ thousand

Annual Item	2022	2023
Operating income	1,455,598	1,310,405
Net profit before tax	250,322	136,975
Interest income	16,071	19,569
Ratio of interest income to net revenue (%)	1.10	1.49
Ratio of interest income to net income before tax (%)	6.42	14.29
Interest expense	7,599	5,119
Interest expense as a percentage of net revenue (%)	0.52	0.39
Ratio of interest expense to net income before tax (%)	3.04	3.74

Source: Accountant Audited Financial Report"

The interest income of the Company and its subsidiaries in 2022 and 2023 is NT\$16,071 thousand yuan and NT\$19,569 thousand respectively. The Company's capital planning is conservative and prudent, mainly the interest income of bank deposits, and the company's interest income is greater than the interest expense, so the overall business of the company is not affected.

In addition, the Company's supervisors and related personnel keep an eye on interest rate changes and take appropriate measures to reduce the impact of interest rate changes on the Company's profit and loss.

(2)The impact of exchange rate changes

Unit: NT\$ thousand

Annual Item	Annual Item	Annual Item
Operating income	1,455,598	1,310,405
Net profit before tax	250,322	136,975
Exchange (loss) gain	129,837	24,397
Ratio of exchange (loss) gain to net revenue (%)	8.92	1.86
Ratio of exchange (loss) to pre-tax net profit (%)	51.87	17.81

Source: Accountant Audited Financial Report"

The exchange profit (loss) of the Company and its subsidiaries for 2022 and 2023 was NT\$129,837 thousand and NT\$24,397 thousand, respectively, representing 8.92% and 1.86% of the net operating income, respectively. The export orders of the Company and its subsidiaries account for a significant proportion of the total orders, so the exchange rate has an impact on the Company's revenue and profit. However, as the Company continues to undertake export orders and the main foreign currencies on the company's books are high-interest currencies, the exchange rate risk has little impact on the Company in the long run through depository and natural hedging methods. In order to effectively cope with exchange rate fluctuations, in addition to actively collecting information on exchange rate changes, In order to monitor and anticipate future trends, the Company has also adopted the following measures to mitigate the impact of exchange rate fluctuations on revenue and earnings:

- A. The financial unit regularly provides market exchange rate information for the business unit to reflect the exchange rate impact at any time during the quotation stage to maintain the company's profit. Business units in the negotiation of the price, taking into account the exchange rate changes to establish the appropriate price, and then based on the exchange rate on the date of signing.
- B. The financial department maintains a close relationship with financial institutions and fully grasps international exchange rate trends and changes. Active adjustment of foreign currency position, timely adjustment of foreign currency assets, and strengthen the collection of foreign currency accounts receivable.
- C. Through the implementation of the above countermeasures, exchange rate fluctuations have only a short-term impact on the Company's profits and will not affect the normal operation of the Company.

(3) The impact of inflation

The profit and loss of the Company has not been significantly affected by inflation in the past, and the impact of inflation on the profit and loss of the company is still limited, and the company adopts the production mode of orders, and has considered the price fluctuations of raw materials before orders, and then by long-term cooperation with suppliers and the establishment of good relations, the company is enough to ensure the stability of raw materials prices and reduce the pressure of inflation.

(II) Engaging in high-risk and high-leverage investment and capital Lending to others, endorsement guarantees and derivative transactions Policy and achievement of Or what are the main reasons for the loss? Response measures:

(1) Implementation of high-risk and highly leveraged investments and future response measures:

The Company is mainly engaged in the design, manufacturing, processing and sales of various metal machinery and parts, and has always been a sound business principle, financially sound and does not engage in high-risk and highly leveraged investments.

(2) The situation of the loan of funds to others and future countermeasures:

As of the date of publication of the annual report, the Company has not engaged in any loan of funds to others. If there is any loan of funds to others in the future, it shall follow the "Management Procedures of Fund loans to others" prescribed by the Company.

(3) The situation of the endorsement guarantee and future countermeasures:

As of the date of publication of the annual report, the Company passed the board of directors on March 24, 2021, to guarantee the financing of the company's subsidiary Ruiping Company, but as of the date of publication of the annual report, no actual guarantee situation has occurred, and it is understood that in accordance with the "endorsement guarantee management procedures" set by the Company.

(3) The situation of derivatives trading and future measures:

As at the date of publication of the Annual Report, the Company did not engage in derivatives trading, and

if there is a need to engage in derivatives trading in the future, it will be handled in accordance with the "Procedures for the Acquisition or Disposal of Assets" established by the Company.

