



Stock Code: 6215

AUROTEK CORPORATION

2023 Annual Report

Website for this annual report:

<http://mops.twse.com.tw>

<http://www.aurotek.com.tw>

Printed on: April 29, 2024

● Spokesperson and Deputy Spokesperson

Spokesperson: Chu, Chun-Long
Title: General Manager
TEL: (02) 8752-3311
Email: sharehd@aurotek.com

Deputy Spokesperson: Kuo, Kuan-Chun
Title: Manager
TEL: (02) 8752-3311
Email: sharehd@aurotek.com

● Address and Telephone Number of Head Office, Branch Offices, Factories, and Sales Offices

Headquarters address: 2st Floor., No. 60, Jhouzih St., Neihs District, Taipei 114, Taiwan.
TEL: (02) 8752-3311

Address of Taoyuan Plant: 1st. Floor, No.61, Lioufu Rd., Lujhu District, Taoyuan 338, Taiwan.
TEL: (03) 322-3788

Address of Taichung Office: 7th. Floor-8, No. 262, Sec. 2, He-Nan Rd., Si-Tun District, Taichung City 407, Taiwan.
TEL: (04) 2452-2822

Address of Tainan Office: 7F, No. 573, Qingping Road, Anping District, Tainan City
TEL: (06) 293-4853

● Stock Transfer Agent

Name: Stock Affairs Department of Grand Fortune Securities Co., Ltd
Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Website: <http://www.gfortune.com.tw>
TEL: (02) 2371-1658

● CPAs in the most recent financial statements

Name: CPA Wang, Sung-Tse; CPA Lin, Chun-Yao
CPA firm: PwC Taiwan
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan
Website: <http://www.pwc.tw>
TEL: (02) 2729-6666

● Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

● Company website: <http://www.aurotek.com.tw>

AUROTEK CORPORATION

2023 Annual Report

Table of Contents

	Page
One. Letter to Shareholders	1
Two. Company Profile	4
I. Date of establishment	4
II. Company history	4
III. Recent annual and until the printing date of the annual report, there have been no significant events such as mergers and acquisitions, investments in related companies, restructuring, major transfers or changes in the ownership of directors, supervisors, or major shareholders holding more than 10% of the shares, changes in management rights, significant changes in business operations or content, or other important matters that could affect shareholders' equity and their impact on the company	8
Three. Corporate Governance Report	9
I. Organizational system	9
II. Information on Directors, General Manager, Deputy General Managers, Assistant Managers, Department Heads, and Branch Managers	11
III. Remuneration of Directors, General Manager, and Deputy General Managers for the most recent year	28
IV. Corporate Governance Practices	40
V. Information on CPA fees	100
VI. Information on the Change of Auditor	100
VII. Employment History of the Chairman, General Manager, Chief Financial Officer, or Manager in charge of financial or accounting affairs with the auditors' firm or its affiliated companies within the past year	101
VIII. Changes in the Transfer of Shareholding and Pledge of Shares by Directors, Supervisors, Managers, and Shareholders with Ownership Exceeding 10% for the most recent year and up to the date of printing of the annual report	102
IX. Top 10 shareholders in terms of shares held who are related persons, spouse, or relative within second degree of kinship	105
X. Company, Directors, Supervisors, Managers, and Holdings of the same invested enterprise by the company, whether directly or indirectly controlled, and the calculation of the aggregated shareholding percentage	107

	Page
Four. Funding	108
I. Capital and shares	108
II. Issuance of corporate bonds	114
III. Preferred shares	114
IV. Overseas depository receipts	114
V. Employee share options	114
VI. Issuance of new restricted employee shares	114
VII. Issuance of New Shares for Mergers and Acquisitions or Acceptance of Shares of Other Companies	114
VIII. Execution of the Plan for Utilization of Funds	114
Five. Operational overview	115
I. Business contents	115
II. Overview of the market, production and sales	122
III. Information on employees	126
IV. Environmental expenditure information	126
V. Labor-Management Relations	126
VI. Information Security Management	130
VII. Important contracts	132
Six. Financial Overview	133
I. Summary Balance Sheets and Comprehensive Income Statements for the past five years	133
II. Financial Analysis for the past five years	137
III. Review Report of the Auditor or Audit Committee on the Financial Statements for the most recent year	141
IV. Consolidated Financial Statements of Parent and Subsidiaries audited and certified by the Auditor for the most recent year	142
V. Parent company only Financial Statements of the Company audited and certified by the Auditor for the most recent year (excluding detailed schedules of significant accounting items)	142
VI. Financial Difficulties encountered by the Company and its affiliated enterprises during the most recent year and until the printing date of the annual report	142
Seven. Review and analysis of Financial Condition, Financial Performance, and Risk Factors	143
I. Financial status	143
II. Financial performance	144
III. Cash flow	144
IV. Impact of significant capital expenditures on financial operations in the recent fiscal year	145
V. Investment Policy for the most recent year, major reasons for profitability or loss, improvement plans, and investment plans for the next year	145
VI. Risks	145
VII. Other Important Matters	148

	Page
Eight. Special Disclosures	149
I. Information on affiliated companies	149
II. Handling of Private Offering of Marketable Securities for the Most Recent Year and up to the Date of Publication of the Annual Report	152
III. The Status of Holding or Disposing of the Company's Shares by a Subsidiary for the Most Recent Year and up to the Date of Publication of the Annual Report	152
IV. Other Necessary Supplementary Explanatory Matters	152
Nine. Matters of Significant Impact	152

AUROTEK CORPORATION

One. Letter to Shareholders

I. 2023 business results

In terms of business promotion, due to the macro environment, the impact of the global economic situation, the Russo-Ukrainian War, the US-China chip embargo, resulting in inflation, consumption contraction, supply chain restructuring, and other unfavorable factors, the end consumer market inventory adjustment, and the semiconductor economy The slump continued to drag the company down. Despite extensive efforts to promote application products to various industries such as automation equipment, semiconductor equipment, smart logistics, mobile phone components, LED and other related equipment industries, the market still showed a significant reduction in overall demand in 2023. Although a number of new product introductions, new customer development, business innovation, and business management system reforms were implemented, they were ineffective in increasing performance.

In the 2023 consolidated statement, the Company's revenue was about NTD 983 million, and the earnings per share was NTD 0.95. In addition to the slight increase in gross profit margin, the pre-tax profit margin was quite different from the same period last year. The gross profit margin increased from 29.4% in 2022 to 31.5% in 2023, and the pre-tax profit margin decreased from 15.7% in 2022 to 8.6% in 2023.

In the face of the rapidly shrinking robotic automation equipment market in 2023, AUROTEK has made some plans and promoted the introduction of new products and the development of new industries and customers, but it is still unavoidable that the revenue will continue to hover at a low point, so that the whole of 2023 The annual revenue declined by approximately 45.5% from the previous year, and the pre-tax profit declined sharply by approximately 70.2%.

In order to pursue the sustainable development of AUROTEK, we continue to spare no effort in the research and development of new technologies and new products. In response to market changes and demands, we have focused on the two major technologies of automation controllers and automation equipment and actively invested in research and development. In 2023, the "AUE 4000 Smart Cutting Inspector" and the "Smart Louver Anti-theft System ST-WS3A" won the 32nd "Taiwan Excellence Award", demonstrating the R&D achievements of AUROTEK. In the flourishing development of commercial automation, smart logistics, building cleaning and other related industries, AUROTEK has established a new "Robot Application R&D Center" to develop various industrial applications of robots. In addition to the existing application technologies in the electronic and semi-conductor industries, we are also actively integrating related collaborative robots, AMR, AGV, automated forklifts, building cleaning robots and other products, and provide customer solutions and application examples for the commercial market, smart logistics, building cleaning and other related industries.

II. Summary of the 2024 business plan

In the face of the continued downturn in the macro environment, AUROTEK has actively carried out organizational reform, sales system transformation, reform and optimization of the compensation system, and innovation and optimization of performance appraisal. Industry upgrading and efficiency improvement solution to improve customer service quality and meet customer needs will be available, so as to respond to customer and market developments with a customer-oriented organization. We also invest resources in personnel training, improve the sales skills of sales representatives, increase the time of effective customer visits, improve the effectiveness of sales funnel case management, and increase sales visibility. Also, we actively introduce smart logistics products, collaborative robots, design and develop system products to

meet the new needs of the market and customers, conduct market analysis on target industries, increase the penetration rate of customers in potential industries, and improve customer stickiness through the above strategies and layouts to allow more positive breakthroughs in our growth for 2024.

In 2023, facing the sluggish market economy and slowing demand, the Company actively carried out organizational reform and sales system transformation. Over the last year, we have worked to reorganize our business structure. Previously, we organized our business units based on operating regions, suppliers, or product categories. To provide more value to our customers, we have now implemented a comprehensive organization and industry-based classification. In response to industry trends, we are actively looking for new opportunities and focusing on our Company's second life curve. We are focused on integrating and applying robotic technology, and we have established an internal "Business Development" to oversee and guide our Company's future development. This department's goal is to create a command system that integrates and directs the development of smart robots and automation services across functions, departments, and professions in order to meet customers' comprehensive technical support, integrated sales, and after-sales service requirements.

In 2024, we will be more proactive in re-educating our salespeople, including improving their sales skills, developing the TOP20 customers in each region, implementing a customer classification management system, and properly allocating customer resources. We hope to improve efficiency and win rates through data analysis, reduce ineffective time, and increase our share of the customer supply chain.

III. Future development strategies of the Company

In addition to the unabated rise in US dollar interest rates, the expansion of geopolitical wars, and the deterioration of the ESG carbon border adjustment mechanism, we must pay close attention to other factors such as supply chain abnormalities that result in repeated orders, and excess inventory in the end consumer market has returned to a reasonable level. In 2024, we are optimistic about the economy's recovery and growth, and the related industries of AUROTEK's customers may begin to improve gradually as a result of the economic reversal. It is expected that the annual performance in 2023 will demonstrate a more obvious growth trend.

Focus on fast-growing industries such as smart logistics, commercial automation, automated equipment, electric vehicles, medical biotechnology, new energy, ESG and other industries to introduce more key products and technologies. In response to growing demand in commercial automation, smart logistics, building cleaning, and other industries, the newly established "Robot Application R&D Center" has been able to quickly integrate related products such as collaborative robots, AMRs, unmanned guided vehicles, unmanned forklifts, building cleaning robots, and other products, providing solutions to the commercial market and increasing AUROTEK's competitiveness. Conduct market analysis on target industries to increase the penetration rate of target customers. Through the above strategies and layouts, we can improve the effectiveness of industry, product, and customer development, enhance operational growth momentum, and drive business growth with the enthusiasm and breakthroughs.

The Company keeps optimizing the improvement of different value-added processes and reducing the process time to improve customer problem-solving ability. Additionally, a SWAT TEAM type team is introduced to respond to the urgent needs of customers, industries and suppliers in a timely manner. Examples of these activities include the development of smart logistics systems, working with customers to develop new equipment and supply integration modules with dedicated personnel for projects;

promoting precision nano-level products; introducing new monitoring ESG sensors, etc., to accelerate their entry into the industrial supply chain and achieve instant results; and industry-oriented application services.

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

In 2024, many domestic forecasting agencies predict that the economic growth rate will exceed 3%. Despite challenges such as natural disasters, the Russia-Ukraine war, the Israel-Hamas war, energy sanctions, AI technology warfare, rising US interest rates, inflation, and consumer tightening, 2024 is expected to trend towards stability. Experts and scholars from around the world are generally optimistic about the economic outlook. The economy will reverse the trend, which will lead to a significant improvement of the excessive inventory in the end consumer market. However, due to doubts about the control of global inflation, the continuation of the Russo-Ukrainian War, and the outbreak of the Israel–Hamas War, the U-shaped reversal bottom of the economic recovery is bound to be prolonged, and there are also uncertain factors. Therefore, perspectives to the economy in the first half of 2024 is still conservative, and the actual market status also showed a downturn. The shrinkage of the inflation and the US-China semi-conductor ban also led to a wait-and-see investment trend in related automated production equipment. It is estimated that the performance in 2024 will still be affected by such market situation.

V. Summary

The development of key technologies and the sale of new products to improve business performance are the unremitting goals of all employees of AUROTEK, and the integrated marketing strategy of driving sales with R&D results to actively expand market share is the unchanging guideline for AUROTEK. The management team remains focused on the development and optimization of strategies in the robotics automation industry. The Robotics Application Research and Development Center continues to improve resource integration and system integration (SI) application technology by developing reference designs and standards for component industries. They share their equipment case integration achievements and experiences with customers in order to benefit both parties. This is to implement the concept of sustainable operations, care for employees, fulfill corporate social responsibilities, and not fall short of all shareholders' high expectations.

Chairman Cheng, Tien-Chong

Two. Company Profile

I. Date of incorporation

Date of incorporation: November 18, 1980.

II. Company history

- 1980: AUROTEK Trading Co., Ltd. was established
- 1981: AUROTEK Trading Co., Ltd. began its import business, representing self-lubricating bearings, linear bearings, and other industrial power transmission components.
- 1988: A joint venture was established with OILES Corporation from Japan, and TAIWAN OILES INDUSTRY CO., LTD. was founded in Taoyuan, specializing in the production of self-lubricating bearings.
- 1989: Establishment of re-invested company PLENTY ISLAND (THAI) CO., LTD. in Bangkok, Thailand.
- 1992: The self-developed α series servo and stepper systems, as well as the gate-cutting machines, were promoted and sold domestically and internationally.
- 1994: AUROTEK Trading changed its name to AUROTEK CORPORATION. In addition to import and export business, it expanded into manufacturing, with the factory located in Taoyuan.
- 1996:
 1. The β series multi-axis, multi-functional robots, and Σ single-axis robotic arms were marketed and promoted domestically and internationally.
 2. FA and Production department obtained the ISO-9002 certification.
- 1998:
 1. Subsidiary AUROTEK JAPAN, INC. was established in Tokyo, Japan.
 2. The β series multi-axis multifunctional robots receive the 6th Taiwan Excellence Award and the 7th National Product Image Silver Award.
- 1999:
 1. The Transmission and Construction Machinery department acquired the ISO-9002 certification.
 2. The γ -S168 PCB cutting machine receives the 7th Taiwan Excellence Award.
 3. Start representing Sycotec (Kavo) spindle motors.
- 2000: UNA single-axis and IRUS multi-axis motion controllers receive the Taiwan Excellence Award and the 9th National Product Image Gold Award.
- 2001:
 1. Receive the 10th National Award for Excellence, the 4th Small Giant Award, and the 8th Innovation Research Award.
 2. Subsidiary AUROTEK Automation (Shanghai) Co., Ltd. is established in Waigaoqiao, Shanghai.
 3. Subsidiary AUROTEK SINGAPORE PTE. LTD. was established in Singapore.
 4. Subsidiary Zhizhen Technology Co., Ltd. is established in Taipei City.
 5. AUROTEK Corporation Limited changes its name to AUROTEK Corporation Limited.
 6. The γ -S168IN-LINE PCB cutting machine receives the 9th Taiwan Excellence Award.

- 2002:
1. Stocks listed on Taipei Exchange.
 2. Received the 5th Small Giant Enterprise Award.
 3. The multi-purpose circuit board processing machine was awarded the 10th Taiwan Excellence Award.
- 2003:
1. Laser diode optical and laser welding systems were nominated for the National Product Image Award.
 2. Entered the field of biotechnology and developed an automated platform for biological microscopes.
 3. The Ω -9000D high-speed, high-precision multi-axis gluing machine was awarded the 11th Taiwan Excellence Award and the 12th National Product Image Award, Silver Award.
- 2004:
1. The Delta-F102 automatic fiber-coupled laser welding system was awarded the 12th Taiwan Excellence Award.
 2. The Delta-F102 automatic fiber-coupled laser welding system was awarded the 13th National Product Image Award, Silver Award.
 3. Purchased and operated the headquarters office building located at No. 60, 62 first floor, and No. 62 second floor, Zhouzi Street, Neihu District.
- 2005 :
- The SNG Network Mobile Studio was awarded the Silver Award at the 14th National Product Image Award.
- 2006:
1. Subsidiary NEOTELECOM TRADING CORPORATION was established in the Philippines.
 2. Subsidiary AUROTEK (Kunshan) Co., Ltd. was being prepared for establishment in Kunshan, Jiangsu Province.
 3. Taichung Branch established.
 4. Taoyuan Branch established.
 5. Acquired the Taoyuan plant.
 6. The SNG Network Mobile Studio was awarded the 14th Taiwan Excellence Award.
 7. The Win-CE Based Multi-axis Motion Controller was awarded the 14th Taiwan Excellence Award.
- 2007:
- Transfer from OTC to listing.
- 2008:
1. Received the National Quality Award.
 2. Established the Advanced Optoelectronic Laboratory.
- 2009:
- Obtained ISO 14001:200 environmental management system certification from TUV Rheinland, Germany.
- 2010:
1. Established the Nano Patterned Substrate System (NPSS) production line.
 2. Received the Industrial Elite Award.
 3. The γ -S330M cutting machine was awarded the 18th Taiwan Excellence Award.
 4. The LW-S1-100 semi-automatic three-axis coupling light system was awarded the 18th Taiwan Excellence Award.
 5. The WS3A outdoor lift-type blinds were awarded the 18th Taiwan Excellence Award.

- 2011:
1. Jointly invested with Japan's Kyowa Kogyo Co., Ltd. and GMB Corporation to establish KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD. in Kunshan, specializing in the production of precision components for the automotive industry and various precision machinery.
 2. Subsidiary AUROTEK (Kunshan) Co., Ltd. commenced production and shipment of Green Wind Louvers.
 3. Co-organized the annual meeting of the Shanghai Architectural Society.
 4. Completed the cash capital increase plan for the year 2011.
 5. Participated in the 1st Listing Company Expo organized by the Taiwan Stock Exchange.
 6. The WS3A-W Green Wind enhanced wind-resistant blinds were awarded the 19th Taiwan Excellence Award.
- 2012:
1. Completed the transition to IFRS accounting system.
 2. Repurchased convertible bonds of "Aurotek (II) CB."
 3. Subsidiary AUROTEK (Kunshan) Co., Ltd. commenced production and shipment of Green Wind blinds.
 4. Subsidiary company AUROTEK (Kunshan) Co., Ltd. received ISO 9001 and ISO 14001 certification from TUV Rheinland, a German certification body, for its comprehensive factory-wide environmental management system.
 5. WS3A-S Smart Energy-saving External Sunshade Louvers received the 20th Taiwan Excellence Award.
 6. r-S330DT Desktop Cutting Machine received the 20th Taiwan Excellence Award.
- 2013:
1. Obtained AS9100 system certification for the entire series of single-axis robotic arms.
 2. Entered the field of automated optical inspection equipment (HRM-1000).
 3. Sun Company and AUROTEK (Kunshan) Co., Ltd. passed the certification for the German TUV Rheinland quality management system ISO9001:2008 and environmental management system ISO 14001:2004.
 4. Green Wind Louvers received the "Top Ten New Brands in China's Architectural Sunshade" award.
 5. CCT and CCF series robotic arm single-axis modules received the 21st Taiwan Excellence Award.
 6. A-SR4 4-axis robotic arm received the 21st Taiwan Excellence Award.
 7. MC8882P PCI interface 8-axis motion control card won the 21st Taiwan Excellence Award.
 8. AA-ASL-100 fully automatic coupled laser welding system won the 21st Taiwan Excellence Award.
 9. NPSS nano-graphic sapphire substrate won the Taiwan Excellence Award.
 10. Mirales I green wind manual lifting energy-saving blinds won the 21st Taiwan Excellence Award.

- 2014:
1. γ -330 IN LINE SR/SL online separator won the 22nd Taiwan Excellence Silver Award.
 2. NPM-1200 nano-imprinting equipment won the 22nd Taiwan Excellence Award.
- 2015:
1. Obtained the Ministry of Economic Affairs' technology research and development project for large-area sub-micron patterned equipment integration research and development program.
 2. Obtained the patent authorization for LED online thermal resistance detection and technology team transfer from ITRI's Optoelectronics Systems and the patent authorization for LED online thermal resistance detection and technology team transfer from ITRI's Optoelectronics Systems.
 3. Obtained Nabtesco agency rights.
 4. r-S330 PRO vertical PCB cutting machine, PATREG-1000 high-speed automatic optical inspection system.
 5. FTMB green wind mid-flip blinds won the 23rd Taiwan Excellence Award.
- 2016:
1. A+ Industry-Specific R&D Program led by AUROTEK, in collaboration with Debien Mold Factory, Yongguang Chemical Materials Factory: Industrial Technology Research Institute + Academic Units: from National Sun Yat-Sen University.
 2. Obtained distributorship of Harmonic, Opto Power Inverter, and SHOWA Oil Mist Separator.
- 2017:
1. JD-2020 LED Thermal Resistance Analyzer honored with the 25th Taiwan Excellence Award.
 2. ARSL-S200 Automatic Coupled Laser Welding System honored with the 25th Taiwan Excellence Award.
 3. PKGS-A100 Wafer Dicing AOI Equipment honored with the 25th Taiwan Excellence Award.
 4. Successfully certified by TUV Rheinland Germany for ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System, with updated versions.
 5. Collaboration project between AUROTEK and the Rui Zhi Advanced Knowledge Technology Laboratory, the nation's first international startup accelerator focusing on robotics and artificial intelligence industries.
- 2018:
1. JD-2020-DAI LED wafer inspection machine won the 26th Taiwan Excellence Award.
 2. Passed the AS9100D system certification and obtained the certificate.
 3. Nabtesco, Harmonic, Panasonic, and Aurotek executed a technology transfer cooperation project in the industrial robot industries.
- 2019:
- AUO 3000DT desktop PCB cutting machine won the 27th Taiwan Excellence Award.
- 2020:
1. AUI3000-UCD fully automatic (online) dust-collecting PCB separation equipment won the 28th Taiwan Excellence Award.
 2. Subsidiary Kunshan Yichun Industrial Technology Co., Ltd. was established in Kunshan City, Jiangsu Province.

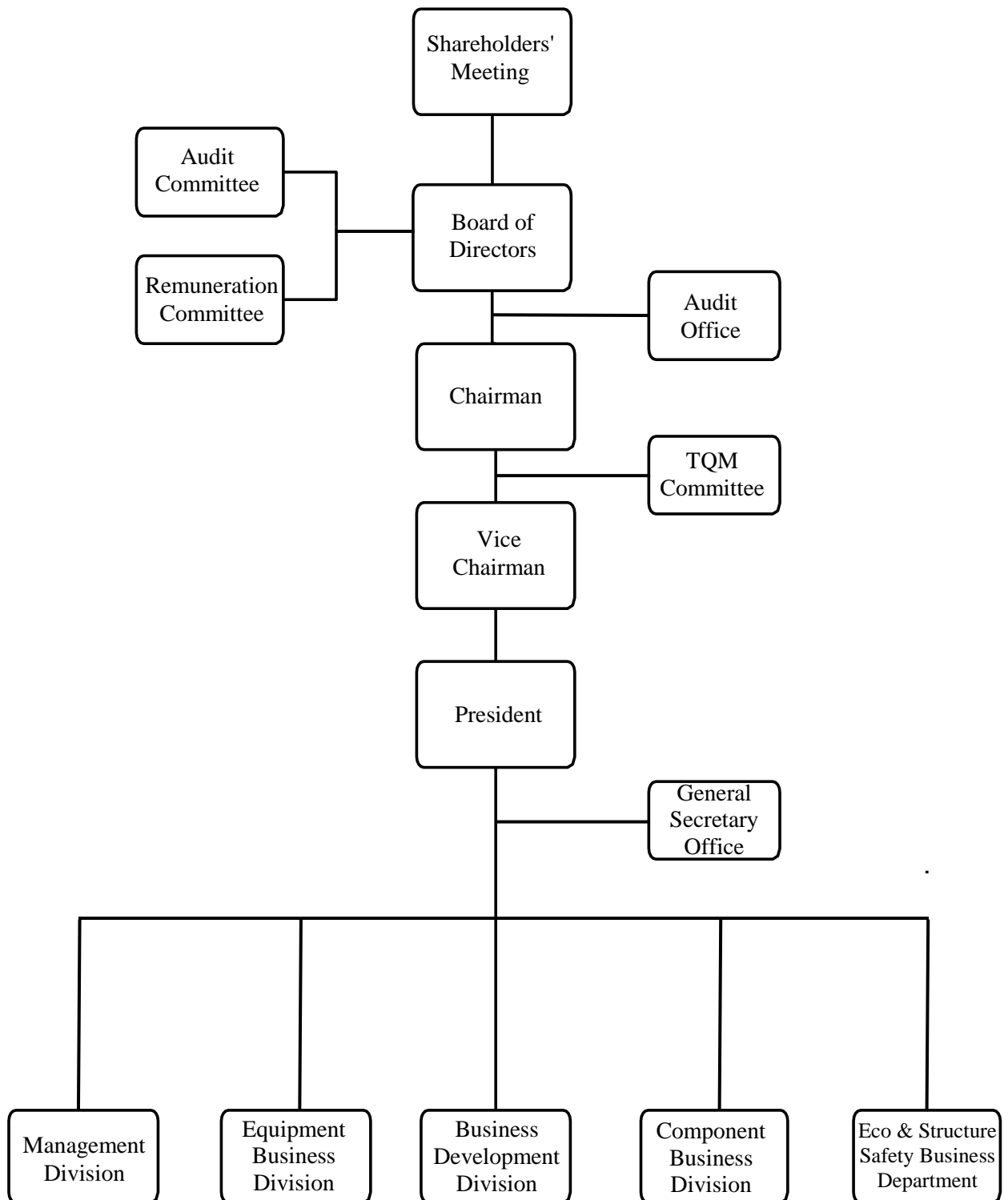
- | | |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021: | <ol style="list-style-type: none"> 1. WS3A-2 second-generation electric lifting venetian blind won the 29th Taiwan Excellence Award. 2. Passed the certification review of the quality management system ISO 9001:2015 and environmental management system ISO 14001:2015 by TUV Rheinland Germany. |
| 2022: | <ol style="list-style-type: none"> 1. AUO 3000UCD semi-automatic (offline) PCB separation equipment won the 30th Taiwan Excellence Award. 2. S-WS3A fully intelligent electric venetian blind won the 30th Taiwan Excellence Award. |
| 2023: | <ol style="list-style-type: none"> 1. AUI 3000LM UCSL fully automatic (online) PCB cutting equipment won the 31st Taiwan Excellence Award. 2. Precision four-axis robot arm A-SRP4 won the 31st Taiwan Excellence Award. 3. Modular I/O module MCT-4000C /MCT-4016I /MCT-4016O won the 31st Taiwan Excellence Award. 4. Contactless weather venetian control system SW-HW won the 31st Taiwan Excellence Award. |
| 2024: | <ol style="list-style-type: none"> 1. AUE 4000 intelligent cutting inspection machine won the 32nd Taiwan Excellence Award. 2. The ST-WS3A smart shutter anti-theft system won the 32nd Taiwan Quality Award. |

III. Recent annual and until the printing date of the annual report, there have been no significant events such as mergers and acquisitions, investments in related companies, restructuring, major transfers or changes in the ownership of directors, supervisors, or major shareholders holding more than 10% of the shares, changes in management rights, significant changes in business operations or content, or other important matters that could affect shareholders' equity and their impact on the company: None.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure



(II) Businesses operated by major departments

Segment	Main duties and responsibilities
Audit Office	Checking and evaluating the functional operation of each department and the implementation of the internal control system and related management measures.
TQM Committee	The organization is responsible for the planning, promotion and continuous improvement of total quality management activities.
General Secretary Office	Assisting the General Manager in coordinating the systems of various departments. Planning and implementation of the Company's projects.
Management Division	Responsible for the management of the Company's Finance and Accounting Department, Administration Department, Information Department, Production Department, Materials Department and other related operations, as well as the planning and execution of the Remuneration Committee.
Equipment Business Division	Management of self-owned brands; sales of products and automation equipment as agent; strategic planning, regional planning, market planning, industry planning, customer planning and other related business activities for the Company's business projects; technology development and commercialization, support and after-sales service.
Business Development Division	Using data to analyze marketing results and develop new products, market opportunities, and business opportunities in the second curve as an anchor in new business development directions.
Component Business Division	Operating self-owned brands and selling products as an agent. Strategic planning, regional planning, market planning, industry planning, customer planning and other related business activities for control components, transmission components, drive components, automation equipment and other business projects.
Eco & Structure Safety Business Department	Operating strategic planning, regional planning, market planning, industry planning, and customer planning for its business projects, including proprietary brand safety device systems, energy-saving device systems, and other business activities.

II. Information on Directors, General Manager, Deputy General Managers, Assistant Managers, Department Heads, and Branch Managers

(I) Information of directors

April 20, 2024

Title	Nationality or place of registration	Name	Gender age	Date of election / appointment to current term	Term of office	Date of initial election	Shareholding held at time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan R.O.C	Cheng, Tien-Chong	Male Aged 71-80	2023.6.9	3 years	2024.6.26	35,000	0.04	35,000	0.04	-	-	-	-	MBA in Management from Santa Clara University. Bachelor's degree in Electronic Engineering from National Chiao Tung University. Director of AUROTEK Co., Ltd. President of HP China. President of Texas Instruments Asia. Vice President of Foxconn Group. CEO of FIH Mobile. Independent Director of Hangzhou Hikvision Digital Technology Co., Ltd.	Chairman of TAIWAN OILES INDUSTRY CO., LTD. Independent Director of WT MICROELECTRONICS CO., LTD. Independent Director of Howtech Technology Co., Ltd. Director of 3e Yamaichi Electronics Co., Ltd.	-	-	-	-
Vice Chairman/ Deputy General Manager	Taiwan R.O.C	Chang, I-Sheng	Male Aged 41-50	2023.6.9	3 years	2020.6.11	1,398,248	1.69	1,398,248	1.69	-	-	-	-	Master of Business Administration, Waseda University, Japan. Deputy General Manager, Special Assistant, and Assistant Manager of Equipment Business Division of AUROTEK CORPORATION Director of AUROTEK MARKETING CONSULTING Co., Ltd.	Deputy General Manager of AUROTEK CORPORATION. Chairman of AUROTEK MARKETING CONSULTING Co., Ltd. Chairman of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Chairman of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Director of TAIWAN OILES INDUSTRY CO., LTD.	Former Corporate Representative	Chang, Yung-Chang	Father and son	-
																	Former Corporate Representative	Chen, I-Chun	kinship by marriage and blood relationship	-
Director	Taiwan R.O.C	Lee, Cheng-Mo	Male Aged 61-70	2023.6.9	3 years	2001.5.24	1,056,271	1.28	1,056,271	1.28	9,351	0.01	-	-	Japan College of Social Work Business Administration General Manager of AUROTEK CORPORATION Executive Director of Baoshan Construction Group Co., Ltd. Director of Jianji Industrial Co., Ltd.	Executive Director of Baoshan Construction Group Co., Ltd. Director of Jianji Industrial Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender age	Date of election / appointment to current term	Term of office	Date of initial election	Shareholding held at time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director (Note 1)	Taiwan R.O.C	AUROTEK Marketing Consulting Co., Ltd.	-	2023.6.9	3 years	2001.5.24	14,203,423	17.16	14,203,423	17.16	-	-	-	-	-	-	-	-	-	Note 1
		Corporate Representative: Chu, Chun-Long	Male Aged 61-70	2023.6.9	3 years	2023.6.9	350,186	0.42	350,186	0.42	-	-	-	-	Master of Business Administration, National Central University. General Manager, Deputy General Managers of Component Sales Department of AUROTEK CORPORATION Factory manager of TAIWAN OILES INDUSTRY CO., LTD. Sales manager of PLENTY ISLAND (THAI) CO., LTD.	General Manager of AUROTEK CORPORATION General Manager of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Representative of Aurotek (Japan) Inc. General Manager of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Director of TAIWAN OILES INDUSTRY CO., LTD.	-	-	-	-
Independent Director	Taiwan R.O.C.	Huang, Cheng-Tsung	Male Aged 61-70	2023.6.9	3 years	2013.6.10	-	-	-	-	-	-	-	-	Department of Economics, Fu Jen Catholic University. Independent Director of AUROTEK CORPORATION Chairman of Senye Construction Corporation Director of TECO ELECTRIC & MACHINERY CO., LTD. Director of Tung An Development Co., Ltd.	Chairman of Senye Construction Corporation Director of TECO ELECTRIC & MACHINERY CO., LTD. Director of Tung An Development Co., Ltd.	-	-	-	-
Independent Directors (Note 2)	Taiwan R.O.C	Chou, Ta-Jen	Male Aged 61-70	2023.6.9	3 years	2007.6.15	-	-	-	-	-	-	-	-	Master of Law, Harvard Law School. Supervisor of AUROTEK CORPORATION. Independent Director of CHINA CHEMICAL & PHARMACEUTICAL CO., LTD. Independent Director of AMTRAN TECHNOLOGY CO., LTD. Chairman of CTC CAPITAL, INC. Director of JAG Technology Ltd. Director of Meco Technology Co., Ltd. Supervisor of E-CMOS CORPORATION.	Independent Director of CHINA CHEMICAL & PHARMACEUTICAL CO., LTD. Independent Director of AMTRAN TECHNOLOGY CO., LTD. Chairman of CTC CAPITAL, INC. Director of JAG Technology Ltd. Director of Meco Technology Co., Ltd. Supervisor of E-CMOS CORPORATION. Member of the Investment Commission of IBF Financial Holdings Co., Ltd.	-	-	-	-

Title	Nationality or place of registration	Name	Gender age	Date of election / appointment to current term	Term of office	Date of initial election	Shareholding held at time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
															Manager of ZHI KANG Venture Capital Investment Company, Ltd. Member of the Investment Commission of IBF Financial Holdings Co., Ltd. Managing Partner of Taiwan Innovative Biomedical Co., Ltd.					
Independent Director (Note 3)	Taiwan R.O.C	Liu, Kuan-Ting	Male Aged 41-50	2023.6.9	3 years	2023.6.9	-	-	-	-	-	-	-	-	Bachelor of Laws, National Taiwan University. Master of Law, National Cheng Kung University. Master of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University. Independent Director of AUROTEK CORPORATION Principal Attorney-at-Law of INFINITY ATTORNEYS-AT-LAW Executive Director, Taipei Bar Association (29th term) Director, Taipei Bar Association (28th term)	Principal Attorney-at-Law of INFINITY ATTORNEYS-AT-LAW	-	-	-	-
Director	Taiwan R.O.C	AUROTEK Marketing Consulting Co., Ltd.	-	2020.6.11	3 years	2001.5.24	14,203,423	17.16	14,203,423	17.16	-	-	-	-	-	-	-	-	-	Note 1
Former Chairman and CEO (Note 4)		Corporate Representative: Chang, Yung-Chang	Male Aged 61-70	2020.6.11	3 years	2001.5.24	2,309,407	2.79	2,309,407	2.79	1,000	0.001	-	-	Department of Business Administration, National Taipei University. Chairman, CEO and General Manager of AUROTEK CORPORATION Chairman of AUROTEK MARKETING CONSULTING Co., Ltd. Chairman of TAIWAN OILES INDUSTRY CO., LTD. Chairman of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Chairman of AUROTEK INC. Director of PLENTY ISLAND (THAI) CO., LTD.	-	Director Former Corporate Representative	Chang, I-Sheng Chen, I-Chun	Father and son Spouse	-

Title	Nationality or place of registration	Name	Gender age	Date of election / appointment to current term	Term of office	Date of initial election	Shareholding held at time of election		Current shareholding		Shares currently held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
															Director of 3e Yamaichi Electronics Co., Ltd. Chairman of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD.					
Director (Note 5)	Taiwan R.O.C	AUROTEK Marketing Consulting Co., Ltd.	-	2010.6.11	3 years	2001.5.24	14,203,423	17.16	14,203,423	17.16	-	-	-	-	-	-	-	-	-	Note 1
		Corporate Representative: Chen, I-Chun	Female Aged 41-50	2023.1.4	0.4 years	2023.1.4	1,000	0.001	1,000	0.001	2,309,407	2.79	-	-	Shih Chien University. Director of AUROTEK Co., Ltd. Director of AUROTEK MARKETING CONSULTING Co., Ltd.	-	Former Chairman	Chang, Yung-Chang	Spouse	
																	Vice Chairman/ Deputy General Manager	Chang, I-Sheng	kinship by marriage and blood relationship	
Independent Director (Note 6)	Taiwan R.O.C	Hu, Tsung-Ho	Male Aged 51-60	2010.6.11	3 years	2010.6.11	-	-	-	-	-	-	-	-	Ph.D. in Engineering Science from the University of Oxford, United Kingdom Independent Director of AUROTEK CORPORATION Deputy Secretary-General of Taiwan M&A and Private Equity Council	Consultant of CBA/Technical Consultant Adjunct Associate Professor of Department of Mechanical Engineering, National Taiwan University of Science and Technology Adjunct Associate Professor of Department of Civil Engineering and Disaster Prevention, National Taipei University of Science and Technology.	-	-	-	
Independent Director (Note 7)	Taiwan R.O.C	Chen, Shun-Fa	Male Aged 51-60	2010.6.11	3 years	2010.6.11	-	-	-	-	-	-	-	-	Department of Accounting, National Chung Hsing University. Independent Director of AUROTEK CORPORATION CPA, PwC Taiwan.	Responsible person of Lucheng Management Consulting Co., Ltd. Independent Director of YEM CHIO CO., LTD. Independent Director of SOLIDWIZARD TECHNOLOGY CO., LTD. Independent Director of XIN CHIO GLOBAL CO., LTD.	-	-	-	

Note 1: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long, elected on June 9, 2023.

Note 2: Independent Director Chou, Ta-Jen was elected on June 9, 2023.

Note 3: Independent Director Liu, Kuan-Ting was elected on June 9, 2023.

Note 4: Mr. Chang, Yung-Chang was the former Chairman of the Company, who passed away on January 1, 2023. The former Chairman and CEO was assigned to improve the operation efficiency and decision-making ability. Countermeasures:
At present, the Company's Chairman, Mr. Cheng, Tien-Chong, does not concurrently serve as the CEO.

Note 5: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chen, I-Chun, who was reappointed as a Director by the corporate shareholder on January 4, 2023, and discharged on June 9, 2023 .

Note 6: Independent Director Hu, Tsung-Ho was elected on June 11, 2010 and discharged on June 9, 2023.

Note 7: Independent Director Chen, Shun-Fa, who was elected on June 11, 2010 and discharged on June 9, 2023.

Note 1: The corporate shareholders shall list the names of the corporate shareholders and their representatives (representatives of corporate shareholders shall indicate the name of the corporate shareholders), and fill in the following table 1.

Table 1: Major shareholders of the corporate shareholders**April 20, 2024**

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)
Aurotek Marketing Consultant Corporation	Chang, Yung-Chang 92.85%, Chang, I-Sheng 2.86%, Chang, Yu-Xin 4.29%

Note 1: If a director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder shall be filled in.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

If any of the major shareholders is a corporate/juristic person, also complete Table 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

Table 2: Major shareholders of major shareholders who are institutional shareholders**April 20, 2024**

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)
None	None

Note 1: If any major shareholder in Table 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(II) Director's Professional Qualifications and Disclosure of Independent Director Independence**Information:****April 20, 2024**

Name	Professional Qualifications and Experience	Independence analysis	No. of other public companies at which the person concurrently serves as an Independent Director
Chairman Cheng, Tien-Chong	<p>MBA in Management from Santa Clara University. Chairman of AUROTEK CORPORATION. Chairman of TAIWAN OILES INDUSTRY CO., LTD. Independent Director of WT MICROELECTRONICS CO., LTD. Independent Director of Howteh Technology Co., Ltd. Director of 3e Yamaichi Electronics Co., Ltd. President of HP China. President of Texas Instruments Asia. Vice President of Foxconn Group. CEO of FIH Mobile. Independent Director of Hangzhou Hikvision Digital Technology Co., Ltd. With a background in the electronics industry and automation industry, specializing in business management and crisis management.</p>	<p>For detailed information regarding the director's main educational and professional background, concurrent positions, and family relationships, please refer to page 11~15, "(I) Information of directors"</p>	2
Vice Chairman Chang, I-Sheng	<p>Master of Business Administration, Waseda University, Japan. Vice Chairman, Deputy General Manager, Special Assistant, and Assistant Manager of Equipment Business Division of AUROTEK CORPORATION Chairman of AUROTEK MARKETING CONSULTING Co., Ltd. Chairman of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Chairman of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Director of TAIWAN OILES INDUSTRY CO., LTD. With a background in electronics and automation industry and extensive experience in operation and management.</p>	<p>For detailed information regarding the director's main educational and professional background, concurrent positions, and family relationships, please refer to page 11~15, "(I) Information of directors"</p>	0

Name	Professional Qualifications and Experience	Independence analysis	No. of other public companies at which the person concurrently serves as an Independent Director
Director Lee, Cheng-Mo	Japan College of Social Work Business Administration Director and General Manager of AUROTEK CORPORATION Executive Director of Baoshan Construction Group Co., Ltd. Director of Jianji Industrial Co., Ltd. Has experience in the construction industry and financial investment ability.		0
Director Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd. Chu, Chun-Long (Note 1)	Master of Business Administration, National Central University. Director, General Manager, and Deputy General Manager of Component Sales Department of AUROTEK CORPORATION General Manager of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Representative of Aurotek (Japan) Inc. General Manager of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Director and Factory Manager of TAIWAN OILES INDUSTRY CO., LTD. Sales manager of PLENTY ISLAND (THAI) CO., LTD. With a background in electronics and automation industry and extensive experience in operation and management.		0
Director Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd. Chen, I-Chun (Note 2)	Bachelor from Shih Chien University. Director of AUROTEK CORPORATION. Director of AUROTEK MARKETING CONSULTING Co., Ltd. With experience in the trading industry and view of the international market.		0
None of the Company's directors has the circumstances described in Article 30 of the Company Act.			

Name	Professional Qualifications and Experience	Independence analysis	No. of other public companies at which the person concurrently serves as an Independent Director
Independent Director Huang, Cheng-Tsung	Department of Economics, Fu Jen Catholic University. Independent Director of AUROTEK CORPORATION. Chairman of Senye Construction Corporation Director of TECO ELECTRIC & MACHINERY CO., LTD. Director of Tung An Development Co., Ltd. With experience in the construction industry and major in engineering.	During the two years preceding their appointment and throughout their term, Independent Directors must meet the qualifications outlined in the Financial Supervisory	0
Independent Director Chou, Ta-Jen (Note 3)	Master of Law, Harvard Law School. Independent Director of AUROTEK CORPORATION Independent Director of CHINA CHEMICAL & PHARMACEUTICAL CO., LTD. Independent Director of AMTRAN TECHNOLOGY CO., LTD. Chairman of CTC CAPITAL, INC. Director of JAG Technology Ltd. Director of Mecos Technology Co., Ltd. Supervisor of E-CMOS CORPORATION. Member of the Investment Commission of IBF Financial Holdings Co., Ltd. Manager of ZHI KANG Venture Capital Investment Company, Ltd. Managing Partner of Taiwan Innovative Biomedical Co., Ltd. Has experience in technology, biotechnology, electronics industries, law, corporate governance, ESG, and lawyer licenses, assist the company with professional consultation and suggestions.	Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. The Independent Directors have also been given the authority to fully participate in decision-making and express opinions in accordance with Article 14-3 of the	2
Independent Director Liu, Kuan-Ting (Note 4)	Bachelor of Laws, National Taiwan University. Master of Law, National Cheng Kung University. Master of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University. Independent Director of AUROTEK CORPORATION. Principal Attorney-at-Law of INFINITY ATTORNEYS-AT-LAW	Securities and Exchange Act, allowing them to carry out their duties independently. Furthermore, in terms of management and operations, they can	0

Name	Professional Qualifications and Experience	Independence analysis	No. of other public companies at which the person concurrently serves as an Independent Director
	Executive Director, Taipei Bar Association (29th term) Director, Taipei Bar Association (28th term) Has experience in law, civil engineering, construction and related fields.	offer industry analysis and integration, risk management, legal strategy/compliance,	
Independent Director Hu, Tsung-Ho (Note 5)	Ph.D. in Engineering Science from the University of Oxford, United Kingdom Independent Director of AUROTEK CORPORATION. Consultant of CBA/Technical Consultant Adjunct Associate Professor of Department of Mechanical Engineering, National Taiwan University of Science and Technology Adjunct Associate Professor of Department of Civil Engineering and Disaster Prevention, National Taipei University of Science and Technology. Deputy Secretary-General of Taiwan M&A and Private Equity Council Has experience in M&A and private equity in Taiwan, specializing in industry development and familiar with industry exchanges.	and management decision-making assistance. As a result, when Independent Directors and Audit Committee Members perform their duties, they can use their legal, financial, and industry management expertise to improve the quality of corporate governance and the Audit Committee's oversight function.	0
Independent Director Chen, Shun-Fa (Note 6)	Department of Accounting, National Chung Hsing University. Independent Director of AUROTEK CORPORATION. Responsible person of Lucheng Management Consulting Co., Ltd. Independent Director of YEM CHIO CO., LTD. Independent Director of SOLIDWIZARD TECHNOLOGY CO., LTD. Independent Director of XIN CHIO GLOBAL CO., LTD. CPA, PwC Taiwan. Has experience in accountant, specializing in accounting and financial analysis.	For detailed information regarding the director's main educational and professional background, concurrent positions, and family relationships, please refer to page 11~15, "(I) Information of directors"	3
None of the Company's directors (including Independent Directors) fell under the circumstances described in Article 30 of the Company Act.			

- Note 1: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long, elected on June 9, 2023.
- Note 2 : Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chen, I-Chun, who was reappointed as a director by the corporate shareholder on January 4, 2023, and was relieved from the position on June 9, 2023 .
- Note 3: Independent Director Chou,Ta-Jen, elected on June 9, 2023.
- Note 4: Independent Director Liu, Kuan-Ting , elected on June 9, 2023
- Note 5 : Independent Director Hu, Tsung-Ho he was elected on June 11, 2020 and discharged on June 9, 2023 .
- Note 6 : Independent Director Chen, Shun-Fa , who was elected on June 11, 2020, and discharged on June 9, 2023 .

(III) Diversity and independence of the Board of Directors:

1. According to the Company's Corporate Governance Best Practice Principles, the members of the Board of Directors considers diversity, covering the eight major competencies of operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, and decision-making, which are critical to the Company's development and operations.
2. Specific management goals and achievement status of the diversity policy and independence of the Board of Directors:

Management Objectives	Status of Achievement
The number of Independent Directors conforms to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	Achieved
It is advisable that the number of directors who are also employees of the Company shall not exceed one-third of the total number of directors	Achieved
No more than two directors shall be spouses or relatives within the second degree of kinship	Achieved
The members of the Board of Directors are independent and not subject to the conditions specified in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.	Achieved
The number of Independent Directors established shall not be less than two and not less than one-fifth of the total number of directors.	Achieved

- (1) The Company's Board of Directors consists of seven members, three of whom are Independent Directors, accounting for three-sevenths of the board (42.86%).
- (2) There are two directors who are also employees, accounting for two-sevenths of the board (28.57%).
- (3) None of the directors is spouse or relative within the second degree of kinship, accounting for 0%.
- (4) Each director and Independent Director has a specialized field and possesses the knowledge, skills and literacy to perform his/her duties.
- (5) The members of the Board of Directors are independent, and none of them has the conditions specified in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.
- (6) The three Independent Directors of the Company have all met the qualifications specified in Article 14-2 of the Securities and Exchange Act under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission during the two years before being elected and during the term of office. In addition, the Independent Directors have been fully authorized to participate in decision-making and to express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can exercise relevant powers independently. Furthermore, in terms of management and operations, they can offer industry analysis and integration, risk management, legal strategy/compliance, and management decision-making assistance. As a result, when Independent Directors and Audit Committee Members perform their duties, they can use their legal, financial, and industry management expertise to improve the quality of corporate governance and the Audit Committee's oversight function.

3. The current policy of diversity of board members and the implementation are as follows:

April 20, 2024

Title	Name	Nationality	Gender	Age	With employee status	Length of tenure of Independent Directors	Operational judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market outlook	Leadership	Decision-making	Expertise
Chairman	Cheng, Tien-Chong	Taiwan R.O.C	Male	Aged 71-80		Not applicable.	√	√	√	√	√ (Electronics, automation industry)	√	√	√	With a background in electronics and automation industries, assist in the company's business management, strategic planning, crisis management, and lead the company toward sustainable development.
Vice Chairman/ Deputy General Managers	Chang, I-Sheng	Taiwan R.O.C	Male	Aged 41-50	√	Not applicable.	√	√	√	√	√ (Electronics, automation industry)	√	√	√	With a background in electronics and automation industry, as the company's professional manager, assisting the company's operation and management.
Director	Lee, Cheng-Mo	Taiwan R.O.C	Male	Aged 61-70		Not applicable.	√	√	√	√	√ (Construction)	√	√	√	With a background in the construction industry, assist the company in industry exchanges.
Director Note 1	Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd. Chu, Chun-Long	Taiwan R.O.C	Male	Aged 61-70	√	Not applicable.	√	√	√	√	√ (Electronics, automation industry)	√	√	√	With a background in electronics and automation industry, as the company's professional manager, assisting the company's operation and management.

Title	Name	Nationality	Gender	Age	With employee status	Length of tenure of Independent Directors	Operational judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market outlook	Leadership	Decision-making	Expertise
Independent Director	Huang, Cheng-Tsung	Taiwan R.O.C	Male	Aged 61-70		Over 9 years	√	√	√	√	√ (Construction)	√	√	√	With a background in the construction industry, assist the company in industry exchanges.
Independent Director Note 2	Chou, Ta-Jen	Taiwan R.O.C	Male	Aged 61-70		Newly hired (less than 3 years)	√	√	√	√	√ (Technology, biotechnology, electronics industries)	√	√	√	Has experience in technology, biotechnology, electronics industries, law, corporate governance, ESG, and lawyer licenses, assist the company with professional consultation and suggestions.
Independent Director Note 3	Liu, Kuan-Ting	Taiwan R.O.C	Male	Aged 41-50		Newly hired (less than 3 years)	√	√	√	√	√ (Legal)	√	√	√	Specialized in the legal profession and licensed as a lawyer, assists the Company with professional consultation and suggestions.

Note 1: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long, elected on June 9, 2023.

Note 2: Independent Director Chou, Ta-Jen , elected on June 9, 2023.