(III) Future R&D plans and estimated R&D costs:

The company is currently continuing to invest in the performance improvement and equipment innovation of existing equipment, including FR4 TREATER(including immersion machine) production base material specification, upgrade to 1000 level, MLCC(ceramic paste coating) from COMMA mode to SLOT DIE mode, Enter the ultra-thin specification (2u) high-speed production stage, change the glue supply mode of MLCC(ceramic paste coating), enter the production ultra-thin specification stage, improve the design of glue mode and fixing mode of PTFE TREATER gluing machine and develop nano optical coating equipment, The estimated future research and development costs are calculated in accordance with the progress of research and development of new products and new technologies.

(IV) Important policies and laws at home and abroad? The impact of the changes on the company's financial business and corresponding measures:

The company operates in accordance with the relevant laws and regulations at home and abroad, and always pays attention to the development of domestic and foreign policies and regulatory trends. Professional staff are regularly assigned to receive relevant training courses in order to promptly respond to changes in domestic and international political and economic situations. Changes in the company's financial business? Make a big difference.

(V) The impact of technological changes and industrial changes on the company's financial business and corresponding measures:

The Company is committed to the research and development of advanced technology innovation, grasp the market trends, evaluate their impact on the company's operations, and invest a considerable amount of research and development funds and manpower. In order to engage in the development of new products, and constantly improve the technical threshold, so that the operation side and the development side can master the trend of industrial and technological changes.

(VI) The change of corporate image to the enterprise crisis management? The impact and countermeasures of:

The company adheres to the principle of integrity management? Since its establishment, there has not been a crisis in the operation of the company caused by the change of corporate image. Will continue the company's enterprise spirit of sound management, and timely consultation with relevant financial and legal experts, in order to The occurrence of such risks and the impact on financial operations are low, so there has not been such a crisis.

(VII) Expected benefits, possible risks and countermeasures of M&A:

The Company has no plans to acquire other companies for the most recent year and as at the date of publication of the annual Report.

(VIII) Expected benefits, possible risks and countermeasures of plant expansion:

In order to cope with the continuous growth of customer orders and in line with government policies, Taoyuan Municipal Government has approved and accepted the case of "Application for industrial operators to use the adjacent non-urban land expansion plan and land disposal plan for specific agricultural areas", which will help the company strengthen the ability to receive orders, improve production capacity, and reduce management and production costs. And expand the scale of operations and enhance the overall competitiveness, which brings limited risks.

(IX) Where purchases or sales are concentrated? Risks and countermeasures of:

(1) Sales:

The Company maintains a good relationship with its customers, who are long-term current customers. In the most recent year and up to the date of publication of the annual report, the proportion of sales of a single customer has not exceeded 20% of net sales for two consecutive years. The Company has a broad customer base and continues to actively develop new customers, so there is no risk of sales concentration.

(2) Purchase:

In the most recent year and up to the date of publication of the annual Report, no single supplier accounted for more than 20% of the Company's net purchases. The company in the market purchase parts and processing parts procurement to maintain more than two suppliers supply, and maintain long-term cooperation with the suppliers between the supply source is stable, there is no shortage of supply to affect

the production of the situation, and continue to actively cultivate domestic third-party suppliers supply, in order to achieve the risk of diversification, reduce costs of the enterprise goal, to ensure that production capacity supply is safe.

- (X) The impact on the Company of a large number of transfers or changes of the shares of directors, supervisors or major shareholders holding more than 10% of the shares, risks and countermeasures:  
The Company has not had such incidents in the most recent year and up to the date of publication of the annual report.
- (XI) The impact, risks and countermeasures of the change of management rights on the Company: The Company has not had such incidents in the most recent year and up to the date of publication of the annual report.
- (XII) Litigation or non-litigation matters, shall list the company and the company's directors, supervisors, general manager, substantive person in charge, major shareholders holding more than 10% of the shares and subsidiary companies have been determined or are still in the system of major litigation, non-litigation or administrative disputes, the outcome of which may have a material impact on shareholders' rights or securities prices, It shall disclose the facts of the dispute, the amount of the subject matter, the date of commencement of the action, the main parties involved and the circumstances of the treatment up to the date of publication of the annual report: no such circumstances.
- (XIII) Other important risks and countermeasures: Nil