Note 3: Independent Director Liu, Kuan-Ting , elected on June 9, 2023

(II) Information on General Manager, Deputy General Managers, Assistant Managers, Department Heads, and Branch Managers April 20, 2024

Job Title (Note 1)	Nationality	Name	Gender	Date of election / appointment to current term	Shareholding		Shares held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in any other company	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Former Chairman and CEO (Note 1)	Taiwan R.O.C	Chang, Yung-Chang	Male	2010.03.01	2,309,407	2.79	1,000	0.001	-	-	Department of Business Administration, National Taipei University. Chairman of AUROTEK CORPORATION. Chairman of AUROTEK MARKETING CONSULTING Co., Ltd. General Manager of AUROTEK CORPORATION Chairman of TAIWAN OILES INDUSTRY CO., LTD. Chairman of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. AUROTEK INC. Chairman. PLENTY ISLAND(THAI)CO., LTD. Director Director of 3e Yamaichi Electronics Co., Ltd. Chairman of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD.	(Note 1)	Deputy General Managers	Chang, I-Sheng	Father and son	
Vice Chairman/ Deputy General Manager	Taiwan R.O.C	Chang, I-Sheng	Male	2017.08.07	1,398,248	1.69	-	-	-	-	Master of Business Administration, Waseda University, Japan. Deputy General Managers, Special Assistant, and Assistant Manager of Equipment Business Division of AUROTEK CORPORATION Director of AUROTEK MARKETING CONSULTING Co., Ltd.	Chairman of AUROTEK MARKETING CONSULTING Co., Ltd. Chairman of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Chairman of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Director of TAIWAN OILES INDUSTRY CO., LTD.	Former Chairman and CEO	Chang, Yung-Chang	Father and son	
General Manager	Taiwan R.O.C	Chu, Chun-Long	Male	2019.11.07	350,186	0.42	-	-	-	-	Master of Business Administration, National Central University. General Manager and Deputy General Manager of Component Sales Department of AUROTEK CORPORATION Factory manager of TAIWAN OILES INDUSTRY CO., LTD. Sales manager of PLENTY ISLAND (THAI) CO., LTD.	General Manager of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Aurotek (Japan) Inc. Representative General Manager of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Director of TAIWAN OILES INDUSTRY CO., LTD.	-	-	-	
Deputy General Managers (Note 2)	Taiwan R.O.C	Shih, Ting-Jui	Male	2023.05.08	0	0	-	-	-	-	Department of Electrical and Computer Engineering, Tamkang University. Deputy General Manager of Asia Pacific Telecom/Fu Hong.com Co., Ltd. General Manager of Basecom Telecommunication Co., Ltd. Vice President of Telefonaktiebolaget L. M. Ericsson. General Manager of ADLINK TECHNOLOGY INC.	-	-	-	-	

Job Title (Note 1)	Nationality	Name	Gender	Date of election / appointment to current term	Shareholding		Shares held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in any other company	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
											General Manager of HP Inc. Chief Strategy Officer of JORJIN TECHNOLOGIES INC.					
Assistant Manager (Note 3)	Taiwan R.O.C	Chien, Chih-Ho	Male	2023.10.16	0	0	-	-	-	-	Master of Business Administration, National Chengchi University. Assistant Manager and Product Director of ERICSSON TAIWAN LTD. Assistant Manager of YDT TECHNOLOGY INTERNATIONAL CO., LTD.	-	-	-	-	
Assistant Manager	Taiwan R.O.C	Ou, Kou-Jian	Male	2021.09.01	0	0	-	-	-	-	Department of Mechanical Engineering, Nan-Tai Technical College	-	-	-	-	
Financial Supervisor/Assistant Manager of Administration Department (Note 4)	Taiwan R.O.C	Chen, Wen-Chin	Female	2023.05.12	2,000	0.002	-	-	-	-	Department of Accounting, Tatung Institute of Technology. Assistant Manager, Special Assistant Managers, financial supervisors, and stock affairs officers of Management Division, AUROTEK CORPORATION	Supervisor of AUROTEK AUTOMATION (SHANGHAI) CO., LTD. Supervisor of KUNSHAN YICHUN INDUSTRIAL TECHNOLOGY CO., LTD. Supervisor of TAIWAN OILES INDUSTRY CO., LTD.	-	-	-	
Accounting Supervisor (Note 5)	Taiwan R.O.C	Wang, Shu-Hua	Female	2024.03.14	0	0	-	-	-	-	Master of Accounting, Soochow University. Senior Manager of Zhen Ding Tech. Group Senior Manager of GARUDA TECHNOLOGY CO., LTD. Audit Manager of PwC Taiwan.	-	-	-	-	
Corporate Governance Officer (Note 6)	Taiwan R.O.C	Kuo, Shu-Ling	Female	2023.05.12	0	0	-	-	-	-	Department of Business Administration, Chinese Culture University. Head of Audit and Shares Affairs of PANION & BF BIOTECH INC. Section Chief, Auditor and Stock Affairs Officer of GOLDEN BRIDGE ELECTECH INC. Audit Officer and Stock Affairs Officer of TriHealth Enterprise, Inc. Chief of Management Department, HEALTHBANKS BIOTECH CO., LTD. Shares and Finance of BIOTEQUE CORPORATION	-	-	-	-	
Accounting Supervisor (Note 7)	Taiwan R.O.C	Wang, Ya-Chieh	Male	2023.06.09	0	0	-	-	-	-	Department of Accounting, Fu Jen Catholic University Audit Manager of Orient Europharma Co., Ltd. Assistant Audit Manager of Linde Lienhwa Industrial Gases Co., Ltd. Audit Assistant Manager of BANK SINOPAC COMPANY LIMITED Audit Assistant Manager of KPMG.	-	-	-	-	

Job Title (Note 1)	Nationality	Name	Gender	Date of election / appointment to current term	Shareholding		Shares held by spouse and minor children		Shares held through nominees		Major work experience and academic qualifications	Positions held concurrently in any other company	Managers who are a spouse or a relative within the second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Assistant Manager/ Finance Officer/ Accounting Officer/ Corporate Governance Officer (Note 8)	Taiwan R.O.C	Lu, Fang-Cheng	Male	2022.04.01 2022.05.09 2022.08.11	0	0	-	-	-	-	Department of Accounting, Tunghai University. Assistant Manager of Juyi Intelligent Co., Ltd. Assistant manager of Tung Thih Electronic Co., Ltd.	-	-	-	-	

Note 1: Mr. Chang, Yung-Chang was the former Chairman of the Company. He passed away on January 1, 2023. Chang (former) Chairman concurrently served as the CEO, in order to improve the operating efficiency and decision-making ability. Countermeasures: At present, the Company's Chairman, Mr. Cheng, Tien-Chong, does not concurrently serve as the CEO.

Note 2: Shih, Ting-Jui became the new Deputy General Manager of Equipment Business Department on May 8, 2023.

Note 3: Chien, Chih-Ho newly appointed as the Assistant Manager of Module Business Division on October 16, 2023.

Note 4: Chen, Wen-Chin was appointed as the new Finance supervisor and Assistant Manager of Administration Department on May 12, 2023.

Note 5: Wang, Shu-Hua was appointed as the new Accounting Supervisor on March 14, 2024.

Note 6: Kuo, Shu-Ling assumed office as Corporate Governance Officer on May 12, 2023.

Note 7: Wang, Ya-Chieh newly appointed accounting officer on June 9, 2023 ; resigned on November 30, 2023 .

Note 8: Lu, Fang-Cheng was newly appointed as Assistant Manager on April 1, 2022 ; newly appointed as Finance Supervisor and Corporate Governance Officer on May 9, 2022; newly appointed as Accounting Supervisor on August 11, 2022; resigned on May 12, 2023 .

III. Remuneration of Directors, Supervisors, General Manager, and Deputy General Managers for the most recent year

(I) (1.1) Remuneration to directors and Independent Directors (disclose the name and remuneration separately)

Unit:NTD

thousands

Job Title	Name	Remuneration to directors								Percentage of Net Profit After Tax of A, B, C, and D (%) (Note 10)		Remuneration Paid to Part-Time Employees								The total amount and proportion of A, B, C, D, E, F, and G, as well as their respective percentages of net income after tax (Note 10)		Remuneration received from investments outside of subsidiaries or parent companies (Note 11)		
		Remuneration (A) (Note 2)		Pension (B)		Director Compensation (C) (Note 3)		Business Allowances (D) (Note 4)				Salary, bonus, and special support fees (E) (Note 5)		Retirement and severan pay (F)		Employee compensation (G) (Note 6)								
		The Company	All companie s included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company		All companies included in the financial report (Note 7)		The Company	All companies included in the financial report			
																		Cash amount	Amount of shares	Cash amount	Amount of shares			
Chairman	Cheng, Tien-Chong	4,200	4,200	-	-	668	668	18	18	4,886 6.20%	4,886 6.20%	-	-	-	-	-	-	-	-	-	-	4,886 6.20%	4,886 6.20%	None
Former Chairman and CEO (Note 1)	Chang, Yung-Chang	-	-	-	-	-	-	-	-	-	-	13	13	-	-	-	-	-	-	-	13 0.02%	13 0.02%	None	
Vice Chairman/D eputy General Manager	Chang, I-Sheng	-	-	-	-	334	334	18	18	352 0.45%	352 0.45%	2,422	2,422	101	101	300	-	300	-	-	3,175 4.03%	3,175 4.03%	None	
Director	Lee, Cheng-Mo	-	-	-	-	334	334	18	18	352 0.45%	352 0.45%	-	-	-	-	-	-	-	-	-	352 0.45%	352 0.45%	None	
Director	AUROTEK Marketing Consulting Co., Ltd.	-	-	-	-	334	334	-	-	334 0.42%	334 0.42%	-	-	-	-	-	-	-	-	-	334 0.42%	334 0.42%	None	
Director (Note 2)	Corporate Representative: Chu, Chun-Long	-	-	-	-	-	-	9	9	9 0.01%	9 0.01%	3,783	5,175	108	108	500	0	500	0	-	4,400 5.59%	5,792 7.35%	None	
Director (Note 3)	Corporate Representative: Chen, I-Chun	-	-	-	-	-	-	9	9	9 0.01%	9 0.01%	-	-	-	-	-	-	-	-	-	9 0.01%	9 0.01%	None	
Independent Director	Huang, Cheng-Tsung	30	30	-	-	334	334	42	42	406 0.52%	406 0.52%	-	-	-	-	-	-	-	-	-	406 0.52%	406 0.52%	None	
Independent Director (Note 4)	Chou, Ta-Jen	17	17	-	-	167	167	24	24	208 0.26%	208 0.26%	-	-	-	-	-	-	-	-	-	208 0.26%	208 0.26%	None	
Independent Director (Note 5)	Liu, Kuan-Ting	17	17	-	-	167	167	24	24	208 0.26%	208 0.26%	-	-	-	-	-	-	-	-	-	208 0.26%	208 0.26%	None	
Independent Director (Note 6)	Hu, Tsung-Ho	13	13	-	-	167	167	18	18	198 0.25%	198 0.25%	-	-	-	-	-	-	-	-	-	198 0.25%	198 0.25%	None	
Independent Director (Note 7)	Chen, Shun-Fa	13	13	-	-	167	167	18	18	198 0.25%	198 0.25%	-	-	-	-	-	-	-	-	-	198 0.25%	198 0.25%	None	
Total		4,290	4,290	-	-	2,672	2,672	198	198	7,160 9.09%	7,160 9.09%	6,218	7,610	209	209	800	0	800	0	-	14,387 18.26%	15,779 20.03%	None	

*Information on directors (directors who are not Independent Directors) and Independent Directors should be presented separately.

Note 1: Mr. Chang, Yung-Chang was the former Chairman of the Company. He passed away on January 1, 2023. Chang (former) Chairman concurrently served as the CEO, in order to improve the operating efficiency and decision-making ability. Countermeasures: At present, the Company's Chairman, Mr. Cheng, Tien-Chong, does not concurrently serve as the CEO.

Note 2: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long, elected on June 9, 2023.

Note 3: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chen, I-Chun, who was reappointed as a director by the corporate shareholder on January 4, 2023, and was relieved from the position on June 9, 2023.

Note 4: Independent Director Chou, Ta-Jen, elected on June 9, 2023.

Note 5: Independent Director Liu, Kuan-Ting, elected on June 9, 2023

Note 6: Independent Director Hu, Tsung-Ho was elected on June 11, 2020 and discharged on June 9, 2023.

Note 7: Independent Director Chen, Shun-Fa, who was elected on June 11, 2020 and discharged on June 9, 2023.

- 1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.**
- The remuneration to Independent Directors of the Company is proposed in accordance with Article 20 of the Articles of Incorporation, the "Rules Governing the Scope of Powers of Independent Directors" and the evaluation results of the "Procedures for Performance Evaluation of the Board of Directors", with reference to the Company's operating performance and the general payment level of the industry. After approval by the Remuneration Committee, the proposal is submitted to the Board of Directors for resolution.
- 2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.**

Range of Directors' Remuneration

Ranges of remuneration paid to each of the Company's directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
Less than NTD 1,000,000	Chang, Yung-Chang	Chang, Yung-Chang	Chang, Yung-Chang	Chang, Yung-Chang
	Chang, I-Sheng	Chang, I-Sheng		
	Lee, Cheng-Mo	Lee, Cheng-Mo	Lee, Cheng-Mo	Lee, Cheng-Mo
	Huang, Cheng-Tsung	Huang, Cheng-Tsung	Huang, Cheng-Tsung	Huang, Cheng-Tsung
	Chou, Ta-Jen	Chou, Ta-Jen	Chou, Ta-Jen	Chou, Ta-Jen
	Liu, Kuan-Ting	Liu, Kuan-Ting	Liu, Kuan-Ting	Liu, Kuan-Ting
	Hu, Tsung-Ho	Hu, Tsung-Ho	Hu, Tsung-Ho	Hu, Tsung-Ho
	Chen, Shun-Fa	Chen, Shun-Fa	Chen, Shun-Fa	Chen, Shun-Fa
	AUROTEK Marketing Consulting Co., Ltd.	AUROTEK Marketing Consulting Co., Ltd.	AUROTEK Marketing Consulting Co., Ltd.	AUROTEK Marketing Consulting Co., Ltd.
	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chu, Chun-Long	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chu, Chun-Long		
	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chen, I-Chun	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chen, I-Chun	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chen, I-Chun	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chen, I-Chun
NTD 1,000,000 (inclusive) to NTD 2,000,000 (exclusive)				
NTD 2,000,000 (inclusive) to NTD 3,500,000 (exclusive)			Chang, I-Sheng	Chang, I-Sheng
NTD 3,500,000 (inclusive) to NTD 5,000,000 (exclusive)	Cheng, Tien-Chong	Cheng, Tien-Chong	Cheng, Tien-Chong	Cheng, Tien-Chong
			AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chu, Chun-Long	
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)				AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chu, Chun-Long
NTD 10,000,000 (inclusive)				

Ranges of remuneration paid to each of the Company's directors	Name of Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
to NTD 15,000,000 (exclusive)				
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)				
NTD 30,000,000 (inclusive) to NTD 50,000,000 (exclusive)				
NTD 50,000,000 (inclusive) to NTD 100,000,000 (exclusive)				
Over NTD 100,000,000				
Total	12	12	12	12

(II) Remuneration to supervisors:

Not applicable, the Company has established the Audit Committee on June 11, 2020 by three Independent Directors, and the supervisors have been relieved

Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and Independent Directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each.

If a director concurrently serves as a general manager or a deputy general manager, please complete this Table and Table (3-1), or Tables (3-2-1) and (3-2-2).

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: Please fill in the amount of director profit-sharing compensation approved by the Board of Directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, deputy general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share based payment under IFRS 2 "including employee share subscription warrants", new restricted employee shares, and participation in share subscription under a rights offering, etc. should be included in the calculation of remuneration.

Note 6: This refers to employee profit-sharing compensation(including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, deputy general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the Board of Directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid

to each director by the Company.

Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(III) Remuneration to the General Manager and Deputy General Managers

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances (C) (Note 3)		Employees' remuneration (D) (Note 4)				Percentage of Net Profit After Tax of A, B, C, and D (%) (Note 8)		Remuneration received from investments outside of subsidiaries or parent companies (Note 9)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
Former Chairman and CEO (Note 1)	Chang, Yung-Chang	6,491	7,882	271	271	1,104	1,104	1,100	0	1,100	0	8,966 11.38%	10,357 13.15%	None
Vice Chairman/ Deputy General Manager	Chang, I-Sheng													
General Manager	Chu, Chun-Long													
Deputy General Managers (Note 2)	Shih, Ting-Jui													

*Regardless of the job title, any position equivalent to a general manager or deputy general manager (e.g. General Manager, CEO, Chief Officer, etc.) should be disclosed.

Note 1: Mr. Chang, Yung-Chang was the former Chairman of the Company. He passed away on January 1, 2023. Chang (former) Chairman concurrently served as the CEO, in order to improve the operating efficiency and decision-making ability. Countermeasures: At present, the Company's Chairman, Mr. Cheng, Tien-Chong, does not concurrently serve as the CEO.

Note 2: Shih, Ting-Jui became the new Deputy General Manager of Equipment Business Department on May 8, 2023.

Remuneration to General Manager and Deputy General Managers

Ranges of remuneration paid to each of the Company's general manager(s) and deputy general manager(s)	Name of General Manager and Deputy General Managers	
	The Company (Note 6)	All companies included in the financial report (Note 7) E
Less than NTD 1,000,000	Chang, Yung-Chang	Chang, Yung-Chang
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	Shih, Ting-Jui	Shih, Ting-Jui
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	Chang, I-Sheng	Chang, I-Sheng
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Chu, Chun-Long	
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)		Chu, Chun-Long
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)		

Ranges of remuneration paid to each of the Company's general manager(s) and deputy general manager(s)	Name of General Manager and Deputy General Managers	
	The Company (Note 6)	All companies included in the financial report (Note 7) E
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)		
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	4 people	4 people

Note 1: The name of each general manager and deputy general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an deputy general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and deputy general manager(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and deputy general manager(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share based payment under IFRS 2 "including employee share subscription warrants", new restricted employee shares, and participation in share subscription under a rights offering, etc. should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and deputy general manager(s) as approved or expected to be approved by the Board of Directors for the most recent fiscal year (including concurrent service as general manager, deputy general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Attachment 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and deputy general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the general manager(s) and deputy general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and deputy general manager by the Company.

Note 7: Disclose the names of the general manager(s) and deputy general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and deputy general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s)

and deputy general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

- b. If general manager(s) or deputy general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”
- c. Remuneration means remuneration received by the general manager(s) and deputy general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(IV) Names of managers receiving employee remuneration and distribution**Unit: NTD thousands**

	Title	Name	Amount of shares	Cash amount	Total	Total as a percentage of net income after tax (%)
Managers	Vice Chairman/Deputy General Manager	Chang, I-Sheng	0	1,702 (Note 7)	1,702 (Note 7)	2.16% (Note 7)
	General Manager	Chu, Chun-Long				
	Deputy General Managers (Note 1)	Shih, Ting-Jui				
	Assistant Manager (Note 2)	Chien, Chih-Ho				
	Assistant Manager	Ou, Guan-jiang				
	Financial Supervisor/Assistant Manager of Administration Department (Note 3)	Chen, Wen-Chin				
	Corporate Governance Officer (Note 4)	Kuo, Shu-Ling				
	Accounting Supervisor (Note 5)	Wang, Ya-Chieh				
	Assistant Manager/Finance officer/Accounting officer/Corporate governance officer (Note 6)	Lu, Fang-Cheng				

Note 1: Shih, Ting-Jui became the new deputy general manager of Equipment Business Department on May 8, 2023.

Note 2: Chien, Chih-Ho newly appointed as the Assistant Manager of Module Business Division on October 16, 2023.

Note 3: Chen, Wen-Chin was appointed as the new Finance Supervisor and Assistant Manager on May 12, 2023.

Note 4: Kuo, Shu-Ling assumed office as Corporate Governance Officer on May 12, 2023.

Note 5: Wang, Ya-Chieh newly appointed accounting officer on June 9, 2023 ; resigned on November 30, 2023 .

Note 6: Lu, Fang-Cheng was newly appointed as Assistant Manager on April 1, 2022; newly appointed as Finance supervisor and Corporate Governance Officer on May 9, 2022; newly appointed as Accounting Supervisor on August 11, 2022; resigned on May 12, 2023.

Note 7: Remuneration to directors and employees for 2023 is a proposal, not the actual distributed amount.

(V) In the past three years, if the individual or separate financial statements of the company have incurred post-tax losses, or if the corporate governance evaluation results for the most recent year are in the lowest category, or if there have been changes in trading methods, suspension of trading, delisting from the stock exchange or over-the-counter market, or if deemed by the Corporate Governance Evaluation Committee to be exempt from evaluation, the remuneration of the top five highest-paid executives shall be individually disclosed: Not applicable.

(VI) Provide a comparative analysis of the remuneration-to-post-tax net income ratio for the directors, supervisors, general manager, and deputy general manager of the company and its consolidated financial statements for the past two years. Explain the policy, criteria, and composition of remuneration, the process for determining remuneration, and the relationship with operational performance and future risks:

1. The remuneration-to-post-tax net income ratio for the directors, supervisors, general manager, and vice general manager of the company and its consolidated financial statements for the past two years:

Unit: NTD thousand

	2023				2022			
	The Company		All companies included in the financial report		The Company		All companies included in the financial report	
	Total remuneration	As a percentage of net income after tax %	Total remuneration	As a percentage of net income after tax %	Total amount remuneration	As a percentage of net income after tax %	Total amount remuneration	As a percentage of net income after tax %
Director	14,387	18.26%	15,779	20.03%	6,377	2.98%	6,377	2.98%
General Manager and Deputy General Managers	8,966	11.38%	10,357	13.15%	17,281	8.08%	20,217	9.45%
Total	23,353	29.65%	26,136	33.18%	23,658	11.06%	26,594	12.43%

Note 1: The after-tax net profit attributable to the parent company in 2023 was NTD 78,773 thousand.

Note 2: The net profit after tax attributable to the parent company in 2022 was NTD 213,943 thousand.

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

(1) The correlation between the remuneration of the Company's directors, General Manager and Deputy General Managers and the operating performance and future risks is as follows:

- ① According to the Company's "Articles of Incorporation", the Company shall set aside no less than 5% of the profit for the year as employee remuneration, which shall be distributed in shares or cash by the resolution of the Board of Directors. Subordinate employees; the Company may set aside no more than 5% of the above-mentioned profit for directors' remuneration, as resolved by the Board of Directors. The allocation of directors' remuneration shall be linked to the results of the annual performance evaluation of individual directors.
- ② The salaries and bonuses of the Company's General Manager and Deputy General Managers are paid with reference to the industry standard and the Company's past operating performance. The standards, structure and system of the salary and bonus will also be reviewed and adjusted from time to time in accordance with the actual operating conditions and changes in relevant laws and regulations. Do not induce managers to engage in behaviors that exceed the Company's risk in pursuit of remuneration. In addition, the Company's Remuneration Committee regularly evaluates the remuneration to the General Manager and Deputy General Managers, and submits suggestions to the Board of Directors for discussion, in order to seek a balance between the Company's sustainable operation and risk control.
- ③ Pursuant to the Company's Regulations Governing Wages and Remuneration of Directors and Managerial Officers, if the Company's directors are employees part-time, the part-time employees' remuneration will be paid in accordance with the Company's Regulations Governing the Remuneration of Employees.
- ④ According to the "Regulations Governing Wages and Remuneration of Directors and Managerial Officers", the salary of managerial officers is as follows:
 - *The Company's Remuneration Committee may draw the salaries of managers in the range of 0% to 150% of the same industry level based on the level of participation of managers in the Company's operations and the value of their contributions.
 - *Monthly fixed salary: Based on the years of service in the Company and the value of the position, the annual salary increase shall not exceed 10%.
 - *Variable salary:
 - 1. Sales bonus: Disbursed quarterly in accordance with the bonus regulations approved by the Company.
 - 2. Year-end bonus: Disbursed after the end of each year. The Company determines the payment base depending on the operating conditions, and then adjusts the amount according to individual employees' annual performance evaluation, reward and punishment results and other factors.
 - 3. Employee remuneration: The remuneration to employees is distributed in accordance with the Articles of Incorporation of the Company every year. The Remuneration Committee considers the overall performance, the Company's future operations and risks, and prepares a distribution proposal, which is resolved by the Board of Directors and reported to the shareholders' meeting.

IV. Corporate governance

(I) Operation of the Board of Directors:

1. There are seven members of the 16th Board of Directors, with tenure from June 9, 2023 to June 8, 2026.
2. In 2023, the Board of Directors held 6 meetings (A), and the attendance of directors is as follows:

Title	Name	Number of attendances in person (B)	Number of attendance by proxy	Actual attendance rate (%) "B/A" (note)	Remarks
Chairman	Cheng,Tien-Chong	6	0	100%	
Vice Chairman	Chang,I-Sheng	6	0	100%	
Director	Lee,Cheng-Mo	6	0	100%	
Director	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chu, Chun-Long	3	0	100%	Newly elected on June 9, 2023.
Independent Director	Huang,Cheng-Tsung	6	0	100%	
Independent Director	Chou,Ta-Jen	3	0	100%	Newly elected on June 9, 2023.
Independent Director	Liu,Kuan-TingKuan-Ting Liu	3	0	100%	Newly elected on June 9, 2023.
Director	AUROTEK Marketing Consulting Co., Ltd. Corporate Representative: Chen, I-Chun	3	0	100%	(1) Re-appointment by corporate on January 4, 2023. (2) Discharged on June 9, 2023.
Independent Director	Hu, Tsung-Ho	3	0	100%	Relieved on June 9, 2023
Independent Director	Chen, Shun-Fa	3	0	100%	Relieved on June 9, 2023

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The actual attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

3. Status of Independent Directors' Attendance at Board Meetings in Recent Years:

◎: Attendance in person; ☆: Attendance by proxy; *: Absent

Name	January 4, 2023	March 16, 2023	May 11, 2023	June 9, 2023	August 10, 2023	November 8, 2023
Huang, Cheng-Tsung	◎	◎	◎	◎	◎	◎
Chou, Ta-Jen Newly elected on June 9, 2023	Not applicable.	Not applicable.	Not applicable.	◎	◎	◎
Liu, Kuan-Ting Newly elected on June 9, 2023	Not applicable.	Not applicable.	Not applicable.	◎	◎	◎
Hu, Tsung-Ho Discharged on June 9, 2023	◎	◎	◎	Not applicable.	Not applicable.	Not applicable.
Chen, Shun-Fa Discharged on June 9, 2023	◎	◎	◎	Not applicable.	Not applicable.	Not applicable.

4. Other information required to be disclosed:

- (1) If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the Independent Directors, and the measures taken by the Company based on the opinions of the Independent Directors:
 - ① Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to "Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report" from page 94 to page 99 of this annual report.
- (2) In addition to the matters referred to above, any dissenting or qualified opinion of an Independent Director that is on record or stated in writing with respect to any board resolution: None.
- (3) The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Term and date of the Board of Directors	Agenda	Director recused from conflict of interest	Reason for recusal	Participation in voting
15th meeting of the 15th board May 11, 2023	Determination of the remuneration to the Chairman.	Cheng, Tien-Chong	As the stakeholder in this case.	Except for the above-mentioned recusal of the directors due to conflicts of interests, the proposal was unanimously approved after the acting Chair, Independent Director Huang, Cheng-Tsung consulted the remaining six directors present at the meeting.
2nd meeting of the 16th board August 10, 2023	2022 distribution of remuneration to directors and managers (amount to be allocated by directors and	Cheng, Tien-Chong Chang, I-Sheng Lee, Cheng-Mo Huang, Cheng-Tsung	As the stakeholder in this case.	The remunerations to directors, except those with conflicting interests, who recused

Term and date of the Board of Directors	Agenda	Director recused from conflict of interest	Reason for recusal	Participation in voting
	managers).	Aurotek Marketing Consultant Corporation (Chu, Chun-Long)		themselves individually, were approved by the remaining directors as proposed.
		Chang, I-Sheng Chu, Chun-Long	As the stakeholder in this case.	Except for the above-mentioned recusal of the directors due to conflicts of interests, the proposal was approved as proposed by the remaining 5 directors who were consulted by the Chairperson.

(4) TWSE/TPEX listed company shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the self-evaluation (or peer evaluation) of the Board of Directors. The implementation of the evaluation of the Board of Directors is as follows:

Evaluation Cycle	Evaluation period	Scope of Assessment	Evaluation Method	Evaluation Content	Evaluation results
Annually	From January 1, 2023 to December 31, 2023	Evaluation of the performance of the Board of Directors. Board members' performance evaluation. Audit Committee's performance evaluation. Performance evaluation of the members of the Remuneration Committee.	Self-evaluation of the Board of Directors.	The evaluation covers five major aspects, including: (1) Level of participation in the Company's operations. (2) Improve the quality of the Board's decision making. (3) The composition and structure of the Board of Directors. (4) Election and continuing education of directors. (5) Internal control.	I. Based on the above evaluation results, the overall performance of the Board of Directors and the members of the Board of Directors are in line with the evaluation standards, indicating that the overall operation is still sound. The Company will continue to refine the functions of the Board of Directors based on the results of this performance evaluation to improve corporate governance Outcomes II. This evaluation report was submitted to the Board of Directors on March 14, 2024 for the basis of review and improvement.
			Self-evaluation of board members.	The evaluation covers six major aspects, including: (1) Alignment of the goals and mission of the Company. (2) Awareness of the duties of directors. (3) Level of participation in the Company's operations. (4) Management of internal relationship and communication. (5) Directors' professionalism and continuing education. (6) Internal control.	
			Audit Committee 1. Committee's self-evaluation. 2. Committee members' self-evaluation.	The evaluation covers five major aspects, including: (1) Level of participation in the Company's operations. (2) Awareness of the duties of the functional committee. (3) Quality of decisions made by the functional committee. (4) Composition of the functional committee and election of its members. (5) Internal control, etc.	I. Based on the above evaluation results, the overall performance of the Audit Committee and the members of the Audit Committee has met the evaluation standards, indicating that the overall operation is still sound. The Company will continue to improve the functions of the Audit Committee based on the results of this performance evaluation in order to improve the

Evaluation Cycle	Evaluation period	Scope of Assessment	Evaluation Method	Evaluation Content	Evaluation results
					effectiveness of corporate governance. II. This evaluation report was submitted to the Board of Directors on March 14, 2024 for the basis of review and improvement.
			Member of the Remuneration Committee. 1. Committee's self-evaluation. 2. Committee members' self-evaluation.	The evaluation covers five major aspects, including: (1) Level of participation in the Company's operations. (2) Awareness of the duties of the functional committee. (3) Quality of decisions made by the functional committee. (4) Composition of the functional committee and election of its members. (5) Internal control, etc.	I. Based on the above evaluation results, the overall Remuneration Committee and the performance evaluation of the members of the Remuneration Committee meet the evaluation standards, indicating that the overall operation is still sound. The Company will continue to improve the Remuneration Committee based on the performance evaluation results to improve the effectiveness of corporate governance. II. This evaluation report was submitted to the Board of Directors on March 14, 2024 for the basis of review and improvement.

(5) Objectives to strengthen the functions of the Board of Directors in the current year and the most recent year (e.g. establishment of an audit committee, improvement of information transparency, etc.) and evaluation of implementation:

- ① In addition to providing directors with relevant laws and regulations from time to time, the Company reports the Company's business status to the directors when the board meetings are held, and prepares relevant information and assigned personnel for the directors' inspections.
- ② The Company voluntarily provides information on various training courses, and encourages directors to actively participate in various corporate governance courses or participate in relevant legal compliance promotion meetings with the competent authorities from time to time, in order to strengthen the functions of the Board of Directors.
- ③ Enhance information transparency and enhance the disclosure of finance, stock affairs, corporate governance and sustainable development.

(II) Implementation Status of the Audit Committee:

1. Composition of the Audit Committee:

In accordance with Article 14-4 of the Securities and Exchange Act, the Company has assembled an Audit Committee consisting entirely of Independent Directors to assist the Board of Directors in improving corporate governance performance.

2. Duties of the Audit Committee:

The Audit Committee shall hold regular meetings on a quarterly basis. Within the scope of its authority, the Audit Committee may request the relevant department managers, internal auditors, CPAs, legal advisors or other personnel to attend and provide relevant necessary information.

The duties of the Audit Committee are as follows:

- (1) Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluation of the effectiveness of the internal control system.
- (3) Formulating or revising processing procedures significant financial business activities, such as asset acquisition or disposal, engaging in derivative commodity transactions, lending personal data to others, endorsing for others, or providing guarantees, in accordance with Article 36-1 code of Securities and Exchange Act.
- (4) Matters involving the interests of directors.
- (5) Significant asset or derivative transactions.
- (6) Material lending, endorsement, or guarantee.
- (7) Offering, issuance or private placement of equity-type securities.
- (8) Appointment, dismissal or remuneration of CPAs.
- (9) Appointment and dismissal of financial, accounting or internal auditing officers.
- (10) Annual financial report.
- (11) Other important matters regulated by the Company or the competent authority.

3. The second term of the Audit Committee consists of three members, and the term of office is from June 9, 2023 to June 8, 2026.

4. In 2023, the Audit Committee held 5 meetings (A), and the attendance of Independent Directors is as follows:

Title	Name	Number of attendances in person (B)	Number of attendances by proxy	Actual attendance rate (%) "B/A" (note)	Remarks
Independent Director Convener	Huang, Cheng-Tsung	5	0	100%	
Independent Board Members	Chou, Ta-Jen	3	0	100%	Newly elected on June 9, 2023.
Independent Board Members	Liu, Kuan-Ting	3	0	100%	Newly elected on June 9, 2023.
Independent Board Members	Hu, Tsung-Ho	2	0	100%	Relieved on June 9, 2023
Independent Board Members	Chen, Shun-Fa	2	0	100%	Relieved on June 9, 2023

Note 1: Before the end of the year, if an Independent Director resigns, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is based on the Audit Committee The number of meetings held and the number of actual attendances.

Note 2: Before the end of the year, if an Independent Director is re-elected, both new and old Independent

Directors shall be listed, and whether the Independent Director is old, new, or re-elected and the re-election date shall be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings held during active duty and the number of actual attendances.

5. Other information required to be disclosed:

- I. The operation of the Audit Committee shall be disclosed if any of the following circumstances occur, including the date and period of the meeting, the agenda, the Independent Directors' dissenting opinions, reservations or significant recommendations, the resolution results of the Audit Committee, and the Company's response to the opinions of the Audit Committee.**

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

Term and date of the Audit Committee	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Audit Committee	Company's implementation status
11th meeting of the 1st Audit Committee March 16, 2023	<ol style="list-style-type: none"> 2023 business plan and business targets. 2022 distribution of directors' remuneration. 2022 Annual business report, parent company only financial statements, and consolidated financial statements. 2022 distribution of earnings. Appointment of the Company's internal auditing officer. 2022 "Assessment of the Effectiveness of the Internal Control System" and "Declaration of Internal Control System." 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
12th meeting of the 1st Audit Committee May 11, 2023	<ol style="list-style-type: none"> Review of CPA's fees. The Company's 2023 first quarter consolidated financial statements. Determination of the remuneration to the Chairman. Appointment of the Company's financial supervisor. Approval for applying for a credit limit extension with E.Sun Bank. Assess whether to reclassify those accounts receivable/other receivables/prepayments/guaranteed deposits to loans of funds that are greater than the normal credit/transaction period for more than three months. 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
1st meeting of the 2nd Audit Committee	<ol style="list-style-type: none"> Appointment of the Company's accounting officer. 	None.	It was unanimously approved by all attending	Implemented as resolved.

Term and date of the Audit Committee	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Audit Committee	Company's implementation status
June 9, 2023			members upon enquiry by the Chairperson.	
2nd meeting of the 2nd Audit Committee August 10, 2023	<ol style="list-style-type: none"> 1. The Company's 2023 second quarter consolidated financial statements. 2. Proposal of the Company to approve the provision of non-assurance services by certifying accounting firms and affiliated companies to the Company. 3. Approval of the "Risk Management Policy" of the Company. 4. The Company applied to the First Bank as a financial institution for a credit limit extension. 5. Proposal for the Company to increase financing facilities from the financial institution Yuanta Bank. 6. The Company applied to the Cooperative Bank for credit limit extension. 7. The Company applied to the financial institution Taiwan Business Bank for credit limit extension. 8. The Company applied to the financial institution Chang Hwa Bank for credit limit extension. 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
3rd meeting of the 2nd Audit Committee November 8, 2023	<ol style="list-style-type: none"> 1. Approval for formulating the "Regulations Governing Wages and Remuneration of Directors and Managerial Officers". 2. Proposal to evaluate the independence of the Company's CPAs. 3. The Company's 2023 third quarter consolidated financial statements. 4. Appointment of the Company's internal auditing officer. 5. The Company's 2024 internal audit plan. 6. Approval for the establishment of the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties." 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.

Term and date of the Audit Committee	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Audit Committee	Company's implementation status
	7. Application to the financial institution, Mega Bank, for a credit limit extension. 8. Motion to apply for a credit limit extension with the financial institution, Cathay United Bank.			

(II) Other than the aforesaid matters, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. For the recusal of an Independent Director from a proposal because of a conflict of interest, the name of the Independent Director, the content of the proposal, the reason for recusal, and the participation in voting shall be disclosed: None.

III. Communication between Independent Directors, internal auditing officer, and CPAs (including major issues, methods, and results of communication on the Company's financial and business status).

1. Communication between Independent Directors and internal audit supervisors: (No directors or management were present during the symposium):

Date	Method	Communication focus	Implementation result
March 16, 2023	Symposium	1. Progress of the annual audit plan implementation 2. Explanation of audit findings and improvement results. 3. 2022 "Assessment of the Effectiveness of the Internal Control System" and "Declaration of Internal Control System." 4. Other matters for discussion or instructions.	Independent Directors had no opinion on this matter.
November 8, 2023	Symposium	1. Complete the audit draft and report as planned. 2. Complete the 2024 annual audit plan. 3. Internal control self-assessment commenced in 2023.	Independent Directors had no opinion on this matter.
March 16, 2023	Audit Committee	1. Internal audit report. 2. 2022 "Assessment of the Effectiveness of the Internal Control System" and "Declaration of Internal Control System."	Independent Directors had no opinion on this matter.
May 11, 2023	Audit Committee	1. Internal audit report.	Independent Directors had no opinion on this matter.
August 10, 2023	Audit Committee	1. Internal audit report. 2. Establishment of the "Risk Management Policy" of the Company.	Independent Directors had no opinion on this matter.

Date	Method	Communication focus	Implementation result
November 8, 2023	Audit Committee	1. Internal audit report. 2. The Company's 2023 risk management policy implementation report. 3. The Company's 2024 internal audit plan.	Independent Directors had no opinion on this matter.

2. Communication between Independent Directors and CPAs: (No directors or management were present at the symposium):

Date	Method	Communication focus	Implementation result
March 16, 2023	Symposium	Scope of audit; audit results; independent auditors' independence; financial analysis; and recent legal information.	Independent Directors had no opinion on this matter.
November 8, 2023	Symposium	Scope of audit; audit results; independent auditors' independence; financial analysis; and recent legal information.	Independent Directors had no opinion on this matter.

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

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has formulated the Corporate Governance Best Practice Principles and disclosed on the website.	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
II. Shareholding Structure and Shareholders' Rights				
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(I) The Company has a dedicated unit to handle shareholders' suggestions, doubts, disputes and litigation matters, and has a spokesperson system to release material information and financial information in accordance with the Company's regulations.	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(II) The Company reports the information on changes in the shareholdings of directors and managers on a monthly basis, and publishes the list of the top ten shareholders in the annual report.	
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(III) The Company has formulated the guidelines for the supervision and management of subsidiaries, and regularly implements the supervision of subsidiaries in accordance with the internal control system/internal audit system to implement the risk control mechanism.	
(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(IV) The company has established Regulations for the Prevention of Insider Trading (including regulations for insiders and those subject to insider trading regulations. When significant internal	

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
terms?				
(IV) Does the Company evaluate the independence of CPAs on a regular basis?	V		(IV) In order to improve the audit quality of financial statements, the Company regularly evaluates the independence and suitability of the Company's CPAs (including the Audit Quality Indicator (AQI), including professionalism, independence, quality control, supervision, innovation, etc. There are 13 indicators from five aspects and the comparison with "firm level" and "audit case level" objectively evaluate the audit quality of the CPA firm and the audit team. Approved by the Board of Directors on March 14, 2024, for compliance with the independence and suitability of the audit provided by the CPA Taiwan, please refer to Note 1 for details.	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		While implementing efficient corporate governance and promoting corporate social responsibility, the Company shall ensure adherence to pertinent laws and regulations, as well as regulations outlined in the Articles of Incorporation, when establishing the corporate governance system. Additionally, the system shall safeguard the rights and interests of shareholders, ensure equitable treatment of shareholders, fortify the functioning of the Board of Directors and functional committees, enhance information transparency, and fulfill corporate social responsibility. I. Corporate Governance Officer: On May 11, 2023, the 15th meeting of the 15th Board of Directors resolved to appoint Ms. Kuo, Shu-Ling as Corporate Governance Officer (full-time) to protect shareholders' interests and strengthen the functions of the Board of Directors. She is qualified to serve as legal counsel, At least three years of service in compliance, finance, accounting, stock affairs, corporate governance and other related affairs units. They meet the qualifications required of a corporate	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>governance officer.</p> <p>II. The scope of authority of the corporate governance officer: According to the "Guidelines for Compliance in the Establishment and Exercise of Powers of the Board of Directors of Listed Companies", the corporate governance officer is responsible for corporate governance-related affairs, including the following:</p> <ol style="list-style-type: none"> 1. Handle matters related to the Board of Directors and Shareholders' Meeting in accordance with the law. 2. Preparation of minutes of board meetings and shareholders' meetings. 3. Assisting directors in their assumption of office and continuing education. 4. To provide the information required by the directors to carry out their duties. 5. Assist directors in complying with laws and regulations. 6. Other matters stipulated in the Company's Articles of Incorporation or contracts. <p>III. Continuing education of the corporate governance officer: Corporate Governance Officer, Ms Kuo,Shu-Ling, was appointed on May 11, 2023 with the approval of the Board of Directors. Please refer to Note 2 for details on the continuing education of Corporate Governance Officer.</p>	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and	V		The company prioritizes issues of concern to stakeholders and communication channels. It communicates openly with shareholders, employees, customers, suppliers, government agencies, and government units. Information is regularly or irregularly disclosed or communicated directly with stakeholders while respecting and protecting their legitimate rights and interests. A stakeholder identification and	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
concerns on important corporate social responsibility issues?			communication section has been set up on the Company's website, and dedicated personnel are assigned to respond to important corporate social responsibility issues that stakeholders are concerned about. Please refer to Note 3 for the status of stakeholder communication.	Listed Companies.
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has appointed "Grand Fortune Securities Co., Ltd, Stock Affairs Agency Department" to handle shareholders' meetings and various stock affairs.	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website. Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item. designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V V		(I) The Company has set up "Corporate Governance," "Investor Relations" and "Corporate Social Responsibility" sections on its official website, and regularly discloses the Company's financial business and corporate governance information. (II) The Company has established its official website in Traditional, Simplified, English and Japanese, and has designated personnel to be responsible for the collection and disclosure of Company information. The Company has implemented a spokesperson system, and has complied with laws and regulations in order to timely disclose information that is sufficient to influence the decision-making of shareholders and stakeholders.	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(III) The Company reports its financial statements and the operating status of each month on time and in accordance with the "List of Matters Required to Be Handled by Issuers of Listed Securities".	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		<p>The Company's management has two-way communication channels with the following related parties, and the details are as follows:</p> <p>(I) Protection of employees' rights and interests: All are handled in accordance with the Labor Standards Act and the Company's personnel regulations.</p> <p>(II) Employee care: The Company's monthly meeting of all employees is held every month to enhance employee communication and understand the Company's operating results, and to provide a channel for interdepartmental communication; an employee complaint mailbox and telephone number are also provided to provide a smooth channel for employees to complain.</p> <p>(III) Investor relations: The Company has established a designated contact for external communication with institutional investors and shareholders, and has established a two-way communication channel between the management and external investors.</p> <p>(IV) Supplier relations: The Company has established a supplier management procedure, which includes conducting an annual evaluation of suppliers based on customer complaints, incoming material quality, handling of quality abnormalities and defective</p>	Complies with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>products, and compiling a report. The supplier evaluation form includes regulatory compliance, management systems, and environmental protection as scoring criteria for suppliers.</p> <p>(V) Stakeholder rights: The Company discloses transparent and real-time information on its website and MOPS, such as information on finance, business and corporate governance.</p> <p>(VI) Continuing education of directors: The directors of the Company are required to report for continuing education each year as required by law. For details on the continuing education of directors, please refer to the Corporate Governance Section of the Market Observation Post System.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: In order to ensure the integrity of the Company's risk management system, the "Risk Management Policy" has been formulated to implement the risk management mechanism and enhance the efficiency of risk management division of labor; The Board of Directors oversees risk management. For the sake of risk management, business strategies and organizational culture that emphasize risk management should be shaped, and an overall risk management system should be established. The Board of Directors, managers and employees of the Company and subsidiaries Maintained within the risk tolerance, in order to reasonably ensure the achievement of the Company's strategic objectives. The implementation for 2023 was reported to the Audit Committee and</p>	

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>the Board of Directors on November 8, 2023.</p> <p>(VIII) Implementation of customer policy: The Company maintains a stable and good relationship with its customers to create corporate profits.</p> <p>(IX) The Company's purchase of liability insurance for directors: Since December 26, 2013, the Company has taken out liability insurance for directors, supervisors and key employees every year. The directors' liability insurance for the most recent year was purchased from Mingtai Fire & Marine Insurance Co., Ltd. on December 26, 2023 for an amount of US\$5 million, and was reported to the Board of Directors on March 14, 2024.</p>	
<p>IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</p> <p>(Not required for companies not included in the evaluation list):</p> <p>The Company continued to improve its various corporate governance mechanisms in line with the corporate governance blueprint issued by the Financial Supervisory Commission, and responded to the five major strategies of safeguarding shareholders' rights and interests, treating shareholders equally, improving information transparency, strengthening the structure and operation of the Board of Directors, and implementing corporate social responsibility. We continue to create value for our stakeholders and aim to become a benchmark for sustainable enterprises.</p> <p>The Company will conduct self-examination and assessment every year to see if there are any reasons for the failure of the Company's corporate governance to meet the standards. If there are any deficiencies in each implementation area, the Company will strengthen and improve it progressively, and then continue to improve and strengthen, in order to enhance the corporate governance image.</p>				

Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

Note 1: The Company regularly evaluates the independence and suitability of the certified public accountants (including the Audit Quality Indicator (AQI)).

- I. In order to improve the audit quality of financial statements, the Company regularly evaluates the independence and suitability of the Company's CPAs (including the Audit Quality Indicator (AQI), including professionalism, independence, quality control, supervision, innovation, etc. There are 13 indicators from five aspects and the comparison with "firm level" and "audit case level" objectively evaluate the audit quality of the CPA firm and the audit team.
- II. After reviewing the Audit Quality Indicator (AQI) provided by CPAs, CPA Wang, Sung-Tse and CPA Lin, Chun-Yao, conforming to independence and suitability, the AQI was evaluated and approved by the Board of Directors on March 14, 2024.
- III. Criteria for evaluating the independence of CPAs:

Evaluation Items	Evaluation results	Independence
I. Review of requirements for independence		
1. Do the accountants, their spouses or minor children invest or share financial benefits with the Company?	No	Yes
2. Does the accountant or the accountant's spouse or underage children have any loan of funds with the Company? However, if the principal is a financial institution and has regular transactions, this shall not apply.	No	Yes
3. Are the CPAs or members of the audit service team serving as directors, managers, or positions that have a significant impact on the audits of the Company currently or in the past two years?	No	Yes
4. Do the CPA or members of the audit service team promote or broker the shares or other securities issued by the Company?	No	Yes
5. In addition to the services permitted by law, do the accountants or members of the audit service team defend legal cases or other disputes on behalf of the Company and third parties?	No	Yes
6. Do the CPA or members of the audit team have a relationship with the Company's directors, managers or personnel who have a significant impact on the audits?	No	Yes
7. Do the co-practicing accountants within one year after their discharge serve as directors, managers, or positions that have a significant impact on the audit?	No	Yes
8. Do the CPA or members of the Audit Service Team receive any gifts or special offers of great value from the Company or its directors, managers or major shareholders?	No	Yes
9. Is the CPA currently engaged by the principal or the person being investigated to perform regular duties, receive fixed salaries, or serve as directors or supervisors?	No	Yes
II. Operational review of independence		
1. When the CPAs provide opinions on the audit, review, review or project review of the financial statements, do they maintain the independence in terms of substance as well as independence in form?	Yes	Yes
2. Do members of the audit service team, other joint practicing accountants, shareholders of the accounting firm, affiliated firms, or alliance firms maintain independence from the company?	Yes	Yes
3. Do the CPA perform professional services with integrity and rigor?	Yes	Yes
4. Do the accountants maintain a fair and objective standpoint when performing professional services, and have they avoided professional judgments affected by prejudice, conflicts of interest, or relationships of interest?	Yes	Yes

Note 2: Continuing education of Corporate Governance Officer:

Corporate Governance Officer, Ms. Kuo, Shu-Ling, was appointed after the approval of the Board of Directors on May 11, 2023. The continuing education of Corporate Governance Officer is as follows (from May 12, 2023 to December 31, 2023):

Date	Organizer	Course name	Number of hours
September 11, 2023	The Institute of Internal Auditors-Chinese Taiwan	"Functions and Tasks of Corporate Governance Personnel under the Corporate Governance Blueprint" and "Latest Practices and Developments of Domestic Trading in Taiwan"	6
September 15, 2023	Corporate Operating and Sustainable Development Association	"Corporate Carbon Management Practice and Application of Digital Tools"	3
October 20, 2023	Securities and Futures Institute (SFI Taiwan)	"Insider Trading Prevention 2023"	3
October 24, 2023 - October 25, 2023	Securities and Futures Institute (SFI Taiwan)	"Practical Workshop for Directors, Supervisors (including Independent Directors) and Corporate Governance Officers"	12
November 29, 2023	Securities and Futures Institute (SFI Taiwan)	"2023 Insider Equity Transaction Legal Compliance Seminar"	3
		Total	27

Note 3: Stakeholder communication:

Status of communication with stakeholders in 2023 (Report of the Board of Directors: November 8, 2023)

Stakeholders	Concerned issues	Communication channel	Communication frequency	Response from the Company	Affiliation Department (contact window)
Shareholder/Investor Director/Independent Director	<ul style="list-style-type: none"> • ESG sustainability. • Ethical management. • Corporate governance. • Business performance. • Risk management. • Regulatory compliance. • Information disclosure and transparency. • Functions and responsibilities of the Board of Directors. • Functions and responsibilities of the functional committees. 	<ul style="list-style-type: none"> • Shareholders' Meeting. • Corporate investor conference. • Board of Directors. • Audit Committee • Remuneration Committee. • Seminars between Independent Directors and audit officers. • Symposium between Independent Directors and CPAs. • Market Observation Post System. • Company website. • Investor relations - Mailbox. sharehd@aurotek.com 	<ul style="list-style-type: none"> • At least once per year. • At least once per year. • At least once per quarter. • At least once per quarter. • At least twice per year. • Twice per year. • Twice per year. • Regular/Irregular. • Regular/Irregular. • Special personnel will handle the case immediately. 	<ul style="list-style-type: none"> • Shareholders' meeting was held on June 9, 2023. • The institutional investor conference is expected to be held on November 20, 2023. • As of November 2023, the Board convened a total of 6 meetings. • As of November 2023, the Audit Committee convened a total of 5 meetings. • As of November 2023, the Remuneration Committee convened a total of 2 meetings. • As of November 2023, a total of 2 seminars between Independent Directors and audit officers were held. • As of November 2023, a total of 2 seminars for Independent Directors and CPAs were held. • Information is disclosed on the Market Observation Post System according to laws. • The company's official website discloses information such as sustainability report, ethical management, corporate governance, financial information, stock affairs information, risk management, company regulations and laws. • Assisting directors in complying with laws and regulations: advocating laws and regulations for Directors/Independent 	<ul style="list-style-type: none"> • General Secretary Office • Administration Department • Corporate governance/stock affairs. • Audit Office • Accounting Department

Stakeholders	Concerned issues	Communication channel	Communication frequency	Response from the Company	Affiliation Department (contact window)
				<p>Directors from time to time.</p> <ul style="list-style-type: none"> • Strengthening of continuing education and functions of Directors/Independent Directors: assisting directors in onboarding and continuing their education. • The Company's investor relations - mailbox: as of 2023, no feedback from investors has been received so far. 	
Customer/Distributor/Agent	<ul style="list-style-type: none"> • Sustainable corporate development. • Ethical management. • Brand management. • Corporate image. • Product and service labeling. • Customer health and safety. • Marketing communication. • Customer/product satisfaction survey. • Product after-sales service. • Employee/dealer education and training. 	<ul style="list-style-type: none"> • Company website. • Customer service hotline • Correspondence. • Distribution/agent discussion. • Satisfaction survey. • After-sales service tracking. • Employee/dealer training 	<ul style="list-style-type: none"> • From time to time. • Prompt processing. • Prompt processing. • 1-4 times per year. • 1-4 times per year. • From time to time. • From time to time. 	<ul style="list-style-type: none"> • Component Business Division, conduct customer tours in conjunction with business promotion activities. • The equipment business division and the technical department cooperate with the sales department to conduct customer tours. • For the Component Business Division and the Equipment Business Division, the average customer satisfaction survey for each of the Company's products in the first half of 2023 exceeded 90%. 	<ul style="list-style-type: none"> • Component Business Division. • Equipment Business Division.
	<ul style="list-style-type: none"> • Market image. • Product innovation. • Sales service and support. 	<ul style="list-style-type: none"> • Participation in exhibitions. • Online/offline communication channels. 	<ul style="list-style-type: none"> • Exhibition Period/Irregular. • At any time. 	<ul style="list-style-type: none"> • Value customer feedback, provide innovative service ideas, and establish close cooperative relations with customers through various channels. 	<ul style="list-style-type: none"> • Business Development Division.

Stakeholders	Concerned issues	Communication channel	Communication frequency	Response from the Company	Affiliation Department (contact window)
Supplier	<ul style="list-style-type: none"> • Supply chain management • Supplier Human Rights Assessment • Business performance • Order management • Quality management • Production technology 	<ul style="list-style-type: none"> • Supplier Evaluation • Supplier assessment • Supplier counseling • Procurement contacts 	<ul style="list-style-type: none"> • From time to time • Once per year • From time to time • From time to time 	<ul style="list-style-type: none"> • New processors are evaluated on-site by each unit. Only those with a total score of 70 or more on the supplier evaluation form will be included as qualified suppliers. In 2023, one new processor was added. • The qualified processors with the top 30% of annual purchase amount undergo annual assessment, mainly scoring quality and cooperation, which has been included in the record and archived. The annual supplier assessment has been archived in the scoring record in the first quarter of 2023. • If there are more than 5 occurrences of quality anomalies in the year, on-site counseling and assessment by the processing vendors shall be implemented, and the on-site assessment score should be above 70 in order to maintain the pass. Before the first quarter of 2023, 4 suppliers have been counseled. 	<ul style="list-style-type: none"> • Materials Control and Procurement Division
Employees	<ul style="list-style-type: none"> • The Company's strategies and operations. • Labor/management relations. • Education, training and career development. • Workplace environment. • Employee opinion expression and communication. • Employee health. • Employee rights. 	<ul style="list-style-type: none"> • Labor-Management Meeting. • Monthly employee meeting • Orientation training for new recruits. • Suggestions for improvement. • Employee Welfare Committee • Employee health check. • Complaint mailbox 	<ul style="list-style-type: none"> • Once per quarter. • Once per month. • From time to time. • From time to time. • Regular/Irregular. • Once per 2 years. • Special personnel will handle the case immediately. 	<ul style="list-style-type: none"> • A labor-management meeting is held in the third month of each quarter. • The meeting is held on the first working day of each month. • Ad hoc education and training and career development meetings are held. • From time to time. • The Company organizes various 	<ul style="list-style-type: none"> • Administration Department. • Employee Welfare Committee.

Stakeholders	Concerned issues	Communication channel	Communication frequency	Response from the Company	Affiliation Department (contact window)
	•			<p>employee activities and annual employee trips from time to time every year.</p> <ul style="list-style-type: none"> Employee health checkup is held every two years, and then on-site medical personnel provide professional suggestions and improvement measures. There are no employee complaint cases in 2023. 	
	<ul style="list-style-type: none"> ESG sustainability. Ethical management. Corporate governance. Regulatory compliance. 	<ul style="list-style-type: none"> Education, training or advocacy. 	<ul style="list-style-type: none"> From time to time. 	<ul style="list-style-type: none"> In August 2023, the training of "Corporate Governance and Sustainable Development Blueprint" was held. In April 2023, the Company held the promotion of "Procedures for Handling Material Inside Information and Prevention of Insider Trading". "Ethical Policy" training was held in April 2023. Promote energy conservation and carbon reduction. 	<ul style="list-style-type: none"> Corporate governance/stock affairs. Administration Department.
	<ul style="list-style-type: none"> Organizational performance enhancement plans. Second curve development. Sales service and support. 	<ul style="list-style-type: none"> Strategic plan formulation and communication. Various education and training. Management regulations/feedback mechanism formulation. 	<ul style="list-style-type: none"> From time to time. From time to time. At any time. 	<ul style="list-style-type: none"> Communicate and discuss from the Board of Directors to all colleagues to ensure the consistent direction of strategy execution. 	<ul style="list-style-type: none"> Business Development Division.
The general public	<ul style="list-style-type: none"> ESG sustainability. Brand influence. 	<ul style="list-style-type: none"> Sustainability Report. Company website Interview/Forum. 	<ul style="list-style-type: none"> Once per year. From time to time. From time to time. 	<ul style="list-style-type: none"> Investigate and establish a development mechanism for sustainable operations. Communicate corporate values and philosophy. 	<ul style="list-style-type: none"> Business Development Division.
	<ul style="list-style-type: none"> Community Feedback. Social concern. 	<ul style="list-style-type: none"> Participation in community activities. 	<ul style="list-style-type: none"> From time to time. From time to time. 	<ul style="list-style-type: none"> Participation in community activities. 	<ul style="list-style-type: none"> Administration Department.

Stakeholders	Concerned issues	Communication channel	Communication frequency	Response from the Company	Affiliation Department (contact window)
		<ul style="list-style-type: none"> Charity activities. 		<ul style="list-style-type: none"> Hosted the 2023 charity event - Sending Love to Africa. 	
Government agencies/ Non-profit organization	<ul style="list-style-type: none"> Compliance with laws and regulations. Occupational safety and health. Greenhouse gas reduction. Environmental management. Energy Consumption. 	<ul style="list-style-type: none"> Participation in symposiums, public regulatory hearings and correspondence organized by the competent authority. 	<ul style="list-style-type: none"> From time to time. 	<ul style="list-style-type: none"> 2023/2/14 "Safety and Hygiene Education Training Course for Forklift Operators with a Load Over 1 Metric Ton (Licensing Class)." 2023/4/18 "Fire Prevention Management Personnel Refresher Training". 2023/6/15, 2023/6/30, 2023/7/31, 2023/8/7 "First-aid personnel safety and health in-service training course." 2023/6/28 "In-service training course for waste removal and disposal technicians" 2023/7/4 "In-service training course for air pollution control personnel" 2023/7/11 Applied for the auxiliary diagnosis and counseling for manufacturing low-carbon and intelligent upgrades by the Ministry of Economic Affairs. 2023/7/13 "Wastewater Treatment Personnel In-service Training Course" 2023/08/01 Taoyuan Factory solar power generation project will save power and reduce carbon emissions after completion. 	<ul style="list-style-type: none"> Administration Department.

(IV) If the Company has a Remuneration Committee or Nomination Committee, the composition and operation of the committee shall be disclosed.

1. Information on the members of the Remuneration Committee

April 20, 2024

Qualifications		Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Capacity (Note 1)	Name			
Independent Director Convener	Huang, Cheng-Tsung	Please refer to pages 11 to 15 of "(I) Information of directors" of this annual report. Please refer to "Director's Professional Qualifications and Disclosure of Independent Director Independence Information" on page 17-21 of this annual report.	During the two years preceding their appointment and throughout their term, Independent Directors must meet the qualifications outlined in the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. The Independent Directors have also been given the authority to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, allowing them to carry out their duties independently. Furthermore, in terms of management and operations, they can offer industry analysis and integration, risk management, legal strategy/compliance, and management decision-making assistance. As a result, when Independent Directors and Audit Committee Members perform their duties, they can use their legal, financial, and industry management expertise to improve the quality of corporate governance and the Audit Committee's oversight function. For the professional experience (education), concurrently held positions and family relationship, please refer to "(I) Information of directors" on pages 11 to 15 of this annual report .	0
Independent Board Members (Note 1)	Chou, Ta-Jen			2
Independent Board Members (Note 2)	Liu, Kuan-Ting			0
Independent Board Members (Note 3)	Hu, Tsung-Ho			0
Independent Board Members (Note 4)	Chen, Shun-Fa			3
None of the Company's directors (including Independent Directors) fell under the circumstances described in Article 30 of the Company Act.				

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an Independent Director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (I). For “Capacity,” please specify whether the member is an Independent Director or other (if the member is the convener, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a “specified company” (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the “SAMPLE ANNUAL REPORT” page on the website of the Taiwan Stock Exchange Corporate Governance Center.

Note 1: Independent Director Chou, Ta-Jen , elected on June 9, 2023.

Note 2: Independent Director Liu, Kuan-Ting , elected on June 9, 2023.

Note 3: Independent Director Hu, Tsung-Ho was elected on June 11, 2020 and discharged on June 9, 2023.

Note 4: Independent Director Chen, Shun-Fa, who was elected on June 11, 2020 and discharged on June 9, 2023.

2. Operation of the Remuneration Committee

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

(2) The term of office of the 5th Remuneration Committee is from June 9, 2023 to June 8, 2026.

(3) In 2023, a total of 3 meetings were held. The attendance of each committee member is as follows:

Title	Name	Number of attendances in person (B)	Number of attendance by proxy	Actual attendance rate (%) "B/A" (note)	Remarks
Independent Director Convener	Huang, Cheng-Tsung	3	0	100%	
Independent Board Members	Chou, Ta-Jen	2	0	100%	Elected on June 9, 2023
Independent Board Members	Liu, Kuan-Ting	2	0	100%	Elected on June 9, 2023
Independent Board Members	Chen, Shun-Fa	1	0	100%	Relieved on June 9, 2023
Independent Board Members	Hu, Tsung-Ho	1	0	100%	Relieved on June 9, 2023

Note:

(1) If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

(2) If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

Other information required to be disclosed:

I. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(4) Contents of motions proposed by the Remuneration Committee in the most recent year and voting results:

Term and date of the Remuneration Committee	Agenda	Remuneration Committee's opinions or major recommendations	Resolution of the Remuneration Committee	Company's implementation status
6th meeting of the 4th Remuneration Committee, March 16, 2023	1. Appropriation of 2022 employees' and directors' remuneration. 2. The work plan for 2023. 3. Determining the remuneration to the Chairman.	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
1st meeting of the 5th Remuneration Committee, August 10, 2023	1. Appropriation of 2022 directors' remuneration and employees' remuneration of the Company.	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
	2. The Company's 2023 managerial officers' salary adjustment.	Suggestion by Huang, Cheng-Tsung: The Company has commissioned external consultants to carry out the "Compensation Optimization Project". After the salary adjustment is finalized, it will be included in the next proposal (not for discussion at this time).	After the Chair consulted all the members present, the proposal was approved by Huang, Cheng-Tsung's resolution.	It was implemented as proposed by Huang, Cheng-Tsung, and it will be included in the next meeting of the agenda (not for discussion at this time).
2nd meeting of the 5th Remuneration Committee, November 8, 2023.	1. The proposal for the "Regulations Governing Wages and Remuneration of Directors and Managerial Officers". 2. The Company's 2023 managerial officers' salary adjustment.	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.

(5) If a member of the Remuneration Committee recused himself from a proposal because of a conflict of interest, the name of the member, the content of the proposal, the reason for recusal, and the participation in voting shall be stated:

Term and date of the Remuneration Committee	Agenda	Committee member recused from conflict of interest	Reason for recusal	Participation in voting
5th meeting of the 4th term August 10, 2023	2022 distribution of remuneration to directors and managers (amount to be allocated by directors and managers).	Huang, Cheng-Tsung	Committee member Huang, Cheng-Tsung was the interested party.	The stakeholders had voluntarily recused themselves from the discussion and resolution of this proposal. The proposal was approved by the other members present at the Chair's enquiry.

(V) The implementation of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Item	Implementation status (Note1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		<p>1. To achieve the goal of sustainable development, the company has established the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" of the Taiwan Stock Exchange. The Board of Directors has approved amendments to the "Sustainable Development Best Practice Principles" on March 15, 2022, as the basis for the Company's promotion of sustainable development-related matters; established a part-time unit under the General Secretary Office and the Administration Division to promote sustainable development, responsible for sustainable development policies and systems, propose and implement relevant management guidelines and concrete promotion plans, and provide regular reports to the Board of Directors.</p> <p>2. The Company's "Quarterly Inventory and Verification Schedule", "Greenhouse Gas Reduction, Reduction of Water Use and Other Waste Management Policies and Implementation Reports", "2023 Sustainable Development and 2024 Implementation Plan" and "2023 Ethical Corporate Management Operational Status and 2024 Implementation Plan" reported to the Board of Directors on November 8, 2023, and disclosed on the Company's official website.</p> <p>The Company implements and promotes corporate governance, development of a sustainable environment, maintenance of social welfare, and enhanced disclosure of sustainable development information.</p>	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		<p>The Company is committed to building a sound corporate sustainable development, and has established and implemented the "Sustainable Development Best Practice Principles" which is disclosed on the Company's website.</p> <p>The Company identifies material issues based on the GRI Standards, follows the reporting principles and defines the content of the report as a guide, and references past implementation experience and results to identify the major issues that are the main concern of the Company, and divide them into three major categories: economics, society, and environment.</p> <p>The Company's corporate governance conducts risk assessments on economic, social, and environmental issues related to the Company's operations, and actively practices corporate social responsibility in order to comply with international trends in corporate governance development during business operations. Please refer to Attachment 1.</p>	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics? (II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact? (III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V V V		(I) The Company has obtained the ISO 14001 environmental management system certification (valid on April 24, 2021 - April 23, 2024) for the environmental management system, and has established the environmental management manual, environmental protection management measures, and environmental management plans in accordance with the ISO 14001 environmental management system and controls the operation of the Company, Environmental Supervision and Measurement, Environmental Targets and Programs, Identification and Analysis of Environmental Aspects, Noise Protection Standards, and Environmental Management System requirements. (II) 1. The Company and its subsidiaries are committed to improving the efficiency of the use of various resources in the implementation of business activities and internal management, so that the earth's resources can be used sustainably. The relevant environmental protection policies include: promoting the electronization of operating procedures to save paper and promote the recycling and reuse of photocopy paper, and implement garbage sorting for recycling. 2. Strengthen the awareness of environmental protection of all employees. Through the reduction, use and recycling of the Company's reusable resources, the results of recycling are reported to the local government on a monthly basis. After compiling the statistics: (1) A total of 10,340 kilograms of recycled content in 2023. (2) A total of 9,312 kilograms of recycled content in 2022. (III) Climate change is a major concern for enterprises seeking to develop sustainably. Climate change has resulted in an overall increase in global temperature, which has had an indirect impact on the Company's increased demand for air-conditioning equipment. and maintenance to avoid increased carbon emissions and reduce greenhouse gas production.	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>(IV) 1. The Company has established and disclosed greenhouse gas reduction, water use or other waste management policies, reduction targets, promotion measures and achievements, and reported to the Board of Directors annually.</p> <p>2. In response to climate change, the Company controls greenhouse gas inventory and verification schedule reports, and reports to the Board of Directors every quarter, in order to strengthen the development of greenhouse gas management plans, and continue to reduce greenhouse gas emissions in the production process. Pay attention to the future development of greenhouse gas regulations, in order to comply with future greenhouse gas control requirements at home and abroad, and fulfill our responsibility for the global environment.</p> <p>3. The Company's core values and visions are protecting the earth, sustainable development, green energy and carbon reduction, and clean energy. The solar power generation project of the Company's new Taoyuan plant projected to complete on February 26, 2024, the total amount is NTD 1,608,130, and the preliminary estimate is that it will save 33,000 KWH of power and 16,334 kilograms of carbon emissions (about 5%) each year.</p>	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)				Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																																																			
	Yes	No	Summary description																																																					
			Scope of data (parent company). <table><tr><td></td><td>Scope 1</td><td>Scope 2</td><td colspan="2">Total</td></tr><tr><td>2023</td><td>21,407 kg</td><td>345,143 kg</td><td colspan="2">366,550 kg</td></tr><tr><td>2022</td><td>No statistics</td><td>372,270 kg</td><td colspan="2">372,270 kg</td></tr><tr><td>Reduced amount</td><td>No statistics</td><td>27,127 kg</td><td colspan="2">5,720 kg</td></tr><tr><td>Reduction %</td><td>No statistics</td><td>7.28%</td><td colspan="2">1.54%</td></tr></table> <table><tr><td></td><td>Total water consumption volume</td><td>Total waste</td><td>Hazardous commercial waste</td><td>General industrial waste</td></tr><tr><td>2023</td><td>1,613 m³</td><td>6,600 kg</td><td>0</td><td>6,600 kg</td></tr><tr><td>2022</td><td>1,570 m³</td><td>6,900 kg</td><td>0</td><td>6,900 kg</td></tr><tr><td>Reduced amount</td><td>-43 m³</td><td>300 kg</td><td>0</td><td>300 kg</td></tr><tr><td>Reduction %</td><td>-2.74%</td><td>4.35%</td><td>0</td><td>4.35%</td></tr></table>				Scope 1	Scope 2	Total		2023	21,407 kg	345,143 kg	366,550 kg		2022	No statistics	372,270 kg	372,270 kg		Reduced amount	No statistics	27,127 kg	5,720 kg		Reduction %	No statistics	7.28%	1.54%			Total water consumption volume	Total waste	Hazardous commercial waste	General industrial waste	2023	1,613 m ³	6,600 kg	0	6,600 kg	2022	1,570 m ³	6,900 kg	0	6,900 kg	Reduced amount	-43 m ³	300 kg	0	300 kg	Reduction %	-2.74%	4.35%	0	4.35%	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Scope 1	Scope 2	Total																																																					
2023	21,407 kg	345,143 kg	366,550 kg																																																					
2022	No statistics	372,270 kg	372,270 kg																																																					
Reduced amount	No statistics	27,127 kg	5,720 kg																																																					
Reduction %	No statistics	7.28%	1.54%																																																					
	Total water consumption volume	Total waste	Hazardous commercial waste	General industrial waste																																																				
2023	1,613 m ³	6,600 kg	0	6,600 kg																																																				
2022	1,570 m ³	6,900 kg	0	6,900 kg																																																				
Reduced amount	-43 m ³	300 kg	0	300 kg																																																				
Reduction %	-2.74%	4.35%	0	4.35%																																																				

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		1. The Company has complied with the relevant laws and regulations in force, including the Labor Standards Act, the Employment Service Act, and the Act of Gender Equality in Employment, and abides by the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization of the United Nations, and other internationally recognized human rights conventions and standards. Through the internal work rules established by the Company, the rights and obligations of both parties are clearly defined, and complaint channels are provided to protect the rights and interests of colleagues. A robust management system urges both parties to work together for business development. 2. In order to implement the "Human Rights Policy," the Company identifies risks related to human rights issues and formulates corresponding management measures, regularly evaluates the effectiveness, and adjusts management measures based on the evaluation results, in order to control and mitigate risks, and to improve the Company's various protection of human rights. 3. The Company's human rights policy, specific management plans, and implementation are disclosed on the Company's website.	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>1. Article 23 of the Company's "Articles of Incorporation" provides for the appropriation of employee remuneration. If there is profit in the year, the Company shall set aside no less than 5% as employee's remuneration, which shall be distributed in shares or cash by resolution of the Board of Directors. The recipients of the distribution may include subordinate employees who meet certain conditions; the Company The Board of Directors may resolve to appropriate no more than 5% of the above profits as directors' remuneration. However, if the Company still has any accumulated losses, it shall reserve adequate amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.</p> <p>2. The Company has established regulations regarding salary, leave, performance, and other benefits, which are subject to revision and adjustment at any time according to laws and regulations.</p> <p>3. The Company has established the Employee Welfare Committee and publishes the current year's welfare white paper every year.</p> <p>4. The administrative unit evaluates and discusses the Company's operating results on an annual basis in accordance with the relevant management measures on the employees' remuneration.</p>	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<ol style="list-style-type: none"> 1. The Company has formulated the Occupational Safety and Health Act and the Labor Health Protection Rules, and regularly implements safety and health education and health seminars for employees. 2. In 2023, the Company conducted 2 internal education trainings on employee safety and health in the working environment, with a total of 26 employees and a total training hours of 78 hours. 3. In 2023, the Company provided external training for a total of 13 people on the safety and health of employees in the work environment, with a total training hours of 141 hours. 4. There was no fire incident in the Company in 2023 No casualties(0%) Relevant improvement measures in response to fires are as follows: (1)In accordance with the Regulations for inspecting and reporting buildings public security, the Company commissioned a professional company to conduct public safety inspection once every two years. (2)According to the provisions of the Fire Services Act, the Company outsources fire inspections every year. (3)Hold internal fire drills twice a year. 5. No employee of the Company suffered any occupational injury in 2023 due to the work environment or office environment. There were only 5 employee occupational injury cases (approximately 3.33%), which were all caused by traffic accidents while commuting to and from work. Traffic safety promotion will be further enhanced to reduce the occurrence of accidents. 	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
(IV) Has the Company established effective career development training programs for employees?	V		<ol style="list-style-type: none"> 1. The Company organizes training courses for new employees and management from time to time every year. In addition, various training courses are planned according to the needs of employees' work and to strengthen their professionalism. 2. The Company also provides the "AUROTEK Knowledge Management" digital learning platform to preserve and pass on knowledge. 3. Books and magazines are available in the employee lounge for employees to borrow. 	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The Company has formulated relevant management measures for customer health and safety, privacy, marketing and labeling of products and services. Customers and consumers may contact the Company via the Company's telephone or email to inquire about products or use of products or raise complaints. Once the Company receives messages from customers or consumers, the Company's accountable personnel are responsible for responding. Relevant contact information is disclosed in the stakeholder section of the Company's website. Email: sharehd@aurotek.com	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<ol style="list-style-type: none"> 1. Establish a supply chain that protects the environment, emphasizes social responsibility, labor rights, safety, health, and sustainable development with suppliers. 2. In order to implement the external supplier management system, we have established the "Supplier Management Regulations", "Supplier's Corporate Social Responsibility Commitment", "Supplier Evaluation Form", "Supplier Annual Evaluation Record Form", etc. 3. The development and selection of the Company and suppliers will give priority to the following conditions: <ol style="list-style-type: none"> (1) Certified with ISO 9001, ISO 14001, and ISO 45001. (2) There is no negative news about the supplier's environmental protection, occupational safety and health, or labor rights. 4. The Company conducts annual supplier assessment. 5. In summary, to stabilize the quality of materials used and ensure the source of materials, the company promotes full competition among suppliers to improve quality, implement cost control, implement on-time delivery, safety and health, environmental responsibility, labor rights and human rights, and pursue corporate sustainability. 	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The "sustainability report" of the Company is prepared in accordance with the Global Reporting Initiative (GRI) guidelines issued by the Global Sustainability Standards Board (GSSB) and all standard disclosures in the "Core option". The Company's Corporate Social Responsibility Report has not been verified by the relevant verification agencies.	Complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
<p>VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: None.</p> <p>The Company has formulated the "Sustainable Development Best Practice Principles" and its operation is consistent with the spirit and principles of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and has been disclosed on the Company's website.</p>				

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Summary description										
VII. Other important information to facilitate better understanding of the company’s promotion of sustainable development: We deeply realize that the purpose of business existence is to provide social functions and satisfy human values. In promoting sustainable development, we are committed to: 1. For customers: We proactively discover and create the needs of the ultimate customers, and provide products and services at acceptable prices in the shortest time possible to satisfy customers. 2. For suppliers and partners: We adhere to the principles of business opportunity sharing and cooperation and mutual benefit, expand international cooperation, and establish a fair and friendly cooperation platform to integrate resources and create value. 3. To employees: (1) We uphold the people-oriented spirit, treat each employee with respect, create a safe, fair, open and friendly working environment, and establish a global, flexible, and never-ending team of effective talents, so that each employee can continue to innovate and establish core expertise for self-realization. (2) Workplace diversity or gender equality policies and their implementation: ① The Company is committed to providing employees with a dignified and safe working environment. We implement the diversity of employment, fairness in remuneration and promotion opportunities, and ensure that employees are not protected by applicable laws and regulations based on race, gender, religion, age, political affiliation, and other aspects harassment, discrimination, or unequal treatment in any other situation. ② Based on the human rights principle of equal employment opportunities, the Company provides equal job opportunities to all job seekers and complies with the "Labor Standards Act", "Employment Service Act" and "Act of Gender Equality in Employment". ③ The Company's regulations contain salaries, evaluations, promotions and bonuses to ensure the rights and interests of employees. ④ The Company values diversity in the workplace, and we respect their cultures and customs. There have been no violations of their job rights and human rights. ⑤ The Company's policies and measures to ensure gender equality are as follows:													
<table><tr><th>Item</th><th>Regulations</th><th>Description</th></tr><tr><td>Providing reasonable channels for grievances</td><td>Establishment of "Grievance/Reporting Management Guidelines."</td><td>Provide reasonable channels for employees to raise complaints when their legitimate rights are damaged or improperly handled.</td></tr><tr><td>Incidents of Prohibition on Sexual Harassment in the Workplace</td><td>Establishment of "Sexual Harassment Prevention, Complaint, and Disciplinary Measures."</td><td>Provide a work environment free from sexual harassment for employees and job seekers.</td></tr></table>					Item	Regulations	Description	Providing reasonable channels for grievances	Establishment of "Grievance/Reporting Management Guidelines."	Provide reasonable channels for employees to raise complaints when their legitimate rights are damaged or improperly handled.	Incidents of Prohibition on Sexual Harassment in the Workplace	Establishment of "Sexual Harassment Prevention, Complaint, and Disciplinary Measures."	Provide a work environment free from sexual harassment for employees and job seekers.
Item	Regulations	Description											
Providing reasonable channels for grievances	Establishment of "Grievance/Reporting Management Guidelines."	Provide reasonable channels for employees to raise complaints when their legitimate rights are damaged or improperly handled.											
Incidents of Prohibition on Sexual Harassment in the Workplace	Establishment of "Sexual Harassment Prevention, Complaint, and Disciplinary Measures."	Provide a work environment free from sexual harassment for employees and job seekers.											
(3) Equality of remuneration: ① The Company has established a "Remuneration Committee" to provide employees with competitive remuneration, and to feedback the Company's operational performance to employees with a transparent and equal remuneration policy. ② The Company has established salary ranges for each grade. For employees of the same grade, the salary range of each grade is determined with reference to the candidates' educational experience, expertise and licenses, and there is no difference due to gender or ethnicity. (4) The Company was elected as the "Happy Enterprise of the Year 2023" by Job Bank. This is not only an award for us; it is also an important part of our corporate management. We aim to adhere to the goal of inclusiveness and strive to build a comfortable and happy workplace. We believe that only in a happy workplace can employees achieve their full potential, achieve personal and work goals, and fulfill their social responsibilities. 4. To shareholders: We are committed to building the Company's core capabilities, enhancing the Company's competitiveness, to achieve better operating performance, and enhancing the Company's value and shareholders' equity.													

Item	Implementation status (Note1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
<p>5. To society:</p> <p>(1) We are committed to playing the role of a good corporate citizen, comply with relevant laws and regulations, implement corporate governance, attach importance to environmental protection, and give appropriate care and take concrete measures to promote social harmony and progress (such as helping disadvantaged groups, sponsoring energy conservation and environmental protection R&D) to contribute to the establishment of a warm and harmonious public welfare society.</p> <p>(2) The Company's Taoyuan Factory was approved for river adoption by a business sponsored by the Taoyuan City Government's Environmental Protection Bureau. Through regular inspections of the river reach, waters, and coastlines, the Company conducts regular patrols on rivers and coastlines in order to contribute to the water environment of Taoyuan, and contribute to the ecological environment.</p>				

Note 1: If “Yes” is ticked in the “Implementation status” column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If “No” is ticked in the “Implementation status” column, please explain the deviations and the reasons in the “Deviations from the Sustainable development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons” column and explain the Company’s plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company’s investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the “SAMPLE ANNUAL REPORT” page on the website of the Taiwan Stock Exchange Corporate Governance Center.

Climate-Related Information of TWSE/TPEX Listed Company

Implementation of Climate-Related Information

Item	Implementation status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	<ul style="list-style-type: none"> (1) In response to various climate changes, the Company formulated the Company's greenhouse gas inventory and verification schedule on May 9, 2022, established a greenhouse gas inventory compilation team and reported to the Board of Directors. (2) The Company will complete the greenhouse gas inventory according to the schedule of the "Sustainable Development Roadmap". In 2024, the Company expects to hire a consulting company to assist in the establishment of the ISO 14064-1 system, and will establish the relevant reduction targets and strategies in accordance with the regulations.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<ul style="list-style-type: none"> ● Short-term risk: <ul style="list-style-type: none"> (3) Climate change causing flooding or power outage. (4) The levying of carbon fee and carbon tax, and the increase in electricity tariffs have led to an increase in operating costs. ● Short-term opportunities (response): <ul style="list-style-type: none"> (1) Enhance disaster prevention and response capabilities. (2) Use low-carbon energy as much as possible, and adopt more efficient production and transportation methods to respond. (3) With the protection of the earth, sustainable development, green energy carbon reduction, and clean energy as the core values and vision, the Company has newly installed the solar power generation project at the Company's Taoyuan Factory, which is expected to reduce carbon emissions by about 5% every year. ● Medium-term risk: <ul style="list-style-type: none"> (1) Climate factors such as natural disasters, extreme climates, and changes in average rainfall force the global workforce to change, resulting in possible business interruption losses. (2) Changes in the consumption behavior of customers or customers. Products with high energy and carbon conservation are gradually introduced, and products with high emphasis on automation are gradually introduced, resulting in a decrease in the demand for existing products and services. ● Medium-term opportunities (and response): <ul style="list-style-type: none"> (1) Develop or expand the robotics industry to create market demand and revenue for the Company. (2) Develop or expand low-carbon products and services to improve product competitiveness. ● Long-term risks:

Item	Implementation status
	<p>In the long run, it is possible that the pressure on water resources will increase and the average temperature will change, causing serious damage to the global natural resources and reducing the available resources.</p> <ul style="list-style-type: none"> ● Long-term opportunities (response): More diversified alternative energies need to be introduced to reduce the risk impact.
3. Describe the financial impact of extreme climate events and transformation actions.	The Company actively introduces product innovation and development, develops the Company's second curve business (product), replaces labor with robots, creates smart factories (lights off factories), creates market demand and company revenue, and takes the sustainable development of intelligence as the goal.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company will prepare a greenhouse gas inventory team and convene relevant meetings to raise climate change and climate risk identification and assessment issues, and then establish an overall climate risk management system.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	None.
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	None.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	None.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>(1) The Company will complete the greenhouse gas inventory according to the schedule of the "Sustainable Development Roadmap". In 2024, the Company expects to hire a consulting company to assist in the establishment of the ISO 14064-1 system, and will establish the relevant reduction targets and strategies in accordance with the regulations.</p> <p>(2) With the protection of the earth, sustainable development, green energy carbon reduction, and clean energy as the core values and vision, the Company has newly installed the solar power generation project at the Company's Taoyuan Factory, which is expected to reduce carbon emissions by about 5% every year.</p>
9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).	The Company will complete the greenhouse gas inventory and assurance in accordance with the "Sustainable Development Roadmap".

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NTD million), and data coverage of greenhouse gases in the most recent 2 fiscal years.
<p>The Company will complete the inventory, confirmation, and verification in accordance with the "Sustainable Development Roadmap".</p> <p>In 2022, only Scope 2 emissions were counted, which was 372.270 tons of CO₂e, with an intensity of 0.2069 tons of CO₂e/NTD million. The scope of data is for the parent company.</p> <p>In 2023, the Institute for Information Technology collected statistics on Scope 1 and Scope 2 emissions. The total emission was 366.550 tons of CO₂e, and the intensity was 0.5205 tons of CO₂e/NTD million. The scope of data is for the parent company.</p>

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NTD million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The Company will complete the assurance in accordance with the "Sustainable Development Roadmap".

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 GHG Reduction Targets, Strategies and Specific Action Plans

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The Company will complete the assurance according to the schedule of the "Sustainable Development Roadmap". In 2024, the Company expects to hire a consulting company to assist in the establishment of the ISO 14064-1 system, and will establish the relevant reduction targets and strategies in accordance with the regulations.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NTD10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

Attachment 1

The Company conducts risk assessments on material issues based on the materiality principle of "sustainable development," identifies material topics, and formulates the relevant risk management policies or strategies as follows:

Material issues	Risk assessment items	Risk management policy or strategy
Economy.	Socioeconomic and legal compliance.	Through the establishment of a governance organization and the implementation of an internal control mechanism, we ensure that all personnel and operations of the Company truly comply with relevant laws and regulations, in order to effectively implement, unify, and respond to changes in laws and regulations.
Environment.	Environmental protection and ecological conservation.	<ol style="list-style-type: none"> 1. The Company actively participates in public welfare activities and organizes various activities to send out warmth. 2. The Company promotes cultural development and sponsors the "AAEON Foundation - Arts Corridor" every year. 3. The Company continues to donate invoices to the Genesis Social Welfare Foundation and participate in social welfare activities. 4. The Company attaches great importance to environmental protection and ecological conservation, and organizes activities for cleaning up mountains and beaches, and environmental education courses. 5. In response to climate change, the Company controls greenhouse gas inventory and verification schedule reports, and reports to the Board of Directors every quarter, in order to strengthen the development of greenhouse gas management plans, and continue to reduce greenhouse gas emissions in the production process. Pay attention to the future development of greenhouse gas regulations, in order to comply with future greenhouse gas control requirements at home and abroad, and fulfill our responsibility for the global environment. 6. Since June 2014, the Company has responded to the call of the government to adopt the rivers near the factories to prevent river pollution through irregular inspections to protect the environment. 7. Strengthen the awareness of environmental protection of all employees. Through the reduction, use and recycling of the reusable resources, the results of recycling are reported to the local government on a monthly basis.
Society.	Occupational safety and employee health.	<ol style="list-style-type: none"> 1. From the social aspect, occupational safety and health management has been listed as a key item and is effectively implemented; the Company has formulated relevant measures such as the Occupational Safety and Health Act, Regulations of the Labor Health Protection, etc., and regularly conducts safety and health education promotions and health seminars for employees. Fire drills are held to cultivate employees' capabilities in emergency response and self-safety management; education, training and promotion are used to enhance employees' safety and health mindset, awareness and ability. 2. Health seminars or courses are held from time to time. 3. Regular health checkup. 4. Contracted doctors and nurses to provide regular on-site health services.

	Product safety.	<p>The Company's products comply with various laws and regulations regulated by the government, and through rigorous quality system management, to provide customers with stable product quality, while ensuring customer service quality, improve customer satisfaction, and have repeatedly won the "Taiwan Excellence Award", "National Quality Award" and "National Product Image Award".</p> <p>ECOcolor is Aurotek Corp.'s new innovative brand, mainly produce and supply powerful building energy-saving devices that meet environmental requirements, integrate technology and mechanical aesthetics, and lead users to experience unprecedented new architectural horizons. AUROTEK will build on its years of automation experience, integrate its research and development experience, introduce professional technical guidance from Japan's OILES, combine environmental protection concepts with exquisite craftsmanship, and successfully create a more intuitive and user-friendly Window Fashion - Green Wind Louver. It demonstrates the ultimate aesthetic trend and taste, creates a high-quality living space, and enhances the beauty of the home.</p>
--	-----------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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

Evaluation Items	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and plans				
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) To establish a culture of integrity and ensure sound development, our company provides a framework for excellent business operations. The "Ethical Corporate Management Best Practice Principles" has been formulated and approved by the Board of Directors (disclosed on the company's website under Corporate Governance/Corporate Governance and Sustainable Management/Articles of Incorporation and Important Operating Regulations)	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(II) The Company regulates relevant operating procedures in accordance with the "Ethical Corporate Management Best Practice Principles" and implements them accordingly, and the assessment and analysis of business activities with a higher risk of unethical behavior are included in the internal control inspection.	
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) Article 7 of the Company's "Ethical Corporate Management Best Practice Principles", which specifies the items in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies" or other business activities with higher risk of unethical conducts preventive measures. The Company has also stipulated the	

Evaluation Items	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			"Complaint/Reporting Management Regulations" for complaints of sexual harassment, dishonest behavior, illegal (corruption, bribery, acceptance of bribe, etc.), inappropriate behavior, and unethical behavior.	
II. Ethical Management Practice				
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" specify the contract signed with its agents, suppliers, customers or other business dealings and may terminate or rescind the contract at any time. The Company evaluates suppliers on a regular basis, and specifies the ethical conduct clauses in the contracts with counterparties where necessary.	Complies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Has the company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The Administration Department of the Company is the dedicated unit for promoting the ethical corporate management. The 2023 ethical management operation and the 2024 implementation plan were reported to the Board of Directors on November 8, 2023.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(III) The "Ethical Corporate Management Best Practice Principles" of the Company explicitly specifies the policy on avoiding conflicts of interest and establishes appropriate channels for disclosure. We have a reporting channel, which is the appeal mailbox: appeal@aurotek.com. The recipient of the report mailbox is the General Secretary Office. A special team composed by the Chairman, based on the content and nature of the report, is responsible for investigating and handling all matters related to complaints and reports. If the case involves directors, Independent Directors, managers, or	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V	V	<p>senior executives of the Group's companies and organizations. Complaint or whistleblowing email: audit@aurotek.com The recipient of the report mailbox is the Audit Department, which is responsible for investigating and handling the case and reporting to Independent Directors without conflicts of interest.</p> <p>(IV) The Company has established an effective accounting system and internal control system to implement ethical management; the Company's Audit Office has listed high-risk operations as the first inspection of the annual audit plan based on the risk assessment. The implementation status is reported to each board meeting; in addition, each unit of the Company conducts annual internal control system self-evaluation to reasonably ensure the effectiveness of the design and implementation of the Company's internal control system.</p> <p>(V) The Company publishes relevant regulations on the Company's website so that all employees can read it at any time. The Company also organizes education, training and promotion for employees to fully understand the Company's determination and policies for ethical management. An online quiz was conducted for all employees in 2023. The quiz covered the Ethical Corporate Management Best Practice Principles, Ethical Corporate Management Operating Procedures, and Code of Conduct. The participation rate was 91%, with an average score of 94.68.</p>	
<p>III. Implementation of Complaint Procedures</p> <p>(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically</p>	V		<p>(I) The Company has established the "Guidelines for Complaint/Reporting Management." The Company provides a dedicated mailbox for whistle-blowing, specifies a whistle-blowing and reward system, and establishes convenient channels for</p>	Compliant with the Ethical Corporate Management Best

Evaluation Items	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>responsible for handling complaints received from whistleblowers?</p> <p>(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	V		<p>whistle-blowing. The Stakeholders Area is provided to employees and stakeholders for filing complaints. There was no whistleblowing from 2023 to the date of publication of the annual report.</p> <p>(II) The Company's "Complaint/Reporting Management Regulations" to specify investigation standard operating procedures, whistleblower protection system, follow-up measures to be taken after completion of investigation, and related confidentiality mechanisms.</p> <p>(III) The identity of the complainant or informant, as well as the content, will be kept confidential, and the complainant/reporter's confidentiality will be ensured. The Company will protect colleagues and related personnel who report illegal activity or participate in the investigation process from unfair retaliation or treatment.</p>	Practice Principles for TWSE/GTSM Listed Companies
<p>IV. Strengthening of information disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	V		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" established by the Company on the Company's official website and the Market Observation Post System. The Company's website discloses the operation of the Company's Ethical Corporate Management Best Practice Principles.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>V. If the company has adopted its own Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies, please describe any deviations between the principles and their implementation:</p> <p>The Company's "Ethical Corporate Management Best Practice Principles" has been compiled and implemented in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies" to implement the ethical management policy and prevent unethical behaviors, in line with the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies.</p>				
<p>VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the</p>				

Evaluation Items	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
company’s reviewing and amending of its ethical corporate management best practice principles): The Company attaches great importance to the moral and ethical conduct of all employees, and has formulated relevant management measures such as the "Ethical Corporate Management Best Practice Principles" and "Work Rules" to clearly regulate the rights and obligations of both parties, and appropriate discipline systems; In external contracts, the Company first considers ethical management and conducts supplier assessment on a regular basis; to ensure the implementation of ethical management, an effective internal control system has been established, and internal auditors regularly or irregularly check the compliance status.				

Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

(VII) If the Company has established the Corporate Governance Best Practice Principles and related regulations, the methods of inquiry:

The Company has established the "Corporate Governance Best Practice Principles", " Sustainable Development Best- Practice Principles" and "Ethical Corporate Management Best Practice Principles" . Please visit the Market Observation Post System or the Company's website:
<https://www.aurotek.com.tw>

(VIII) Other important information that is sufficient to enhance the understanding of the Company's corporate governance:

1. In addition to disclosure in the corporate governance section of the Market Observation Post System, the Company also takes its materiality to disclose material information about its corporate governance operations to investors in a timely manner.
2. The Company (ad hoc) convenes capital market events for institutional investors. Information on these capital market meetings is disclosed on the Company's website and the Market Observation Post System.
3. The Company's official website, providing real-time updates of information on finance, stock affairs, corporate governance and sustainable development, and important company regulations.

(IX) Implementation of the internal control system

1. Statement on Internal Control

Declaration of Internal Control System for the Public Company

Indicates that both design and implementation are effective

AUROTEK CORPORATION Declaration of Internal Control System

Date: March 14, 2024

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

- I. The Company is fully aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. Its purpose is to provide reasonable information on the effect and efficiency of operations (including profitability, performance, and protection of asset security), the reliability, timeliness, and transparency of reporting, and compliance with relevant laws and regulations. guarantee.
- II. There are inherent limitations to the internal control system; no matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals; moreover, due to changes in the environment and situation, the effectiveness of the internal control system change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action .
- III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the criteria for the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria for determining the internal control system adopted in the "Governing Regulations" are based on the process of management control. The internal control system is divided into five elements: 1. Control environment; 2. Risk assessment; 3. Control operations; 4. Information and communication and 5. Supervision operations. Each component further includes several items. Please refer to the "Regulations" for details.
- IV. The Company has adopted the abovementioned criteria to assess the effectiveness of the design and execution of its internal control system.
- V. Based on the aforementioned evaluation results, the Company believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including the design and implementation of a reliable, timely, transparent and compliant internal control system with relevant regulations and applicable laws and regulations are effective, and can reasonably ensure the achievement of the above objectives.
- VI. This statement shall form an integral part of the Company's annual report and prospectus, and shall be disclosed to the public. Any unlawful act of falsehood or non-disclosure in the above-mentioned disclosure may result in legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Board of Directors of the Company approved this Statement at its meeting on March 14, 2024. None of the seven attending directors objected, and the remaining directors all concur and declare their agreement with the contents of this statement.

AUROTEK CORPORATION

Signature and seal

Chairman: Cheng Tian-Zong

Signature and seal

General Manager: Chu, Chun-Long

Signature and seal

2. If an accountant is commissioned to examine the internal control system on a project basis, the accountant's review report shall be disclosed: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Important resolutions of the shareholders' meeting and the Board of Directors for the most recent fiscal year and up to the date of printing of the annual report:

1. Shareholders' Meeting

Year and date of the shareholders' meeting	Major resolutions of the shareholders' meeting	Implementation status
2023 June 9, 2023	Recognitions: 1. Financial statements for the year ended December 31, 2022.	The relevant financial statements have been filed with the competent authority for reference and announced or declared in accordance with the Company Act and other relevant laws and regulations.
	2. 2022 earnings distribution proposal. (cash dividend NTD1.8 per share).	The resolutions have been announced pursuant to Article 230 of the Company Act. The ex-dividend base date has been set as July 10, 2023, and the full amount was paid on July 25, 2023. (cash dividend NTD1.8 per share).
	Discussion Matters: 1. Amendments to the "Articles of Incorporation." 2. Amendment to the "Rules of Procedure for Shareholders' Meeting."	Implemented as resolved. The registration was approved by the Ministry of Economic Affairs on July 26, 2023 and placed on the Company's official website.
	Election matters: Election of the 16th Board of Directors.	Implemented as resolved. The registration was approved by the Ministry of Economic Affairs on July 26, 2023 and placed on the Company's official website.
	Other proposals: Removal of non-compete restrictions for directors.	Implemented as resolved. Announcement or reporting on MOPS on June 9, 2023.

2. Board of Directors

Term and date of the Board of Directors	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Board of Directors	Company's implementation status
1st Extraordinary Board Meeting of the 15th Term January 4, 2023	<p>Discussion Matters:</p> <ol style="list-style-type: none"> 1. Proposal of by-election of the Chairman. <p>Extraordinary Motion:</p> <ol style="list-style-type: none"> 1. Establishment of Former Chairman Chang's Funeral Committee. 2. Pension benefits for the dependents of Former Chairman Chang. 	None.	The proposal was approved as proposed by all attending directors upon the Chairperson's inquiry.	Implemented as resolved.
14th meeting of the 15th board March 16, 2023	<ol style="list-style-type: none"> 1. 2023 business plan and business objectives (including budget). 2. 2022 distribution of employees' and directors' remuneration. 3. 2022 Annual business report, parent company only financial statements, and consolidated financial statements. 4. 2022 distribution of earnings. 5. Appointment of the Company's internal auditing officer. 6. 2022 "Assessment of the Effectiveness of the Internal Control System" and "Declaration of Internal Control System." 7. Proposal of the abolishment of the Company's Taichung Branch. 8. Amendments to the "Articles of Incorporation." 9. Amendment to the "Rules of Procedure for Board of Directors Meetings." 10. Amendment to the "Rules and Procedures of Shareholders' Meeting." 11. Amendments to the "Procedures for Performance Evaluation of the Board of Directors." 12. Election of the 16th Board of Directors. 13. Nomination of candidates for 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.

Term and date of the Board of Directors	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Board of Directors	Company's implementation status
	<p>the 16th Board of Directors and Independent Directors Candidates List.</p> <p>14. Removal of non-compete restrictions for directors.</p> <p>15. Approval for convening the 2023 annual general meeting.</p>			
15th meeting of the 15th board May 11, 2023	<ol style="list-style-type: none"> 1. Review of CPA's fees. 2. The Company's 2023 first quarter consolidated financial statements. 3. Determination of the remuneration to the Chairman. 4. Appointment of the Company's spokesperson. 5. Appointment of the Company's financial supervisor. 6. Appointment of the Company's Corporate Governance Officer. 7. Approval for applying for a credit limit extension with E.Sun Bank. 8. Assess whether to reclassify those accounts receivable/other receivables/prepayments/guaranteed deposits to loans of funds that are greater than the normal credit/transaction period for more than three months. 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
1st Meeting of the 16th Board June 9, 2023	<ol style="list-style-type: none"> 1. Election of the Company's Chairman. 2. Election of the Company's Vice Chairman. 3. Proposal of the Company to appoint three Independent Directors as members of the Company's Remuneration Committee. 4. Appointment of the Company's accounting officer. 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.
2nd meeting of the 16th board August 10,	<ol style="list-style-type: none"> 1. Appropriation of 2022 directors' remuneration and managerial officers' remuneration of the 	None.	It was unanimously approved by all attending	Implemented as resolved.

Term and date of the Board of Directors	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Board of Directors	Company's implementation status
2023	Company.		members upon enquiry by the Chairperson.	
	2. The Company's 2023 managerial officers' salary adjustment.	Independent Director Huang, Cheng-Tsung proposed: The Company has commissioned external consultants to carry out the "Compensation Optimization Project". After the salary adjustment is finalized, it will be included in the next board proposal (not for discussion at this time).	After the Chair consulted all the attending directors, the motion was approved to be included in the agenda proposed by the Independent Director, Huang, Cheng-Tsung, in the next board meeting (which will not be discussed at this time).	Implemented as proposed by Independent Director Huang, Cheng-Tsung, and included into the next Board meeting agenda (not for discussion at this time).
	3. The Company's 2023 second quarter consolidated financial statements. 4. Proposal of the Company to approve the provision of non-assurance services by certifying accounting firms and affiliated companies to the Company. 5. Approval of the "Risk Management Policy" of the Company. 6. Appointment of the Company's information security officer. 7. The Company applied to the First Bank as a financial institution for a credit limit extension. 8. Proposal for the Company to increase financing facilities from the financial institution Yuanta Bank. 9. The Company applied to the Cooperative Bank for credit limit extension. 10. The Company applied to the financial institution Taiwan Business Bank for credit limit	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.