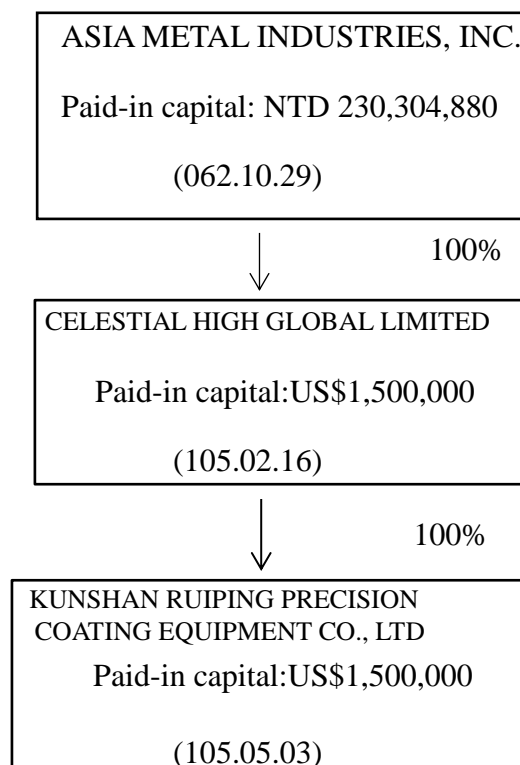
VII. Other Important Matters: Nil.

## **Eight. Other Important Matters.**

### **I. Relevant information of related enterprises**

#### **(1) Overview of affiliated enterprises**

##### **1. Organization chart of relational enterprises**



##### **2. Overview of the reinvestment business**

March 31, 2024; Unit: Thousands of shares, NT\$ thousand

Reinvestment	Principal business	Investment cost	Book value	Investment share		Net equity value	Market price	Accounting treatment method	Most recent annual return on investment		Number of shares held in the company
				Shares	Shareholding ratio				Investment gain or loss	Distribute dividends	
Celestial High Global Limited	Investment holding	47,716	115,171	Note 1	100%	115,171	-	Equity law	2,362	-	-
Kunshan Ruiping Precision Coating Equipment Co., Ltd. (Note 2)	Equipment installation and sale industry	47,716	115,171	Note 1	100%	115,171	-	Equity law	2,362	-	-

Note 1: Celestial High Global Limited and Kunshan Ruiping Precision Coating Equipment Co., Ltd. are the organization of the "Limited Company", so there is no denomination and number of shares.

Note 2: The Company's investment structure is to indirectly invest in Kunshan Ruiping Precision Coating Equipment Co., LTD., a 100% owned subsidiary of the Mainland, through Celestial High Global Limited, which is 100% owned.

### 3. Comprehensive shareholding ratio

March 31, 2024 Unit: thousand shares; %

Reinvestment	Investment by the company		Directors, supervisors, managers and direct or indirect control of investments in undertakings		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Celestial High Global Limited (Note)	-	100	-	-	-	100
Kunshan Ruiping Precision Coating Equipment Co., Ltd. (Note)	-	100	-	-	-	100

Note: Limited company type, so no number of shares.

4. In the most recent two years and up to the date of publication of the annual report, the situation regarding the subsidiary holding or disposing of the company's shares, the status of any pledges, the source of funds, and the impact on the company's financial performance and financial position: Nil
5. In the most recent two years and up to the date of publication of the annual report, if there has been an occurrence of circumstances under Article 185 of the Company Law or a transfer of part of the business or research and development results to a subsidiary, the company shall disclose the circumstances of giving up the cash increase subscription of the subsidiary, the name of the counterparty to the subscription, its relationship with the company, directors, supervisors, and shareholders holding more than 10% of the shares, and the number of shares subscribed: Nil

II. In the most recent year and up to the date of publication of the annual report, any transactions involving private equity securities shall disclose the basis and rationality of the date and amount adopted by the shareholders' meeting or the board of directors, the price determination, the method selected for specific persons, the necessary reasons for the private equity placement, the fund utilization situation, and the progress of the plan implementation since the completion of the fund utilization plan after the full payment of the share capital or the price. No such incident has occurred in the Company.

III. The most recent year and up to the date of publication of the annual report holding or disposal of the Company's shares: the Company has not occurred the above.

IV. Other necessary supplementary notes: Nil

Nine. In the most recent year and as of the date of publication of the annual report, if there is any event that has a material impact on the equity of shareholders or the price of securities as specified in Article 36, Paragraph 2, Subparagraph 3 of the Securities Exchange Act: Nil