Term and date of the Board of Directors	Agenda	Opinions or major recommendations of Independent Directors	Resolution of the Board of Directors	Company's implementation status
	extension. 11. The Company applied to the financial institution Chang Hwa Bank for credit limit extension.			
3rd meeting of the 16th board November 8, 2023	<ol style="list-style-type: none"> 1. Approval for formulating the "Regulations Governing Wages and Remuneration of Directors and Managerial Officers". 2. The Company's 2023 managerial officers' salary adjustment. 3. Proposal to evaluate the independence of the Company's CPAs. 4. The Company's 2023 third quarter consolidated financial statements. 5. Appointment of the Company's internal auditing officer. 6. The Company's 2024 internal audit plan. 7. Appointment of Deputy General Manager of Equipment Business Division of the Company. 8. Appointment of the head of R&D in the subsidiary, AUROTEK AUTOMATION (SHANGHAI) CO., LTD. 9. Approval for the establishment of the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties." 10. To formulate the Company's "Greenhouse Gas Reduction, Reduction of Water Use or Other Waste Management Policies." 11. Application to the financial institution, Mega Bank, for a credit limit extension. 12. Motion to apply for a credit limit extension with the financial institution, Cathay United Bank. 	None.	It was unanimously approved by all attending members upon enquiry by the Chairperson.	Implemented as resolved.

(XII) Where, in the most recent year and up to the date of publication of the annual report, the directors have expressed dissenting opinions with respect to important resolutions passed by the Board of Directors, and said dissenting opinions have been recorded or prepared as a written declaration, the main content thereof: None.

(XIII) A summary of the resignation and dismissal of the Company's Chairman, general manager, accounting supervisor, financial supervisor, internal auditor, corporate governance supervisor, and R&D supervisor in the most recent year and up to the date of publication of the annual report:

Title	Name	Inauguration date	Discharge date	Reasons for resignation or discharge
Chief Internal Auditor	Huang, Cheng-Ming	May 7, 2018.	February 18, 2023.	Resigned.
Chief Internal Auditor	Wang, Ya-Chieh	March 16, 2023.	June 9, 2023.	Changed to Chief Accounting Officer.
Accounting Supervisor	Wang, Ya-Chieh	June 9, 2023.	November 30, 2023.	Resigned.
(1) Finance supervisor (2) Accounting officer (3) Corporate governance officer	Lu, Fang-Cheng	Note 1	Note 1	Resigned.

Note 1: Lu, Fang-Cheng was newly appointed as Assistant Manager on April 1, 2022 ; newly appointed as Finance Supervisor and Corporate Governance Officer on May 9, 2022; newly appointed as Accounting Supervisor on August 11, 2022; resigned on May 12, 2023 .

V. Information on CPA fees

(I) CPAs information

Name of CPA Firm	Name of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Sung-Tse Wang Chun-Ya o Lin	Q1 to Q4, 2023	2,380	550	2,930	Transfer pricing and tax consultation

Please specify the services for which the non-audit fees were paid: (e.g., tax certification, assurance, or other financial consultation and advisory services)

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

(II) If the accounting firm is replaced and the audit fees paid in the year of replacement are lower than those in the previous year, the amount of audit fees before and after the change and the reason therefor: None.

(III) In the case of a reduction of more than 10% in audit fees from the previous year, the amount of reduction, the percentage of reduction, and the reasons: None.

VI. Information on Replacement of CPAs

(I) Information regarding the former CPAs

Date of replacement	Approved by the Board of Directors on November 10, 2022		
Reason for replacement and description	Internal Organization Adjustment of CPA Firm		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	<div>Parties</div> <div>Circumstances</div>	Certified Public Accountant	The Company
	Voluntary termination of appointment	Not applicable.	
	No longer accepted (discontinued) the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedure
			Others
	None	None	
	Description		
Other disclosures (Any matters required to be disclosed under sub items 1-4 to 1-7 of Article 10, Subparagraph 6.)	None		

(II) Information Regarding the Successor CPAs

Name of Firm	PwC Taiwan
Name of CPAs	CPA Wang, Sung-Tse; CPA Lin, Chun-Yao
Date of appointment	Approved by the Board of Directors on November 10, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None.

VII. Names, job titles, and duration of service of any of the Company's Chairman, General Manager, or managers in charge of financial or accounting affairs at the accounting firm of the certified public accountant or its affiliated company in the most recent year: None.

VIII. Transfer and pledge of equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent in the last year up till the publication date of this annual report:

(I) Changes in the transfer of shares and pledge of shares by directors, managers and major shareholders

Unit: shares

Title	Name	2023		As of April 20, 2024	
		Increase (decrease) of shares held	Increase (decrease) of pledged shares	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Chairman	Cheng,Tien-Chong	-	-	-	-
Former Chairman and CEO (Note 1)	Chang,Yung-Chang	-	-	-	-
Vice Chairman /Deputy General Manager	Chang,I-Sheng	-	-	-	700,000
Director	Lee,Cheng-Mo	-	-	-	-
Shareholder holding 10% or more of the shares /Director	AUROTEK MARKETING CONSULTING Co., Ltd.	-	-	-	-
Director/General Manager (Note 2)	Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long	-	-	-	-
Independent Director	Huang,Cheng-Tsung	-	-	-	-
Independent Director (Note 3)	Chou,Ta-Jen	-	-	-	-
Independent Director (Note 4)	Liu,Kuan-Ting	-	-	-	-
Director (Note 5)	Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chen, I-Chun	-	-	-	-
Independent Director (Note 6)	Hu, Tsung-Ho	-	-	-	-

Title	Name	2023		As of April 20, 2024	
		Increase (decrease) of shares held	Increase (decrease) of pledged shares	Increase (decrease) of shares held	Increase (decrease) in shares pledged
Independent Director (Note 7)	Chen, Shun-Fa	-	-	-	-
Deputy General Managers (Note 8)	Shih, Ting-Jui	-	-	-	-
Assistant Manager (Note 9)	Chien, Chih-Ho	-	-	-	-
Assistant Manager	Ou, Guan-jiang	-	-	-	-
Financial Supervisor/Assistant Manager (Note 10)	Chen, Wen-Chin	-	-	-	-
Accounting Supervisor (Note 11)	Wang, Shu-Hua	-	-	-	-
Corporate Governance Officer (Note 12)	Kuo, Shu-Ling	-	-	-	-
Accounting Supervisor (Note 13)	Wang, Ya-Chieh	-	-	-	-
Assistant Manager/Finance supervisor Accounting Officer/Corporate Governance Officer (Note 14)	Lu, Fang-Cheng	-	-	-	-

Note 1: Mr. Chang, Yung-Chang was the former Chairman of the Company. He passed away on January 1, 2023. Chang (former) Chairman concurrently served as the CEO, in order to improve the operating efficiency and decision-making ability. Countermeasures: At present, the Company's Chairman, Mr. Cheng, Tien-Chong, does not concurrently serve as the CEO.

Note 2: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long, elected on June 9, 2023.

Note 3: Independent Director Chou, Ta-Jen, elected on June 9, 2023.

Note 4: Independent Director Liu, Kuan-Ting, elected on June 9, 2023

Note 5: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chen, I-Chun, who was reappointed as a director by the corporate shareholder on January 4, 2023, and discharged on June 9, 2023.

Note 6: Independent Director Hu, Tsung-Ho was elected on June 11, 2020 and discharged on June 9, 2023.

Note 7: Independent Director Chen, Shun-Fa, who was elected on June 11, 2020 and discharged on June 9, 2023.

Note 8: Shih, Ting-Jui became the new Deputy General Manager of Equipment Business Department on May 8, 2023.

Note 9: Chien, Chih-Ho newly appointed as the Assistant Manager of Module Business Division on October 16, 2023.

Note 10: Chen, Wen-Chin was appointed as the new Finance Supervisor and Assistant Manager of

Administration Department on May 12, 2023.

Note 11: Wang, Shu-Hua was appointed as the new Accounting Supervisor on March 14, 2024.

Note 12: Kuo, Shu-Ling assumed office as Corporate Governance Officer on May 12, 2023.

Note 13: Wang, Ya-Chieh newly appointed accounting officer on June 9, 2023 ; resigned on November 30, 2023 .

Note 14: Lu, Fang-Cheng, on April 1, 2022, was newly appointed as Assistant Manager ; newly appointed as Finance Supervisor and Corporate Governance Officer on May 9, 2022; newly appointed as Accounting Supervisor on August 11, 2022; resigned on May 12, 2023 .

(II) The counterparty in the equity transfer is a related party: None.

(III) The counterparty of equity pledge is a related party: None.

IX. Relationships Among the Top 10 Shareholders:
April 20 , 2024

Name (Note 1)	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
AUROTEK Marketing Consulting Co., Ltd.	14,203,423	17.16 %	Not applicable.	Not applicable.	-	-	Chang, Yung-Chang (Note 1)	Former Chairman of AUROTEK MARKETING CONSULTING Co., Ltd.	-
							Chang, I-Sheng	Chairman, AUROTEK MARKETING CONSULTING Co., Ltd.	
							Chen, I-Chun (Note 2)	Director of Marketing, AUROTEK MARKETING CONSULTING Co., Ltd.	
Former Corporate Representative: Chang, Yung-Chang (Note 1)	2,309,407	2.79 %	1,000	0.001 %	-	-	AUROTEK Marketing Consulting Co., Ltd.	Former Chairman	-
							Chen, I-Chun (Note 2)	Spouse	
							Chang, I-Sheng	Father and son	
Former Corporate Representative: Chen, I-Chun (Note 2)	1,000	0.001 %	2,309,407	2.79 %			Chang, Yung-Chang (Note 1)	Spouse	-
							Chang, I-Sheng	kinship by marriage and blood relationship	
Corporate Representative: Chu, Chun-Long (Note 3)	350,186	0.42 %	-	-	-	-	-	-	-
Fu, Cheng-Ping	4,649,000	5.62 %	-	-	-	-	-	-	-
Oiles Corporation	4,295,111	5.19 %	-	-	-	-	-	-	-

Name (Note 1)	Shareholding		Shares held by spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Lin, Ming-Jen	1,572,000	1.9 %	–	–	–	–	–	–	–
Chang, I-Sheng	1,398,248	1.69 %	–	–	–	–	AUROTEK Marketing Consulting Co., Ltd.	Chairman	–
							Chang, Yung-Chang (Note 1)	Father and son	
							Chen, I-Chun (Note 2)	kinship by marriage and blood relationship	
Lee, Cheng-Mo	1,056,271	1.28 %	9,351	0.01 %	–	–	Li, I-Hsuan	Father and daughter	–
							Li, Hao-Wei	Father and son	
Li, I-Hsuan	630,446	0.76 %	–	–	–	–	Lee, Cheng-Mo	Father and daughter	–
							Li, Hao-Wei	Brother and sister	
Li, Hao-Wei	618,438	0.75 %	–	–	–	–	Lee, Cheng-Mo	Father and son	–
							Li, I-Hsuan	Brother and sister	
Chu, Shu-Chen	531,424	0.64 %	–	–	–	–	–	–	–

Note 1: Mr. Chang, Yung-Chang was the former Chairman of the Company and passed away on January 1, 2023.

Note 2: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chen, I-Chun, who was reappointed as a director by the corporate shareholder on January 4, 2023, and was relieved from the position on June 9, 2023.

Note 3: Corporate Representative of AUROTEK MARKETING CONSULTING Co., Ltd.: Chu, Chun-Long, elected on June 9, 2023.

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Company, Directors, Managers, and Holdings of the same invested enterprise by the company, whether directly or indirectly controlled, and the calculation of the aggregated shareholding percentage:

December 31, 2023; Unit: Shares (unless otherwise specified); %

Investee enterprise (Note)	The Company's investment		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Taiwan Oiles Industry Co., Ltd.	2,700,000	90.00	-	-	2,700,000	90.00
Aurotek Inc.	2,599	100.00	-	-	2,599	100.00
Plenty Island (Thai) Co., Ltd.	25,000	25.00	-	-	25,000	25.00
3e Yamaichi Electronics Co., Ltd.	2,413,000	18.56	-	-	2,413,000	18.56
AUROTEK Automation (Shanghai) Co., Ltd.	-	100.00	-	-	-	100.00
Kunshan Kyowa Universal joint Co., Ltd.	-	30.00	-	-	-	30.00
Kunshan Yichun Industrial Technology Co., Ltd.	-	100.00	-	-	-	100.00

Note: Investments accounted for using the equity method.

Four. Funding

I. Capital and shares

(I) Sources of capital

Year/ month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousan d shares)	Amount (NTD thousand)	Number of shares (thousan d shares)	Amount (NTD thousand)	Sources of capital	Capital paid in by assets other	Others
2002.07	10	32,000	320,000	21,880	218,800	Capital increase in cash by NTD 25,000 thousand Capital increase upon recapitalization of earnings by NTD 35,500 thousand Capital increase upon recapitalization of employee bonus by NTD 2,100 thousand Capitalization of capital reserves by NTD 14,200 thousand	-	Tai-Cai-Zheng-Yi-Zi No. 09101313555
2003.08	10	45,000	450,000	28,000	280,000	Capital increase upon recapitalization of earnings by NTD 36,102 thousand Capital increase upon recapitalization of employee bonus by NTD 3,218 thousand Capitalization of capital reserves by NTD 21,880 thousand	-	Tai-Cai-Zheng-Yi-Zi No. 0920128651
2004.09	10	45,000	450,000	32,970	329,700	Capital increase upon recapitalization of earnings by NTD 31,360 thousand Capital increase upon recapitalization of employee bonus by NTD 2,100 thousand Capitalization of capital reserves by NTD 16,240 thousand	-	Zheng-Qi-Yi-Zi No. 0930130130
2004.10	10	45,000	450,000	33,841	338,417	Conversion of convertible bonds to new shares for NTD 8,717 thousand	-	Fu-Jian-Shang-Zi No. 09323065500
2005.02	10	45,000	450,000	34,499	344,999	Conversion of convertible bonds to new shares for NTD 6,582 thousand	-	Fu-Jian-Shang-Zi No. 09400478410
2005.04	10	45,000	450,000	34,521	345,213	Conversion of convertible bonds to new shares for NTD 214 thousand	-	Fu-Jian-Shang-Zi No. 09408161100
2005.07	10	70,000	700,000	43,561	435,618	Capital increase upon recapitalization of earnings by NTD 58,000 thousand Capital increase upon recapitalization of employee bonus by NTD 3,200 thousand Capitalization of capital reserves by NTD 11,000 thousand Conversion of convertible bonds to new shares for NTD 3,205 thousand Conversion of employee share options of NTD 15,000 thousand	-	Fu-Jian-Shang-Zi No. 09411480310
2005.10	10	70,000	700,000	44,392	443,917	Conversion of convertible bonds to new shares 8,299 thousand NTD	-	Fu-Jian-Shang-Zi No. 09423597600
2006.01	10	70,000	700,000	44,628	446,288	Conversion of convertible bonds to new shares NTD 2,371 thousand	-	Fu-Jian-Shang-Zi No. 09571892500

Year/ month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NTD thousand)	Number of shares (thousand shares)	Amount (NTD thousand)	Sources of capital	Capital paid in by assets other	Others
2006.04	10	70,000	700,000	45,077	450,772	Conversion of convertible bonds to new shares NTD 4,484 thousand	-	Fu-Jian-Shang-Zi No. 09575492100
2006.07	10	70,000	700,000	46,005	460,050	Conversion of convertible bonds to new shares NTD 9,278 thousand	-	Fu-Jian-Shang-Zi No. 09580954410
2006.08	10	70,000	700,000	56,045	560,450	Capital increase upon recapitalization of earnings by NTD 74,400 thousand Capital increase upon recapitalization of employee bonus by NTD 4,000 thousand Capitalization of capital reserves by NTD 22,000 thousand	-	Jing-Shou-Shang-Zhi -No. 09501190860
2006.10	10	70,000	700,000	56,085	560,850	Conversion of employee share subscription NTD 400 thousand	-	Jing-Shou-Shan-Zhi No. 09501238060
2007.04	10	70,000	700,000	56,859	568,598	Conversion of convertible bonds to new shares for NTD 7,548 thousand Conversion of employee share subscription NTD 200 thousand	-	Jing-Shou-Shang-Zhi -No. 09601089990
2007.09	10	70,000	700,000	61,610	616,098	Capital increase upon recapitalization of earnings by NTD 45,000 thousand Capital increase upon recapitalization of employee bonus by NTD 2,500 thousand	-	Jing-Shou-Shang-Zhi -No. 09601222480
2008.09	10	150,000	1,500,000	65,199	651,998	Capital increase upon recapitalization of earnings by NTD 30,900 thousand Capital increase upon recapitalization of employee bonus by NTD 5,000 thousand	-	Jing-Shou-Shang-Zhi -No. 09701223410
2008.10	10	150,000	1,500,000	66,351	663,508	Conversion of convertible bonds to new shares for NTD 11,511 thousand	-	Jing-Shou-Shang-Zhi -No. 09701265420
2009.01	10	150,000	1,500,000	67,790	677,897	Conversion of convertible bonds to new shares for NTD 14,388 thousand	-	Jing-Shou-Shang-Zhi -No. 09801009580
2011.11	10	150,000	1,500,000	82,790	827,897	Capital increase in cash by NTD 150,000 thousand	-	Jing-Shou-Shang-Zhi -No. 10001270890

April 20, 2024; unit: shares

Type of stock	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common stock	82,789,693	67,210,307	150,000,000	The Company's shares are classified as stocks of a TWSE or TPEX listed company.

Information Relating to the Shelf Registration System: None.

(II) Shareholder Composition

April 20, 2024

Shareholder Composition Quantity	Government agencies	Financial institutions	Other corporate entities	Foreign institutions and foreigners	Individuals	Total
Number of people	–	–	231	36	35,490	35,757
Number of shares held (shares)	–	–	14,676,804	5,798,185	62,314,704	82,789,693
Shareholding ratio (%)	–	–	17.73 %	7.00 %	75.27%	100.00%

(III) Distribution of shareholdings

1. Common shares: Not yet amended

April 20, 2024

Range of no. of shares held	No. of shareholders	Number of shares held (shares)	Shareholding ratio (%)
1 to 999	25,942	256,580	0.31%
1,000 to 5,000	8,126	16,062,339	19.40%
5,001 to 10,000	977	8,098,121	9.78%
10,001 to 15,000	230	3,044,244	3.68%
15,001 to 20,000	161	3,021,759	3.65%
20,001 to 30,000	118	3,133,940	3.79%
30,001 to 40,000	50	1,827,655	2.21%
40,001 to 50,000	30	1,406,636	1.70%
50,001 to 100,000	66	4,634,559	5.60%
100,001 to 200,000	31	4,436,135	5.36%
200,001 to 400,000	11	3,170,396	3.83%
400,001 to 600,000	6	2,835,985	3.43%
600,001 to 800,000	2	1,248,884	1.50%
800,001 to 1,000,000	0	0	0.00%
Over 1,000,001	7	29,612,460	35.76%
Total	35,757	82,789,693	100.00%

2. Preferred shares: None.

(IV) List of major shareholders

Names, number and percentage of shares held by shareholders with a shareholding of 5% or more, or top 10 shareholders by shareholding:

April 20, 2024

Name of major shareholder	Shares	Shareholding (shares)	Shareholding ratio (%)
Aurotek Marketing Consultant Corporation		14,203,423	17.16 %
Fu, Cheng-Ping		4,649,000	5.62 %
Oiles Corporation		4,295,111	5.19 %
Chang, Yung-Chang (Note 1)		2,309,407	2.79 %
Lin, Ming-Jen		1,701,000	2.06 %
Chang, I-Sheng		1,398,248	1.69 %
Lee, Cheng-Mo		1,056,271	1.28 %
Li, I-Hsuan		630,446	0.76 %
Li, Hao-Wei		618,438	0.75 %
Chu, Shu-Chen		531,424	0.64 %
Total		31,392,768	37.94 %

Note 1: Mr. Chang, Yung-Chang was the former Chairman of the Company and passed away on January 1, 2023.

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

Unit: NTD

Item		Year	2022	2023	As of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		30.65	34.05	36.70
	Lowest		18.65	19.65	24.50
	Average		24.77	27.56	32.75
Net worth per share (Note 2)	Before distribution		17.75	18.38	(Note 1)
	After distribution		15.95 (Note 2)	17.38 (Note 3)	
Earnings per Share	Weighted average shares (shares)		82,789,693	82,789,693	
	Earnings per share (Note 3)		2.58	0.95	
Dividends per share	Cash dividends		1.80	1.00	
	Stock dividend	Dividend from retained earnings	-	-	
		Dividend from capital reserve	-	-	
	Accumulated undistributed dividends (Note 4)		-	-	
Return on investment analysis	Price/earnings ratio (Note 5)		9.60	29.01	
	Price/dividend ratio (Note 6)		13.76	27.56	
	Cash dividend yield (Note 7)		7.27%	3.63%	

Note 1: As of the date of publication of the annual report, there is no audited financial information for the first quarter of 2024.

Note 2: The said figure after distribution in 2022 is based on the resolution of the shareholders' meeting on June 9, 2023.

Note 3 : The above figures in 2023 after distribution are based on the resolution of the Board of Directors on March 14, 2024.

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the Board of Directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately

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

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

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

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

All other columns shall be filled in up to the date of publication of the annual report.

(VI) The Company's dividend policy and implementation

1. Dividend policy :

The Company's dividend policy is based on the current and future development plans, considering the investment environment, capital requirements, and taking into account factors such as shareholders' interests. For each fiscal year, no less than 10% of the distributable earnings will be allocated as shareholder dividends. However, if the accumulated distributable earnings is less than 2% of the paid-in capital, it may not be distributed; and the allocation may be made in the form of cash or stocks, of which the cash dividend shall not be less than 20% of the total dividends.

2. Dividend distribution proposed at the shareholders' meeting :

Date of Shareholders' Meeting: June 18, 2024		2023 Dividend distribution	
Dividend distribution		Amount per share (NTD)	Total amount (NTD)
Cash dividend (NTD)		NTD 1.0	NTD 82,789,693
Stock dividend	Earnings distribution (NTD/share)	-	-
	Stock dividend from capital reserve (NTD/share)	-	-

3. Expected material changes in dividend policy: None.

(VII) Effect of the bonus shares issuance proposed in the current shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration to employees and directors

1. The percentages or ranges with respect to the remuneration of employees and directors as set forth in the Articles of Incorporation:

Article 23 of the Company's Articles of Incorporation stipulates that, if there is profit in the year, the Company shall set aside no less than 5% as employee's remuneration, which shall be distributed in shares or cash by resolution of the Board of Directors. The recipients of the distribution may include subordinate employees who meet certain conditions; the Company The Board of Directors may resolve to appropriate no more than 5% of the above profits as directors' remuneration. However, if the Company still has any accumulated losses, it shall reserve adequate amount to make up for it, and then provide employees' remuneration and directors' remuneration in accordance with the aforementioned percentages.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: No difference.

3. Remuneration distribution approved by the Board of Directors:

(1) Employees' and directors' remuneration, in cash or in shares:

The Company's 2023 distribution of employees' remuneration and directors' remuneration has been approved by the Board of Directors.

The Company made a profit of NTD 89,077,812 in 2023 (before deducting the profit before tax on employees' remuneration and directors' remuneration). NTD\$4,453,891 as employees' remuneration, which is 5% of the total amount, and NTD\$2,672,334 as director's remuneration, which is 3% of the total amount, both are paid in cash.

(2) The amount of employee remuneration distributed in stock and the proportion of the net

income after tax in the parent company only financial statement and the total employee remuneration : The employee remuneration will be paid in cash.

- 4. The actual distribution of employee and director profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director profit-sharing compensation, additionally the discrepancy, cause, and how it is treated: No difference.**

(IX) Buyback of the Company's shares: The Company did not buyback any shares of the Company.

II. Issuance of corporate bonds: The Company does not issue corporate bonds.

III. Preference shares: The Company did not issue any preferred shares.

IV. Overseas depository receipts: The Company does not have overseas depository receipts.

V. Issuance of employee stock options: The Company did not issue any employee stock options.

VI. Issuance of new restricted employee shares: Issuance of new unrestricted employee shares of the Company.

VII. Issuance of new shares for merger or acquisition or transfer of shares of other companies: No such situation in the Company.

VIII. Implementation of capital utilization plan: The Company has not issued or privately placed marketable securities to obtain funds, and has no such relevant capital utilization plan.

Five. Operational overview

I. Business contents

(I) Business scope

1. The Company's main business activities and proportion to business activities

Unit: NTD thousand

Products	2023	
	Amount	Weight of business (%)
Automation system and components	919,908	93.53
Energy-saving safety device and system	48,587	4.94
Others	15,054	1.53
Total	983,549	100.00

2. The Company's current products (services) and new products (services) planned to be developed

The Company's products mainly provide integrated sales of automated parts and components, PCBA cutting machines, smart robots , energy-saving safety devices and systems , natural smoke exhaust systems, and elevating green ventilation blinds , such as integrated sales of energy-saving safety devices . In order to satisfy the needs of customers for one-stop shopping and increase customer adhesion and maintain close relationships, the new products planned to be developed in the future are as follows:

Conduct market research with suppliers, introduce more competitive automation components or equipment, deepen the cultivation of the semiconductor and automation equipment industries , and expand market share in various industries and customers. to enhance the application possibilities of existing products, or introduce related key products, such as reducer for tool automatic tool change system , low-noise self-lubricating lead screw , high-precision linear modules, precision direct-drive motors, and high-rigidity precision reducers, etc.

For the PCBA cutting machine part, it is expected to develop various auxiliary equipment and systems for the front and rear stations of the PCB cutting machine to provide higher added value to customers, such as stackers and unloading machines and post-cutting visual inspection systems, and can integrate robots and Autonomous mobile robots (AMR) provide customers with an option for automating production lines.

auro | solutions is a sub-brand that integrates production, logistics and service intelligence and automation needs, introduces competitive smart logistics-related equipment and products, and integrates existing automation components, self-made equipment, and smart robots to provide customers with complete solutions. In addition to the original industrial fields, the application of this technology and products has also been expanded to industries where manpower is scarce, such as the service industry and the medical industry.

In terms of energy-saving and safety products, we will introduce sunshade products for use inside and outside buildings to expand the market share in the industry and customers, and strengthen the application possibilities of existing products .

(II) Industry overview

1. Current status and development of the industry

Automation system and components :

The global high inflation, high interest rate, war, and economic uncertainty have greatly affected the mechanical and electronic equipment market, resulting in supply chain adjustments, low market demand, and declining prices. The global output of mechanical and electronic equipment is showing a downward trend. However, with the advent of 2024, the market is expected to get out of the trough and start to grow.

The global industrial chain's destocking is expected to come to an end in the fourth quarter. With the addition of new electronic products and AI topics, orders next year will have the opportunity to improve quarter by quarter. In the first half of this year, the performance of Taiwan's machine tools is the same as that of the world's major machine tool producing countries. Due to the impact of the economic reversal and the decline in market demand, the export of some countries gradually turned from recession to growth in the second quarter.

The Industrial Technology Research Institute forecasts that the global manufacturing industry will have the opportunity to enter a new wave of consumption recovery in 2024, and the output value of Taiwan's machinery and equipment may resume growth again, reaching NTD 1,058 billion in output value, a growth of 4.9% over 2023; The industry has been affected by the global economic reversal and the market demand has declined. In 2024, the output value of Taiwan's machine tools will rebound to NTD 118.513 billion, with an annual increase of 2.0%.

For the prospect of the robot industry, the four major global industrial robot companies account for more than 50%, and the Japanese brands account for more than 50%. The robots introduced into Taiwan's manufacturing industries are mainly from European and Japanese brands. Robotic hand vision technology and AI software applications are the focus of development. Intelligent linear transmission components are the drivers of the rectangular coordinate robots, and Taiwanese manufacturers play a key role.

Taiwan has formed a sizable industrial chain for global semiconductor components, panels, printed circuit board and other electronic products, components , and automation system integration services. In terms of components, the performance and quality are comparable to those of Europe and Japan, with the added benefit of a relatively low cost. In the domestic market, Taiwanese automation component manufacturers can quickly and flexibly meet customer needs, providing customized design, rapid delivery and comprehensive after-sales service.

Energy-saving safety devices and systems:

The construction industry is currently facing a sluggish market environment. The growth rate of the entire construction industry is expected to be only 0.9% in 2023. The construction industry in developed economies will encounter setbacks, which is experiencing significant decline due to factors such as rising interest rates, inflation, and increased input costs.

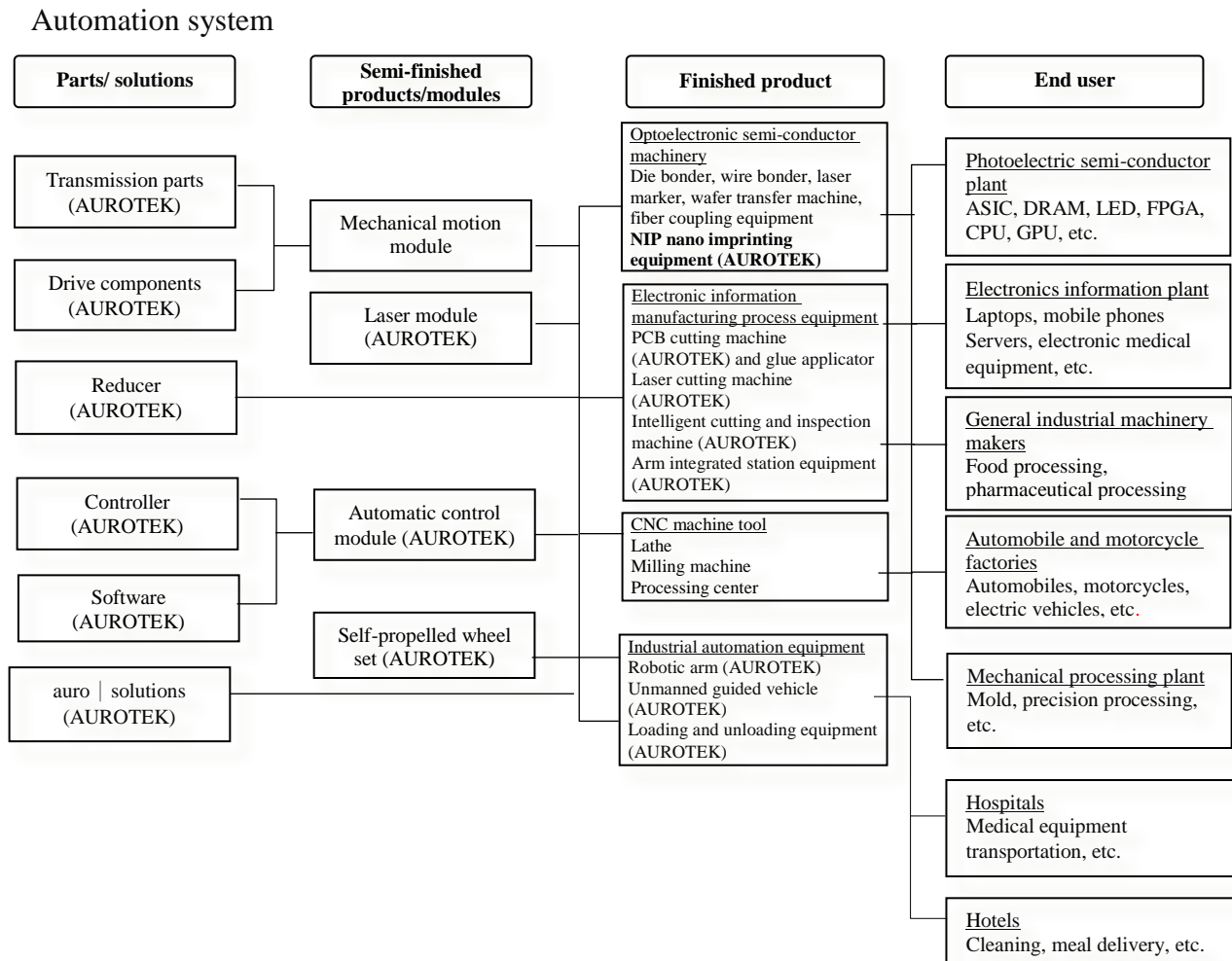
In recent years, the world's emphasis on energy conservation, safety, and carbon reduction will drive the market demand for energy-saving safety devices and systems.

2. Correlation between up-stream, mid-stream and down-stream of the industry

In the initial stage of establishment, the Company was a trading company mainly engaged in mechanical equipment transmission parts and components. In order to make optimal use and integration of resources and to create maximum value for the Company, the Company has successively introduced the sales agents of motion controllers and Servo motors, and then entered the equipment structure design, transmission, drive and automatic control integration technology; develop automatic equipment, various robots and AMR related application solutions; continue to improve the natural smoke exhaust system and liftable blinds, and provide design and installation services. A company that integrates design, production, sales, installation, and services across technological electronics, mechanical equipment, and energy-saving safety devices.

In addition, we have created a new sub-brand of auro | solutions to integrate various robots to provide solutions in the industrial field from manufacturing to logistics, and expand to a manpower-saving solution provider for the service, medical and other industries.

Below is a diagram showing the correlation between the up-stream, mid-stream and down-stream of the Company's automated systems:



3. Product development trends

Automation system and components :

Looking forward to 2024, the IC design industry, including emerging application fields such as AI, automotive, and IoT, will become the main growth momentum of the IC design industry. The application demand for AI technology in various industries continues to grow, including generative AI, autonomous driving and smart cockpit, smart home, medical care, industrial automation and other fields, which will drive the demand for high-performance and low-power chips. The demand for ASIC for specific applications will also increase significantly. ITRI expects Taiwan's IC design industry to grow by 16.4% in 2024, pushing the annual production value to a new high of NTD 1.25 trillion.

The manufacturing industry is gradually increasing its operational flexibility by increasing production flexibility, maintaining equipment availability, introducing alternative manufacturing processes, and building remote service capabilities; automation and digital transformation will be the development trend, and will join the machinery industry to move towards a digital and green double transformation to create customer value. In response to customer needs, we develop customized equipment and provide automation and intelligent integration and applications to explore new markets and continue to create industrial competitiveness.

Consumer electronics, manufacturing equipment, electric vehicles, self-driving cars, smart machinery and robots, factory automation and wisdom, smart cities, and smart healthcare will all benefit from continued advancements in semiconductors and precision manufacturing technologies. The growing influence of smart technology is hastening enterprise digital transformation, accelerating smart robot innovation, rapid market growth, and diverse applications.

With the rise of emerging technologies such as smart manufacturing and the Internet of Things, artificial intelligence technology and the rapid rise of robots, all walks of life are using the power of automation to simplify operations, reduce costs and increase productivity.

The development and application of smart robots have developed rapidly in recent years. The introduction of industrial robots, collaborative robots, and other automation equipment can significantly reduce the dependence on operators.

The robotics industry has also attracted many corporate users due to the following new trends:

(1) Application expansion of collaborative robots

The "Collaborative Robots" market will flourish in 2024. Unlike traditional industrial robots, collaborative robots will not replace human beings, but work together with us. Collaborative robots are our new colleagues. They share the work space with us, learn from us, adapt to us, and ultimately accelerate the efficiency of our work process , which also promotes the emerging field of low-cost robots.

(2) Artificial intelligence (AI) and digital automation

Artificial intelligence (AI) has great potential in robotics, bringing a series of benefits to the manufacturing industry. This technology helps manufacturers, logistics providers and

retailers deal with frequently changing products, orders and stocks. The greater the variability and unpredictability of the environment, the more likely AI algorithms are to provide cost-effective and fast solutions. It also brings a new vision and technology to robots, making robots more autonomous and smarter, and capable of solving more complex problems. This transformation allows the robot to be more than a tool, but to learn, adapt, and evolve, transforming from an instruction-following machine to a robot that can think and make decisions independently.

(3) Progress in robotic process automation

Robots of all types will not only perform routine tasks automatically, but will also understand and analyze data more intelligently. Among them, Robotic Process Automation (RPA) will become the secret weapon of enterprises, directing robots to perform repetitive tasks, allowing employees to focus on their own roles and deal with more complex and creative tasks. Improve productivity, reduce errors, save valuable time, and increase profits.

(4) Second life of production equipment

Due to the short production cycle of special equipment production lines, equipment integrators have transformed and upgraded the equipment with collaborative robots and AMR smart logistics in a resource-saving way to upgrade production line equipment. Add production equipment to a small number of diversified production models and improve production efficiency, giving old equipment the opportunity to "rebirth".

Energy-saving safety devices and systems :

The smart building industry will still be dominated by technology, and the main trends revolve around energy saving, safety, carbon reduction, and living experience, and there are growth opportunities. However, the market competition is fierce, and it is necessary to continuously expand the portfolio in related fields to create new sources of revenue.

4. Product competition

Automation system and components :

Servo motors in automation components are the primary competitors of Japanese-imported brands. However, in recent years, many emerging Taiwanese or Chinese brands have entered the market, affecting the low-end and mid-range application markets. Panasonic Servo Motor sales are expected to be a new generation of products, which will reduce the difficulty of product operation, improve response ability, higher resolution, and actively expand the ETHERCAT products, take into account the issue of wiring and energy saving, and meet the new generation of high-speed, high-precision. High-end devices have received a lot of attention. With the support of the original manufacturers, the Company expects to close the price gap with domestic brands and gain more cases in the low- and mid-end application markets.

In terms of controller products, most of the competitors are domestic IPC manufacturers. They have advantages in the integration of control modules and IPC; but they are relatively new to the application of mechanical equipment. The Company has a wealth of experience in automated machinery and equipment for a long time, so it has a relatively high advantage in the overall automation system integration.

In addition to continuous product function improvement, the Company has actively

developed modular, networked, and intelligent products in recent years to meet the needs of Industry 4.0 and the Internet of Things, as well as intelligent vision systems that assist customers' automated equipment in meeting new market demands. Furthermore, in terms of providing automation solutions, the company is more actively engaged in research of aluminum substrate processing and application, robot application efficiency, PCBA sorting and inspection systems, and robot-AMR integration for loading and unloading applications. Many EMS production lines underwent early lead-in testing.

The auro | solutions sub-brand offers integrated solutions. In addition to allowing existing customers to use integrated solutions to improve their own product competitiveness, it can also limit collaboration with end users and manufacturers in order to provide smart logistics, collaborative robots, and tailored equipment. We began to prepare for the low-carbon era by meeting customers' needs for various equipment production, improving customer production efficiency, and conserving energy sales, as well as introducing lean and digital production management. Integrate it into your business model.

Energy-saving safety devices and systems :

In terms of energy efficiency and safety, elevating green wind blinds have a higher business ratio. The main competitors are Taiwanese domestic manufacturers that represent foreign brands. In addition to continuous improvement of product functions, the company sells green wind blinds. Blinds and elevating blinds have been well received in the market, and the company has released a new generation of smart control products that can satisfy customers' blind control needs at any time, and have gained significant market recognition.

(III) Technology and R&D overview

1. R&D expenses in the most recent year and up to the first quarter of 2024

The R&D expenses for 2022 were NTD 48,590 thousand.

The R&D expenses for 2023 were NTD 37,209 thousand.

The R&D expenses as of Q1 2024 amounted to NTD 9,260 thousand.

2. Technologies or products that have been successfully developed in recent years and as of Q1 2024

Year	2022	2023	As of Q1 2024
Item	(1) MCT-4000 Series Combined EtherCAT Digital IO Module Phase 1 (2) MCT-3000 EtherCAT Analog IO Module Phase I (3) AOI CPK inspection machine (4) Development of cyclone dust collector (80L) (5) Electric control box module (6) AUO High CP Value PCBA Cutting Machine	(1) Sorter MES system (2) Intelligent cutting and inspection machine (3) Follow-up dust removal - function development (4) PCB cutting board machine (5) The wire horse-shaped additional axis controlled by the robot arm. (6) Development of Phase I/Phase II for the PCI-e BUS EtherCAT control card. (7) MCT-2232 EtherCAT IO module	(1) Multi-function intelligent cutting machine (2) Laser cutting machine (3) FIRMWARE integrated system (Robot/AMR) (4) MCT-7004 4-axis pulse output module for four-axis transmission over Ethernet

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

AUROTEK has expanded from an agent of automatic equipment components to the field of equipment manufacturing and is currently undergoing transformation. We hope to provide more integrated services to create value for customers and maximize our business development policy.

In the short term, the Company will build a strong and powerful domestic first-class sales team through organizational reform, improvement of sales personnel's sales skills, and improvement of the reward system to create value and strengthen customer loyalty; and strengthen communication and development with suppliers on market development trends, in order to develop new industrial applications or increase market share with more competitive new products. The long-term plan aims to improve R&D personnel's system integration capabilities and product development technology in order to move forward in the automation industry. The company also intends to grow its business by offering various industrial automation solutions and actively providing advantageous robot solutions in a variety of industries, with the goal of gaining market share in industries with potential for future growth.

II. Overview of the market, production and sales

(I) Market analysis

1. Locations where the Company's main products (services) are sold (provided)

Unit: NTD thousand

Year		2022		2023	
Sales regions		Amount	%	Amount	%
Domestic sales		1,094,972	60.71	442,718	45.01
Export sales	Asia	659,469	36.57	480,247	48.83
	Others	49,059	2.72	60,584	6.16
Total		1,803,500	100.00	983,549	100.00

2. Future market supply, demand and growth

Taiwan has recently emerged as a leader in semiconductor process technology, resulting in increased demand and technological advancement throughout the industry chain. In response to Taiwan's productivity 4.0 requirements, as well as trends in smart manufacturing, energy efficiency, and labor shortages, there will be an increase in demand for smart factories, which will drive demand for automation products and components. Furthermore, there will be an increase in demand for collaborative robots and autonomous mobile robots (AMR) in various production lines, logistics, and automated warehousing applications. As a result, the future supply and demand situation for Taiwan's automation equipment industry should be stable and growth-oriented.

3. Competitive niche

(1) Outstanding management team:

The experienced management team focuses on the field of automated process equipment. The organization is streamlined and the decision-making time is short. They can quickly grasp the pulse of the market and make the best response. In particular, they are leading the industry in increasing added value integration and reducing costs to maintain high quality.

(2) Professional technical service ability:

The Company fully grasps the key core components and technologies, possesses complete product application integrated development capabilities, provides customers with the most complete and innovative product portfolios and comprehensive services, and quickly responds and solves customers' needs and problems.

(3) The long-established core technology and self-owned brand are well recognized:

The R&D team of AUROTEK not only has profound experience in the design of mechanical equipment, but also has the ability to achieve a high level of system integration in the R&D of automation equipment and products, using its long-established core technologies (motion control, image processing and laser and manufacturing high-quality products). The Company's proprietary brand, AUROTEK, has been well-recognized by all walks of life, and the products developed in-house have won numerous accolades such as the Taiwan Excellence Award and the National Product Image Award.

4. Favorable and unfavorable factors of development prospects and countermeasures

The overall automation industry has a clear prospect and promising growth, which provides

a favorable position for the future development of AUROTEK. However, in the face of the frequent changes in the global political and economic environment, whether the distribution products can show the competitive advantages and fully meet the market demand is a factor that we need to overcome. Therefore, we have dispersed the investment in the geographical area and cooperate with suppliers to strengthen the competitive advantages of the distribution products. This will be the Company's solution to consolidate and increase the client's market share and develop more industrial applications.

(II) Important uses and production processes of major products

1. Important uses of main products

(1) Self-developed production system items

A. PCBA process equipment

Mainly used in PCBA cutting/closing/testing devices on SMT production lines.

B. Automation control system

The Company's products include motion control cards, multi-axis motion control systems, RTEK networked controllers and peripheral modules, EtherCAT networked controllers and peripheral modules, and robotic arm controllers. The arm is used as the control core of the equipment.

(2) Sales agency

A. Automation drive components

The agent products include Japan Panasonic Servo Motor, PLC, laser module, sensor and vision module, American KOLLMORGEN linear motor, direct drive motor, Singapore PBA direct drive motor, NISSEI gear motor, Nabtesco precision reducer, Harmonic Drive precision Gearboxes, Nidec Shimpo Servo Gearboxes, Japan MOVENSYS controllers and other well-known brand products are the key components in the automation industry and are related to the performance of automated equipment.

B. Automatic transmission components

The Company's products include self-lubricating bearings, universal joints, linear bushings, ball screws, linear guides, steel ball guides, and high-precision X-Y Stages produced by well-known manufacturers such as Oiles (Japan), Kuroda, and Kyowa. The supply of this series of products can effectively improve the automation level of the domestic industry.

C. Robot

Agent for all series of DENSO robots. It is suitable for various industries. At the same time, it provides after-sales maintenance services of DENSO Robot to meet customer needs, and integrates DENSO Robot to provide customer production line solutions.

Agent for all series of Dobot Robot. It is suitable for various industries. At the same time, it provides after-sales service of Dobot Robot to meet customer needs, and integrates Dobot Robot to provide customer production line solutions.

D. Natural smoke exhaust system

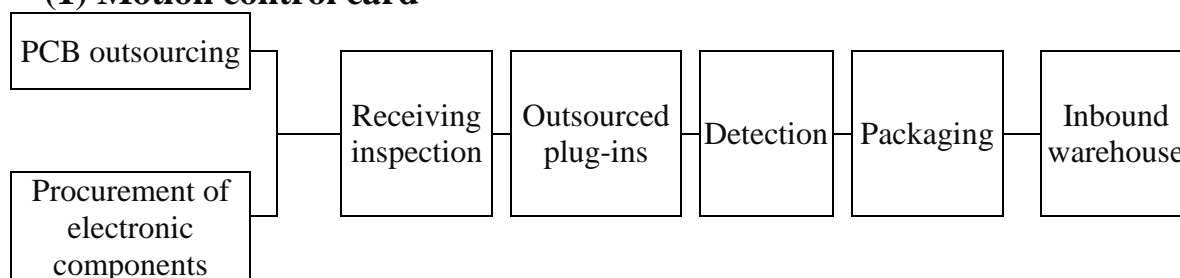
The OILES natural smoke extraction system from Japan is the natural smoke extraction system that applies to the natural smoke extraction equipment specified in Article 28, 189 and 190 of the Fire Safety Equipment Installation Standard for various locations.

E. ECO color Blinds

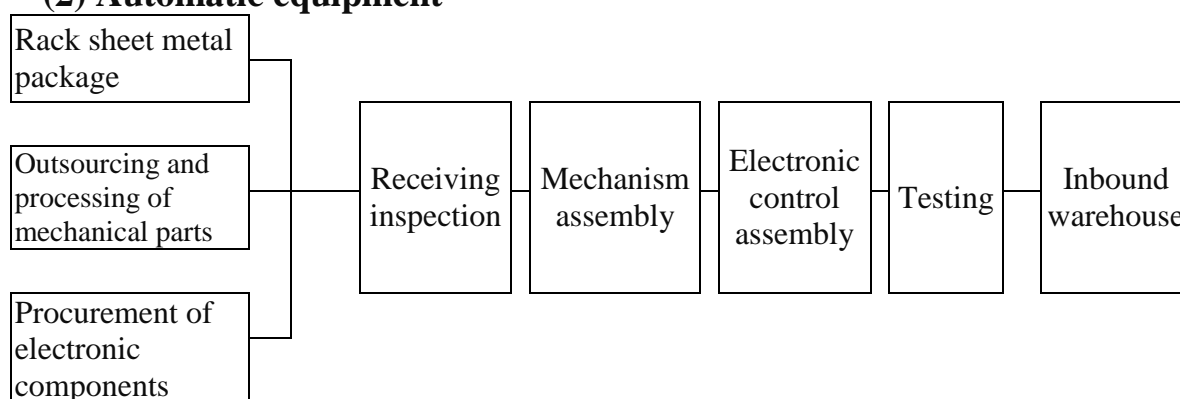
The main products are manual blinds and electric blinds. The advantages of products are that they can provide five major demands: heat insulation, shading, privacy, wind resistance, and lighting.

2. Production process

(1) Motion control card



(2) Automatic equipment



(III) Supply of main raw materials

The Company's main purchase items are automation transmission components and automation drive components, and the distribution of Japanese Panasonic's Servo Motor is one of the main businesses. The Company maintains a good cooperative relationship with The agency contracts, agency rights, and supply of goods are stable. There is no significant change in the suppliers of the last three years. Therefore, overall, the Company does not have concerns about supply shortages or interruptions.

(IV) Names of customers accounting for more than 10% of total purchases (sales) in any of the last two years, the amount of purchases (sale) and the proportion, and explain the reasons for the changes:

1. The list of suppliers with purchases exceeding 10% of the total purchases in the last 2 years:

Unit: NTD thousand

Item	2022				2023			
	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer
1	Panasonic Taiwan	493,693	42.60	-	Panasonic Taiwan	154,009	26.09	-
2	Panasonic Shanghai	113,304	9.78	-	Kunshan Kyowa Universal Joint Co., Ltd.	76,116	12.90	Associate
3	Others	551,950	47.62		Others	360,103	61.01	
Total	Net purchase	1,158,947	100.00		Net purchase	590,228	100.00	

2. List of customers with sales exceeding 10% of total sales in the last 2 years:

Unit: NTD thousand

Item	2022				2023			
	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of the whole year (%)	Relationship with the issuer
1	71-0937	322,378	17.88	-				
	Others	1,481,122	82.12		Others	983,549	100.00	
Total	Net sales	1,803,500	100.00		Net sales	983,549	100.00	

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

Unit: NTD thousands

Production volume value Main products		Year	2022			2023		
			Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Automation system			288	263	274,434	288	250	242,245
Energy-saving safety device system			1,920	1,228	24,341	1,920	1,865	34,930
Total			2,208	1,491	298,775	2,208	2,115	277,175

Note: Only self-made products are disclosed

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

Unit: NTD thousands

Sales volume and value Sales year Main products		2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Automation system and components		-	1,045,636	-	708,528	-	379,077	-	540,831
Energy-saving safety device system		-	39,106	-	-	-	48,587	-	-
Others		-	10,230	-	-	-	15,054	-	-
Total			1,094,972		708,528		442,718		540,831

III. Number of employees (including subsidiaries) in the most recent two years and as of the date of publication of the annual report, average years of service, average age, and education distribution:

Year		2022	2023	As of March 31, 2024
Number of employees	Managerial level and above	19	21	22
	Production line employee	9	15	15
	Regular employees	171	184	177
	Total	199	220	214
Average age		38.90	38.45	38.35
Average years of service		7.29	5.48	5.78
Education distribution ratio	Doctoral Degree	-	-	-
	Master's Degree	23	27	27
	Junior College	154	161	154
	Senior High School	19	26	27
	Below high school	3	6	6
	Total	199	220	214

IV. Information on environmental protection expenditure :

- (I) Any losses suffered due to environmental pollution in the most recent year and up to the publication date of the annual report), and disclose the estimated amount that may be incurred at present and in the future: None.
- (II) Describe the measures to be taken in the future and, if it is impossible to estimate reasonably, the reasons for it: None.

V. Labor-Management Relations

- (I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee Welfare Measures

- (1) The Employee Welfare Committee is established to be responsible for the planning and implementation of various welfare programs, including cash gifts for three festivals, birthday gifts, childbirth gifts, weddings and funerals, and educational scholarships for employees' children. It also organizes annual travel activities.
- (2) Group insurance, occupational accident insurance, and overseas travel insurance.
- (3) Various types of bonuses: performance bonus, year-end bonus, employee compensation.
- (4) Education and training subsidies.
- (5) Regular health checkup.
- (6) Subsidies for club activities.
- (7) Health seminar.
- (8) Employee library.
- (9) Friendly nursing room.

2. Employees' education and training

The Company provides trainings for different professional skills improvement needs, and continuously improves the professional skills of employees through internal training, external training and job rotation .

The education and training system is divided into five categories: new recruit training, management training, function-based training, project-based training, and self-development training. The descriptions are as follows:

- (1) New recruits training: General knowledge courses for new recruits.
- (2) Management training: Cultivation of general management skills.
- (3) Functional training: Develop various professional skills.
- (4) Project training: Education and training derived from the promotion of the company's project or the special needs of operation and management.
- (5) Self- development training: Encouraging employees' self-development through speeches, symposiums, reading clubs, and on-the-job training.

The implementation and effectiveness of education and training of the Company in 2023. The training expenditure amounted to NTD 483 thousand, and a total of 711 people received training for a total of 2,730 hours.

3. Retirement system and its implementation

- (1) In accordance with the provisions of the "Labor Standards Act", the Company has established retirement benefits regulations which is applicable to the service years of all formal employees before the implementations of the Labor Pension Act on July 1, 2005, and to employees who chose to continue to adopt the Labor Standards Act after the implementation of the Labor Pension Act. For employees who are eligible for retirement, the pension payment is based on their years of service before July 1, 2005 and the average salary of the six months prior to retirement. Two bases are given for each full year of service within 15 years (inclusive). For each year of service exceeding 15 years, a base number is given, but the accumulation shall be limited to 45 base points.
- (2) Since July 1, 2005, the Company has established a defined retirement allocation in accordance with the "Labor Pension Act", which is applicable to employees of Taiwan nationality. For the employees who choose to apply the labor pension system stipulated in the "Labor Pension Act," the Company contributes no less than 6% of the monthly salary to the individual pension account with the Bureau of Labor Insurance. The pension fund is collected in accordance with the "Labor Pension Act."

4. Status of agreements between labor and management and the protection of employees' rights and interests

Since its inception, the Company has adopted humanized self-management to provide employees with full respect and care, and continues to plan various employee benefits in order to pursue a perfect working environment. Therefore, the labor-management relationship is very harmonious, and no labor dispute has occurred. loss.

The Company's relevant management plans are summarized as follows:

Item	Contents
Access control security	<ol style="list-style-type: none"> 1. The door is equipped with a swipe card access control system. An ID card is required to swipe a swipe card to enter. 2. A 24-hour video recording system is in place. 3. Signed a contract with a security company at night and on holidays to maintain the company's safety.
Work safety	<ol style="list-style-type: none"> 1. The Company has established safety and health work principles that outline the relevant work safety requirements and are implemented to maintain work safety. 2. All stacker drivers must be certified and receive on-the-job training every three years at qualified training sites. The stacker is equipped with warning lights and bells to enable personnel to avoid the direction of travel of the stacker. 3. There is a fire prevention administrator in place who formulates a fire protection plan, and conducts fire equipment inspection and self-defense fire drills to maintain fire safety. 4. Active electrical work is strictly prohibited during the maintenance of electrical equipment. Before starting the work, the power must be turned off and the equipment must be verified before starting the work. 5. Conduct daily work environment safety inspections. 6. Occupational safety promotions are conducted from time to time to enhance employees' safety awareness.
Maintenance and inspection of various equipment	<ol style="list-style-type: none"> 1. In accordance with the Regulations for inspecting and reporting buildings public security, the Company commissioned a professional company to conduct public safety inspection once every two years. 2. According to the Fire Services Act, the Company outsources fire inspections every year. 3. Maintenance and inspection of high and low voltage electrical equipment, elevators, air conditioners, stackers, official vehicles, water dispensers and fire-fighting appliances on a daily, monthly, half-yearly or yearly cycle.
Disaster Prevention Measures and Response	The Company has established "Emergency Response Plan", "Safety and Health Work Principles", "Fire Protection Operation Standards" and other precautions and notification procedures for disaster prevention and rescue. Safety protection drills are conducted twice a year to help employees understand escape routes and disaster prevention measures.
Physiological and sanitation	<ol style="list-style-type: none"> 1. Health checkup: Health checkup for new recruits, and annual or 2-year health checkup for current employees in accordance with the Occupational Safety and Health Act. 2. On-site services for medical staff: Medical staff are invited to the site every month to provide health consultation services to colleagues and implement relevant health promotion actions. 3. Hygienic working environment: Professional cleaning companies are hired to assign cleaners to maintain the environment clean. Waxing and disinfection are conducted regularly every year to provide employees with a clean and hygienic working environment.
Education & Training & Communication Mechanism	<ol style="list-style-type: none"> 1. Education and training: The Company provides training for different professional skills improvement needs, and continuously improves the professional skills of employees through internal training, external training and job rotation. 2. Opinion exchange: In addition to conveying the company's management, revenue and profitability information to employees through the monthly meeting, and inviting department heads or senior employees to share topics, the monthly meeting also

Item	Contents
	publicly praises colleagues who are outstanding or contributing. 3. Cross-department employee exchanges: birthday parties and departmental gatherings are regularly held to promote cross-department employee exchanges. 4. The Employee Welfare Committee publishes the "Employee Benefits White Paper" annually. 5. Establish a group complaint/reporting channel, and keep the identity of the complainant/reporter and the content confidential.
Insurance measures	1. In addition to other insurances required by law, group insurance (including occupational disasters) is also added. 2. Employees on overseas business trips are covered by travel insurance and travel inconvenience insurance.
Plant environmental management	Established "Standards for Waste Classification and Treatment," "Standards for Noise Work Environment Protection," "Operational Standards for Emergency Reporting," "Operational Standards for Fire Protection," "Operational Standards for Natural Disasters," and "Standards for Hazardous Industrial Waste" , "Guidelines for the Storage, Use, and Disposal of Chemicals and Gases," and "Prevention and Response to Hazards from Toxic Chemical Substances," and are properly controlled in accordance with the procedures.
Improvement Proposal System	Establishment of the "Proposal Improvement Management Regulations" to allow employees to propose improvements to the Company's various management measures, and to reward those who pass the proposal to encourage employees to propose.

(II) Losses suffered by the company due to labor disputes in the most recent year and up to the publication date of the prospectus (including the violation of the Labor Standards Act as a result of labor inspections) Any amount that may be incurred at present or in the future and countermeasures should be disclosed. If it cannot be reasonably estimated, the reason why it cannot be estimated shall be stated: None.

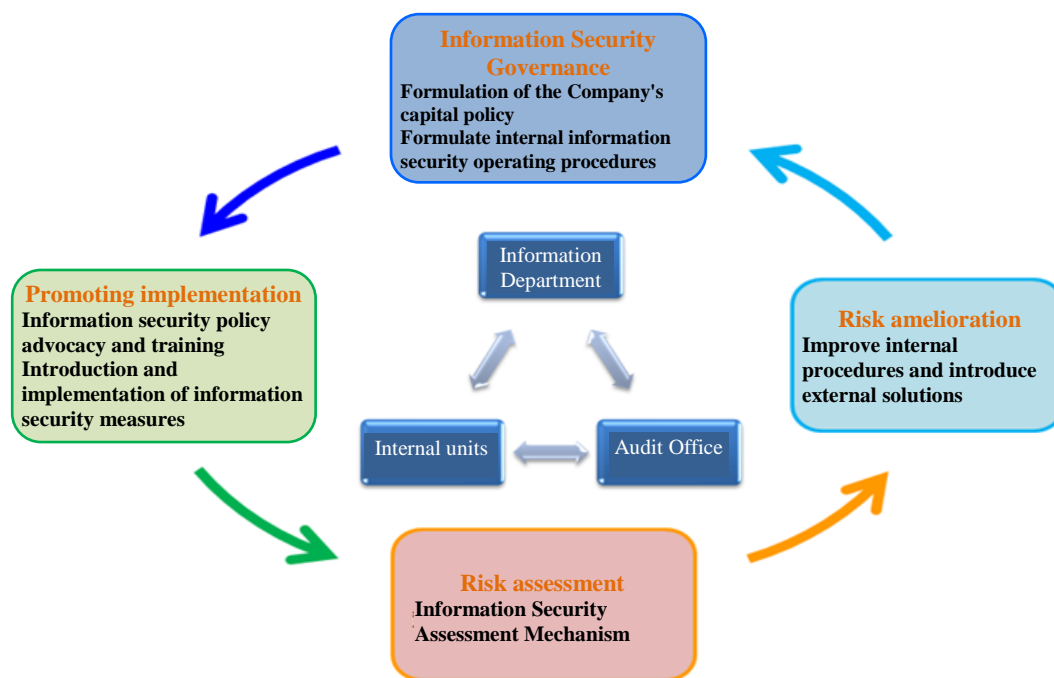
VI. Information Security Management

I. Information security risk management framework

The Company's IT Department is responsible for the planning, execution and promotion of information security management matters and promotion of information security awareness.

The Company's Audit Office is the audit unit for information security supervision. If any deficiencies are found during the audit, the audited unit is required to propose relevant improvement plans and submitted to the Board of Directors. The improvement results are regularly tracked to reduce internal information security risks.

Organizational operation mode: PDCA (Plan-Do-Check-Action) cyclic management is adopted to ensure the achievement of the reliability target and continuous improvement.



II. Information security policy and management plan

The Company's information security management mechanism includes the following three aspects:

1. System and regulation: Formulate the Company's information security management system to regulate the work behavior of personnel.
2. Utilization of technology: Establishment of monitoring software and implementation of information security management measures.
3. Personnel training: Conduct information security education and training to enhance the information security awareness of all employees.

The Company's information security policy:

1. Comply with relevant national laws and regulations to formulate relevant information security management regulations, and provide appropriate protection measures for the Company's information assets to ensure their confidentiality, integrity, availability and legal compliance.
2. Regularly assess the impact of man-made and natural disasters on the Company's information assets, and formulate disaster prevention measures and contingency recovery plans for important information assets and critical business information, and regularly rehearse the disaster recovery plan to ensure the stable operation of information assets and maintain the Company's Continued business operation.

3. Supervises the Company's employees to implement the Company's information security protection and cooperate with information security management measures to ensure the protection and knowledge of information security by colleagues.
4. In addition to requiring our colleagues to strictly comply with the Company's information security regulations, we also require vendors who use our information systems to abide by the Company's information security regulations. Any violations or losses caused to the Company will be prosecuted according to relevant laws and regulations responsibility.

III. Information security management measures

Target	Type of control	Related operations	Frequency	Description
Employees	Rights management	Manage and review personnel account permissions Regular checks on personnel account permissions	Non-scheduled At least once a year	Management measures for personnel accounts, authority management and system operation behavior
Employees	Access control	Internal/external access control measures Operation behavior trace recording Filtering of outgoing mail Restricted device access management (including USB) The internal private cloud is used to provide large files	Immediate Immediate Immediate Immediate	Control measures for personnel accessing internal and external systems and data transmission channels
System	External threats	Host firewall sandbox and IPS update measures Virus protection and malware detection	Immediate Immediate	Internal firewall, poisoned pipeline and protective measures
System	System availability	System/network availability status monitoring and reporting mechanism Contingency measures for service interruption Information backup measures, local/off-site backup mechanism Regular Disaster Recovery Drills Expanded space for important personal information	Immediate Immediate Daily backups, separated from Taoyuan and Taipei Once/year Real-time synchronization	System availability and service interruption measures
System	Enhance data preservation	In addition to the daily backup, use the storage device to perform the system real-time mirror backup;	1 visit per hour, 24 feeds + 7-day 4*7 = 28 feeds, totaling 52 feeds	System availability and service interruption measures

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts

Item	Contract type	Parties	Start/end date of contract	Main Content	Restrictive clauses
1	Agency contract	OILES Corporation	1985.04.01 - (Note)	Agent for bearings, supports, isolators, damping walls, natural smoke exhaust devices, etc.	None
2	Agency contract	Kavo Elektrotechnisches Werk Gmbh	2001.05.01 - (Note)	Agent for spindle and variable frequency drive	None
3	Sales contract	Kuroda Precision Industries Ltd.	2009.09.01 - (Note)	Agent for lead screw	None
4	Agency contract	Kyowa Kogyo Co., Ltd.	2002.07.01 - (Note)	Agent for universal joint	None
5	Agency contract	Nippon Bearing Co., Ltd.	2002.07.01 - (Note)	Agent for linear bearing	None
6	Agency contract	Nissei Corporation	2002.07.01 - (Note)	Agent for gear motor	None
7	Agency contract	Taiwan Oiles Industry Co., Ltd.	2002.07.19 - (Note)	Agent for Oiles brand self-lubricating bearings	None
8	Agency contract	Permawick Company	2007.01.01 - (Note)	Agent for Coal protection oil	None
9	Sale and purchase contract	Taiwan Nichen San Power Co., Ltd.	2012.02.20 - (Note)	Agent for reducer	None
10	Agency contract	Movensys Inc.	2015.05.03 - (Note)	Agent for general motion control, computer numerical control, and robot control products	None
11	Agency contract	Harmonic Drive Systems Inc.	2016.02.01 - (Note)	Agent for reducer	None
12	Agency contract	Panasonic Industrial Technology Corporation	2019.04.01 - (Note)	Agent for servo motor, sensor, PLC	None
13	Sale and purchase contract	Senyao Holding (H.K.) Ltd.	2019.06.03 - (Note)	Transfer of Equity	None

Note: The contract expires when terminated as agreed by both parties.

Six. Financial Overview

I. Summary Balance Sheets and Comprehensive Income Statements for the past five years

(I) AUROTEK CORPORATION

1. Consolidated condensed balance sheet and consolidated statements of comprehensive income

(1) Consolidated Condensed Balance Sheet

Unit: NTD thousand

Year Item		Financial information for the most recent five years (Note 1)					Q1 2024 financial information (Note 3)
		2019	2020	2021	2022	2023	
Current asset		1,423,056	1,377,393	1,395,435	1,304,298	1,185,053	Not applicable.
Property, plant and equipment (Note 2)		263,699	259,576	254,189	237,407	231,186	
Intangible assets		-	-	-	-	-	
Other assets (Note 2)		452,297	346,831	470,690	353,272	429,378	
Total assets		2,139,052	1,983,800	2,120,314	1,894,977	1,845,617	
Current liabilities	Before distribution	660,918	630,476	558,613	339,378	273,600	
	After distribution (Note 4)	702,313	671,871	707,634	488,399	356,390	
non-current liabilities		289,067	229,398	100,258	81,428	45,174	
Total liabilities	Before distribution	949,985	859,874	658,871	420,806	318,774	
	After distribution (Note 4)	991,380	901,269	807,892	569,827	401,564	
Equity attributable to owners of the parent company		1,183,687	1,118,758	1,456,029	1,469,259	1,521,296	
Share capital		827,897	827,897	827,897	827,897	827,897	
Additional paid-in capital		92,855	92,855	92,855	92,855	92,855	
Retained earnings	Before distribution	235,732	205,106	428,830	496,445	430,599	
	After distribution (Note 4)	194,337	163,711	279,809	347,424	347,809	
Other equity		27,203	(7,100)	106,447	52,062	169,945	
Treasury stock		-	-	-	-	-	
non-controlling interest		5,380	5,168	5,414	4,912	5,547	
Total equity	Before distribution	1,189,067	1,123,926	1,461,443	1,474,171	1,526,843	
	After distribution (Note 4)	1,147,672	1,082,531	1,312,422	1,325,150	1,444,053	

Note 1: The financial information from 2019 to 2023 has been audited.

Note 2: No asset revaluation in each year.

Note 3: As of the date of publication of the annual report, there is no audited financial information for the first quarter of 2024.

Note 4: The post-distribution figures referred to above are based on the resolutions of the shareholders' meeting from 2019 to 2022; 2023 are based on the resolutions of the Board of Directors on March 14, 2024.

(2) Condensed consolidated statements of comprehensive income

Unit: NTD thousand

Item	Financial information for the most recent five years (Note 1)					2024 Q1 financial information (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	1,542,260	1,603,098	1,962,519	1,803,500	983,549	Not applicable.
Gross operating profit	381,947	393,180	561,312	530,232	309,357	
Operating profit	52,208	72,977	210,916	204,443	22,342	
Non-operating income and expenses	19,464	35,359	132,529	78,447	62,086	
Profit before tax	71,672	108,336	343,445	282,890	84,428	
Net income from continuing operations	48,494	78,965	265,265	213,441	79,408	
Losses from discontinued operations (Note 3)	-	-	-	-	-	
Net income for the period	48,494	78,965	265,265	213,441	79,408	
Other comprehensive income in the current period (net amount after tax)	15,124	(102,711)	113,647	(51,692)	122,285	
Total comprehensive income for the period	63,618	(23,746)	378,912	161,749	201,693	
Net profit attributable to the owners of the parent company	49,331	79,177	265,019	213,943	78,773	
Net income attributable to non-controlling interests	(837)	(212)	246	(502)	635	
Total comprehensive income attributable to the owners of the parent company	64,455	(23,534)	378,666	162,251	201,058	
Total comprehensive income attributable to non-controlling interests	(837)	(212)	246	(502)	635	
Earnings per Share	0.60	0.96	3.20	2.58	0.95	

Note 1: All financial information from 2019 to 2023 has been audited.

Note 2: As of the date of publication of the annual report, there is no audited financial information for the first quarter of 2024.

Note 3: Losses from the discontinued operation are stated at a net amount after deducting income tax. There is no such situation in the Company.

(II) AUROTEK CORPORATION**1. Condensed parent company only balance sheet and income statement****(1) Condensed parent company only balance sheet Unit: NTD thousand**

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current asset		1,124,893	1,040,899	1,060,421	987,225	855,981
Property, plant and equipment (Note 2)		243,448	244,404	235,571	228,125	223,517
Intangible assets		-	-	-	-	-
Other assets (Note 2)		644,346	600,741	723,307	599,616	694,041
Total assets		2,012,687	1,886,044	2,019,299	1,814,966	1,773,539
Current liabilities	Before distribution	548,945	542,275	480,659	276,674	207,551
	After distribution (Note 3)	590,340	583,670	629,680	425,695	290,341
non-current liabilities		280,055	225,011	82,611	69,033	44,692
Total liabilities	Before distribution	829,000	767,286	563,270	345,707	252,243
	After distribution (Note 3)	870,395	808,681	712,291	494,728	335,033
Share capital		827,897	827,897	827,897	827,897	827,897
Additional paid-in capital		92,855	92,855	92,855	92,855	92,855
Retained earnings	Before distribution	235,732	205,106	428,830	496,445	430,599
	After distribution (Note 3)	194,337	163,711	279,809	347,424	347,809
Other equity		27,203	(7,100)	106,447	52,062	169,945
Treasury stock		-	-	-	-	-
Total equity	Before distribution	1,183,687	1,118,758	1,456,029	1,469,259	1,521,296
	After distribution (Note 3)	1,142,292	1,077,363	1,307,008	1,320,238	1,438,506

Note 1: The financial information from 2019 to 2023 has been audited.

Note 2: No asset revaluation in each year.

Note 3: The post-distribution figures above refer to 2019 to 2022 based on the resolutions of the shareholders' meeting; 2023 based on the resolution of the Board of Directors on March 14, 2024.

(2) Parent company only condensed comprehensive income statement

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,099,011	1,090,008	1,444,750	1,395,126	704,257
Gross operating profit	309,797	305,744	435,865	445,163	234,711
Net operating profit	88,980	98,356	175,804	203,712	20,996
Non-operating income and expenses	(21,782)	3,569	161,989	82,338	60,956
Profit (loss) before tax	67,198	101,925	337,793	286,050	81,952
Profit or loss from continuing operations	49,331	79,177	265,019	213,943	78,773
Profit or loss from discontinued operations (Note 2)	-	-	-	-	-
Net income for the period	49,331	79,177	265,019	213,943	78,773
Other comprehensive income in the current period	15,124	(102,711)	113,647	(51,692)	122,285
Total comprehensive income for the period	64,455	(23,534)	378,666	162,251	201,058
Earnings per Share	0.60	0.96	3.20	2.58	0.95

Note 1: All financial information from 2019 to 2023 has been audited.

Note 2: The losses of the discontinued operation are stated at a net amount after deducting income tax: No such situation in the Company.

(III) The names of CPAs in the last 5 years and the audit opinions:

Year	CPA Firm	Certified Public Accountant	Audit Opinions
2019	PwC Taiwan	Yu, Shu-fen; Lin, Chun-Yao	Unqualified opinion and other matters
2020	PwC Taiwan	Yu, Shu-fen; Lin, Chun-Yao	Unqualified opinion and other matters
2021	PwC Taiwan	Lin, Chun-Yao; Wang, Chih-Chiang	Unqualified opinion and other matters
2022	PwC Taiwan	Wang, Sung-Tse; Lin, Chun-Yao	Unqualified opinion and other matters
2023	PwC Taiwan	Wang, Sung-Tse; Lin, Chun-Yao	Unqualified opinion and other matters

II. Financial Analysis for the past five years

(I) Financial analysis of AUROTEK CORPORATION

Analysis Items (Note 3)		Year (Note 1)	Financial analysis for the most recent five years					Current Year as of March 31, 2024 (Note 2)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio		44.41	43.34	31.07	22.21	17.27	Not applicable.
	Long-term capital to property, plant and equipment ratio		560.54	521.36	614.39	655.25	679.98	
Solvency (%)	Current ratio		215.32	218.47	249.80	384.32	433.13	
	Quick ratio		157.58	163.32	169.90	271.09	300.39	
	Interest coverage ratio		6.06	18.49	80.80	206.74	304.70	
Operating capacity	Receivables conversion rate (times)		3.17	3.41	3.72	3.71	2.86	
	Average collection days		115	107	98	98	128	
	Inventory turnover (times)		2.23	2.71	3.01	2.72	1.60	
	Payable turnover rate (times)		8.70	8.06	8.07	8.47	5.35	
	Average number of days of sales		164	135	121	134	228	
	Property, plant and equipment turnover (times)		3.90	6.13	7.64	7.34	4.20	
	Total asset turnover (times)		0.73	0.78	0.96	0.90	0.53	
Profitability	Return on assets (%)		2.63	4.07	13.09	10.69	4.26	
	Return on equity (%)		4.12	6.83	20.52	14.54	5.29	
	Ratio of Income before tax to Paid-In Capital (%)		8.66	13.09	41.48	34.17	10.20	
	Net profit margin (%)		3.14	4.93	13.52	11.83	8.07	
	Earnings per share (NTD)		0.60	0.96	3.20	2.58	0.95	
Cash flow	Cash flow ratio (%)		29.27	36.39	19.76	118.85	64.31	
	Cash flow adequacy ratio (%)		86.58	95.70	74.72	175.75	183.05	
	Cash reinvestment ratio (%)		10.87	14.62	4.63	16.95	1.73	
Level of leverage	Operating leverage		1.60	1.50	1.14	1.14	2.15	
	Financial leverage		1.21	1.09	1.02	1.01	1.01	

Any increase or decrease within 20% of each financial ratio during the most recent two years, please explain the reason for the change (if the increase or decrease did not reach 20%, it will not be analyzed):

1. Debt to assets ratio: mainly due to the decrease in other payables and income tax in the current period, resulting in a decrease in total liabilities.
2. Multiple of interest protection: mainly due to the decrease in interest expenses of subsidiaries in the current period.
3. Receivables conversion rate (times) and average collection period: mainly due to the 45% decrease in 2023 revenue compared to 2022. In order to effectively control the status of receivables collection, the Company conducts monthly overdue reviews of receivables, and no abnormality was found.
4. Inventory turnover (times) and average days in sales: the decrease in revenue in 2023 compared to 2022 resulted in a 47% decrease in cost of goods sold, which is the main reason for the decrease in inventory turnover ratio and the increase in average days of inventory. The company maintains its operations and conducts monthly reviews to effectively manage inventory levels.
5. Accounts payable turnover rate (times): mainly due to the decrease in revenue in 2023 compared to 2022, resulting in a decrease in current cost of sales compared to the previous period, and the decrease in average payables for current period (times) while the average payment days increased.
6. Property, plant and equipment turnover rate (time) and total asset turnover rate (time): mainly due to the decrease in 2023 revenue compared to 2022.
7. Return on assets, return on equity, net profit margin, and earnings per share (NTD): mainly due to the decrease in 2023 revenue from 2022, resulting in a decrease in net income for the current period.
8. Ratio of Income before tax to Paid-In Capital: Mainly due to the decrease in 2023 revenue compared to

2022, resulting in a decrease in pre-tax net income.

9. Cash flow ratio and cash reinvestment ratio: mainly due to the decrease in 2023 revenue compared to 2022, resulting in a decrease in net cash inflow from operating activities.
10. Operating leverage: mainly due to the smaller decrease in variable operating costs and expenses than operating income.

Note 1: The financial information from 2019 to 2023 has been audited by CPAs.

Note 2: As of the date of publication of the annual report, there is no audited financial information for the first quarter of 2024.

Note 3: The calculation formula is as follows:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating capacity
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, 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 total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets
 - (2) Return on equity = net income after tax / average total equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash 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 revenue – variable operating costs and expenses) / operating income
 - (2) Financial leverage = operating income / (operating income – interest expenses).

(II) Financial analysis of AUROTEK CORPORATION

Analysis item (Note 3)		Year (Note 1)	Financial analysis for the most recent five years				
			2019	2020	2021	2022	2023
Finance	Debt to asset ratio		41.19	40.68	27.89	19.05	14.22
Structure (%)	Long-term capital to property, plant and equipment ratio		601.25	549.81	653.15	674.32	700.61
Solvency (%)	Current ratio		204.92	191.95	220.62	356.82	412.42
	Quick ratio		159.20	154.65	164.25	255.55	280.09
	Interest coverage ratio		10.33	18.22	104.59	717.92	713.63
Operating capacity	Accounts receivable turnover (times)		3.56	3.46	4.04	3.97	2.76
	Average collection days		103	105	90	92	132
	Inventory turnover (times)		2.29	2.56	3.38	3.01	1.52
	Payable turnover rate (times)		6.67	6.83	7.59	7.55	4.85
	Average number of days of sales		159	143	108	121	240
	Property, plant and equipment turnover (times)		3.86	4.47	6.02	6.02	3.12
	Total asset turnover (times)		0.55	0.56	0.74	0.73	0.39
Profitability	Return on assets (%)		2.77	4.30	13.71	11.18	4.40
	Return on equity (%)		4.21	6.88	20.59	14.63	5.27
	Operating income to paid-in capital (%)		10.75	11.88	21.24	24.61	2.54
	Ratio of Income before tax to Paid-In Capital (%)		8.12	12.31	40.80	34.55	9.90
	Net profit margin (%)		4.49	7.26	18.34	15.34	11.19
	Earnings per share (NTD)		0.60	0.96	3.20	2.58	0.95
Cash flow	Cash flow ratio (%)		18.54	18.62	27.96	126.28	46.45
	Cash flow adequacy ratio (%)		109.23	100.47	91.24	183.95	154.77
	Cash reinvestment ratio (%)		4.35	4.67	6.28	13.37	(3.27)
Level of leverage	Operating leverage		1.08	1.10	1.06	1.05	1.38
	Financial leverage		1.09	1.06	1.02	1.00	1.01

Any increase or decrease within 20% of each financial ratio during the most recent two years, please explain the reason for the change (if the increase or decrease did not reach 20%, it will not be analyzed):

1. Debt to assets ratio: mainly due to the decrease in other payables and income tax in the current period, resulting in a decrease in total liabilities.
2. Receivables conversion rate (times) and average collection period: mainly due to the 50% decrease in 2023 revenue compared to 2022. In order to effectively control the risk of receivables collection, the Company conducts monthly overdue reviews of receivables, and no abnormality was found.
3. Inventory turnover (times) and average inventory turnover days: mainly due to a 51% decrease in 2023 revenue from 2022, resulting in a decrease in current cost of sales compared to the previous period. The Company conducts monthly reviews to maintain operations in order to effectively control the inventory level.
4. Accounts payable turnover rate (times): mainly due to the decrease in revenue in 2023 compared to 2022, resulting in a decrease in current cost of sales compared to the previous period, and the decrease in average payables for current period (times) while the average payment days increased.
5. Property, plant and equipment turnover rate (time) and total asset turnover rate (time): mainly due to the decrease in 2023 revenue compared to 2022.
6. Return on assets, return on equity, operating profit to paid-in capital, net profit margin, and earnings per share (NTD): mainly due to the decrease in 2023 revenue compared to 2022, resulting in lower net income.
7. Ratio of Income before tax to Paid-In Capital: Mainly due to the decrease in 2023 revenue compared to 2022, resulting in a decrease in pre-tax net income.
8. Cash flow ratio and cash reinvestment ratio: mainly due to the decrease in 2023 revenue compared to 2022, resulting in a decrease in net cash inflow from operating activities.

9. Operating leverage: mainly due to the smaller decrease in variable operating costs and expenses than operating income.

Note 1: The financial information from 2019 to 2023 has been audited by CPAs.

Note 2: The calculation formula is as follows:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating capacity
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, 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 total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets
 - (2) Return on equity = net income after tax / average total equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash 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 revenue – variable operating costs and expenses) / operating income
 - (2) Financial leverage = operating income / (operating income – interest expenses).

III. Audit Committee's Report on the Financial Statements of the Most Recent Year:

AUROTEK CORPORATION

Audit Committee's Review Report

The Board of Directors has prepared and delivered the Company's 2023 business report, financial statements (including individual and consolidated statements), and earnings distribution proposal. The financial statements have been audited by CPAs Song-Tze Wang and Chien-Yao Lin of PwC Taiwan, and have issued an independent auditor's report. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and found no irregularities. The report is submitted as the above in accordance with the Securities and Exchange Act and the Company Act. Please review.

To:

2024 Shareholders' Meeting of the Company

AUROTEK CORPORATION

Audit Committee Chairman: Huang, Cheng-Tsung

March 14, 2024

IV. 2023 Consolidated Financial Statements: Please refer to Appendix I.

V. 2023 Parent company only financial statements: Please refer to Appendix II.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Seven. Review and analysis of Financial Condition, Financial Performance, and Risk Factors

I. Financial position:

Unit: NTD thousand

Item \ Year	December 31, 2023	December 31, 2022	Increase (decrease) change	
			Amount	%
Current asset	1,185,053	1,304,298	(119,245)	(9.14)
Property, Plant and Equipment	231,186	237,407	(6,221)	(2.62)
Intangible assets	-	-	-	-
Other assets	429,378	353,272	76,106	21.54
Total assets	1,845,617	1,894,977	(49,360)	(2.60)
Current liabilities	273,600	339,378	(65,778)	(19.38)
Non-current liabilities	45,174	81,428	(36,254)	(44.52)
Total liabilities	318,774	420,806	(102,032)	(24.25)
Share capital	827,897	827,897	-	-
Additional paid-in capital	92,855	92,855	-	-
Retained earnings	430,599	496,445	(65,846)	(13.26)
Other equity	169,945	52,062	117,883	226.43
Treasury stock	-	-	-	-
Equity attributable to owners of the parent company	1,521,296	1,469,259	52,037	3.54
Non-controlling interest	5,547	4,912	635	12.93
Total shareholders' equity	1,526,843	1,474,171	52,672	3.57

(I) Analysis of those with a change of more than 20% in the last two years:

1. Other assets and other equity: mainly due to an increase in the peer price-earnings ratio or profit growth of the reinvested company based on the fair value evaluation.
2. Non-current liabilities and total liabilities: mainly due to the decrease in lease payables - non-current.

(II) Response plan in the future: None.

II. Financial performance

Unit: NTD thousand

Item \ Year	2023	2022	Amount Increase (decrease)	Percentage of change (%)
Operating revenue	983,549	1,803,500	(819,951)	(45.46)
Gross operating profit	309,357	530,232	(220,875)	(41.66)
Operating profit	22,342	204,443	(182,101)	(89.07)
Non-operating income and expenses	62,086	78,447	(16,361)	(20.86)
Profit before tax	84,428	282,890	(198,462)	(70.16)
Net income for the period	79,408	213,441	(134,033)	(62.80)
Other comprehensive income for the period (net amount after tax)	122,285	(51,692)	173,977	336.56
Total comprehensive income for the period	201,693	161,749	39,944	24.70

(I) Analysis of those with a change of more than 20% in the last two years:

1. Operating revenue, gross profit, and operating income: mainly due to the decrease in customer orders in 2023 due to the impact of the economy.
2. Non-operating income and expenses: mainly due to the closure of a lawsuit in 2022, the liability reserve is recognized as non-operating income, and no such matter in 2023.
3. Other comprehensive income for the current period and total comprehensive income for the period: Mainly due to an increase in peer PE ratio or profit growth of the reinvested company based on fair value evaluation.
4. Net profit before tax and net profit: Combining the above descriptions.

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

Please refer to the descriptions of "Letter to Shareholders" on Pages 1 to 2 of this annual report.

III. Cash flow analysis

(I) Analysis of cash flow changes in the last 2 years:

Unit: NTD thousand

Item \ Year	2023	2022	Changes	
			Amount	Ratio (%)
Net cash inflow from operating activities	175,955	403,359	(227,404)	(56.38)
Net cash inflow from investing activities	13,412	99,636	(86,224)	(86.54)
Net cash outflow from financing activities	(146,965)	(331,615)	184,650	55.68
Exchange rate effect	138	(2,540)	2,678	-
Net cash flow	42,540	168,840	(126,300)	(74.80)

Description of changes in cash flow:

1. Operating activities: a decrease of 56.38% from the previous period, mainly due to a decrease in turnover of 45.46%.
2. Investment activities: a decrease of 86.54% from the previous period, mainly due to the decrease in financial instruments with amortized cost invested in 2022.
3. Financing activities: mainly distributing cash dividends, resulting in cash outflow from financing activities.

(II) Improvement plan for insufficient liquidity: No such situation.

(III) Cash flow analysis for the coming year: 2024

Unit: NTD thousand

Cash balance at the beginning of period①	Expected net cash flow from operating activities for the year②	Projected cash outflow for the year③	Projected cash surplus (deficit) amount ① + ② - ③	Remedies for expected cash shortage	
				Investment plan	Wealth management plan
449,721	234,711	188,045	496,387	-	-
1. Cash flow analysis for 2024 : (1) Net cash flow from operating activities: It is estimated that the revenue will continue to grow steadily in 2024, so that net cash inflow from operating activities will be generated. (2) Cash flow from non-operating activities: mainly representing the investment in financial assets, purchase of equipment, payment of cash dividends, and repayment of bank loans. 2. Remedial measures for expected cash shortage and liquidity analysis: Not applicable.					

IV. Impact of significant capital expenditures on financial operations in the recent fiscal year

(I) Utilization of material capital expenditures and sources of funds: None.

(II) Expected benefits: None.

V. The investment policy for the most recent year, the main reason for the profit or loss, the improvement plan and the investment plan for the next year:

The Company's investment policy is based on diversifying market risks and serving customers nearby. The impact of the reinvestment business in China has increased in recent years as a result of the pandemic's disruption. The reinvestment business is expected to gradually return to its previous performance as the epidemic slows down and the lockdown is lifted. In addition, Japan's reinvestment business has changed its channel layout strategy, so it has been liquidated. In the future, the Company will continue to make long-term strategic investments in the hope to increase its market share in various regions.

VI. Risk analysis and assessment of the following in the most recent year and up to the publication date of the annual report:

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

1、Interest rate:

In addition to actively seeking more preferential interest rates from banks, paying attention to future interest rate trends, and using various financing instruments in the capital market in a timely manner to reduce the cost of capital, the Company also maintains a good interactive relationship with banks to obtain broader interest rate information. Therefore, the interest rate factor and the resulting fluctuation will not have a significant impact on the operation.

2、Exchange rate:

In addition to reducing exchange rate risk through natural hedging, the Finance Department also

collects information on exchange rate changes in a timely manner for foreign currency positions held, so as to assess whether to conduct derivative financial instruments and make adjustments in response to exchange rate fluctuations. Therefore, the exchange rate change poses no significant risk to the Company .

3 、 Inflation rate:

Pay attention to the overall economic development and changes in the economy at all times, as there is little impact from domestic inflation. Nonetheless, the Company will continue to pursue the purpose of cost reduction through market mechanisms and the promotion of bottleneck solutions.

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

The Group does not engage in high-risk, high-leverage investments, nor does it provide endorsements/guarantees for other companies or derivative financial instrument transactions .

(III) R&D expenses expected to be spent on unfinished R&D projects and investments:

It is estimated that NTD 50,000 thousand will be invested in the future.

R&D plan for the most recent year	Current progress	The main factors affecting the success of R&D in the future
MCT-8132E Phase2	PCI-e axis card mass production technology transfer	Whether the device can pass the EMC electromagnetic compatibility test .
MCT-7004 pulse module	EtherCAT pulse conversion module	Whether the communication speed can meet the requirements .
EtherCAT Analog I/O Module Phase2	Development of the EtherCAT analog module	Precision of analog-to-digital conversion .
EtherCAT combined IO module	Appearance design has been completed, mold conversion and trial production are in progress	Whether the device can pass the EMC electromagnetic compatibility test .
Full intelligent blinds sun tracking system	Under technical planning	Further improvement and evolution of product functions to enhance the competitiveness of products in the market
Full intelligent hand wave function system for blinds	Ongoing progress	Development of marketing and sales channels
Sorter MES system	Technology development completed	Integration of development resources
Intelligent inspection machine	Technology development completed	1. Introduction of new technologies 2. Coordination of the integration of development resources
Follow-up dust removal - function development	Technology development completed	New technology introduction
Laser PCB cutter	1. Customer demo 2. Continuous improvement of technology	1. Integration of laser related technologies 2. Development of sales channels
PCB cutting board machine	1. Customer demo 2. Continuous improvement of technology	New technology introduction

R&D plan for the most recent year	Current progress	The main factors affecting the success of R&D in the future
Mechanical arm Control over Ethernet Line horse type additional shaft	1. Customer demo 2. Continuous improvement of technology	Development of marketing and sales channels
Integration of Robot automation project	1. Customer demo 2. Continuous improvement of technology	Development of marketing and sales channels
FIRMWARE integrated system (Robot/AMR)	Demo site construction	System integration software development
Laser cutting machine	Under technical planning	Numerous customized products; parameter data collection
Next-generation cutting board	Under technical planning	enhance the competitiveness of products in the market
Intelligent inspection machine II	Under technical planning	Further improvement and evolution of product functions to enhance the competitiveness of products in the market
Intelligent unloader II	Under technical planning	Further improvement of product functions and introduction of CE design to enhance the competitiveness of products in the market
Secondary dust blower	Under technical planning	Numerous customized products; parameter data collection
AUI/AUO full range of PCB cutting machine is compatible with Win11	Under design and planning	Further improvement and evolution of product functions to enhance the competitiveness of products in the market
Multi-function intelligent cutting machine	1. Customer demo 2. Continuous improvement of technology	Further improvement of product functions and introduction of CE design to enhance the competitiveness of products in the market
Threaded horse type PCB cutter II	Under design and planning	1. Whether the floor area of the equipment at the customer's plant is reduced or not. 2. Whether the customer's production efficiency is improved. 3. Whether the cutting precision of customer's products is improved.

(IV) Impacts of important domestic and foreign policies and legal changes on the Company's financial operations, and responsive measures: No significant impact.

(V) Impacts of technological and industrial changes on the Company's financial operations, and countermeasures:

There has been no material change in the technology and industry in the most recent year, and the Company has invested a large amount of research funds every year and has accumulated rich R&D experience. The change in technology should not have a significant impact on the Company's financial operations.

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

The Company has always insisted on providing services with innovation and professionalism, and has always maintained a good corporate image, and there has been no corporate crisis.

(VII) Expected benefits and possible risks of mergers and acquisitions, and countermeasures: Not applicable.

(VIII) Expected benefits and possible risks associated with any plant expansion, and countermeasures: Not applicable.

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

1. Procurement:

The Company's main supplier, Panasonic, supplies the Servo Motors and other key automation components. Through the market acuity and customer adhesion, the Company understands the needs of customers at any time, and adjusts products in a timely manner to meet the needs of customers.

2. Sales :

The Company is mainly engaged in the sales of key automation components such as transmissions and drives. At the same time, it also independently develops, manufactures and tests automation equipment. Its customer industries include semiconductors, traditional manufacturing industries, or service industries, and its customers are quite dispersed.

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

(XI) Impacts and risks to the Company due to change in management rights, and responsive measures: Not applicable.

(XII) For litigation or non-litigation incidents, the company and its directors, general managers, substantive persons in charge, major shareholders holding more than 10% of the shares, and subordinate companies shall be listed for litigation, non-litigation, or administrative disputes, where the outcome is likely to have a significant impact on shareholders' equity or securities prices, the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties involved, and the status of handling of the dispute as of the printing date of the annual report : None.

(XIII) Other important risks and countermeasures: None.

VII. Other Important Matters: None.

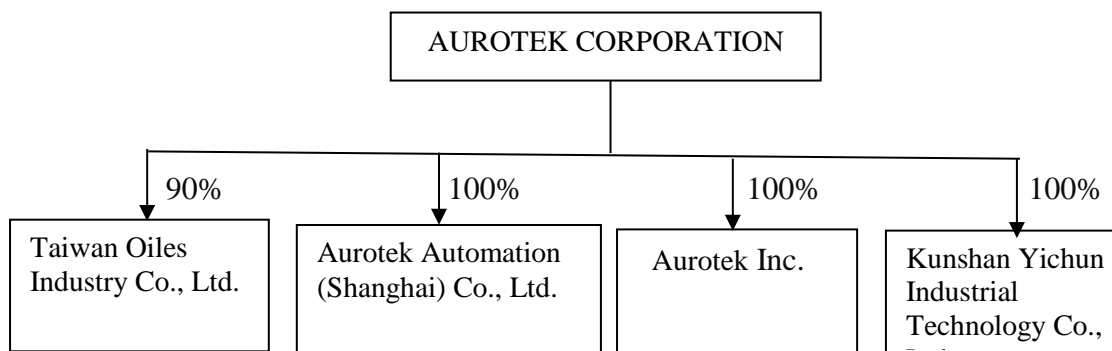
Eight. Special Disclosures

I. Information on affiliated companies

(I) Consolidated business report of affiliated enterprises

1. Overview of Affiliated Enterprises

(1) Organizational Chart of Affiliated Enterprises



Description:

A. Presumptive controlling and affiliated companies in accordance with Article 369-3 of the Company Act: None.

B. Subsidiaries whose personnel, finance, or business operations are directly or indirectly controlled by the Company in accordance with Article 369-2, Paragraph 2 of the Company Act: None.

(2) Information on affiliates

Unit: NTD thousands (unless otherwise specified)

Company name	Date of incorporation	Address	Paid-up capital	Main business or production items
Taiwan Oiles Industry Co., Ltd.	1988.03.14	No. 7, Lane 350, Nanshang Road, Nanmei Village, Guishan District, Taoyuan City	\$ 30,000	Manufacturing and trading of self-lubricating bearings and their components
Aurotek Automation (Shanghai) Co., Ltd.	2001.06.21	Location D, 1F, No. 2, Taigu Road, China (Shanghai) Pilot Free Trade Zone	46,592 (US\$1,400 thousand)	International trade, processing and assembly machinery, electronic board divider
Aurotek Inc.	1998.07.28	2F.Akihabara Seishin Bldg. 1-7-8, Kandasuda-cyo, Chiyoda-Ku, Tokyo, 101-0041, Japan	19,872 (YEN\$70,000 thousand)	Export trading of electronic machines and robotic arms
Kunshan Yichun Industrial Technology Co., Ltd.	2010.3.27	No. 936, Ji Ming Tang Nan Rd., Huaqiao Economic Development Zone Kunshan, Jiangsu, China	14,983 (US\$500 thousand)	Production and sale of various electronic equipment and high-end construction hardware and other related parts

(3) Information on the same shareholders presumed to have control and affiliation:
None.

(4) Businesses covered by the affiliates:

The businesses of the Company and its affiliates include:

Processing, assembly and trading of various electronic machinery and machines, international trade, engineering of natural smoke exhaust systems and building structure vibration suppression systems, etc.

(5) Information on directors, supervisors, and General Managers of affiliated companies

Company name	Title	Name or Representative	Unit: shares; %	
			Shareholding Shares	Shareholding ratio
Taiwan Oiles Industry Co., Ltd.	Chairman	AUROTEK CORPORATION	Institutional holding 2,700,000 shares	Institutional holding 90%
	Director	Cheng, Tien-Chong		
	Director	AUROTEK CORPORATION Chu, Chun-Long		
		AUROTEK CORPORATION Chang, I-Sheng		
	Supervisor	Chen, Wen-Chin	-	-
	General Manager	Chu, Chun-Long	-	-
Aurotek Automation (Shanghai) Co., Ltd.	Chairman	AUROTEK CORPORATION	-	100%
	Supervisor	Chang, I-Sheng		
		AUROTEK CORPORATION Chen, Wen-Chin		
	General Manager	Chu, Chun-Long	-	-
Aurotek Inc.	Chairman	AUROTEK CORPORATION Chu, Chun-Long	Institutional holding 2,599 shares	Institutional holding 100%
Kunshan Yichun Industrial Technology Co., Ltd.	Chairman	AUROTEK CORPORATION	-	100%
	Supervisor	Chang, I-Sheng		
		AUROTEK CORPORATION Chen, Wen-Chin		
	General Manager	Chu, Chun-Long	-	-

2. Financial status and operating results of each affiliated enterprise:

December 31, 2023; Unit: NTD thousands (unless otherwise stated)

Company name	Capitalization	Total asset value	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Taiwan Oiles Industry Co., Ltd. (Note 1)	30,000	66,848	11,375	55,473	51,583	5,429	6,358	2.12
Aurotek Automation (Shanghai) Co., Ltd.. (Note 2. Note 4. Note 5)	46,592 (US\$ 1,400 thousand)	297,203	99,984	197,219	319,352	(2,790)	(3,935)	-
Aurotek Inc. (Note 2. Note 4. Note 5)	19,872 (YEN\$ 70,000 thousand)	15,474	3,637	11,837	36,082	(1,627)	(1,768)	-
Kunshan Yichun Industrial Technology Co., Ltd. (Note 2. Note 4. Note 5)	14,983 (US\$ 3,000 thousand)	50,394	20,380	30,014	68,967	(10,448)	(53)	-

Note 1: The financial statements of the investee company have been audited by the company's attesting CPA.

Note 2: The financial statements of the investee company have been audited and attested by the parent company's CPA.

Note 3: The financial statements of the investees are prepared by themselves without being audited by the CPAs.

Note 4: If the affiliate is a foreign company, its assets and liabilities accounts are converted according to the exchange rate on the reporting date, and the income account is converted into NTD according to the average exchange rate of the year, and the exchange rates are as follows:

Type of currency	Exchange rate as of December 31, 2023	2023 monthly average exchange rate
Japanese Yen (JPY) to Taiwan Dollar	0.2172	0.2221
US Dollar to Taiwan Dollar	30.7050	31.1551
RMB (CNY) to NTD	4.3780	4.3954

Note 5: The profit and loss items are converted at the 2023 average exchange rate, and the remainder is converted at the exchange rate on December 31, 2023.

(II) Consolidated financial statements of affiliated enterprises:

For the years ended December 31, 2023 (from January 1 to December 31, 2023), the Company should The Company is the same company as the company that should be included in the consolidated financial statements of the parent company and subsidiaries according to IAS 10, and the relevant information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the aforementioned consolidated financial statements, and will not be separately Preparation of consolidated financial statements of affiliated companies.

(III) Affiliation report: None.

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

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

IV. Other matters for supplementary clarification: None.

Nine. Major events

Any occurrences of events defined under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the last year up till the publication date of this annual report that significantly impacted shareholders' equity or security prices shall be specified: None.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of AUROTEK CORPORATION as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements" endorsed and issued into effect by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AUROTEK CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company name: AUROTEK CORPORATION

Chairman: Cheng, Tien-Chong

March 14, 2024

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of AUROTEK CORPORATION

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Cutoff assertion for sales revenue

Description

Refer to Note 4(29) in the financial statements for the accounting policy on operating revenue, and Note 6(20) for the description of the account.

The Group's main business is the manufacturing, processing, and trading of various automation equipment and system parts and components. Sales revenue is recognized when the control of the product is transferred to the customer. Due to the huge volume of sales and the revenue process usually involving manual operations, it is potentially that the timing of revenue recognition is inappropriate. Thus, we have included the cutoff assertion for sales revenue as one of the key audit matters for the current year.

How our audit addressed the matter

Our audit procedures performed are as follows:

1. Understand and evaluate the internal control of the timing of revenue recognition, and perform internal control tests relevant to the cutoff assertion for sales revenue to verify the correctness of the timing of revenue recognition.
2. Perform cut-off test on the sales revenue for a certain period around the end of the financial statement period, check relevant documents such as shipping order, customer order and customs declaration, and confirm the revenue in the appropriate period.

Whether accounting estimates for inventory valuation are fair or not

Description

Refer to Note 4(14) in the consolidated financial statements for the accounting policy of inventory valuation, Note 5 in the consolidated financial statements for the uncertainty of accounting estimates and assumptions of inventory valuation, and Note 6(5) in the consolidated financial statements for the description of the account of inventory.

The Group's main business is the manufacturing, processing, and trading of various automation equipment and system parts and components. Due to the rapid changes in technology of inventory, the risk of inventory valuation loss or obsolescence is higher. As the amount of inventory of the Group is significant, the above process involves subjective judgments. Thus, we have listed the estimate of the allowance for inventory valuation loss of the Group as one of the key audit matters this year.

How our audit addressed the matter

Our audit procedures performed are as follows:

1. The policy of inventory valuation during the period of comparative financial statements is adopted consistently, and the rationality of the policy of the appropriation is assessed.
2. Evaluate the reasonableness of the estimated net realizable value of obsolete or damaged inventory identified by the management.
3. The basis of the sampling test for the market price of the net realizable value of individual inventories is consistent with the policy, and to confirm the correctness of the selling price and related calculations.
4. Confirm the correctness of the logic in the preparation of the statement, and conduct a sampling test on the valuation loss provided for the slow-moving inventories. Review the relevant documents and assess the adequacy of the provision for the allowance for inventory valuation loss.

Other matter – Reference to the audits of other auditors

We did not audit the consolidated financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NTD 46,619 thousand and NTD 44,034 thousand, constituting 2.53% and 2.32% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NTD 3,384 thousand and NTD 3,426 thousand, constituting 0.34% and 0.19% of the consolidated operating revenue for the years then ended, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of AUROTEK CORPORATION as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Sung-Tse Wang Chun-Yao Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Asset		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 449,721	24	\$ 407,181	22
1110	Financial assets measured at fair value through profit or loss - current	6(2) and 12	174	-	119	-
1136	Financial assets at amortized cost - current	6(1)(3), 8 and 12	103,615	6	100,485	5
1150	Notes receivable, net	6(4)	22,584	1	42,206	2
1170	Accounts receivable, net	6(4)	242,580	13	363,209	19
1200	Other receivables		3,185	-	6,828	-
130X	Inventories	6(5)	355,058	19	375,230	20
1410	Prepayments		8,136	1	9,040	1
11XX	Total current assets		1,185,053	64	1,304,298	69
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(6) and 12	227,098	12	106,427	6
1550	Investment under equity method	6(7)	64,920	3	63,311	3
1600	Property, Plant and Equipment	6(8) and 8	231,186	13	237,407	12
1755	Right-of-use asset	6(9)	2,929	-	24,936	1
1760	Investment property, net	6(10) and 8	85,064	5	86,119	5
1840	Deferred income tax assets	6(26)	17,662	1	20,699	1
1900	Other non-current assets	6(11)	31,705	2	51,780	3
15XX	Total non-current assets		660,564	36	590,679	31
1XXX	Total assets		\$ 1,845,617	100	\$ 1,894,977	100

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 20,000	1	\$ -	-
2130	Contract liabilities - current	6(20)	11,543	1	2,949	-
2150	Notes payable		1,633	-	1,412	-
2170	Accounts payable		97,870	5	101,892	5
2180	Accounts payable - related parties	7	32,602	2	16,826	1
2200	Other payables	6(13)	74,024	4	116,319	6
2230	Current income tax liabilities		24,997	1	73,713	4
2250	Provisions - current	6(14) and 9	6,905	1	7,638	1
2280	Lease liabilities - current		1,356	-	18,269	1
2399	Other current liabilities - other		2,670	-	360	-
21XX	Total current liabilities		<u>273,600</u>	<u>15</u>	<u>339,378</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(26)	39,235	2	40,614	2
2580	Lease liabilities - non-current		623	-	30,769	2
2600	Other non-current liabilities		5,316	-	10,045	-
25XX	Total non-current liabilities		<u>45,174</u>	<u>2</u>	<u>81,428</u>	<u>4</u>
2XXX	Total liabilities		<u>318,774</u>	<u>17</u>	<u>420,806</u>	<u>22</u>
Equity attributable to owners of the parent						
	Share capital	6(16)				
3110	Common stock capital		827,897	45	827,897	44
	Capital surplus	6(17)				
3200	Capital surplus		92,855	5	92,855	5
	Retained earnings	6(18)				
3310	Legal reserve		184,451	10	162,787	9
3320	Special reserve		2,713	-	2,713	-
3350	Unappropriated retained earnings		243,435	14	330,945	18
	Other equity	6(19)				
3400	Other equity		169,945	9	52,062	2
31XX	Total equity attributable to owners of the parent		<u>1,521,296</u>	<u>83</u>	<u>1,469,259</u>	<u>78</u>
36XX	Non-controlling interest		<u>5,547</u>	<u>-</u>	<u>4,912</u>	<u>-</u>
3XXX	Total equity		<u>1,526,843</u>	<u>83</u>	<u>1,474,171</u>	<u>78</u>
	Significant contingent liabilities and unrecognized contractual commitments.	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		<u>\$ 1,845,617</u>	<u>100</u>	<u>\$ 1,894,977</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(20) and 7	\$ 983,549	100	\$ 1,803,500	100
5000	Operating cost	6(5)(15) (25) and 7	(674,192)	(69)	(1,273,268)	(71)
5900	Gross operating profit		309,357	31	530,232	29
	Operating expenses	6(15)(25)				
6100	Selling expenses		(141,511)	(14)	(154,308)	(8)
6200	General and administrative expenses		(113,341)	(12)	(124,990)	(7)
6300	Research and development expenses		(37,209)	(4)	(48,590)	(3)
6450	Expected credit impairment gain	12	5,046	1	2,099	-
6000	Total operating expenses		(287,015)	(29)	(325,789)	(18)
6900	Operating profit		22,342	2	204,443	11
	Non-operating income and expenses					
7100	Interest revenue	6(3)(21)	14,857	2	3,963	-
7010	Other income	6(22) and 7	30,917	3	49,059	3
7020	Other gains and losses	6(2)(9) (23)	11,276	1	24,316	2
7050	Financial costs	6(9)(12) (24)	(278)	-	(1,375)	-
7060	Share of profit or loss of affiliated companies and joint ventures accounted for using the equity method	6(7)	5,314	1	2,484	-
7000	Total non-operating income and expenses		62,086	7	78,447	5
7900	Profit before income tax		84,428	9	282,890	16
7950	Income tax expense	6(26)	(5,020)	(1)	(69,449)	(4)
8200	Net income for the year		\$ 79,408	8	\$ 213,441	12

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Item		Notes	2023		2022			
			Amount	%	Amount	%		
Other comprehensive income (net)								
Items not reclassified into profit or loss								
8311	Remeasurement of defined benefit plan	6(15)	\$	5,502	1	\$	3,366	-
8316	Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	6(6), (19) and 12		120,671	12	(	61,455)	(3)
8349	Income tax related to items not subject to reclassification	6(26)	(	1,100)	-	(	673)	-
8310	Total of items not reclassified to profit or loss			125,073	13	(	58,762)	(3)
Items that may be reclassified subsequently to profit or loss								
8361	Financial statements translation differences of foreign operations	6(19)	(	3,148)	-		3,129	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method - Items that may be reclassified to profit or loss	6(7)(19)	(	319)	-		5,700	-
8399	Income tax related to items that may be reclassified	6(19) (26)		679	-	(	1,759)	-
8360	Total of items that may be reclassified subsequently to profit or loss		(	2,788)	-		7,070	-
8300	Other comprehensive income (net)		\$	122,285	13	(\$	51,692)	(3)
8500	Total comprehensive income for the year		\$	201,693	21	\$	161,749	9
Net profit attributable to:								
8610	Owner of the parent company		\$	78,773	8	\$	213,943	12
8620	Non-controlling interest			635	-	(	502)	-
			\$	79,408	8	\$	213,441	12
Total comprehensive income attributable to:								
8710	Owner of the parent company		\$	201,058	21	\$	162,251	9
8720	Non-controlling interest			635	-	(	502)	-
			\$	201,693	21	\$	161,749	9
Earnings per Share								
		6(27)						
9750	Basic earnings per share		\$		0.95	\$		2.58
9850	Diluted earnings per share		\$		0.95	\$		2.57

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent											Non-controlling interest	Total equity
		Capital surplus				Retained earnings			Other equity					
		Share capital-common stock	Issuance premium	Changes in net equity of affiliated companies and joint ventures under equity method	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total			
Notes														
2022														
		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 136,275	\$ 23,330	\$ 269,225	(\$ 19,591)	\$ 126,038	\$ 1,456,029	\$ 5,414	\$ 1,461,443	
		-	-	-	-	-	-	213,943	-	-	213,943	(502)	213,441	
		-	-	-	-	-	-	2,693	7,070	(61,455)	(51,692)	-	(51,692)	
		-	-	-	-	-	-	216,636	7,070	(61,455)	162,251	(502)	161,749	
	6(18)													
		-	-	-	-	26,512	-	(26,512)	-	-	-	-	-	
		-	-	-	-	-	(20,617)	20,617	-	-	-	-	-	
		-	-	-	-	-	-	(149,021)	-	-	(149,021)	-	(149,021)	
		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ 1,469,259	\$ 4,912	\$ 1,474,171	
2023														
		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ 1,469,259	\$ 4,912	\$ 1,474,171	
		-	-	-	-	-	-	78,773	-	-	78,773	635	79,408	
		-	-	-	-	-	-	4,402	(2,788)	120,671	122,285	-	122,285	
		-	-	-	-	-	-	83,175	(2,788)	120,671	201,058	635	201,693	
	6(18)													
		-	-	-	-	21,664	-	(21,664)	-	-	-	-	-	
		-	-	-	-	-	-	(149,021)	-	-	(149,021)	-	(149,021)	
		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 184,451	\$ 2,713	\$ 243,435	(\$ 15,309)	\$ 185,254	\$ 1,521,296	\$ 5,547	\$ 1,526,843	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2023	2022
<u>Cash flow from operating activities</u>			
Net income before tax for the current year		\$ 84,428	\$ 282,890
Adjusted items			
Income and expenses			
Depreciation expense	6(8)(9)(10)(25)	25,618	28,903
Reversal gain of expected credit impairment	12	(5,046)	(2,099)
Interest expense	6(24)	278	1,375
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(23)	(55)	89
Losses from disposal of property, plant and equipment	6(23)	460	1,435
Gains and losses on sale and leaseback	6(9)(23)	(16,607)	-
Interest revenue	6(21)	(14,857)	(3,963)
Dividend income	6(22)	(20,426)	(17,096)
Share of profit of affiliated companies under equity method	6(7)	(5,314)	(2,484)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		19,524	24,544
Accounts receivable		119,572	125,172
Other receivables		3,643 (	6,072)
Inventories		28,069	56,044
Prepayments		904	5,324
Net changes in liabilities related to operating activities			
Contract liabilities - current		8,594 (	2,149)
Notes payable		222	602
Accounts payable		1,438 (	46,157)
Accounts payable - related parties		4,991 (	15,001)
Other payables		(42,295)	(6,695)
Provisions - current		(733)	(35,955)
Other current liabilities		2,310 (	1,515)
Other non-current liabilities		(4,709)	(2,833)
Cash inflow generated from operations		190,009	384,359
Interest received		14,857	3,963
Dividends received		23,812	34,243
Interest paid		(278)	(1,375)
Income tax paid		(52,445)	(17,831)
Net cash inflow from operating activities		175,955	403,359

(Continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>Cash flow from investing activities</u>			
(Increase) decrease in financial assets at amortized cost		(\$ 3,130)	\$ 64,754
Acquisition of property, plant and equipment	6(8)	(4,540)	(1,436)
Proceeds from the disposal of property, plant and equipment		1,031	2,623
Decrease (increase) of other non-current assets		20,216	(849)
Refundable deposits (listed as other non-current assets) (increase) decrease		(165)	34,544
Net cash inflow from investing activities		13,412	99,636
<u>Cash flow from financing activities</u>			
Increase (decrease) of short-term borrowings	6(28)	20,000	(164,000)
Repayment of long-term borrowings	6(28)	-	(1,000)
Distribution of cash dividends	6(18)	(149,021)	(149,021)
Lease principal repayment	6(28)	(19,024)	(17,594)
Increase in guarantee deposits received	6(28)	1,080	-
Net cash outflow from financing activities		(146,965)	(331,615)
Exchange rate effect		138	(2,540)
Increase in cash and cash equivalents in the current year		42,540	168,840
Opening balance of cash and cash equivalents		407,181	238,341
Closing balance of cash and cash equivalents		\$ 449,721	\$ 407,181

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

AUROTEK CORPORATION (hereinafter referred to as the "Company") was incorporated in the Republic of China. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are mainly engaged in the manufacturing, processing, trading of various automatic equipment and system parts, the manufacturing, processing, trading of various electronic product process equipment and industrial controllers, as well as automatic smoke exhaust system engineering, building structure vibration isolation system engineering, and distribution, quotation and procurement of related products from domestic and foreign manufacturers. The Company's shares have been traded at the Taipei Exchange since December 2002, and on the Taiwan Stock Exchange since December 31, 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- Financial assets measured at fair value through profit or loss (including derivatives).
 - Financial assets measured at fair value through other comprehensive income.
 - Defined benefit liabilities recognized at the net amount of the pension fund assets deducting the present value of the defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis for consolidation

A. Basis for preparation of consolidated financial statements:

- The Group included all subsidiaries in the consolidated financial statements. Subsidiaries refer to individual entities (including structured individual entities) that the Group has the right to control. When the Group is exposed to or entitled to variable remuneration from participation in the entity and through the power over the entity having influence over the returns, the Group controls the entity. Subsidiaries are included in the consolidated financial statements from the date the Group acquires the control, and the consolidation is ceased from the date of loss of control.
- Inter-company transactions, unrealized gains and losses have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Group.
- The components of profit or loss and other comprehensive income are attributed to the owners and non-controlling interests of the parent company; the total amount of comprehensive income is also attributed to the owners and non-controlling interests of the parent company, even if the resulting non-controlling interests incur balance.
- If the change in the shareholding of the subsidiary does not result in the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, which is regarded as a transaction with the owner. The difference between the adjusted amount of the non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.
- When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is re-measured at fair value, and treated as the fair value of the initially recognized financial assets or the cost of the investment in affiliates or joint ventures initially. The difference between the fair value and the carrying amount and recognized in profit or loss. The accounting treatment of all amounts related to the subsidiary previously recognized in other comprehensive income shall be the same as the basis for the direct disposal of the relevant assets or liabilities by the Group. That is, if the profit or loss previously recognized as other comprehensive income will be reclassified as

profit or loss when the relevant assets or liabilities are disposed, the profit or loss will be reclassified from equity to profit or loss when the significant control over the subsidiary is lost.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor Name	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD. (hereinafter referred to as "Taiwan Oiles")	Manufacturing and trading of self-lubricating bearings and components	90	90	
AUROTEK CORPORATION	Aurotek (Shanghai) Inc. (hereinafter referred to as "Aurotek Shanghai")	International trade, processing and assembly machinery, electronic board divider	100	100	
AUROTEK CORPORATION	AUROTEK INC.	Export trading of electronic machines and robotic arms	100	100	
AUROTEK CORPORATION	Kunshan Yichun Industrial Technology Co., Ltd. (Kunshan Yichun)	Production and sale of various electronic equipment and high-end architectural hardware Parts and accessories	100	100	

C. Subsidiaries not included in the consolidated financial statements: No such situation.

D. Different adjustment and treatment methods of subsidiaries during the accounting period: No such situation.

E. Material Restriction: No such situation.

F. Subsidiaries with non-controlling interests that are material to the Group: No such situation.

(4) Foreign currency translation

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

A. Transactions and balances in foreign currency

- Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- Monetary assets and liabilities denominated in foreign currencies at the period end are

retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- c. For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL, they are adjusted using the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in the current profit or loss; if measured at fair value through other comprehensive income, the adjustment is valued according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in other comprehensive income; if not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.
- d. All foreign exchange gains and losses are reported in the "other gains and losses" of the income statement.

B. Translation of foreign operations

- a. The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- b. When the foreign operating institution to be partially disposed or sold is an associate, the exchange difference under other comprehensive income will be reclassified as part of the current profit or loss as the sale profit or loss on a pro rata basis. However, if the Group still retains part of the equity of the former associate, but has lost the significant influence on the overseas operation of the associate, it will be treated as a disposal of all the equity of the foreign operation.
- c. When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income are re-attributable to the non-controlling interests of the foreign operation on a pro rata basis. However, if the Group still retains part of the equity of the former subsidiary but has lost the control over the foreign operating institution, it will be treated as a disposal of all the equity of the foreign operating institution.

(5) Classification of current and non-current items

A. Assets that meet one of the following conditions are classified as current assets:

- a. The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle.
- b. Mainly held for the purpose of trading.
- c. Expected to be realized within 12 months after the balance sheet date.
- d. Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.

B. Liabilities that meet one of the following conditions are classified as current liabilities:

- a. Expected to be settled in the normal business cycle.
- b. Mainly held for the purpose of trading.
- c. Expected to be settled within 12 months after the balance sheet date.

- d. The settlement period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of liabilities that may, at the option of the counterparty, result in settlement by issue of equity instruments does not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(6) Cash equivalents

Cash equivalent is a short-term investment with high liquidity that is readily convertible into known amounts of cash and is subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
- B. The Group adopts trade date accounting for financial assets measured at fair value through profit or loss that are customary transactions.
- C. The Group measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
- D. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

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

- A. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
 - a. The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
 - b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with transaction practices.
- C. The Group measures them at fair value plus transaction cost at the time of initial recognition, and subsequently at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the cumulative profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(9) Financial assets at amortized cost

A. Refers to those who meet the following conditions at the same time:

- a. The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. The Group adopts trade date accounting for financial assets measured at amortized cost in accordance with trading practices.

C. The Group measures its fair value plus transaction cost at the time of initial recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and at the time of derecognition, the loss is recognized in profit or loss.

D. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured at the investment amount.

(10) Accounts and notes receivable

A. Refer to accounts and bills that, according to the contract, have the unconditional right to receive the amount of consideration exchanged for the transferred goods or services.

B. For short-term accounts and notes receivable with unpaid interest, as the discounting effect is insignificant, the Group measures them at the original invoice amount.

C. The Group's business model of accounts receivable from expected sale is to collect contractual cash flow and sell them. Subsequently, they are measured at fair value, and changes are recognized in other comprehensive income.

(11) Financial asset impairment

On each balance sheet date, the Group considers all reasonable and possible investments in debt instruments measured at fair value through other comprehensive income, financial assets measured at amortized cost including the accounts receivable of the significant financial components. If the credit risk has not increased significantly since the initial recognition, the loss allowance is measured at the 12-month expected credit loss amount; for credit risk that increased significantly after the initial recognition, the loss allowance is measured at the amount of lifetime expected credit losses; excluding the accounts receivable or contract assets that do not contain significant financial components, the loss allowance is measured at the amount of lifetime expected credit losses.

(12) Derecognition of financial assets

When the contractual right to receive the cash flow from the financial asset expires, the financial asset will be derecognized.

(13) Lease transactions with lessor

Lease income from operating leases, net of any incentives given to the lessee, is amortized and recognized in profit or loss in the current period in accordance with the straight-line method over the lease term.

(14) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (amortized based on normal production capacity), excluding borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal business process less the estimated costs that must be invested until completion and the estimated costs required to complete the sale balance.

(15) Investments accounted for under the equity method - associates

- A. Associates refer to all individual entities over which the Group has significant influence over but no control over them, and generally holds more than 20% of their voting shares directly or indirectly. The Group's investment in associates is accounted for using the equity method and recognized at cost when acquired.
- B. The Group recognizes the share of income after the acquisition of the associate as the current profit or loss, and the share of other comprehensive income after the acquisition is recognized as other comprehensive income. If the Group's share of losses on any associate is equal to or exceeds its equity in the associate (including any other unsecured receivables), the Group will not recognize further losses, unless the Group incurs legal obligations, presumed obligations, or payment has been made on behalf of them.
- C. When there is a change in equity other than profit and loss and other comprehensive income in the associate that does not affect the shareholding ratio of the associate, the Group recognizes all changes in equity as "capital reserve " in proportion to the shareholding ratio.
- D. The unrealized gains and losses arising from the transactions between the Group and the associates have been written off in proportion to the equity in the associates; unless there is evidence showing that the assets transferred in the transaction have been impaired, the unrealized losses are also written off. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with the policies adopted by the Group.
- E. When the Group disposes of an associate, if the significant influence on the associate is lost, the accounting treatment of all amounts related to the associate previously recognized in other comprehensive income shall be the same as the basis for the direct disposal of the relevant assets or liabilities by the Group. That is, if the profit or loss previously recognized as other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed, the profit or loss will be reclassified from equity to profit or loss when the significant influence on the affiliated company is lost. If there is still significant influence on the associate, only the amount previously recognized in other comprehensive income shall be transferred out according to the above method.

(16) Property, plant and equipment

- A. Property, plant, and equipment are recorded at acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
- B. The subsequent cost is included in the book value of the asset or recognized as an individual asset only when the future economic benefits related to the item are likely to flow into the Group and the cost of the item can be reliably measured. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized in profit or loss for the period when incurred.

- C. Property, plant and equipment are subsequently measured at cost. Except for land, which is not depreciated, the depreciation is calculated using the straight-line method over the estimated useful years. Significant components of property, plant, and equipment are depreciated separately.
- D. The Group reviews the residual value, years of useful life and depreciation method of each asset at the end of each fiscal year. If the residual value and the expected value of useful years are different from the previous estimates, or if there is a significant change in the expected consumption pattern of the assets with future economic benefits, from the date of the change, it is treated in accordance with the provisions of IAS No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for changes in accounting estimates. The useful lives of each asset are as follows:

Buildings	25 years ~ 50 years
Transportation equipment	5 years
Machinery and equipment	3 years ~ 5 years
Office equipment	2 years ~ 5 years
Other equipment	3 years ~ 5 years

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

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Group. When the lease contract is in the form of a short-term lease or a lease of a low-value target asset, the lease payments are recognized as expenses using the straight-line method over the lease period.
- B. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted present value of the Group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable. The interest expense is subsequently measured using the interest method and the amortized cost method, and the interest expense is provided during the lease term. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be remeasured.
- C. The right-of-use asset is recognized at cost on the lease start date. Cost includes:
- The initially measured amount of the lease liability; and
 - any initial direct costs incurred;
- The subsequent measurement is based on the cost model, and the depreciation expense is appropriated when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.

(18) Investment property

Investment property is recognized at acquisition cost, and the cost model is adopted for subsequent measurement. Except for land, depreciation is made on a straight-line method according to the estimated service life, and the service life is 50 years.

(19) Impairment of non-financial assets

On the balance sheet date, the recoverable amount of assets with signs of impairment is estimated. When the recoverable amount is lower than the book value, the impairment loss is recognized. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When the impairment loss of assets recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the increase in book value of the asset due to the reversal of impairment loss shall not exceed the amount of the depreciation or amortization if the impairment loss was not recognized for the asset and subsequent book value.

(20) Borrowings

A. Refers to long-term and short-term borrowings from banks. The Group measures their fair values less transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in the outstanding period according to the amortization procedure in profit or loss.

B. When it is very likely to withdraw the expenses paid for the establishment of the borrowing limit, in part or in whole, the expenses are recognized as the transaction cost of the borrowing, deferred and recognized as the effective interest rate adjustment when the borrowing occurs; when it is unlikely that the expenses will be withdrawn, in part or in whole, the expenses are recognized as prepayments and amortized over the period to which the quota is related.

(21) Accounts payable and notes payable

A. Refers to debts incurred from the purchase of raw materials, commodities or labor services, and notes payable due to business and non-business reasons.

B. For short-term accounts and notes payable with unpaid interest, as the discounting effect is insignificant, the Group measures them based on the original invoice amount.

(22) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired.

(23) Offsetting of financial instruments

Financial assets and financial liabilities can only be offset when there is a legally enforceable right to offset the recognized amounts of financial assets and liabilities, and the intention is to settle on a net basis or to realize assets and settle liabilities at the same time. In the balance sheet, it is presented in net amount.

(24) Provisions

The provisions (for warranty liabilities and litigation provisions) are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The provisions are measured based on the best estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate is based on the pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the liability. The amortized discount is recognized as interest expense. No future operating losses shall be recognized as provisions.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and are recognized as expenses when the related services are provided.

B. Pension

a. Defined contribution plans

For the defined contribution plan, it is the amount that should be contributed to the pension fund is recognized as the current pension cost on an accrual basis. Prepaid allocations are recognized as assets within the scope of refundable cash or reduction of future payments.

b. Defined benefit plan

- i. The net obligation under the defined benefit plan is discounted based on the future benefit amount earned by employees in the current period or in the past, and the present value of the defined benefit obligation on the balance sheet date less the fair value of the planned assets. The net defined benefit obligation is calculated by the actuary using the projected unit benefit method every year. The discount rate is determined with reference to the market yield rate of the high-quality corporate bonds on the balance sheet date that are consistent with the currency and period; for countries without a deep market, the market yield rate of government bonds (on the balance sheet date) is used.
- ii. The remeasurement arising from the defined benefit plan is recognized in other comprehensive income in the period in which it occurs, and is expressed in the retained earnings.
- iii. Expenses related to the service cost in the previous period are immediately recognized in profit or loss.

C. Termination benefits

The termination benefits are for employees who terminate their employment before the normal retirement date or when the employees decide to accept the Company's offer of benefits in exchange for the termination of employment. The Group will state the benefits as expenses when the offer of benefits cannot be withdrawn or the related reorganization costs are stated, whichever earlier. Benefits that are not expected to be settled in full in 12 months after the balance sheet date should be discounted.

D. Compensation to employees and remuneration to directors

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. If the employee's remuneration is paid in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(26) Income tax

A. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for items that are recognized in other comprehensive income or directly in equity, respectively.

B. The Group calculates the income tax for the current period in accordance with the tax rate that has been enacted or substantially enacted in the countries where the Group is operating

and generating taxable income on the balance sheet date. The management regularly evaluates the status of income tax filings in accordance with the applicable income tax related laws and regulations, and, if applicable, the estimated income tax liabilities based on the tax expected to be paid to the taxing authorities. Undistributed earnings are subject to additional income tax in accordance with the income tax law. The undistributed earnings income tax expense is recognized based on the actual distribution of earnings once the earnings distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.

- C. Deferred income tax is recognized based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet using the balance sheet method. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the transaction (excluding business combination) on the initial recognition of assets or liabilities, and the transaction does not affect accounting profits or taxable income (taxable losses) at the time of the transaction and does not generate equivalent taxable and deductible temporary differences, they are not to be recognized. For the temporary difference generated by the investment in subsidiaries and affiliated companies, if the Group can control the time point of the temporary difference reversal, and the temporary difference is very likely not to be reversed in the foreseeable future, it shall not be recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted at the balance sheet date and that is expected to apply when the related deferred income tax assets are realized or deferred income tax liabilities are settled.
- D. Deferred income tax assets are recognized within the scope of temporary differences that are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
- E. When there is a legally enforceable right to offset the amount of current income tax assets and liabilities recognized, and there is an intention to settle on a net basis or realize the assets and settle the liabilities at the same time, offset the current income tax assets and liabilities; when there is a legally enforceable right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are levied by the same taxation authority, the same taxable entity, or different taxable entities and each entity intends to repay on the basis of the net amount or to realize assets and repay liabilities at the same time, the deferred income tax assets and liabilities are offset.
- F. Unused income tax deductions arising from the purchase of equipment or technology, and R&D expenditures are recognized as deferred income tax asset, to the extent that it is probable that there will be future taxable income against which the unused income tax can offset.

(27) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options, net of income tax, are recognized in equity as a deduction of the consideration.

(28) Dividends

Dividends distributed to the Group's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred to common shares on the record date of issuance of new shares.

(29) Revenue recognition

A. Sale of goods

- a. The Group manufactures and sells various automation equipment and system components. Revenue from sales is recognized when the control of the product is transferred to the customer. That is, when the product is delivered to the customer, the customer has discretion over the benefits of product sales, and when there are no outstanding performance obligations by the Group that may affect the customer's acceptance of the product. When the product is transported to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence to prove that all acceptance criteria have been met.
- b. The Group provides standard warranty for some of the products sold, and is obligated to repair any defective products. The provisions are recognized at the time of sales.
- c. Accounts receivable are recognized when the goods are delivered to the customer, as the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

B. Engineering services

- a. The Group provides services related to the installation of smoke exhaust systems and blinds. Labor service income is recognized as income during the financial reporting period when the service is provided to the customer. Revenue from fixed price contracts is recognized based on the proportion of services actually provided as a percentage of the total services to be provided as of the balance sheet date. The proportion of completed services is determined based on the actual costs to be accounted for in the estimated total costs. The customer pays the contractual price in accordance with the agreed payment schedule. When the services provided by the Group exceed the payables of the customer, it is recognized as a contract asset; if the payables from the customer exceeds the services provided by the Group, it is recognized as a contract liability.
- b. The Group makes revisions to the estimates of income, cost and degree of completion as the circumstances change. Any increase or decrease in estimated revenue or cost resulting from a change in estimate is reflected in profit or loss in the period in which the result of the revision is known by the management.

(30) Government subsidies

Government subsidies are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidies and the subsidies will be received. If the nature of the government subsidies is to compensate the expenses incurred by the Company, the government subsidies shall be recognized as current profit or loss on a systematic basis in the period in which the relevant expenses are incurred.

(31) Operation segments

The information of the Group's operating segments is reported in a consistent manner with the internal management reports provided to major operational decision makers. The chief operational decision-makers are responsible for allocating resources to operating segments and evaluating their performance.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

Critical accounting estimates and assumptions

Since inventories must be valued at the lower of cost or net realizable value, the Group must exercise judgment and estimate to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Group evaluates the amount of inventories due to normal wear and tear, obsolete or no market sales value on the balance sheet date, and writes down the cost of inventories to the net realizable value. The evaluation of the inventory may change significantly due to the fluctuation of the net realizable value of the product in the future.

On December 31, 2023, the book value of the Group's inventories amounted to NTD 355,058.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 175	\$ 160
Checking accounts and demand deposit	253,418	259,348
Time deposit	<u>196,128</u>	<u>147,673</u>
	<u>\$ 449,721</u>	<u>\$ 407,181</u>

- A. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with multiple financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
- B. As of December 31, 2023 and 2022, the Group's cash and cash equivalents due to construction performance and borrowings pledged for restrictions of NTD 775 and NTD 31,485, respectively, have been reclassified where appropriate. Please refer to Note 8 for information on related pledged assets.
- C. The Group's time deposits that do not qualify as cash equivalents as of December 31, 2023 and 2022 were NTD 103,615 and NTD 100,485, respectively, listed in the "financial assets at amortized cost" account.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 1,150	\$ 1,150
Valuation adjustment	(976)	(1,031)
	<u>\$ 174</u>	<u>\$ 119</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 55	(\$ 89)

B. The Group does not pledge financial assets measured at fair value through profit or loss.

C. Please refer to Note 12(2) for market risk information of financial assets measured at fair value through profit or loss.

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current items		
Time deposits with original maturity date of more than three months	\$ 102,840	\$ 69,000
Pledged time deposit	775	31,485
	<u>\$ 103,615</u>	<u>\$ 100,485</u>

A. The breakdown of financial assets measured at amortized cost recognized in profit or loss is as follows:

	Years ended December 31,	
	2023	2022
Interest revenue	\$ 1,939	\$ 1,291

B. Without considering the collateral or other credit enhancements held, the financial assets measured at amortized cost that are most representative of the Group held in the period of December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NTD 103,615 and NTD 100,485, respectively.

C. Please refer to Note 8 for the Company's financial assets measured at amortized cost as collaterals.

D. Please refer to Note 12(2) for the credit risk information of financial assets measured at amortized cost. The counterparties of the Group's investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 22,584</u>	<u>\$ 42,206</u>
Accounts receivable	\$ 248,399	\$ 374,130
Less: Loss allowance	(5,819)	(10,921)
	<u>\$ 242,580</u>	<u>\$ 363,209</u>

A. The aging analysis of notes receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 22,584	\$ 42,206

B. The aging analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 226,137	\$ 328,834
Within 90 days of overdue	16,297	37,877
Overdue for more than 91 days	5,965	7,419
	\$ 248,399	\$ 374,130

The above is an aging analysis based on the number of overdue days.

C. The balance of accounts receivable and notes receivable on December 31, 2023, December 31, 2022, and January 1, 2022 were all generated from contracts with customers. The balance and allowance for losses of receivables amounted from contracts with customers on January 1, 2022 to NTD 555,613 and NTD 11,069, respectively.

D. Without considering the collateral or other credit enhancements held, the maximum exposure amount that best represents the credit risk of the notes receivable of the Group as of December 31, 2023 and 2022 are as follows: NTD 22,584 and NTD 42,206; the maximum exposure amount that best represents the credit risk of the accounts receivable of the Group as of December 31, 2023 and 2022 was NTD 242,580 and NTD 363,209, respectively.

E. The Group records accounts receivable without any collateral.

F. For credit risk information on notes and accounts receivable, please refer to Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 74,706	(\$ 17,549)	\$ 57,157
Work in progress	27,386	(70)	27,316
Finished goods	39,323	(13,472)	25,851
Merchandise	260,176	(15,517)	244,659
Inventory in transit	75	-	75
	<u>\$ 401,666</u>	<u>(\$ 46,608)</u>	<u>\$ 355,058</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 94,947	(\$ 24,700)	\$ 70,247
Work in progress	28,435	(16)	28,419
Finished goods	41,536	(11,906)	29,630
Merchandise	277,722	(30,788)	246,934
	<u>\$ 442,640</u>	<u>(\$ 67,410)</u>	<u>\$ 375,230</u>

Cost of inventories recognized as expense losses by the Group in the current period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 647,368	\$ 1,225,007
Other operating costs	47,626	41,015
Loss (gain on reversal) on decline in value of inventories	(20,802)	7,246
	<u>\$ 674,192</u>	<u>\$ 1,273,268</u>

The Group sold inventory for which loss allowance was made in 2023, resulting in a recovery of inventories.

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

Item	December 31, 2023	December 31, 2022
Non-current items		
Equity instrument		
Non-listed stocks	\$ 58,973	\$ 58,973
Valuation adjustment	168,125	47,454
	<u>\$ 227,098</u>	<u>\$ 106,427</u>

A. The Group chose to classify the financial assets measured at cost that are strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022 were NTD 227,098 and NTD 106,427.

B. The breakdown of financial assets measured at fair value through other comprehensive income recognized in comprehensive profit or loss is as follows:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 120,671</u>	<u>(\$ 61,455)</u>

C. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represent the Group held on December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NTD 227,098 and NTD 106,427 respectively.

D. The Group does not pledge financial assets measured at fair value through other comprehensive income.

E. Please refer to Note 12(3) for market risk information of financial assets measured at fair value through other comprehensive income.

(7) Investment accounted for under equity method

A. The details of investment under equity method are as follows:

	December 31, 2023	December 31, 2022
PLENTY ISLAND (THAI)CO., LTD.	\$ 601	\$ 574
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	34,289	31,629
3e Yamaichi Electronics Co., Ltd.	30,030	31,108
	<u>\$ 64,920</u>	<u>\$ 63,311</u>

	Years ended December 31,	
	2023	2022
January 1	\$ 63,311	\$ 72,274
Share of investment income accounted for using equity method	5,314	2,484
Distribution of investment earnings under equity method	(3,386)	(17,147)
Other changes in equity	(319)	5,700
December 31	<u>\$ 64,920</u>	<u>\$ 63,311</u>

B. Associate

The book value of the non-significant affiliates of the Group and their share of the operating results are summarized as follows:

As of December 31, 2023 and 2022, the total book value of the individual non-significant affiliates of the Group was NTD 64,920 and NTD 63,311, respectively.

	Years ended December 31,	
	2023	2022
Net income from continuing operations	\$ 19,536	\$ 33,930
Other comprehensive income (net amount after tax)	-	-
Current comprehensive income - net	<u>\$ 19,536</u>	<u>\$ 33,930</u>

C. The Group holds 25% of the equity of PIENTY ISLAND (THAI) CO., LTD. and is the single largest shareholder of the Company. The remaining 75% of the shares are concentrated in other investors. The number of votes for the holders of other voting rights acting together has exceeded the Group's, indicating that the Group has no actual ability to dominate the relevant activities, so it is judged that the Group has no control over the company but only has a significant influence.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment			Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
			Self-use	Available for lease	Subtotal					
At January 1, 2023										
Cost	\$ 150,319	\$ 112,079	\$ 24,888	\$ 1,247	\$ 26,135	\$ 3,214	\$ 5,468	\$ 17,062	\$ -	\$ 314,277
Accumulated depreciation	-	(41,344)	(19,667)	(1,019)	(20,686)	(1,880)	(3,404)	(9,556)	-	(76,870)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 5,221</u>	<u>\$ 228</u>	<u>\$ 5,449</u>	<u>\$ 1,334</u>	<u>\$ 2,064</u>	<u>\$ 7,506</u>	<u>\$ -</u>	<u>\$ 237,407</u>
<u>2023</u>										
January 1	\$ 150,319	\$ 70,735	\$ 5,221	\$ 228	\$ 5,449	\$ 1,334	\$ 2,064	\$ 7,506	\$ -	\$ 237,407
Additions	-	-	707	-	707	-	1,587	784	1,462	4,540
Disposals	-	-	(495)	-	(495)	-	(27)	(49)	-	(571)
Reclassifications (Note)	-	-	-	-	-	-	-	123	-	123
Depreciation expense	-	(2,297)	(3,204)	(228)	(3,432)	(633)	(1,378)	(2,515)	-	(10,255)
Exchange rate effect	-	-	(22)	-	(22)	(7)	(1)	(28)	-	(58)
December 31	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 2,207</u>	<u>\$ 694</u>	<u>(\$ 2,245)</u>	<u>\$ 5,821</u>	<u>\$ 1,462</u>	<u>\$ 231,186</u>
At December 31, 2023										
Cost	\$ 150,319	\$ 112,079	\$ 9,548	\$ -	\$ 9,548	\$ 2,969	\$ 6,714	\$ 17,369	\$ 1,462	\$ 300,460
Accumulated depreciation	-	(43,641)	(7,341)	-	(7,341)	(2,275)	(4,469)	(11,548)	-	(69,274)
	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 2,207</u>	<u>\$ 694</u>	<u>\$ 2,245</u>	<u>\$ 5,821</u>	<u>\$ 1,462</u>	<u>\$ 231,186</u>

	Machinery equipment					Transportation equipment	Office equipment	Other equipment	Total
	Land	Buildings and structures	Self-use	Available for lease	Subtotal				
At January 1, 2022									
Cost	\$ 150,319	\$ 112,079	\$ 25,895	\$ 10,157	\$ 36,052	\$ 3,167	\$ 4,690	\$ 20,219	\$ 326,526
Accumulated depreciation	-	(39,046)	(15,080)	(7,625)	(22,705)	(1,190)	(2,413)	(6,983)	(72,337)
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 10,815</u>	<u>\$ 2,532</u>	<u>\$ 13,347</u>	<u>\$ 1,977</u>	<u>\$ 2,277</u>	<u>\$ 13,236</u>	<u>\$ 254,189</u>
2022									
January 1	\$ 150,319	\$ 73,033	\$ 10,815	\$ 2,532	\$ 13,347	\$ 1,977	\$ 2,277	\$ 13,236	\$ 254,189
Additions	-	-	-	-	-	-	903	533	1,436
Disposals	-	-	(840)	-	(840)	-	(13)	(3,205)	(4,058)
Reclassifications (Note)	-	-	2,019	-	2,019	-	-	-	2,019
Depreciation expense	-	(2,298)	(6,773)	(2,348)	(9,121)	(675)	(1,106)	(3,210)	(16,410)
Exchange rate effect	-	-	-	44	44	32	3	152	231
December 31	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 5,221</u>	<u>\$ 228</u>	<u>\$ 5,449</u>	<u>\$ 1,334</u>	<u>\$ 2,064</u>	<u>\$ 7,506</u>	<u>\$ 237,407</u>
At December 31, 2022									
Cost	\$ 150,319	\$ 112,079	\$ 24,888	\$ 1,247	\$ 26,135	\$ 3,214	\$ 5,468	\$ 17,062	\$ 314,277
Accumulated depreciation	-	(41,344)	(19,667)	(1,019)	(20,686)	(1,880)	(3,404)	(9,556)	(76,870)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 5,221</u>	<u>\$ 228</u>	<u>\$ 5,449</u>	<u>\$ 1,334</u>	<u>\$ 2,064</u>	<u>\$ 7,506</u>	<u>\$ 237,407</u>

Note: Mainly refers to the inventory transferred in.

A. The Company has no capitalization of interest.

B. For information on property, plant and equipment as collateral, please refer to the descriptions in Note VIII.

(9) Lease arrangements - lessee

A. The underlying assets leased by the Group include land use rights, buildings, machinery and equipment, business vehicles, and multi-function devices. The lease contract terms usually range from 1 to 5 years. Lease contracts are negotiated separately and include various terms and conditions without other restrictions.

B. The book value of the right-of-use assets and the information of depreciation expense recognized are as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Right-of-use assets:		
Buildings	\$ 2,519	\$ 24,271
Machinery equipment	35	169
Transportation equipment	375	496
	<u>\$ 2,929</u>	<u>\$ 24,936</u>

	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Buildings	\$ 13,983	\$ 10,948
Machinery equipment	134	174
Transportation equipment	191	317
	<u>\$ 14,308</u>	<u>\$ 11,439</u>

C. The increase in the Group's right-of-use assets for 2023 and 2022 were NTD 1,313 and NTD 8,003, respectively.

D. The information of profit and loss items related to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 165	\$ 906
Expenses of short-term lease contracts	841	883
Expenses of low-value asset lease	153	87
Gains and losses from sale and leaseback transactions (Note)	16,607	-

Note: The Group rented buildings for operations in the first quarter of 2021. The lease term is 3 years. Based on the evaluation of the exercise of the extension option, the term was extended to 5 years. However, after evaluation in 2023, it decided not to extend the option. Therefore, the lease contract was re-evaluated, and the right-of-use assets and lease liabilities were reduced at the same time, and the related difference was recognized in profit or loss.

E. The Group's total lease cash outflow for 2023 and 2022 amounted to NTD 20,183 and NTD 19,470, respectively.

(10) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(19,596)	(19,596)
	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
<u>2023</u>			
January 1	\$ 51,933	\$ 34,186	\$ 86,119
depreciation expense	-	(1,055)	(1,055)
December 31	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
At December 31, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(20,651)	(20,651)
	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
	Land	Buildings	Total
At January 1, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(18,542)	(18,542)
	<u>\$ 51,933</u>	<u>\$ 35,240</u>	<u>\$ 87,173</u>
<u>2022</u>			
January 1	\$ 51,933	\$ 35,240	\$ 87,173
depreciation expense	-	(1,054)	(1,054)
December 31	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
At December 31, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(19,596)	(19,596)
	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>

A. Rental income and direct operating expenses of investment property:

	Years ended December 31,	
	2023	2022
Rent income from investment property	<u>\$ 5,002</u>	<u>\$ 4,843</u>
Direct operating expenses incurred by investment property that generates rental income in the current period	<u>\$ 1,055</u>	<u>\$ 1,054</u>

B. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 was NTD 177,761 and NTD 172,901, respectively. The fair value disclosed is based on the present value of the land of the real estate and the market of similar objects in the vicinity estimated at the transaction price.

C. The investment properties referred to above are two leases of premises and land on Zhouzi Street, Neihu District. The lease terms are from January 15, 2019 to March 31, 2024 and from August 1, 2022 to July 31, 2024, respectively.

D. Please refer to Note 8 for the Group's pledge of investment properties as collateral.

(11) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 5,001	\$ 4,863
Other assets - others	26,704	27,081
Long-term receivables (Note)	-	19,836
	<u>\$ 31,705</u>	<u>\$ 51,780</u>

Note: The remaining balance of RMB 4,500 thousand in the case of the Group's subsidiary completed in February 2021 has been paid to the transferee, SUNJADE HOLDINGS (HONG KONG) LIMITED, with respect to the construction in progress, the proposed new construction will be recovered after obtaining the real estate title certificate.

(12) Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit loans	<u>\$ 20,000</u>	1.70%	None

December 31, 2022: None.

A. The interest expenses recognized in profit or loss in 2023 and 2022 were NTD 113 and NTD 395, respectively.

B. Please refer to Note 8 for guarantee details.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 35,855	\$ 50,856
Remuneration payable to employees, directors and supervisors	7,126	21,531
Payable commission	6,242	6,385
Payable expenses - others	19,941	29,147
Other payables	<u>4,860</u>	<u>8,400</u>
	<u>\$ 74,024</u>	<u>\$ 116,319</u>

(14) Provisions

	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
January 1, 2023	\$ 7,638	\$ -	\$ 7,638
Provisions increased in the current period	3,510	-	3,510
Provisions used in the current period	(4,243)	-	(4,243)
December 31, 2023	<u>\$ 6,905</u>	<u>\$ -</u>	<u>\$ 6,905</u>

	Warranty	Litigation	Total
January 1, 2022	\$ 9,005	\$ 34,588	\$ 43,593
Provisions increased in the current period	2,223	-	2,223
Provisions increased in the current period	(3,590)	(12,910)	(16,500)
Provisions increased in the current period	-	(21,678)	(21,678)
December 31, 2022	<u>\$ 7,638</u>	<u>\$ -</u>	<u>\$ 7,638</u>

A. The provision for warranty liabilities of the Group is mainly related to the sales of self-made products and is estimated based on the historical warranty data of the products.

B. For the details of changes in the reserve for litigation, please refer to Note 9 (1).

(15) Pension

A. a. In accordance with the provisions of the "Labor Standards Act", the Company has established retirement benefits regulations which is applicable to the service years of all formal employees before the implementations of the Labor Pension Act on July 1, 2005, and to employees who chose to continue to adopt the Labor Standards Act after the implementation of the Labor Pension Act. For employees who are eligible for retirement, the pension payment is based on the years of service and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years (inclusive), and one base figures are given for each full year of service beyond 15 years, but the accumulation is limited to 45 bases. The Company contributes 2% of the total salary to the pension fund on a monthly basis, which is deposited with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, the Company estimates the balance of the special account for the labor pension fund mentioned in the preceding paragraph. If the balance is insufficient to pay the pension amount for the workers who meet the retirement conditions in the following year, the difference shall be appropriated by the Company before the end of March.

b. The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 29,416)	(\$ 34,321)
Fair value of plan assets	<u>25,988</u>	<u>25,084</u>
Net defined benefit liabilities (shown as other non-current liabilities)	<u>(\$ 3,428)</u>	<u>(\$ 9,237)</u>

c. Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	(\$ 34,321)	\$ 25,084	(\$ 9,237)
Interest (expense) income	(446)	326	(120)
	<u>(34,767)</u>	<u>25,410</u>	<u>(9,357)</u>
Remeasurements:			
Losses on plan assets (excluding amounts included in interest income or expense)	-	151	151
Change in financial assumptions	(214)	-	(214)
Experience adjustments	<u>5,565</u>	<u>-</u>	<u>5,565</u>
	<u>5,351</u>	<u>151</u>	<u>5,502</u>
Pension fund contribution	-	427	427
Paid pension	-	-	-
Balance at December 31	<u>(\$ 29,416)</u>	<u>\$ 25,988</u>	<u>(\$ 3,428)</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 38,791)	\$ 26,049	(\$ 12,742)
Current service cost	(227)	-	(227)
Interest (expense) income	(271)	182	(89)
	<u>(39,289)</u>	<u>26,231</u>	<u>(13,058)</u>
Remeasurement:			
Losses on plan assets (excluding amounts included in interest income or expense)	-	1,944	1,944
Change in financial assumptions	1,780	-	1,780
Experience adjustments	<u>(358)</u>	<u>-</u>	<u>(358)</u>
	<u>1,422</u>	<u>1,944</u>	<u>3,366</u>
Pension fund contribution	-	455	455
Paid pension	<u>3,546</u>	<u>(3,546)</u>	<u>-</u>
Balance at December 31	<u>(\$ 34,321)</u>	<u>\$ 25,084</u>	<u>(\$ 9,237)</u>

- d. The fund assets of the Company's defined benefit pension plan are based on the scope of the proportion and amount of the entrusted business items established in the annual investment and utilization plan of the Bank of Taiwan. The Company has processed the entrusted management according to Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (that is, deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products, and more) which the related utilization situation is supervised by the Labor Pension Fund Supervisory Committee. For the use of the Fund, the minimum income distributed in the annual final accounts shall not be less than the income calculated based on the two-year time deposit interest rate of the local bank; if there is any deficiency, the Treasury shall make up for it after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is impossible for the Company to disclose the classification of the fair value of plan assets in accordance with IAS 19 Paragraph 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government of each year.
- e. The actuarial assumptions related to the pension fund are summarized as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases rate	2.25%	2.25%

The assumption of future mortality rate is based on the 6th Taiwan Life Insurance Industry Experience Tables.

The analysis of the impact on the present value of defined benefit obligation due to the change of the main actuarial assumptions is as follows:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 529)	\$ 545	\$ 465	(\$ 454)

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 704)	\$ 726	\$ 632	(\$ 616)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet. The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

- f. The Company expects to contribute NTD 525 to the pension plan in 2024.
- g. As of December 31, 2023, the average duration of the pension plan was 8 years.

- B. a. Since July 1, 2005, the Company and its domestic subsidiaries have established a defined retirement contribution in accordance with the "Labor Pension Act", which is applicable to employees of Taiwan nationality. For the employees who choose to apply the labor pension system stipulated in the "Labor Pension Act", the Company contributes 6% of the monthly salary to the employee's individual account with the Labor Insurance Bureau, and the employee's pension is paid in accordance with the employee's individual pension. The amount of accumulated income and segregated account is withdrawn as monthly pension or lump sum.
- b. The Group's subsidiaries registered in the People's Republic of China are in accordance with the endowment insurance system stipulated by the government of the People's Republic of China. Each month, a certain percentage of the total salary of the local employees is contributed to the endowment insurance. The pension of each employee is managed and arranged by the government. Other than the monthly appropriation, the Company has no other obligations.
- c. In 2023 and 2022, the pension cost recognized by the Group in accordance with the above regulations was NTD 8,145 and NTD 8,677, respectively.

(16) Share capital

- A. As of December 31, 2023, the Company's authorized capital was NTD 1,500,000 divided into 150,000 thousand shares (including 10,000 thousand shares of employee share option), and the paid-in capital was NTD 827,897 for each with a face value of NTD 10 per share. Payment for the issued shares of the Company has been received.
- B. The number of common shares of the Company outstanding at the beginning and end of the period were both 82,790 thousand shares.

(17) Capital surplus

In accordance with the provisions of the Company Act, the premium from the issuance of shares in excess of the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the Company has no accumulated losses, new shares or cash are issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. A company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(18) Retained earnings

- A. If the Company has earnings in the annual final accounting, it shall pay tax in accordance with the law and make up for the accumulated losses, and then set aside 10% of the earnings as a legal reserve. However, when the legal reserve has reached the amount of the Company's paid-in capital, such appropriation may not be provided; for the rest, the special reserve shall be set aside or reversed in accordance with the laws and regulations. If there is any remaining balance, the remaining earnings shall be retained or distributed together with the accumulated undistributed earnings, and the Board of Directors shall propose a proposal for earnings distribution and submit it to the shareholders' meeting for resolution.
- B. The Company's dividend policy is as follows: To meet the current and future development plans, taking into account the investment environment, capital requirements, and the interests of shareholders, the Company will allocate no less than 10% of the distributable earnings as dividends to shareholders each year, which may be distributed in the form of cash or shares, and the cash dividends shall not be less than 20% of the total dividends.

- C. The legal reserve may not be used except to make up for the Company's losses and issuing new shares or cash in proportion to the original number of shares held by shareholders. However, if new shares or cash are issued, the amount of the reserve exceeding 25% of the paid-in capital shall be limited.
- D. a. When the Company distributes earnings, the special reserve shall be set aside for the debit balance of other equity items on the balance sheet date of the current year according to laws and regulations. When the debit balance of other equity items is subsequently reversed, the amount of the reversal may be included in the distributable earnings.
- b. The special reserve amounted to \$2,713 as of December 31, 2023 and 2022 for both. This is the first time that the Group has adopted IFRSs to recognize that the cumulative translation difference generated by the foreign operation is zero, and to recognize an adjustment and the special reserve in the same amount. When the Company uses, disposes or reclassifies the relevant assets later, the proportion of the original special reserve may be reversed for distribution earnings.
- E. The 2022 and 2021 earnings distribution proposals of the Company were approved by the shareholders' meetings on June 9, 2023 and June 22, 2022, as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 21,664		\$ 26,512	
Reversal of special reserve	-		(20,617)	
Cash dividends	149,021	\$ 1.80	149,021	\$ 1.80
	<u>\$ 170,685</u>		<u>\$ 154,916</u>	

Please visit the "MOPS" of the Taiwan Stock Exchange for the 2022 and 2021 earnings distributions approved by the Company's Board of Directors and at shareholders' meetings.

- F. The 2023 earnings distribution of the Company was proposed by the Board of Directors on March 14, 2024 as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 8,317	
Cash dividends	82,790	\$ 1.00
	<u>\$ 91,107</u>	

- a. For information on employees' remuneration and remuneration to directors and supervisors, please refer to Note 6(25).
- b. The aforementioned 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(19) Other equity items

	2023		
	Unrealized valuation gains/losses	Translation of foreign currency	Total
January 1	\$ 64,583	(\$ 12,521)	\$ 52,062
Valuation adjustment	120,671	-	120,671
Foreign exchange difference:			
- Group	- (	3,148)	(3,148)
- Group's taxable income	-	629	629
- Affiliated companies	- (	319)	(319)
- Tax of affiliated companies	-	50	50
December 31	<u>\$ 185,254</u>	<u>(\$ 15,309)</u>	<u>\$ 169,945</u>

	2022		
	Unrealized valuation gains/losses	Translation of foreign currency	Total
January 1	\$ 126,038	(\$ 19,591)	\$ 106,447
Valuation adjustment	(61,455)	- (	61,455)
Foreign exchange difference:			
- Group	-	3,129	3,129
- Group's taxable income	- (	626)	(626)
- Affiliated companies	-	5,700	5,700
- Tax of affiliated companies	- (	1,133)	(1,133)
December 31	<u>\$ 64,583</u>	<u>(\$ 12,521)</u>	<u>\$ 52,062</u>

(20) Operating revenue

A. Breakdown of revenue from customer contracts

The Group's revenue comes from the provision of goods and services, which can be divided into the following main product lines and geographical regions:

Year ended December 31, 2023	Automation components				Automation equipment				Energy conservation and safety	Others	Total
	Taiwan	Mainland China	Japan	Others	Taiwan	Mainland China	Japan	Others	Taiwan	Taiwan	
External income	\$ 331,130	\$ 126,261	\$ 22,796	\$ 386	\$ 47,947	\$ 214,229	\$23,806	\$153,353	\$48,587	\$ 15,054	\$ 983,549
Timing of revenue recognition											
Revenue recognized at a certain point in time	\$ 331,130	\$ 126,261	\$ 22,796	\$ 386	\$ 47,947	\$ 214,229	\$23,806	\$153,353	\$48,587	\$ 15,054	\$ 983,549
Year ended December 31, 2022	Automation components				Automation equipment				Energy conservation and safety	Others	Total
	Taiwan	Mainland China	Japan	Others	Taiwan	Mainland China	Japan	Others	Taiwan	Taiwan	
External income	\$ 925,288	\$ 296,612	\$ 9,960	\$ 4,746	\$ 116,915	\$ 247,005	\$18,645	\$131,560	\$39,115	\$ 13,654	\$ 1,803,500
Timing of revenue recognition											
Revenue recognized at a certain point in time	\$ 925,288	\$ 296,612	\$ 9,960	\$ 4,746	\$ 116,915	\$ 247,005	\$18,645	\$131,560	\$39,115	\$ 13,654	\$ 1,803,500

~45~

B. Contract assets and liabilities

- a. The contractual liabilities related to the customer contract revenue recognized by the Group are as follows:

Contract liabilities:	December 31, 2023	December 31, 2022	January 1, 2022
Advance collections from customers	\$ 11,543	\$ 2,949	\$ 5,098

- b. Revenue recognized in current period of contract liabilities at the beginning of the period

	Years ended December 31,	
	2023	2022
<u>Opening balance of contract liabilities recognized as income in current period</u>		
Advance collections from customers	\$ 2,949	\$ 5,098

(21) Interest income

	Years ended December 31,	
	2023	2022
Interest on bank deposits	\$ 12,918	\$ 2,672
Interest income from financial assets at amortized cost	1,939	1,291
	<u>\$ 14,857</u>	<u>\$ 3,963</u>

(22) Other income

	Years ended December 31,	
	2023	2022
Rental income	\$ 7,336	\$ 6,024
Dividend income	20,426	17,096
Government grant income	325	1,073
Other income (Note)	2,830	24,866
	<u>\$ 30,917</u>	<u>\$ 49,059</u>

Note: Please refer to Note 9(1) for NTD 21,678 in the amount recognized in 2022.

(23) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gain (loss) on financial assets at fair value through profit or loss	\$ 55	(\$ 89)
Foreign currency exchange gain (loss), net	(4,036)	26,113
Losses from disposal of property, plant and equipment	(460)	(1,435)
Gain on sale and leaseback transfer of right (Note)	16,607	-
Other losses	(890)	(273)
	<u>\$ 11,276</u>	<u>\$ 24,316</u>

Note: Please refer to Note 6(9) for details.

(24) Financial costs

	Years ended December 31,	
	2023	2022
Interest expense		
Interest expense of bank borrowings	\$ 113	\$ 469
Interest expense of lease liabilities	165	906
	<u>\$ 278</u>	<u>\$ 1,375</u>

(25) Employee benefits and depreciation expenses

A. Employee benefits and depreciation expenses

By function	Year ended December 31, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 15,791	\$ 154,466	\$ 170,257
Labor and national health insurance expenses	1,635	13,549	15,184
Pension expense	906	7,359	8,265
Other employee expenses	999	7,437	8,436
Depreciation expense	3,195	22,423	25,618

By function	Year ended December 31, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 18,825	\$ 188,793	\$ 207,618
Labor and national health insurance expenses	1,573	13,751	15,324
Pension expense	968	8,025	8,993
Other employee expenses	1,302	8,233	9,535
Depreciation expense	3,410	25,493	28,903

B. Compensation to employees and remuneration to directors

- a. Pursuant to the Company's Articles of Incorporation, if the Company makes a profit in the year, after deducting accumulated losses, it shall allocate no less than 5% as employees' remuneration, and no more than 5% as directors' remuneration.
- b. The Company's estimated employees' remuneration for 2023 and 2022 are NTD 4,454 and NTD 15,379, respectively; the estimated amounts of directors' remuneration are NTD 2,672 and NTD 6,152, respectively, and the aforementioned amounts are accounted for as salary expenses.

For 2023, the profit is estimated at 5% and 3%, respectively, based on the profit status as of the current period. The 2022 employees' remuneration and director remuneration as resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.

Information on employees' and directors' remuneration approved by the Company's board of directors is available on the MOPS.

(26) Income tax

A. income tax expense

- a. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current income tax:		
Income tax arising from current income	\$ 10,301	\$ 64,214
Imposition on undistributed earnings	2,297	5,621
Overestimated income tax in previous years	(8,815)	(277)
Total income tax for the current period	3,783	69,558
Deferred income tax:		
The origin and reversal of the temporary difference	1,237	(104)
Exchange rate effect	-	(5)
Income tax expense	\$ 5,020	\$ 69,449

b. Amount of income tax related to other comprehensive income:

	Years ended December 31,	
	2023	2022
Difference on translation of foreign operations	\$ 629	(\$ 626)
Share of other comprehensive income of affiliated companies	50	(1,133)
Remeasurement of defined benefit plan	(1,100)	(673)
	<u>(\$ 421)</u>	<u>(\$ 2,432)</u>

B. Relationship between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Income tax on net profit before tax calculated at statutory tax rate (Note)	\$ 23,433	\$ 57,343
Income tax effects of excluded items in accordance with the Tax Law	(10,658)	6,658
Assessment of realizability of deferred income tax assets	(1,237)	104
Imposition on undistributed earnings	2,297	5,621
Overestimated amount of income tax in previous years	(8,815)	(277)
income tax expense	<u>\$ 5,020</u>	<u>\$ 69,449</u>

Note: The basis of the applicable tax rate is the tax rate applicable to the income in the relevant countries.

C. The amount of each deferred income tax asset or liability arising from the temporary difference is as follows:

Years ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
- Deferred income tax assets:				
Temporary difference:				
Allowance for inventory obsolescence	\$ 12,575	(\$ 2,963)	\$ -	\$ 9,612
Pension liabilities	1,848	(62)	(1,100)	686
Unrealized exchange losses	-	581	-	581
Expected credit impairment loss	3,006	2,032	-	5,038
Others	3,270	(1,525)	-	1,745
Subtotal	20,699	(1,937)	(1,100)	17,662
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	(1,712)	-	679	(1,033)
Unrealized exchange gain	(1,106)	1,103	-	(3)
Investment income under equity method	(37,796)	(403)	-	(38,199)
Subtotal	(40,614)	700	679	(39,235)
Total	(\$ 19,915)	(\$ 1,237)	(\$ 421)	(\$ 21,573)

Years ended December 31, 2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
- Deferred income tax assets:				
Temporary difference:				
Allowance for inventory obsolescence	\$ 11,150	\$ 1,425	\$ -	\$ 12,575
Pension liabilities	2,549	(28)	(673)	1,848
Unrealized contingent liabilities	6,917	(6,917)	-	-
Unrealized exchange losses	417	(417)	-	-
Expected credit impairment loss	2,744	262	-	3,006
Others	3,270	-	-	3,270
Subtotal	27,047	(5,675)	(673)	20,699
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	47	-	(1,759)	(1,712)
Unrealized exchange gain	(11)	(1,095)	-	(1,106)
Investment income under equity method	(44,670)	6,874	-	(37,796)
Subtotal	(44,634)	5,779	(1,759)	(40,614)
Total	(\$ 17,587)	\$ 104	(\$ 2,432)	(\$ 19,915)

D. The Company's profit-seeking business income tax has been approved by the tax authorities up to 2020.

(27) Earnings per share

Years ended December 31, 2023			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Net income attributable to the parent company	\$ 78,773	82,790	\$ 0.95
<u>Dividend earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	341	
Effect of net income attributable to the parent company for the period plus potential common shares	\$ 78,773	83,131	\$ 0.95
Years ended December 31, 2022			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (in dollars)
<u>Basic earnings per share:</u>			
Net income attributable to the parent company	\$ 213,943	82,790	\$ 2.58
<u>Diluted earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	588	
Effect of net income attributable to the parent company for the period plus potential common shares	\$ 213,943	83,378	\$ 2.57

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2023	\$ -	\$ -	\$ 49,038	\$ 808	\$ 49,846
Changes in financing cash flow	20,000	-	(19,024)	1,080	2,056
Other non-cash changes	-	-	(26,173)	-	(26,173)
The Effects of Changes in Foreign Exchange Rates	-	-	(1,862)	-	(1,862)
At December 31, 2023	\$ 20,000	\$ -	\$ 1,979	\$ 1,888	\$ 23,867

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2022	\$ 164,000	\$ 1,000	\$ 58,543	\$ 808	\$ 224,351
Changes in financing cash flow	(164,000)	(1,000)	(17,594)	-	(182,594)
Other non-cash changes	-	-	8,003	-	8,003
The Effects of Changes in Foreign Exchange Rates	-	-	86	-	86
At December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,038</u>	<u>\$ 808</u>	<u>\$ 49,846</u>

Note: Listed "other non-current liabilities" in the table.

7. RELATED PARTY TRANSACTIONS

(1) Names and relationships of related parties

Name of related party	Relationship with the Group
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD. ("KUNSHAN KYOWA UNIVERSAL ")	Associate of the Company
PLENTY ISLAND (THAI) CO., LTD. ("PLENTY ISLAND")	Associate of the Company

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sale of goods:		
PLENTY ISLAND	\$ -	\$ 1,083

If there are purchase and sales transactions between the Group and the related party, the payments shall be collected according to the payment terms. The credit policy is open on account of about 180 days. For general customers, the credit policy is open on the basis of net 90 days to 180 days for collection within these days.

B. Purchase of goods

	Years ended December 31,	
	2023	2022
Purchase of goods:		
KUNSHAN KYOWA UNIVERSAL	\$ 76,117	\$ 48,965

The Group determines the purchase price to related parties with reference to the market price and the payment term is based on O/A 180 days. The payment term for general customer is made on the basis of O/A 90-180 days.

C. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
KUNSHAN KYOWA UNIVERSAL	\$ 32,602	\$ 16,826

D. Rental income

	Years ended December 31,	
	2023	2022
KUNSHAN KYOWA UNIVERSAL	\$ 2,231	\$ 2,909

(3) Key management personnel

	Years ended December 31,	
	2023	2022
Salary and other short-term employee benefits	\$ 22,924	\$ 22,666
Post-employment benefits	531	361
	\$ 23,455	\$ 23,027

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2023	December 31, 2022	Pledged purpose
Time deposit (shown as financial assets at amortized cost)	\$ 775	\$ 31,485	Amount of short-term borrowings and construction performance guarantee
Property, Plant and Equipment	207,978	210,008	Amount of short-term and long-term borrowings
Investment Property	85,064	86,119	Amount of short-term borrowings
	\$ 293,817	\$ 327,612	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

There was a dispute over the performance of the food supply contract between the Company and Company A. Company A claimed the Company to compensate the loss related to the termination of the contract. In May 2022, the Supreme Court rejected both parties' appeals. The payment to Company A of \$8,164 and interest of \$4,746, totaling \$12,910; the difference of \$21,678 from the estimated "provisions" of \$34,588 was recognized in 2022 Q2 under "other income" of "operating revenue". The Company has recovered all litigation guarantees of \$34,588 (originally listed as "refundable deposits") in June 2022.

(2) Commitments

A. As of December 31, 2023 and 2022, the amount of the guarantee notes issued by the Group for construction performance guarantees was NTD 10,790 and NTD 10,826, respectively.

B. As of December 31, 2023 and 2022, the customs deposit payable by the Group is the amount of the letter of guarantee issued by the bank together with the guarantee of \$1,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Earnings appropriation for 2023: Please refer to the description in Note 6(18)6.
- (2) The Company's subsidiary AUROTEK INC. was liquidated upon resolution of the shareholders' meeting on January 31, 2024, and the dissolution and liquidation procedures were completed on February 5, 2024.

12. OTHERS

(1) Capital management

The goal of the Group's capital management is to ensure the continued operation of the Group, maintain the optimal capital structure to reduce the cost of capital, and provide returns for shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

(2) Financial instruments

A. Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 174	\$ 119
Financial assets measured at fair value through other comprehensive income		
Financial assets measured		
Selecting designated investments in equity instruments	\$ 227,098	\$ 106,427
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 449,721	\$ 407,181
Financial assets measured at amortized cost	103,615	100,485
Notes receivable	22,584	42,206
Accounts receivable (including related party)	242,580	363,209
Other receivables (including related parties)	3,185	6,828
Long-term receivables (stated as other non-current assets)	-	19,836
Refundable deposits (accounted for in other non-current assets)	5,001	4,863
	<u>\$ 826,686</u>	<u>\$ 944,608</u>

Financial liability

Financial liabilities measured at amortized cost

Short-term borrowings	\$	20,000	\$	-
Notes payable		1,633		1,412
Accounts payable (including related parties)		130,472		118,718
Other payables		74,024		116,319
Guarantee deposits received (recognized in other non-current liabilities)		1,888		808
	\$	228,017	\$	237,257
Lease liabilities (including current and non-current)	\$	1,979	\$	49,038

B. Risk management policy

- a. The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Group's financial position and financial performance.
- b. Risk management is carried out by the Group's Finance Department in accordance with the policies approved by the Board of Directors. The Finance Department of the Group works closely with the Group's operating units to identify, evaluate and avoid financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

C. Nature and extent of significant financial risk

a. Market risk

Foreign exchange risk

- i. The Group operates as a multinational company and is therefore exposed to the exchange rate risk arising from transactions with the functional currency of the Company and its subsidiaries, which are mainly USD, RMB, Japanese Yen, and Thai Baht. The relevant exchange rate risk comes from future commercial transactions and recognized assets and liabilities.
- ii. The Group's management has formulated policies that require companies within the Group to manage the exchange rate risk relative to their functional currency.
- iii. The Group's business involves certain non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is RMB and JPY). Therefore, it is subject to the impact of exchange rate fluctuations, with significant exchange rate fluctuations. Information on assets and liabilities denominated in foreign currencies affected is as follows:

December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 12,489	30.71	\$ 383,537
JPY: NTD	65,105	0.2172	14,141
CNY: NTD	2,290	4.3780	10,026
USD: CNY	464	7.0963	3,293
<u>Non-monetary items</u>			
CNY: NTD	\$ 7,832	4.3780	\$ 34,289
Thai Baht: NTD	667	0.9017	601
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 176	30.71	\$ 5,405
JPY: NTD	18,214	0.2172	3,956
CNY: NTD	765	4.3780	3,349
USD: CNY	266	7.0963	1,888

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 8,850	30.71	\$ 271,784
JPY: NTD	46,382	0.2324	10,779
CNY: NTD	8,084	4.4080	35,634
<u>Non-monetary items</u>			
CNY: NTD	\$ 7,057	4.4080	\$ 31,108
Thai Baht: NTD	642	0.8941	574
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 484	30.71	\$ 14,864
JPY: NTD	30,620	0.2324	7,116
CNY: NTD	605	4.4080	2,667

- iv. The unrealized exchange gains and losses of the Group's monetary items due to exchange rate fluctuations are described as follows:

Year ended December 31, 2023			
Exchange gain or loss			
Foreign currency amount			
(in thousands)	Exchange rate		Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	30.71	(\$	2,795)
JPY: NTD	0.2172		73
CNY: NTD	4.3780		59
USD: CNY	7.0963	(	65)
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	30.71	(\$	107)
JPY: NTD	0.2172		3
CNY: NTD	4.3780		12
USD: CNY	7.0963		29

Year ended December 31, 2022			
Exchange gain or loss			
Foreign currency amount			
(in thousands)	Exchange rate		Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	30.71	\$	2,489
JPY: NTD	0.2324		15
CNY: NTD	4.4080		217
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	30.71	\$	1,915
JPY: NTD	0.2324		93
CNY: NTD	4.4080		76

- v. The risk analysis of the Group's foreign currency market due to significant exchange rate fluctuations is as follows:

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 3,835	\$	-
JPY: NTD	1%	141		-
CNY: NTD	1%	100		-
USD: CNY	1%	33		-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 54	\$	-
JPY: NTD	1%	40		-
CNY: NTD	1%	33		-
USD: CNY	1%	19		-
Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 2,718	\$	-
JPY: NTD	1%	108		-
CNY: NTD	1%	356		-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 149	\$	-
JPY: NTD	1%	71		-

Price risk

- The Group's equity instrument exposed to price risk is accounted for in the financial assets measured at fair value through profit or loss and the financial assets measured at fair value through other comprehensive profit or loss. To manage the price risk of equity instrument investment, the Group will diversify its investment portfolio, and the diversification method is based on the limit set by the Group.
- The Group mainly invests in equity instruments issued by domestic companies. The price of such equity instruments will be affected by the uncertainty of the future value of the investment target. If the price of these equity instruments rises or falls by 1%, and all other factors remain unchanged, the net profit after tax for 2023 and 2022 increased or

decreased by \$1 and \$1, respectively, due to the profit or loss of equity instruments at fair value through profit or loss. The other comprehensive income in 2023 and 2022 increased or decreased due to profit or loss of equity investments measured at fair value through other comprehensive income was \$1,817 and \$851.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk mainly comes from the long-term borrowings with floating interest rates, which expose the Group to cash flow interest rate risk. In 2023 and 2022, the Group's borrowings with floating interest rates were mainly denominated in NTD.
 - ii. The Group's borrowings are measured at amortized cost. According to the contract, the interest rate is priced again every year. Therefore, the Group is exposed to the risk of future changes in market interest rates.
 - iii. If the NTD borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net income after tax for 2023 and 2022 will decrease or increase, by \$160 and \$0, respectively, mainly due to the change in interest expense due to borrowings with floating interest rates.
- b. Credit risk
- i. The Group's credit risk is the risk of financial loss due to the failure of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the inability of the counterparties to repay the accounts receivable based on the collection terms and classification as the contractual cash flow of debt instrument investment measured at amortized cost.
 - ii. The Group establishes credit risk management from the group perspective. For banks and financial institutions, only institutions with good credit rating can be accepted as counterparties. According to the internal credit policy, management and credit risk analysis must be conducted on each operating entity within the Group and each new customer before proposing terms and conditions for payment and delivery. The internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. The limits of individual risks are set by the management based on internal or external ratings, and the use of credit lines is regularly monitored.
 - iii. Based on the Group's past experience and industry characteristics, a default is deemed to have occurred when the contract amount is overdue for more than 120 days according to the agreed payment terms.
 - iv. The Group adopts the assumptions provided in IFRS 9 as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition: When the contract amount is overdue for more than 90 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
 - v. The indicators used by the Group to determine that the debt instrument investment is subject to credit impairment are as follows:
 - (ii) The issuer is in major financial difficulty, or the possibility of bankruptcy or other financial reorganization greatly increases;
 - (iii) The issuer disappears from the active market for the financial assets due to financial difficulties;
 - (iv) The issuer delays or fails to repay the interest or principal;
 - (v) Unfavorable changes in national or regional economic conditions that result in the issuer's default.
 - vi. The Group classifies the accounts receivable and contract assets of customers according to the characteristics of the customer types, and estimates the expected credit losses based on the allowance matrix and the loss rate method in a simplified manner.

- vii. For the receivables for which the recoverable amount cannot be reasonably expected, the Group will continue to carry out the legal proceedings of recourse to preserve the claims. As of December 31, 2023 and 2022, the amount for which the Group had gone through the recourse process to reclassify as a non-performing loan and provided an allowance in full was both \$0.
- viii. The Group takes into account the future outlook of the global economy and adjusts the loss rate based on historical and current information in a specific period to estimate the loss allowance for receivables and contract assets. As of December 31, 2023 and 2022, the reserve matrix and loss ratio method are as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 248,721	(\$ 5,525)
Within 90 days of overdue	0.01%~0.04%	16,297	(101)
Overdue for more than 90 days	0.04%~100%	5,965	(193)
		<u>\$ 270,983</u>	<u>(\$ 5,819)</u>
At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 371,040	(\$ 10,468)
Within 90 days of overdue	0.02%~0.07%	37,877	(379)
Overdue for more than 91 days	0.10%~100%	7,419	(74)
		<u>\$ 416,336</u>	<u>(\$ 10,921)</u>

- ix. The simplified statement of changes in the allowance for accounts receivable and contract assets of the Group is as follows:

	2023		
	Accounts receivable		
	Individual assessment	Group assessment	Total
At January 1	\$ -	\$ 10,921	\$ 10,921
Reversal of impairment loss	-	(5,046)	(5,046)
Exchange rate effect	-	(56)	(56)
At December 31	<u>\$ -</u>	<u>\$ 5,819</u>	<u>\$ 5,819</u>
	2022		
	Accounts receivable		
	Individual assessment	Group assessment	Total
At January 1	\$ -	\$ 11,069	\$ 11,069
Reversal of impairment loss	-	(419)	(419)
Exchange rate effect	-	271	271
At December 31	<u>\$ -</u>	<u>\$ 10,921</u>	<u>\$ 10,921</u>

Among the losses recognized in 2023 and 2022, the reversal gains recognized from the receivables arising from contracts with customers were (\$ 5,046) and (\$419), respectively.

- x. The Group booked the debt instrument investment at amortized cost, and the credit risk rating level information is as follows:

December 31, 2023				
	By 12 months	By duration		Total
		Credit risk has increased significantly	Credit-impaired	
Financial assets at amortized cost Group 1	\$ 103,615	\$ -	\$ -	\$ 103,615
December 31, 2022				
	By 12 months	By duration		Total
		Credit risk has increased significantly	Credit-impaired	
Financial assets at amortized cost Group 1	\$ 100,485	\$ -	\$ -	\$ 100,485
Group 1: Time deposits earning fixed interest.				

c. Liquidity risk

- Cash flow forecasting is carried out by each operating entity within the Group and compiled by the Group's Finance Department. The Finance Department of the Group monitors the forecast of the Group's working capital ensuring that it has sufficient funds to meet operating needs, and maintains a sufficient undrawn commitment line at all times to prevent the Group from breaching the relevant loan limits or terms.
- The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
December 31, 2023				
Notes payable	\$ 1,633	\$ -	\$ -	\$ 1,633
Accounts payable (including related parties)	130,472	-	-	130,472
Other payables	74,024	-	-	74,024
Lease liabilities	1,376	447	183	2,006

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Notes payable	\$ 1,412	\$ -	\$ -	\$ 1,412
Accounts payable (including related parties)	118,718	-	-	118,718
Other payables	116,319	-	-	116,319
Lease liabilities	18,918	14,898	16,317	50,133

(3) Fair value information

A. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to assets or liabilities with sufficient frequency and quantity to be traded in such a manner that the fair value of the investment in stocks continues.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in financial bonds falls in this category.

Level 3: Unobservable inputs for the asset or liability. All the equity instruments invested by the Group for which there is no active market belong to this category.

B. Financial instruments not measured at fair value

In addition to financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables, their carrying amount is the reasonable approximation to the fair value.

C. The financial instruments measured at fair value are classified according to the nature, characteristics, risks and fair value levels of the assets and liabilities. The relevant information is as follows:

a. The Group's assets and liabilities are classified according to the nature. The relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Asset				
<u>Repeated fair value</u>				
Financial assets and equity				
securities measured at fair				
value through profit or loss	\$ 174	\$ -	\$ -	\$ 174
Equity instruments of financial				
assets measured at fair value				
through other comprehensive				
income	-	-	227,098	227,098
	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 227,098</u>	<u>\$ 227,272</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Asset				
<u>Repeated fair value</u>				
Financial assets and equity				
securities measured at fair				
value through profit or loss	\$ 119	\$ -	\$ -	\$ 119
Equity instruments of financial				
assets measured at fair value				
through other comprehensive				
income	-	-	106,427	106,427
	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 106,427</u>	<u>\$ 106,546</u>

b. The methods and assumptions used by the Group to measure fair value are as follows:

- A. The Group adopts market quotation as the input value of fair value (i.e. Level 1): For the stocks of TWSE/TPEX listed companies, the closing price is used.
- B. Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotations of the counterparties. The fair value obtained through the valuation technique can be based on the current fair value of other financial instruments with similar substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the application of models with market information available on the consolidated balance sheet date calculated (such as the reference yield curve of the Taipei Exchange, and the average Reuters commercial paper interest rate quoted).
- C. The Group incorporates the credit risk valuation adjustment into the calculation of the fair value of financial instruments and non-financial instruments to reflect the counterparty credit risk and the Group's credit quality.

D. There was no transfer between Level 1 and Level 2 in 2023 and 2022.

E. The following table shows the changes in Level 3 in 2023 and 2022:

	2023	2022
	Equity instrument	Equity instrument
At January 1	\$ 106,427	\$ 167,882
Unrealized gains or losses on investments in equity		
instruments measured at fair value through profit		
or loss	120,671 (	61,455)
At December 31	<u>\$ 227,098</u>	<u>\$ 106,427</u>

F. There was no transfer in or out of Level 3 in 2023 and 2022.

G. For the valuation process of the Company's fair value classified as Level 3, the finance and accounting department is responsible for independent verification of the fair value of financial instruments, and uses independent source data to make the valuation results close to the market status, and confirm that the data sources are independent, reliable, and related to other resources. The Company regularly calibrates the valuation model, updates the input value and data required for the valuation model, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

H. The quantitative information of the significant unobservable input value of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on December 31, 2023	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 227,098	Comparable Public Company Act	Price-earnings ratio multiples, enterprise value multiples	Not applicable.	The higher the multiplier and the control premium, the higher the fair value;
	Fair value on December 31, 2022	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 106,427	Comparable Public Company Act	Price-earnings ratio multiples, enterprise value multiples	Not applicable.	The higher the multiplier and the control premium, the higher the fair value;

- I. The Group carefully selects the valuation model and valuation parameters; however, different valuation models or parameters may result in different valuation results. For the financial assets and financial liabilities classified as Level 3, if the valuation parameters change, the impact on the current profit and loss or other comprehensive income is as follows:

			December 31, 2023	
	inputs	Changes	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
Financial asset				
Equity instrument	Stock price	±10%	\$ 22,710	(\$ 22,710)
	Discount for liquidity	±1%	2,271	(2,271)
			<u>\$ 24,981</u>	<u>(\$ 24,981)</u>
			December 31, 2022	
	inputs	Changes	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
Financial asset				
Equity instrument	Stock price	±10%	\$ 10,643	(\$ 10,643)
	Discount for liquidity	±1%	1,064	(1,064)
			<u>\$ 11,707</u>	<u>(\$ 11,707)</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Information on significant transactions

- Loaning of funds to others: Please refer to Attachment 1.
- Endorsements/guarantees provided for others: None.
- Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
- Accumulated purchase or sale of the same securities reaching NTD 300 million or more, or 20% of the paid-in capital: None.
- Acquisition of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- The receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- Engagement in derivative transactions: None.
- Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Please refer to Table 3 for details.

(2) Information on investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 4.

(3) Mainland China Investment Information

- Basic information: Please refer to Table 5.
- Significant transactions with investee companies in Mainland China directly or indirectly through enterprises in a third region: Please refer to Table 3.

(4) Information of major shareholders: Information on major shareholders: Please refer to Table 6.

14. OPERATING SEGMENT INFORMATION

(1) General information

For the management purpose, the Group divides the operating units according to different product categories, and identifies the departments that should be reported according to this model. The Group has the following three reportable segments:

- A. Automation components operating unit: It is responsible for the management of automation products within the Group, and the development, research and development, production, sales and technical support of new products, electronic components and modules.
- B. Automation equipment operating unit: Responsible for the development, research and development, production, sales and technical support of automation equipment, optical communication products, photonic crystal technology and optoelectronic component applications.
- C. Energy-saving and safety operating unit: responsible for the development, research and development, production, sales and technical support of energy-saving and safety products within the Group.

(2) Measuring segment information

The management of the Group monitors the operating results of their operating units individually to make decisions on resource allocation and performance evaluation. The performance of an operating unit is evaluated based on the profit or loss before tax of each operating unit, which excludes the impact of non-recurring income and expenditure of the operating unit and is consistent with the profit and loss in the Group's consolidated financial statements.

(3) Segment Information

The information of the segments to be provided to the chief operating decision-maker is as follows:

Year ended December 31, 2023	Automation components	Automation equipment	Energy conservation and safety	Others	Adjustment and elimination	Total
External income	\$ 480,573	\$ 439,335	\$ 48,587	\$ 15,054	\$ -	\$ 983,549
Internal department revenue	19,394	139,121	38,084	93	(196,692)	-
Segment revenue	\$ 499,967	\$ 578,456	\$ 86,671	\$ 15,147	(\$ 196,692)	\$ 983,549
segment profit or loss	\$ 35,134	\$ 16,502	\$ 10,013	\$ 22,747	\$ 32	\$ 84,428
Segment income includes:						
Depreciation and amortization						\$ 25,618
Interest revenue						\$ 14,857
Interest expense						\$ 278
Investment gains and losses under equity method						\$ 5,314

<u>Year ended December 31, 2022</u>	<u>Automation components</u>	<u>Automation equipment</u>	<u>Energy conservation and safety</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Total</u>
External income	\$ 1,236,606	\$ 514,125	\$ 39,115	\$ 13,654	\$ -	\$ 1,803,500
Internal department revenue	56,763	168,616	30,655	115	(256,149)	-
Segment revenue	<u>\$ 1,293,369</u>	<u>\$ 682,741</u>	<u>\$ 69,770</u>	<u>\$ 13,769</u>	<u>(\$ 256,149)</u>	<u>\$ 1,803,500</u>
segment profit or loss	<u>\$ 228,987</u>	<u>\$ 113,561</u>	<u>(\$ 3,754)</u>	<u>(\$ 73,366)</u>	<u>\$ 17,462</u>	<u>\$ 282,890</u>
Segment income includes:						
Depreciation and amortization						<u>\$ 28,903</u>
Interest revenue						<u>\$ 3,963</u>
Interest expense						<u>\$ 1,375</u>
Investment gains and losses under equity method						<u>\$ 2,484</u>

(4) Adjustment information of segment profit and loss

There is no difference between the statements provided to the chief operating decision maker for the department's operating decisions and the segment income statements, so no adjustment is required.

(5) Information by product

The breakdown of the income balance is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from automation components	\$ 480,573	\$ 1,236,606
Automation equipment revenue	439,335	514,125
Revenue from energy conservation and safety	48,587	39,115
Others	15,054	13,654
	<u>\$ 983,549</u>	<u>\$ 1,803,500</u>

(6) Information by region

Information of the Group by location in 2023 and 2022 is as follows:

	<u>Years ended December 31,</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 442,718	\$ 337,299	\$ 1,094,972	\$ 365,558
Mainland China	340,490	7,349	543,617	27,401
Japan	46,602	1,234	28,605	2,420
Others	153,739	-	136,306	-
	<u>\$ 983,549</u>	<u>\$ 345,882</u>	<u>\$ 1,803,500</u>	<u>\$ 395,379</u>

(7) Information of important customers

Information on the Group's major customers accounting for more than 10% of the consolidated revenue in 2023 and 2022 is as follows: 2023: None.

	Year ended December 31, 2022	
	Revenue	Segment
71-0937	<u>\$ 322,378</u>	<u>Taiwan</u>

AUROTEK CORPORATION
Loans to others
Year ended December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Related party	Maximum amount in the current period (Note 3)	Closing balance (Note 8)	The actual amount drawn down	Interest rate range	Nature of loan (Note 4)	Transactio n amount (Note 5)	Reasons for the necessity of short-term financing (Note 6)	Allowance for bad debt	Collateral Name Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	Other receivables - related parties	Y	\$ 46,125	\$ -	\$ -	\$ -	2	\$ -	Operating turnover	\$ -	\$ -	\$ 304,259	\$ 608,518	-

Note 1: The description in the number column is as follows:

(1) Fill in "0" for the issuer.

(2) The investee companies are numbered sequentially from 1 based on each company.

Note 2: If the receivables from associates, receivables from related parties, transactions with shareholders, prepayments, temporary payments, and so on are all of the nature of a loan, this column is required.

Note 3: The maximum balance of loans to others in the current year is disclosed by multiplying the original foreign currency by the exchange rate on the balance sheet date.

Note 4: The entry method for the loaning of funds is as follows:

(1) If there are business dealings, enter "1"

(2) Please fill in 2 if there is a need for short-term financing.

Note 5: If the nature of the loaning of funds is for business transactions, the business transaction amount shall be filled in. The business transaction amount refers to the business transaction amount between the lending company and the borrower in the most recent year.

Note 6: If the nature of the loan is in need of short-term financing, the reason for the need for the loan and the use of the fund by the borrower should be specified, such as repayment of loan, purchase of equipment, business turnover, and others.

Note 7: The limits of loans to individual borrowers are as follows:

(1) Aurotek- to business associates, the individual amount of loan shall not exceed the amount lent by the Company and the purchase or sale amount by the Company as of the date of loan in the most recent year or the current year, whichever is higher; where short-term financing is necessary, the individual amount of loan shall not exceed 20% of the net worth of the Company's most recent financial statements audited or reviewed by a CPA.

(2) Aurotek Shanghai - For any short-term financing arrangement, the individual loan amount shall not exceed 20% of the net worth on the most recent financial statements of the Company that has been audited or certified by a CPA.

The total limit of loans is as follows:

(1) Aurotek - The total amount of funds loaned to others shall not exceed 40% of the net worth of the Company's most recent financial report audited and certified or reviewed by a CPA.

(2) Aurotek Shanghai - The total amount of funds loaned to others shall not exceed 40% of the Company's net worth as stated in the most recent audited or reviewed financial report.

Note 8: If the public company submits the loaning of funds to the board of directors for the resolution of the board of directors on a case-by-case basis in accordance with Article 14-1 of the Guidelines for Handling Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved by the board of directors shall be included in the announcement balance even though the funds have not yet been appropriated. However, for subsequent repayments, the balance after repayment shall be disclosed to reflect the risk adjustment. If the public company has authorized the chairperson to make loans in installments or revolving drawdowns over a certain quota and within a one-year period through a resolution of the board of directors pursuant to Article 14, paragraph 2 of the Regulations, the amount of funds for loans approved by the board of directors shall still be used as the balance in the announcement and report. Although the funds are repaid subsequently, the balance may still be loaned again based on the amount of loaning funds approved by the board of directors.

AUROTEK CORPORATION
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As at December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
AUROTEK CORPORATION	SHANGHAI OILES BEARING INC	None	Financial assets measured at fair value through other comprehensive income - non-current	-	\$ 18,543	10	\$ 18,543	None
AUROTEK CORPORATION	OILES (THAILAND) CO., LTD.	None	Financial assets measured at fair value through other comprehensive income - non-current	156,000	205,315	15	205,315	None
AUROTEK CORPORATION	Career Consulting Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	403,055	3,240	2.58	3,240	None
AUROTEK CORPORATION	OURS TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - non-current	8,186	-	0.14	-	None
AUROTEK CORPORATION	WiSilica Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	384,615	-	2.73	-	None
AUROTEK CORPORATION	TEKCORE CO., LTD	None	Financial assets measured at fair value through profit or loss - current	9,412	174	-	174	None

Note 1: Marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 39 "Financial Instruments: Recognition and Measurement."

Note 2: If the securities issuer is not a related party, this column can be omitted.

Note 3: If the book value is measured at fair value, please fill in the book value balance after adjustment for fair value valuation and deducted the accumulated impairment; if not measured at fair value, please fill in the book value balance after taking the original acquisition cost or cost after amortization deducting the accumulated impairment loss in the carrying amount column.

Note 4: The number of marketable securities provided as guarantee or pledge, the amount of guarantee or pledge, and the use restriction should be indicated in the remarks column if the marketable securities have restricted users due to providing guarantees, pledged loans, or other agreements.

AUROTEK CORPORATION
Significant inter-company transactions during the reporting period
From January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions with each other			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	1	Sale of goods	\$ 35,200	Note 1	4%
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	1	Accounts receivable	20,827	Note 1	1%
0	AUROTEK CORPORATION	AUROTEK INC.	1	Sale of goods	19,503	Note 1	2%
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Purchase of goods	47,278	Note 2	5%
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Accounts payable	20,046	Note 2	1%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	3	Purchase of goods	76,117	Note 2	8%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	3	Accounts payable	32,602	Note 2	2%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Purchase of goods	51,995	Note 2	5%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Labor service expense	13,916	Note 2	1%

Note 1: If there are purchase and sales transactions between the Group and the related party, the payments shall be collected according to the payment terms. The credit policy is open on account of about 180 days. For general customers, the credit policy is open on the basis of net 90 days to 180 days for collection within these days.

Note 2: The Group determines the purchase price to related parties with reference to the market price and the payment term is based on O/A 180 days. The payment terms for general customers is made on the basis of within O/A 90-180 days.

Note 3: Loans and receivables

Note 1: Information on business transactions between the parent company and its subsidiaries should be marked in the numbered column respectively. The number should be filled in as follows:

- (1) For the parent company, "0".
- (2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: There are three types of relationship with traders as follows, and it suffices to indicate the type:

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, in the case of assets and liabilities, it is calculated as the closing balance to the consolidated total assets; for the profit and loss item, it is calculated as the cumulative amount to the consolidated total operating revenue. The amount of individual transaction is less than 1% of the total revenue or total assets and will not be disclosed.

AUROTEK CORPORATION
The name and location of the investee company and other relevant information (excluding mainland China investee companies)
From January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Investee's profit and loss for the current period	Investment gains and losses recognized in the current period	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	Taiwan	Manufacturing and trading of self-lubricating bearings and components	\$ 39,793	\$ 39,793	2,700,000	90	\$ 49,720	\$ 6,358	\$ 5,827	Subsidiary of the Company
AUROTEK CORPORATION	AUROTEK INC.	Japan	Export trading of electronic machines and robotic arms	37,226	37,226	2,599	100	8,113 (	1,768) (	3,934)	Subsidiary of the Company
AUROTEK CORPORATION	PLENTY ISLAND (THAI) CO., LTD.	Thailand	Trading of self-lubricating bearings and parts	2,203	2,203	25,000	25	601	-	-	-
AUROTEK CORPORATION	3e Yamaichi Electronics Co., Ltd.	Taiwan	Sale of electronic components	24,130	24,130	2,413,000	19	30,030	4,779	888	-

Table 4 page 1

AUROTEK CORPORATION
Mainland China Investment Information - Basic Information
January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2023	Net income (loss) of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)%	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Aurotek (Shanghai) Inc.	International trade, processing and assembly machinery, electronic board divider	\$ 46,592	1	\$ 46,592	\$-	\$-	\$ 46,592	(\$ 3,935)	100	(\$ 1,926)	\$ 193,824	\$-	Note 2(2)B
SHANGHAI OILES BEARING INC	Production and sale of precision bearings and self-lubricating bearings of various specifications	97,161	1	10,402	-	-	10,402	-	10	-	18,543	11,933	Note 4
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	Production and sale of couplings and auto parts	67,072	1	20,121	-	-	20,121	14,757	30	4,426	34,289	5,845	Note 2(2)C
Kunshan Yichun Industrial Technology Co., Ltd.	Production and sale of various electronic equipment and high-end construction hardware and other related parts	14,983	1	14,983	-	-	14,983	(53)	100	520	28,779	-	Note 2(2)B
Company name	Accumulated amount remitted from Taiwan to Mainland China as at December 31, 2023	Investment amount approved by the Investment Department of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Department of MOEA										
AUROTEK CORPORATION and Subsidiaries	\$ 92,098	\$ 92,098	\$ 912,778										

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region.
- (3) Other methods.

Note 2: Columns of investment gains and losses recognized in the current period:

- (1) If there is no investment profit or loss in the preparation process, it should be specified
- (2) The basis for recognition of investment gains and losses are divided into the following three types, which should be specified
 - A. Financial statements audited by an international CPA firm that has partnered with a ROC CPA firm.
 - B. Financial statements audited by the parent company's CPAs in Taiwan.
 - C. Others

Note 3: Relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: Recognized in the "financial assets measured at fair value through other comprehensive income - non-current" account.

Table 5 page 1

AUROTEK CORPORATION
Major shareholders information
December 31, 2023

Table 6

Name of major shareholder	Share	
	Number of shares held	Ownership (%)
Aurotek Marketing Consultant Corporation	14,203,423	17.15
Cheng-Ping Fu	6,200,000	7.48
BODUN CONSTRUCTION CO., LTD.	4,686,000	5.66
Oiles Corporation of Japan	4,295,111	5.18

Note 1: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day of each quarter on shareholders holding ordinary shares and special shares (including treasury shares) of the Company who have completed the Dematerialized Registration/Delivery have reached 5% and above. The share capital reported in the financial report and the actual number of shares that have completed the Dematerialized Registration/Delivery may be different due to different calculation bases.

Note 2: If the information above is related to the shareholder's delivery of shares to the trust, it will be disclosed based on the individual accounts of the trustor established by the trustee. As for the insider declaration of more than 10% shareholding in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the owner and the shares entrusted to the trust for which the person has the right to use the trust property. For information on insider declaration of equity, please refer to Market Observation Post System.

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of AUROTEK CORPORATION

Opinion

We have audited the accompanying parent company only balance sheets of AUROTEK CORPORATION (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company’ s 2023 parent company only financial statements are stated as follows:

Cutoff assertion for sales revenue

Description

Refer to Note 4(28) in the financial statements for the accounting policy on operating revenue, and Note 6(19) for the description of the account.

The Company's main business is the manufacturing, processing, and trading of various automation equipment and system parts and components. Sales revenue is recognized when the control of the product is transferred to the customer. Due to the huge volume of sales and the revenue process usually involving manual operations, it is potentially that the timing of revenue recognition is inappropriate. Thus, we have included the cutoff assertion for sales revenue as one of the key audit matters for the current year.

How our audit addressed the matter

Our audit procedures performed are as follows:

1. Understand and evaluate the internal control of the timing of revenue recognition, and perform internal control tests relevant to the cutoff assertion for sales revenue to verify the correctness of the timing of revenue recognition.
2. Perform cut-off test on the sales revenue for a certain period around the end of the financial statement period, check relevant documents such as shipping order, customer order and customs declaration, and confirm the revenue in the appropriate period.

Whether accounting estimates for inventory valuation are fair or not

Description

Refer to Note 4(13) in the financial statements for the accounting policy of inventory valuation, Note 5 in the financial statements for the uncertainty of accounting estimates and assumptions of inventory valuation, and Note 6(5) in the financial statements for the description of the account of inventory.

The Company's main business is the manufacturing, processing, and trading of various automation equipment and system parts and components. Due to the rapid changes in technology of inventory, the risk of inventory valuation loss or obsolescence is higher. As the amount of inventory of the Company is significant, the above process involves subjective judgments. Thus, we have listed the estimate of the allowance for inventory valuation loss of the Company as one of the key audit matters this year.

How our audit addressed the matter

Our audit procedures performed are as follows:

1. The policy of inventory valuation during the period of comparative financial statements is adopted consistently, and the rationality of the policy of the appropriation is assessed.

3. Evaluate the reasonableness of the estimated net realizable value of obsolete or damaged inventory identified by the management.
4. The basis of the sampling test for the market price of the net realizable value of individual inventories is consistent with the policy, and to confirm the correctness of the selling price and related calculations.
5. Confirm the correctness of the logic in the preparation of the statement, and conduct a sampling test on the valuation loss provided for the slow-moving inventories. Review the relevant documents and assess the adequacy of the provision for the allowance for inventory valuation loss.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries included in the parent company only financial statements but audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NTD 49,720 thousand and NTD 43,893 thousand, constituting 3% and 2% of total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from the aforementioned subsidiaries amounted to NTD 5,827 thousand and (NTD 4,259 thousand), constituting 3% and (3%) of the comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

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

Sung-Tse Wang

Chun-Yao Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

AUROTEK CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2023		December 31, 2022	
Asset		Notes	Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 288,173	16	\$ 304,045	17
1110	Financial assets measured at fair value through profit or loss - current	6(2) and 12	174	-	119	-
1136	Financial assets at amortized cost - current	6(1)(3), 8 and 12	93,615	5	91,485	5
1150	Notes receivable, net	6(4)	12,902	1	16,449	1
1170	Accounts receivable, net	6(4)	156,804	9	231,469	13
1180	Accounts receivable - related parties, net	7	27,255	2	57,516	3
1200	Other receivables		2,401	-	5,954	-
130X	Inventories	6(5)	271,975	15	274,629	15
1410	Prepayments		2,682	-	5,559	-
11XX	Total current assets		855,981	48	987,225	54
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(6) and 12	227,098	13	106,427	6
1550	Investment under equity method	6(7)	345,356	19	346,408	19
1600	Property, Plant and Equipment	6(8) and 8	223,517	13	228,125	12
1755	Right-of-use asset	6(9)	35	-	169	-
1760	Investment property, net	6(10) and 8	85,064	5	86,119	5
1840	Deferred income tax assets	6(25)	9,773	1	13,658	1
1990	Other non-current assets - others		26,715	1	46,835	3
15XX	Total non-current assets		917,558	52	827,741	46
1XXX	Total assets		\$ 1,773,539	100	\$ 1,814,966	100

(Continued)

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

AUROTEK CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2023		December 31, 2022		
Liabilities and equity			Notes	Amount	%	Amount	%
Current liabilities							
2100	Short-term borrowings	6(11) and 8	\$	20,000	1	\$	-
2130	Contract liabilities - current	6(19)		202	-		100
2150	Notes payable			1,051	-		1,004
2170	Accounts payable			66,277	4		79,492
2180	Accounts payable - related parties	7		23,491	1		22,501
2200	Other payables	6(12)		62,153	4		90,416
2220	Other payables - related parties	7		98	-		26
2230	Current income tax liabilities			24,997	2		72,421
2250	Provisions - current	6(13) and 9(1)		6,905	-		7,638
2280	Lease liabilities - current			36	-		135
2399	Other current liabilities - Other			2,341	-		2,941
21XX	Total current liabilities			207,551	12		276,674
Non-current liabilities							
2570	Deferred income tax liabilities	6(25)		39,232	2		40,614
2600	Other non-current liabilities	6(14)		5,460	-		28,419
25XX	Total non-current liabilities			44,692	2		69,033
2XXX	Total liabilities			252,243	14		345,707
Equity							
	Share capital	6(15)					
3110	Common stock capital			827,897	47		827,897
	Capital surplus	6(16)					
3200	Capital surplus			92,855	5		92,855
	Retained earnings	6(17)					
3310	Legal reserve			184,451	10		162,787
3320	Special reserve			2,713	-		2,713
3350	Unappropriated retained earnings			243,435	14		330,945
	Other equity	6(18)					
3400	Other equity			169,945	10		52,062
3XXX	Total equity			1,521,296	86		1,469,259
	Significant contingent liabilities and unrecognized contractual commitments.	9					
	Significant events after the reporting period	11					
3X2X	Total liabilities and equity		\$	1,773,539	100	\$	1,814,966

The accompanying notes are an integral part of these parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 704,257	100	\$ 1,395,126	100
5000 Operating cost	6(5)(14)(24) and 7	(469,546)	67	(949,963)	68
5900 Gross operating profit		234,711	33	445,163	32
Operating expenses	6(14)(24)				
6100 Selling expenses		(108,870)	15	(110,813)	8
6200 General and administrative expenses		(71,878)	10	(84,834)	6
6300 Research and development expenses		(32,750)	5	(48,590)	3
6450 Expected credit impairment (loss) gain	12	(217)	-	2,786	-
6000 Total operating expenses		(213,715)	30	(241,451)	17
6900 Operating profit		20,996	3	203,712	15
Non-operating income and expenses					
7100 Interest revenue	6(3)(20) and 7	13,645	2	4,466	
7010 Other income	6(21) and 7	27,309	4	47,166	3
7020 Other gains and losses	6(2)(22)	(3,877)	-	35,027	3
7050 Financial costs	6(9)(11)				
	(23)	(115)	-	(399)	-
7070 Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method		23,994	3	(3,922)	
7000 Total non-operating income and expenses		60,956	9	82,338	6
7900 Profit before income tax		81,952	12	286,050	21
7950 Income tax expense	6(25)	(3,179)	1	(72,107)	5
8200 Net income for the year		\$ 78,773	11	\$ 213,943	16
Other comprehensive income (net amount)					
Items not reclassified into profit or loss					
8311 Remeasurement of defined benefit plan	6(14)	\$ 5,502	1	\$ 3,366	-
8316 Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	120,671	17	(61,455)	4
8349 Income tax related to items not subject to reclassification	6(25)	(1,100)	-	(673)	-
8310 Total of items not reclassified into profit or loss		125,073	18	(58,762)	4
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations	6(18)	(3,148)	-	3,129	-
8380 Share of other comprehensive income of affiliates and joint ventures under equity method - items that may be reclassified as income	6(18)	(319)	-	5,700	-
8399 Income tax related to items that may be reclassified	6(18)(25)	679	-	(1,759)	-
8360 Total items that may be reclassified subsequently to profit or loss		(2,788)	-	7,070	-
8300 Other comprehensive income (loss) for the year		\$ 122,285	18	(\$ 51,692)	4
8500 Total comprehensive income for the year		\$ 201,058	29	\$ 162,251	12
Earnings per Share					
6(26)					
9750 Basic earnings per share		\$ 0.95		\$ 2.58	
9850 Diluted earnings per share		\$ 0.95		\$ 2.57	

The accompanying notes are an integral part of these parent company only financial statements.

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

AUROTEK CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital surplus			Retained earnings			Other equity				
			Changes in net equity of affiliated companies and joint ventures under equity method					Financial statements translation differences of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Equity directly related to non-current assets held for sale	Total equity	
Notes	Share capital-commo n stock	Issuance premium		Others	Legal reserve	Special reserve	Unappropriated retained earnings					
2022												
	Balance at January 1, 2022	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 136,275	\$ 23,330	\$ 269,225	(\$ 19,591)	\$ 126,038	\$ -	\$ 1,456,029
	Net income for the year	-	-	-	-	-	-	213,943	-	-	-	213,943
	Other comprehensive income in the current year	-	-	-	-	-	-	2,693	7,070	(61,455)	-	(51,692)
	Total comprehensive income for the year	-	-	-	-	-	-	216,636	7,070	(61,455)	-	162,251
	Earnings appropriation and distribution for 2021	6(17)										
	Appropriation of legal reserve	-	-	-	-	26,512	-	(26,512)	-	-	-	-
	Reversal of special reserve	-	-	-	-	-	(20,617)	20,617	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(149,021)	-	-	-	(149,021)
	Balance at December 31, 2022	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ -	\$ 1,469,259
2023												
	Balance at January 1, 2023	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ -	\$ 1,469,259
	Net income for the year	-	-	-	-	-	-	78,773	-	-	-	78,773
	Other comprehensive income in the current year	-	-	-	-	-	-	4,402	(2,788)	120,671	-	122,285
	Total comprehensive income for the year	-	-	-	-	-	-	83,175	(2,788)	120,671	-	201,058
	Earnings appropriation and distribution for 2022	6(17)										
	Appropriation of legal reserve	-	-	-	-	21,664	-	(21,664)	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(149,021)	-	-	-	(149,021)
	Balance at December 31, 2023	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 184,451	\$ 2,713	\$ 243,435	(\$ 15,309)	\$ 185,254	\$ -	\$ 1,521,296

The accompanying notes are an integral part of these parent company only financial statements.

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

AUROTEK CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2023	2022
<u>Cash flow from operating activities</u>			
Net income before tax for the current year		\$ 81,952	\$ 286,050
Adjusted items			
Income/expenses that do not affect cash flow			
Depreciation expense	6(8)(9)(10)(24)	8,038	10,582
Expected credit impairment loss (reversal gain)	12	217 (	2,786)
Net value of financial assets measured at fair value through profit or loss	6(2)(22)	(55)	89
Gains from the disposal of property, plant and equipment	6(22)	(47)	-
Interest revenue	6(21)	(13,645 ) (	4,466)
Dividend income	6(21)	(20,426 ) (	17,096)
Interest expense	6(9)(11)(23)	115	399
Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method		(23,994)	3,922
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		3,547	16,586
Accounts receivable		74,448	52,392
Accounts receivable - related parties		30,261	15,965
Other receivables		3,553 (	5,603)
Other receivables - related parties		-	73,118
Inventories		2,654 (	7,547)
Prepayments		2,877 (	2,200)
Net changes in liabilities related to operating activities			
Contract liabilities - current		102 (	140)
Notes payable		47	554
Accounts payable		(13,215 ) (	38,332)
Accounts payable - related parties		990 (	7,777)
Other payables		(28,263 ) (	11,876)
Other payables - related parties		72 (	99)
Provisions - current		(733 ) (	35,955)
Other current liabilities		(600)	1,520
Other non-current liabilities		(1,406 ) (	812)
Cash inflow generated from operations		106,489	326,488
Interest received		13,645	4,466
Dividends received	6(7)(21)	23,812	34,243
Interest paid		(115 ) (	399)
Income tax paid		(47,421 ) (	15,406)
Net cash inflow from operating activities		96,410	349,392

(Continued)

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

AUROTEK CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>Cash flow from investing activities</u>			
(Increase) decrease in financial assets at amortized cost		(\$ 2,130)	\$ 73,754
Proceeds from the disposal of property, plant and equipment		541	-
Acquisition of property, plant and equipment	6(8)	(2,735)	(1,436)
Decrease in refundable deposits (listed as other non-current assets - others)		-	34,587
Decrease of other non-current assets - others		284	622
Decrease in long-term receivables (listed as other non-current assets - others)		19,836	-
Net cash inflow from investing activities		<u>15,796</u>	<u>107,527</u>
<u>Cash flow from financing activities</u>			
Increase (decrease) of short-term borrowings	6(27)	20,000	(164,000)
Repayment of long-term borrowings	6(27)	-	(1,000)
Distribution of cash dividends	6(17)	(149,021)	(149,021)
Lease principal repayment	6(27)	(137)	(139)
Increase in guarantee deposits received	6(27)	1,080	-
Net cash outflow from financing activities		<u>(128,078)</u>	<u>(314,160)</u>
Increase (decrease) in cash and cash equivalents in the current year		(15,872)	142,759
Opening balance of cash and cash equivalents		<u>304,045</u>	<u>161,286</u>
Closing balance of cash and cash equivalents		<u>\$ 288,173</u>	<u>\$ 304,045</u>

The accompanying notes are an integral part of these parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

AUROTEK CORPORATION (hereinafter referred to as the "Company") was incorporated in the Republic of China. The Company is mainly engaged in the manufacturing, processing, trading of various automatic equipment and system parts, the manufacturing, processing, trading of various electronic product process equipment and industrial controllers, as well as automatic smoke exhaust system engineering, building structure vibration isolation system engineering, and distribution, quotation and procurement of related products from domestic and foreign manufacturers. The Company's shares have been traded at the Taipei Exchange since December 2002, and on the Taiwan Stock Exchange since December 31, 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

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

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

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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

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

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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- a. Financial assets and liabilities at fair value through profit or loss (including derivatives).
 - b. Financial assets at fair value through other comprehensive income.
 - c. Defined benefit liabilities recognised at the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

- A. Transactions and balances in foreign currency
- a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - b. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - c. For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL, they are adjusted using the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in the current profit or loss; if measured at fair value through other comprehensive income, the adjustment is valued according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in other comprehensive income; if not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.
 - d. All foreign exchange gains and losses are reported in the "other gains and losses" of the income statement.
- B. Translation of foreign operations
- a. The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
 - b. When the foreign operating institution to be partially disposed or sold is an associate, the exchange difference under other comprehensive income will be reclassified as part of the

current profit or loss as the sale profit or loss on a pro rata basis. However, if the Company still retains part of the equity of the former associate, but has lost the significant influence on the overseas operation of the associate, it will be treated as a disposal of all the equity of the foreign operation.

- c. When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income are re-attributable to the non-controlling interests of the foreign operation on a pro rata basis. However, if the Company still retains part of the equity of the former subsidiary but has lost the control over the foreign operating institution, it will be treated as a disposal of all the equity of the foreign operating institution.

(4) Classification of current and non-current items

A. Assets that meet one of the following conditions are classified as current assets:

- a. The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle.
- b. Mainly held for the purpose of trading.
- c. Expected to be realized within 12 months after the balance sheet date.
- d. Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

The Company classifies all assets that do not meet the above conditions as non-current.

B. Liabilities that meet one of the following conditions are classified as current liabilities:

- a. Expected to be settled in the normal business cycle.
- b. Mainly held for the purpose of trading.
- c. Expected to be settled within 12 months after the balance sheet date.
- d. The settlement period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of liabilities that may, at the option of the counterparty, result in settlement by issue of equity instruments does not affect its classification.

The Company classifies all liabilities that do not meet the above conditions as non-current.

(5) Cash equivalents

Cash equivalent is a short-term investment with high liquidity that is readily convertible into known amounts of cash and is subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
- B. The Company adopts trade date accounting for financial assets measured at fair value through profit or loss that are customary transactions.
- C. The Company measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
- D. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

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

- A. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
 - a. The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
 - b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. The Company adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with transaction practices.
- C. The Company measures them at fair value plus transaction cost at the time of initial recognition, and subsequently at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the cumulative profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(8) Financial assets at amortized cost

- A. Refers to those who meet the following conditions at the same time:
 - a. The financial asset is held under the business model for the purpose of collecting contractual cash flow.
 - b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. The Company adopts trade date accounting for financial assets measured at amortized cost in accordance with trading practices.
- C. The Company measures its fair value plus transaction cost at the time of initial recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and at the time of derecognition, the loss is recognized in profit or loss.
- D. The Company holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured at the investment amount.

(9) Accounts and notes receivable

- A. Refer to accounts and bills that, according to the contract, have the unconditional right to receive the amount of consideration exchanged for the transferred goods or services.
- B. For short-term accounts and notes receivable with unpaid interest, as the discounting effect is insignificant, the Company measures them at the original invoice amount.
- C. The Company's business model of accounts receivable from expected sale is to collect contractual cash flow and sell them. Subsequently, they are measured at fair value, and changes are recognized in other comprehensive income.

(10) Impairment of financial assets

On each balance sheet date, the Company considers all reasonable and possible investments in debt instruments measured at fair value through other comprehensive income, financial assets measured at amortized cost including the accounts receivable of the significant financial components. If the credit risk has not increased significantly since the initial recognition, the loss allowance is measured at the 12-month expected credit loss amount; for credit risk that increased significantly after the initial recognition, the loss allowance is measured at the amount of lifetime expected credit losses; excluding the accounts receivable or contract assets that do not contain significant financial components, the loss allowance is measured at the amount of lifetime expected credit losses.

(11) Derecognition of financial assets

When the contractual right to receive the cash flow from the financial asset expires, the financial asset will be derecognized.

(12) Lease transactions with lessor

Lease income from operating leases, net of any incentives given to the lessee, is amortized and recognized in profit or loss in the current period in accordance with the straight-line method over the lease term.

(13) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal business process less the estimated costs that must be invested until completion and the estimated costs required to complete the sale balance.

(14) Investments accounted for under equity method - subsidiaries and associates

- A. Subsidiaries refer to individual entities (including structured individual entities) that the Company has the right to control. When the Company is exposed to or entitled to variable remuneration from participation in the entity and through the power over the entity having influence over the returns, the Company controls the entity.
- B. The unrealized gains and losses arising from the transactions between the Company and the subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Company.
- C. The Company recognizes the share of income after the acquisition of the subsidiaries as the current profit or loss, and the share of other comprehensive income after the acquisition is recognized as other comprehensive income. If the share of loss recognized by the Company in a subsidiary equals or exceeds the equity in the subsidiary, the Company continues to recognize losses in proportion to its shareholding.
- D. Associates refer to all individual entities over which the Company has significant influence over but no control over them, and generally holds more than 20% of their voting shares directly or indirectly. The Company's investment in affiliated companies is accounted for using the equity method and is recognized at cost when acquired.

- E. The Company recognizes the share of income after the acquisition of the associate as the current profit or loss, and the share of other comprehensive income after the acquisition is recognized as other comprehensive income. If the Company's share of losses on any associate is equal to or exceeds its equity in the associate (including any other unsecured receivables), the Company will not recognize further losses, unless the Company incurs legal obligations, presumed obligations, or payment has been made on behalf of them.
- F. When there is a change in equity other than profit and loss and other comprehensive income in the associate that does not affect the shareholding ratio of the associate, the Company recognizes all changes in equity as "capital reserve " in proportion to the shareholding ratio.
- G. The unrealized gains and losses arising from the transactions between the Company and the associates have been written off in proportion to the equity in the associates; unless there is evidence showing that the assets transferred in the transaction have been impaired, the unrealized losses are also written off. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with the policies adopted by the Company.
- H. When the Company disposes of an associate, if the significant influence on the associate is lost, the accounting treatment of all amounts related to the associate previously recognized in other comprehensive income shall be the same as the basis for the direct disposal of the relevant assets or liabilities by the Company. That is, if the profit or loss previously recognized as other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed, the profit or loss will be reclassified from equity to profit or loss when the significant influence on the affiliated company is lost. If there is still significant influence on the associate, only the amount previously recognized in other comprehensive income shall be transferred out according to the above method.
- I. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(15) Property, plant and equipment

- A. Property, plant, and equipment are recorded at acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
- B. The subsequent cost is included in the book value of the asset or recognized as an individual asset only when the future economic benefits related to the item are likely to flow into the Company and the cost of the item can be reliably measured. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized in profit or loss for the period when incurred.
- C. Property, plant and equipment are subsequently measured at cost. Except for land, which is not depreciated, the depreciation is calculated using the straight-line method over the estimated useful years. Significant components of property, plant, and equipment are depreciated separately.

- D. The Company reviews the residual value, years of useful life and depreciation method of each asset at the end of each fiscal year. If the residual value and the expected value of useful years are different from the previous estimates, or if there is a significant change in the expected consumption pattern of the assets with future economic benefits, from the date of the change, it is treated in accordance with the provisions of IAS No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for changes in accounting estimates. The useful lives of each asset are as follows:

Buildings	25 years ~50 years
Machinery and equipment	3 years
Office equipment	2 years ~ 3 years
Other equipment	3 years

(16) Leasing arrangements (lessee)—right-of-use assets/lease liabilities

A. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Company. When the lease contract is in the form of a short-term lease or a lease of a low-value target asset, the lease payments are recognized as expenses using the straight-line method over the lease period.

B. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted present value of the Company's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable.

The interest expense is subsequently measured using the interest method and the amortized cost method, and the interest expense is provided during the lease term. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be remeasured.

C. The right-of-use asset is recognized at cost on the lease start date. Cost includes:

- The initially measured amount of the lease liability; and
- any initial direct costs incurred;

The subsequent measurement is based on the cost model, and the depreciation expense is appropriated when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.

(17) Investment property

Investment property is recognized at acquisition cost, and the cost model is adopted for subsequent measurement. Except for land, depreciation is made on a straight-line method according to the estimated service life, and the service life is 50 years.

(18) Impairment of non-financial assets

On the balance sheet date, the recoverable amount of assets with signs of impairment is estimated. When the recoverable amount is lower than the book value, the impairment loss is recognized. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When the impairment loss of assets recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the increase in book value of the asset due to the reversal of impairment loss shall not exceed the amount of the depreciation or amortization if the impairment loss was not recognized for the asset and subsequent book value.

(19) Borrowings

- A. Refers to long-term and short-term borrowings from banks. The Company measures their fair values less transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in the outstanding period according to the amortization procedure in profit or loss.
- B. When it is very likely to withdraw the expenses paid for the establishment of the borrowing limit, in part or in whole, the expenses are recognized as the transaction cost of the borrowing, deferred and recognized as the effective interest rate adjustment when the borrowing occurs; when it is unlikely that the expenses will be withdrawn, in part or in whole, the expenses are recognized as prepayments and amortized over the period to which the quota is related.

(20) Accounts payable and notes payable

- A. Refers to debts incurred from the purchase of raw materials, commodities or labor services, and notes payable due to business and non-business reasons.
- B. For short-term accounts and notes payable with unpaid interest, as the discounting effect is insignificant, the Company measures them at the original invoice amount.

(21) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired.

(22) Offsetting of financial instruments

Financial assets and financial liabilities can only be offset when there is a legally enforceable right to offset the recognized amounts of financial assets and liabilities, and the intention is to settle on a net basis or to realize assets and settle liabilities at the same time. In the balance sheet, it is presented in net amount.

(23) Provisions

The provisions (for warranty liabilities and litigation provisions) are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The provisions are measured based on the best estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate is based on the pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the liability. The amortized discount is recognized as interest expense. No future operating losses shall be recognized as provisions.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and are recognized as expenses when the related services are provided.

B. Pension

a. Defined contribution plans

For the defined contribution plan, it is the amount that should be contributed to the pension fund is recognized as the current pension cost on an accrual basis. Prepaid

allocations are recognized as assets within the scope of refundable cash or reduction of future payments.

b. Defined benefit plan

- i. The net obligation under the defined benefit plan is discounted based on the future benefit amount earned by employees in the current period or in the past, and the present value of the defined benefit obligation on the balance sheet date less the fair value of the planned assets. The net defined benefit obligation is calculated by the actuary using the projected unit benefit method every year. The discount rate is determined with reference to the market yield rate of the high-quality corporate bonds on the balance sheet date that are consistent with the currency and period; for countries without a deep market, the market yield rate of government bonds (on the balance sheet date) is used.
- ii. The remeasurement arising from the defined benefit plan is recognized in other comprehensive income in the period in which it occurs, and is expressed in the retained earnings.
- iii. Expenses related to the service cost in the previous period are immediately recognized in profit or loss.

C. Termination benefits

The termination benefits are for employees who terminate their employment before the normal retirement date or when the employees decide to accept the Company's offer of benefits in exchange for the termination of employment. The Company will state the benefits as expenses when the offer of benefits cannot be withdrawn or the related reorganization costs are stated, whichever earlier. Benefits that are not expected to be settled in full in 12 months after the balance sheet date should be discounted.

D. Compensation to employees and remuneration to directors

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. If the employee's remuneration is paid in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(25) Income tax

- A. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for items that are recognized in other comprehensive income or directly in equity, respectively.
- B. The Company calculates the income tax for the current period in accordance with the tax rate that has been enacted or substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. The management regularly evaluates the status of income tax filings in accordance with the applicable income tax related laws and regulations, and, if applicable, the estimated income tax liabilities based on the tax expected to be paid to the taxing authorities. Undistributed earnings are subject to additional income tax in accordance with the income tax law. The undistributed earnings income tax expense is recognized based on the actual distribution of earnings once the earnings distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.
- C. Deferred income tax is recognized based on the temporary differences between the tax bases

of assets and liabilities and their carrying amounts on the balance sheet using the balance sheet method. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the initial recognition of assets or liabilities in the transaction (excluding business combination) on the initial recognition of assets or liabilities, and the transaction does not affect accounting profits or taxable income (taxable losses) at the time of the transaction and does not generate equivalent taxable and deductible temporary differences, they are not to be recognized. For the temporary difference generated by the investment in subsidiaries and affiliated companies, if the Company can control the time point of the temporary difference reversal, and the temporary difference is very likely not to be reversed in the foreseeable future, it shall not be recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted at the balance sheet date and that is expected to apply when the related deferred income tax assets are realized or deferred income tax liabilities are settled.

- D. Deferred income tax assets are recognized within the scope of temporary differences that are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
- E. When there is a legally enforceable right to offset the amount of current income tax assets and liabilities recognized, and there is an intention to settle on a net basis or realize the assets and settle the liabilities at the same time, offset the current income tax assets and liabilities; when there is a legally enforceable right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are levied by the same taxation authority, the same taxable entity, or different taxable entities and each entity intends to repay on the basis of the net amount or to realize assets and repay liabilities at the same time, the deferred income tax assets and liabilities are offset.
- F. Unused income tax deductions arising from the purchase of equipment or technology, and R&D expenditures are recognized as deferred income tax asset, to the extent that it is probable that there will be future taxable income against which the unused income tax can offset.

(26) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options, net of income tax, are recognized in equity as a deduction of the consideration.

(27) Dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred to common shares on the record date of issuance of new shares.

(28) Revenue recognition

A. Sale of goods

- a. The Company manufactures and sells various automation equipment and system components. Revenue from sales is recognized when the control of the product is transferred to the customer. That is, when the product is delivered to the customer, the customer has discretion over the benefits of product sales, and when there are no outstanding performance obligations by the Company that may affect the customer's

acceptance of the product. When the product is transported to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence to prove that all acceptance criteria have been met.

- b. The Company provides standard warranty for some of the products sold, and is obligated to repair any defective products. The provisions are recognized at the time of sales.
- c. Accounts receivable are recognized when the goods are delivered to the customer, as the Company has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

B. Engineering services

- a. The Company provides services related to the installation of smoke exhaust systems and blinds. Labor service income is recognized as income during the financial reporting period when the service is provided to the customer. Revenue from fixed price contracts is recognized based on the proportion of services actually provided as a percentage of the total services to be provided as of the balance sheet date. The proportion of completed services is determined based on the actual costs to be accounted for in the estimated total costs. The customer pays the contractual price in accordance with the agreed payment schedule. When the services provided by the Company exceed the payables of the customer, it is recognized as a contract asset; if the payables from the customer exceeds the services provided by the Company, it is recognized as a contract liability.
- b. The Company makes revisions to the estimates of income, cost and degree of completion as the circumstances change. Any increase or decrease in estimated revenue or cost resulting from a change in estimate is reflected in profit or loss in the period in which the result of the revision is known by the management.

(29) Government subsidies

Government subsidies are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidies and the subsidies will be received. If the nature of the government subsidies is to compensate the expenses incurred by the Company, the government subsidies shall be recognized as current profit or loss on a systematic basis in the period in which the relevant expenses are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

Critical accounting estimates and assumptions

Valuation of inventories

Since inventories must be valued at the lower of cost or net realizable value, the Company must use judgment and estimate to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Company evaluates the amount of inventories due to normal wear and tear, obsolete or no market sales value on the balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of the inventory is mainly based on the demand for products in a specific period of time in the future, so there may be significant changes.

On December 31, 2023, the book value of the Company's inventories amounted to NTD 271,975.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalent

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 67	\$ 98
Checking accounts and demand deposit	91,978	156,274
Time deposit	196,128	147,673
	<u>\$ 288,173</u>	<u>\$ 304,045</u>

- A. The credit quality of the financial institutions with which the Company interacts is good, and the Company interacts with multiple financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
- B. The Company's cash and cash equivalents of NTD 775 and NTD 31,485, respectively, as of December 31, 2023 and 2022 due to construction performance and borrowings pledged with restrictions, please refer to Note 8 for information on the pledged assets.
- C. The Company's time deposits without the cash equivalent nature amounted to \$93,615 and \$91,485 as of December 31, 2023 and 2022, respectively, and were presented as "financial assets at amortized cost".

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

Item	December 31, 2023	December 31, 2022
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 1,150	\$ 1,150
Valuation adjustment	(976)	(1,031)
	<u>\$ 174</u>	<u>\$ 119</u>

- A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 55	(\$ 89)

- B. The Company does not pledge financial assets measured at fair value through profit or loss.
- C. Please refer to Note 12(2) for market risk information of financial assets measured at fair value through profit or loss.

(3) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current items		
Time deposits with original maturity date of more than three months	\$ 92,840	\$ 60,000
Pledged time deposit	775	31,485
	<u>\$ 93,615</u>	<u>\$ 91,485</u>

A. The breakdown of financial assets at amortized cost recognized in profit or loss is as follows:

	Years ended December 31,	
	2023	2022
Interest revenue	<u>\$ 1,851</u>	<u>\$ 1,243</u>

B. Without considering the collateral or other credit enhancements held, the financial assets measured at amortized cost that are most representative of the Company held in the period of December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NTD 93,615 and NTD 91,485, respectively.

C. Please refer to Note 8 for the Company's financial assets measured at amortized cost as collaterals.

D. Please refer to Note 12(2) for the credit risk information of financial assets measured at amortized cost. The counterparties of the Company's investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(4) Notes and accounts receivable

Notes receivable	<u>December 31, 2023</u> <u>\$ 12,902</u>	<u>December 31, 2022</u> <u>\$ 16,449</u>
Accounts receivable	<u>December 31, 2023</u> <u>\$ 160,877</u>	<u>December 31, 2022</u> <u>\$ 235,325</u>
Less: Loss allowance	<u>(4,073)</u> <u>\$ 156,804</u>	<u>(3,856)</u> <u>\$ 231,469</u>

A. The aging analysis of notes receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	<u>\$ 12,902</u>	<u>\$ 16,449</u>

B. The aging analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	<u>\$ 149,015</u>	<u>\$ 209,822</u>
Within 90 days of overdue	6,520	22,396
Overdue for more than 91 days	5,342	3,107
	<u>\$ 160,877</u>	<u>\$ 235,325</u>

The above is an aging analysis based on the number of overdue days.

- C. The balances of accounts receivable and notes receivable on December 31, 2023 and 2022 were all generated from contracts with customers. The balance of accounts receivable and the loss allowance on contracts with customers on January 1, 2022 were NTD 287,717 and \$4,962, respectively.
- D. Without considering the collateral or other credit enhancements held, the maximum exposure amount that best represents the credit risk of the notes receivable of the Company as of December 31, 2023 and 2022 was NTD 12,902 and NTD 16,449, respectively; the maximum credit risk exposure amount on December 31, 2023 and 2022, representing the Company, was NTD 156,804 and NTD 231,469, respectively.
- E. The Company records accounts receivable without any collateral.
- F. For credit risk information on notes and accounts receivable, please refer to Note 12(2).

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 62,200	(\$ 12,333)	\$ 49,867
Work in progress	19,580	(68)	19,512
Finished goods	24,010	(6,906)	17,104
Merchandise	192,619	(7,202)	185,417
Inventory in transit	75	-	75
	<u>\$ 298,484</u>	<u>(\$ 26,509)</u>	<u>\$ 271,975</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 76,174	(\$ 17,938)	\$ 58,236
Work in progress	22,795	-	22,795
Finished goods	25,177	(4,230)	20,947
Merchandise	194,771	(22,120)	172,651
	<u>\$ 318,917</u>	<u>(\$ 44,288)</u>	<u>\$ 274,629</u>

Cost of inventories recognized as expense losses by the Company in the current period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 459,255	\$ 916,945
Other operating costs	28,070	33,018
Gain on reversal of inventories	(17,779)	-
	<u>\$ 469,546</u>	<u>\$ 949,963</u>

The Company sold inventories for which a loss allowance had been provided in 2023, resulting in a gain on reversal of inventories.

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

Item	December 31, 2023	December 31, 2022
Non-current items		
Equity instrument		
Non-listed stocks	\$ 58,973	\$ 58,973
Valuation adjustment	168,125	47,454
	<u>\$ 227,098</u>	<u>\$ 106,427</u>

- A. The Company chose to classify the financial assets measured at cost that are strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022 were NTD 227,098 and NTD 106,427.
- B. The breakdown of financial assets measured at fair value through other comprehensive income recognized in comprehensive profit or loss is as follows:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 120,671</u>	<u>(\$ 61,455)</u>

- C. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that can best represent the Company, and the maximum exposure amount of credit risk on December 31, 2023 and 2022 amounted to NTD 227,098 and NTD 106,427, respectively.
- D. The Company does not pledge financial assets measured at fair value through other comprehensive income.
- E. Please refer to Note 12(3) for market risk information of financial assets measured at fair value through other comprehensive income.

(7) Investment accounted for under equity method

	December 31, 2023	December 31, 2022
Subsidiary:		
TAIWAN OILES INDUSTRY CO., LTD.	\$ 49,720	\$ 43,893
AUROTEK INC.	8,113	12,965
Aurotek (Shanghai) Inc.	193,824	197,995
Kunshan Yichun Industrial Technology Co., Ltd.	28,779	28,244
Associate:		
PLENTY ISLAND (THAI) CO., LTD.	601	574
3e Yamaichi Electronics Co., Ltd.	30,030	31,629
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	34,289	31,108
	<u>\$ 345,356</u>	<u>\$ 346,408</u>

	2023	2022
January 1	\$ 346,408	\$ 364,577
Share of investment income under equity method (Note)	5,801	(9,851)
Distribution of investment earnings under equity method (	3,386)	(17,147)
Other changes in equity	(3,467)	8,829
December 31	<u>\$ 345,356</u>	<u>\$ 346,408</u>

Note: It includes the unrealized sale leaseback gains (presented as other non-current liabilities) of the Company's subsidiary Yichun Industrial Technology (Kunshan) Co Ltd. which rents part of the plants of Aurotek Kunshan, subsequently amortized by the subsidiary's lease contract period and recognized as investment income under equity method. As of December 31, 2023, the balance of the aforementioned unrealized sale leaseback gain was NTD 143.

A. Subsidiary

For information on the Company's subsidiaries, please refer to Note 4(3) to the Company's 2023 consolidated financial statements.

B. Associate

The affiliates of the Company under equity method are individually insignificant, and their shares of the operating results are summarized as follows:

	Years ended December 31,	
	2023	2022
Net income from continuing operations	\$ 19,536	\$ 33,930
Other comprehensive income (net amount after tax)	-	-
Current comprehensive income - net	<u>\$ 19,536</u>	<u>\$ 33,930</u>

- C. The Company holds 25% of the equity of PLENTY ISLAND (THAI) CO., LTD. and is the single largest shareholder of the Company. The remaining 75% of the shares are concentrated in other investors. The number of votes for the holders of other voting rights acting together has exceeded the Company's, indicating that the Company has no actual ability to dominate the relevant activities, so it is judged that the Company has no control over the company but only has a significant influence.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Total
At January 1, 2023						
Cost	\$ 150,319	\$ 112,079	\$ 23,253	\$ 3,969	\$ 1,101	\$ 290,721
Accumulated depreciation	-	(41,344)	(18,688)	(2,021)	(543)	(62,596)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>
<u>2023</u>						
January 1	\$ 150,319	\$ 70,735	\$ 4,565	\$ 1,948	\$ 558	\$ 228,125
Additions	-	-	707	1,585	443	2,735
Disposals	-	-	(494)	-	-	(494)
Depreciation expense	-	(2,297)	(2,974)	(1,367)	(211)	(6,849)
December 31	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>
At December 31, 2023						
Cost	\$ 150,319	\$ 112,079	\$ 8,393	\$ 5,554	\$ 1,185	\$ 277,530
Accumulated depreciation	-	(43,641)	(6,589)	(3,388)	(395)	(54,013)
	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Total
At January 1, 2022						
Cost	\$ 150,319	\$ 112,079	\$ 23,169	\$ 3,066	\$ 568	\$ 289,201
Accumulated depreciation	-	(39,046)	(13,260)	(946)	(378)	(53,630)
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 9,909</u>	<u>\$ 2,120</u>	<u>\$ 190</u>	<u>\$ 235,571</u>
<u>2022</u>						
January 1	\$ 150,319	\$ 73,033	\$ 9,909	\$ 2,120	\$ 190	\$ 235,571
Addition	-	-	-	903	533	1,436
Reclassified (Note)	-	-	507	-	-	507
Depreciation expense	-	(2,298)	(5,851)	(1,075)	(165)	(9,389)
December 31	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>
At December 31, 2022						
Cost	\$ 150,319	\$ 112,079	\$ 23,253	\$ 3,969	\$ 1,101	\$ 290,721
Accumulated depreciation	-	(41,344)	(18,688)	(2,021)	(543)	(62,596)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>

Note: Mainly refers to the inventory transferred in.

A. The Company has no capitalization of interest.

B. For information on property, plant and equipment as collateral, please refer to the descriptions in Note 8.

(9) Lease arrangements - lessee

- A. The underlying assets leased by the Company include buildings, machinery and equipment. The lease contract is usually for a period of 1 to 5 years. Lease contracts are negotiated separately and include various terms and conditions without other restrictions.
- B. The book value of the right-of-use assets and the information of depreciation expense recognized are as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Machinery equipment	\$ 35	\$ 169

	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Machinery equipment	\$ 134	\$ 139

- C. There were no additions to the Company's right-of-use assets in 2023 and 2022.

- D. The information of profit and loss items related to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 2	\$ 4
Expenses of short-term lease contracts	108	150
Expenses of low-value asset lease	41	6

- E. The total lease cash outflow of the Company in 2023 and 2022 was NTD 288 and NTD 299, respectively.

(10) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(19,596)	(19,596)
	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
<u>2023</u>			
January 1	\$ 51,933	\$ 34,186	\$ 86,119
Depreciation expense	-	(1,055)	(1,055)
December 31	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
At December 31, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(20,651)	(20,651)
	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>

	Land	Buildings	Total
At January 1, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	- (	18,542 ) (	18,542)
	<u>\$ 51,933</u>	<u>\$ 35,240</u>	<u>\$ 87,173</u>
<u>2022</u>			
January 1	\$ 51,933	\$ 35,240	\$ 87,173
Depreciation expense	- (	1,054 ) (	1,054)
December 31	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
At December 31, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	- (	19,596 ) (	19,596)
	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>

A. Rental income and direct operating expenses of investment property:

	Years ended December 31,	
	2023	2022
Rent income from investment property	<u>\$ 5,002</u>	<u>\$ 4,843</u>
Direct operating expenses incurred by investment property that generates rental income in the current period	<u>\$ 1,055</u>	<u>\$ 1,054</u>

B. The fair value of the investment property held by the Company as of December 31, 2023 and 2022 was NTD 177,761 and NTD 172,901, respectively. The fair value above is based on the announced present value of the land of the real estate and the market transactions of similar objects in the vicinity obtained through price valuation.

C. The above investment property refers to the leasing of two properties on Zhouzi Street, Neihu District. The lease terms are from January 15, 2019 to March 31, 2024 and from August 1, 2022 to July 31, 2024, respectively.

D. Please refer to Note 8 for the Company's pledge of investment properties as collateral.

(11) Short-term borrowings

Nature of loan	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit loans	<u>\$ 20,000</u>	1.70%	None

December 31, 2022: None.

A. The interest expense recognized in profit or loss in 2023 and 2022 were NTD 113 and NTD 395, respectively.

B. Please refer to Note 8 for guarantee details.

(12) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 27,642	\$ 38,330
Remuneration payable to employees, directors and supervisors	7,126	21,531
Payable commission	6,242	6,385
Payable expenses - others	18,366	23,027
Other payables	2,777	1,143
	<u>\$ 62,153</u>	<u>\$ 90,416</u>

(13) Provisions

	Warranty	Litigation	Total
Balance as of January 1, 2023	\$ 7,638	\$ -	\$ 7,638
Provisions increased in the current period	3,510	-	3,510
Provisions used in the current period	(4,243)	-	(4,243)
Balance as of December 31, 2023	<u>\$ 6,905</u>	<u>\$ -</u>	<u>\$ 6,905</u>
	Warranty	Litigation	Total
Balance as of January 1, 2022	\$ 9,005	\$ 34,588	\$ 43,593
Provisions increased in the current period	2,223	-	2,223
Provisions used in the current period	(3,590)	(12,910)	(16,500)
Unused amount reversed in this period	-	(21,678)	(21,678)
Balance as of December 31, 2022	<u>\$ 7,638</u>	<u>\$ -</u>	<u>\$ 7,638</u>

A. The provision for warranty liabilities of the Company is mainly related to the sales of self-made products and is estimated based on the historical warranty data of the products.

B. For the details of changes in the reserve for litigation, please refer to Note 9 (1).

(14) Pensions

A. a. In accordance with the provisions of the "Labor Standards Act", the Company has established retirement benefits regulations which is applicable to the service years of all formal employees before the implementations of the Labor Pension Act on July 1, 2005, and to employees who chose to continue to adopt the Labor Standards Act after the implementation of the Labor Pension Act. For employees who are eligible for retirement, the pension payment is based on the years of service and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years (inclusive), and one base figures are given for each full year of service beyond 15 years, but the accumulation is limited to 45 bases. The Company contributes 2% of the total salary on a monthly basis to the pension fund, which is deposited with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, the Company estimates the balance of the special account for the labor pension fund mentioned in the preceding paragraph. If the balance is

insufficient to pay the pension amount for the workers who meet the retirement conditions in the following year, the difference shall be appropriated by the Company before the end of March.

b. The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 29,416)	(\$ 34,321)
Fair value of plan assets	25,988	25,084
Net defined benefit liabilities (shown as other non-current liabilities)	(\$ 3,428)	(\$ 9,237)

c. Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit	Obligation plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	(\$ 34,321)	\$ 25,084	(\$ 9,237)
Interest (expense) income	(446)	326	(120)
	(34,767)	25,410	(9,357)
Remeasurements:			
Gains on plan assets (excluding amounts included in interest income or expense)	-	151	151
Change in financial assumptions	(214)	-	(214)
Experience adjustments	5,565	-	5,565
	5,351	151	5,502
Pension fund contribution	-	427	427
Paid pension	-	-	-
Balance at December 31	(\$ 29,416)	\$ 25,988	(\$ 3,428)

	Present value of defined benefit	Obligation plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 38,791)	\$ 26,049	(\$ 12,742)
Current service cost	(227)	-	(227)
Interest (expense) income	(271)	182	(89)
	(39,289)	26,231	(13,058)
Remeasurements:			
Gains on plan assets (excluding amounts included in interest income or expense)	-	1,944	1,944
Change in financial assumptions	1,780	-	1,780
Experience adjustments	(358)	-	(358)
	1,422	1,944	3,366
Pension fund contribution	-	455	455
Paid pension	3,546	(3,546)	-
Balance at December 31	(\$ 34,321)	\$ 25,084	(\$ 9,237)

- d. The fund assets of the Company's defined benefit pension plan are based on the scope of the proportion and amount of the entrusted business items established in the annual investment and utilization plan of the Bank of Taiwan. The Company has processed the entrusted management according to Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (that is, deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products, and more) which the related utilization situation is supervised by the Labor Pension Fund Supervisory Committee. For the use of the Fund, the minimum income distributed in the annual final accounts shall not be less than the income calculated based on the two-year time deposit interest rate of the local bank; if there is any deficiency, the Treasury shall make up for it after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is impossible for the Company to disclose the classification of the fair value of plan assets in accordance with IAS 19 Paragraph 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government of each year.
- e. The actuarial assumptions related to the pension fund are summarized as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases rate	2.25%	2.25%

The assumption of future mortality rate is based on the 6th Taiwan Life Insurance Industry Experience Tables.

The analysis of the impact on the present value of defined benefit obligation due to the change of the main actuarial assumptions is as follows:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$529)	\$545	\$465	(\$454)
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$704)	\$726	\$632	(\$616)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet. The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

- f. The Company expects to contribute NTD 525 to the pension plan in 2024.
- g. As of December 31, 2023, the average duration of the pension plan was 8 years.

- B. a. Since July 1, 2005, the Company has established a defined retirement allocation in accordance with the "Labor Pension Act", which is applicable to employees of Taiwan nationality. For the employees who choose to apply the labor pension system stipulated in the "Labor Pension Act", the Company contributes 6% of the monthly salary to the employee's individual account with the Labor Insurance Bureau, and the employee's pension is paid in accordance with the employee's individual pension. The amount of accumulated income and segregated account is withdrawn as monthly pension or lump sum.
- b. In 2023 and 2022, the pension cost recognized by the Company in accordance with the above regulations was NTD 5,879 and NTD 5,714 respectively.

(15) Share capital

- A. As of December 31, 2023, the Company's authorized capital was NTD 1,500,000 divided into 150,000 thousand shares (including 10,000 thousand shares of employee share option), and the paid-in capital was NTD 827,897 for each with a face value of NTD 10 per share. Payment for the issued shares of the Company has been received.
- B. The number of common shares of the Company outstanding at the beginning and end of the period were both 82,790 thousand shares.

(16) Capital surplus

In accordance with the provisions of the Company Act, the premium from the issuance of shares in excess of the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the Company has no accumulated losses, new shares or cash are issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. A company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(17) Retained earnings

- A. If the Company has earnings in the annual final accounting, it shall pay tax in accordance with the law and make up for the accumulated losses, and then set aside 10% of the earnings as a legal reserve. However, when the legal reserve has reached the amount of the Company's paid-in capital, such appropriation may not be provided; for the rest, the special reserve shall be set aside or reversed in accordance with the laws and regulations. If there is any remaining balance, the remaining earnings shall be retained or distributed together with the accumulated undistributed earnings, and the Board of Directors shall propose a proposal for earnings distribution and submit it to the shareholders' meeting for resolution.
- B. The Company's dividend policy is as follows: To meet the current and future development plans, taking into account the investment environment, capital requirements, and the interests of shareholders, the Company will allocate no less than 10% of the distributable earnings as dividends to shareholders each year, which may be distributed in the form of cash or shares, and the cash dividends shall not be less than 20% of the total dividends.
- C. The legal reserve may not be used except to make up for the Company's losses and issuing

new shares or cash in proportion to the original number of shares held by shareholders. However, if new shares or cash are issued, the amount of the reserve exceeding 25% of the paid-in capital shall be limited.

- D. a. When the Company distributes earnings, the special reserve shall be set aside for the debit of other equity items on the balance sheet date of the current year according to laws and regulations. When the debit balance of other equity items is subsequently reversed, the amount of the reversal may be included in the distributable earnings.
- b. The special reserve amounted to \$2,713 as of December 31, 2023 and 2022 for both. This is the first time that the Company has adopted IFRSs to recognize that the cumulative translation difference generated by the foreign operation is zero, and to recognize an adjustment and the special reserve in the same amount. When the Company uses, disposes or reclassifies the relevant assets later, the proportion of the original special reserve may be reversed for distribution earnings.
- E. The 2022 and 2021 earnings distribution proposals of the Company were approved by the shareholders' meeting on June 9, 2023 and June 22, 2022, respectively, as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 21,664		\$ 26,512	
Reversal of special reserve	-		(20,617)	
Cash dividends	149,021	\$ 1.80	149,021	\$ 1.80
	<u>\$ 170,685</u>		<u>\$ 154,916</u>	

Please visit the "MOPS" of the Taiwan Stock Exchange for the 2022 and 2021 earnings distributions approved by the Company's Board of Directors and at shareholders' meetings.

- F. The 2023 earnings distribution of the Company was proposed by the Board of Directors on March 14, 2024 as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 8,317	
Cash dividends	82,790	\$ 1.00
	<u>\$ 91,107</u>	

- a. For information on employees' remuneration and directors' remuneration, please refer to Note 6(24).
- b. The aforementioned 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(18) Other equity items

2023			
	Unrealized valuation gains/losses	Translation of foreign currency	Total
January 1	\$ 64,583	(\$ 12,521)	\$ 52,062
Valuation adjustment	120,671	-	120,671
Foreign exchange difference:			
- Group	- (	3,148)	(3,148)
- Group's taxable income	-	629	629
- Affiliated companies	- (	319)	(319)
- Tax of affiliated companies	-	50	50
December 31	<u>\$ 185,254</u>	<u>(\$ 15,309)</u>	<u>\$ 169,945</u>

2022			
	Unrealized valuation gains/losses	Translation of foreign currency	Total
January 1	\$ 126,038	(\$ 19,591)	\$ 106,447
Valuation adjustment	(61,455)	- (	( 61,455)
Foreign exchange difference:			
- Group	-	3,129	3,129
- Group's taxable income	- (	626)	(626)
- Affiliated companies	-	5,700	5,700
- Tax of affiliated companies	- (	1,133)	(1,133)
December 31	<u>\$ 64,583</u>	<u>(\$ 12,521)</u>	<u>\$ 52,062</u>

(19) Operating revenue

A. Breakdown of revenue from customer contracts

The Company's income comes from the provision of goods and services that are gradually transferred over time and at a certain point in time. The income can be divided into the following main product lines and geographical regions:

<u>Year ended December 31, 2023</u>	Automation components			Automation equipment				Energy conservation and safety	Others	Total
	Mainland			Mainland				Taiwan	Taiwan	
	Taiwan	China	Others	Taiwan	China	Japan	Others	Taiwan	Taiwan	
Revenue	<u>\$ 331,153</u>	<u>\$ 13,949</u>	<u>\$ 386</u>	<u>\$ 47,210</u>	<u>\$ 77,770</u>	<u>\$ 38,148</u>	<u>\$ 136,110</u>	<u>\$ 48,587</u>	<u>\$ 10,944</u>	<u>\$ 704,257</u>
Timing of revenue recognition										
Revenue recognized at a certain point in time	<u>\$ 331,153</u>	<u>\$ 13,949</u>	<u>\$ 386</u>	<u>\$ 47,210</u>	<u>\$ 77,770</u>	<u>\$ 38,148</u>	<u>\$ 136,110</u>	<u>\$ 48,587</u>	<u>\$ 10,944</u>	<u>\$ 704,257</u>

<u>Year ended December 31, 2022</u>	Automation components			Automation equipment				Energy conservation and safety	Others	Total
	Mainland			Mainland				Taiwan	Taiwan	
	Taiwan	China	Japan	Taiwan	China	Japan	Others	Taiwan	Taiwan	
Revenue	<u>\$ 925,348</u>	<u>\$ 30,704</u>	<u>\$ 59</u>	<u>\$ 113,425</u>	<u>\$ 131,288</u>	<u>\$ 21,471</u>	<u>\$ 123,488</u>	<u>\$ 39,114</u>	<u>\$ 10,229</u>	<u>\$1,395,126</u>
Timing of revenue recognition										
Revenue recognized at a certain point in time	<u>\$ 925,348</u>	<u>\$ 30,704</u>	<u>\$ 59</u>	<u>\$ 113,425</u>	<u>\$ 131,288</u>	<u>\$ 21,471</u>	<u>\$ 123,488</u>	<u>\$ 39,114</u>	<u>\$ 10,229</u>	<u>\$1,395,126</u>

B. Contract liability

- a. The contractual liabilities related to the customer contract revenue recognized by the Company are as follows:

Tax of affiliated companies	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities - advances from customers	\$ 202	\$ 100	\$ 240

- b. Revenue recognized in current period of contract liabilities at the beginning of the period

	Years ended December 31,	
	2023	2022
<u>Opening balance of contract liabilities</u>		
<u>recognized as income in current period</u>		
Advance collections from customers	\$ 100	\$ 240

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest on bank deposits	\$ 11,794	\$ 2,277
Interest income from financial assets at amortized cost	1,851	1,243
Other interest income (Note)	-	946
	\$ 13,645	\$ 4,466

Note: Please refer to Note 7(2) for details.

(21) Other income

	Years ended December 31,	
	2023	2022
Rental income	\$ 5,105	\$ 4,982
Dividend income	20,426	17,096
Other income (Note)	1,778	25,088
	\$ 27,309	\$ 47,166

Note: NTD 21,678 in the amount recognized in 2022, please refer to Note 9 (1)

(22) Other gains and losses

	Years ended December 31,	
	2023	2022
Net value of financial assets at fair value through profit or loss	\$ 55	(\$ 89)
Foreign currency exchange gain (loss), net	(3,979)	35,116
Gains from the disposal of property, plant and equipment	47	-
	(\$ 3,877)	\$ 35,027

(23) Financial cost

	Years ended December 31,	
	2023	2022
Interest expense:		
Interest expense of bank borrowings	\$ 113	\$ 395
Interest expense of lease liabilities	2	4
	<u>\$ 115</u>	<u>\$ 399</u>

(24) Employee benefits and depreciation expenses

A. Employee benefits and depreciation expenses

a. Details are as follows:

By function		Year ended December 31, 2023		
By nature		Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense				
Salary expenses		\$ 6,094	\$ 118,038	\$ 124,132
Labor and national health insurance expenses		738	11,670	12,408
Pension expense		304	5,695	5,999
Remuneration to directors		-	2,960	2,960
Other employee benefit expenses		337	4,999	5,336
Depreciation expense		162	7,876	8,038

By function		Year ended December 31, 2022		
By nature		Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense				
Salary expenses		\$ 7,135	\$ 142,935	\$ 150,070
Labor and national health insurance expenses		706	11,520	12,226
Pension expense		346	5,684	6,030
Remuneration to directors		-	6,233	6,233
Other employee benefit expenses		391	5,487	5,878
Depreciation expense		381	10,201	10,582

- b. The number of employees for the current year and the previous year is 153 persons for both years, of which the number of directors who are not also employees is 4 and 5 persons, respectively.
- c. Companies whose stocks are listed on TWSE or OTC markets are required to disclose the following additional information:

- i. The average employee benefit expense for the current year was NTD 992; the average employee benefit expense for the previous year was NTD 1,178.
- ii. The average employee salary expense for the current year was NTD 833; the average employee salary expense for the previous year was NTD 1,006.
- iii. The average change in employee salary expense adjustment was -17.20 %.
- iv. The Company's remuneration policy is to measure the operational performance, achievement rate and contribution of the management team in response to future changes in the economic environment, and will not guide directors (including independent directors), managers and employees to engage in activities that exceed the company's risk in establishing the Company's remuneration system and risk behavior.
 - (i) Remuneration to directors (including independent directors): including remuneration to directors and transportation allowances for the board of directors and their concurrent positions on functional committees. After considering the Company's operating performance and the general level of payment in the industry, recommendations are submitted to the Board of Directors for resolution after the Remuneration Committee approves.
 - (ii) Managerial officers' remuneration: including fixed salary, additional, allowance, bonus and subsidy, taking into account job duties, business performance, code of conduct and future risks into the evaluation criteria, in addition to reference to the industry standard and the Company's past operating performance, the payment criteria, structure and system will also be reviewed and adjusted in a timely manner depending on the actual operating conditions and changes in relevant laws and regulations. The Company's Remuneration Committee also regularly evaluates managerial officers' remuneration and submits its recommendations to the Board of Directors for discussion.
 - (iii) Employee remuneration: including salary, allowance, meal allowance, bonus and welfare subsidy. Salary standards are set in consideration of market standard, job position and competency level; bonus distribution principle is set based on performance evaluation and contribution, and incentives are provided in a timely manner with satisfactory results.

B. Compensation to employees and remuneration to directors and supervisors

- a. Pursuant to the Company's Articles of Incorporation, if the Company makes a profit in the year, after deducting accumulated losses, it shall allocate no less than 5% as employees' remuneration, and no more than 5% as directors' and supervisors' remuneration.
- b. The Company's estimated employees' remuneration for 2023 and 2022 are NTD 4,454 and NTD 15,379, respectively; the estimated amounts of directors' and supervisors' remuneration are NTD 2,672 and NTD 6,152, respectively, and the aforementioned amounts are accounted for as salary expenses.

For 2023, the profit is estimated at 5% and 3%, respectively, based on the profit status as of the current period. The 2022 employees' remuneration and director and supervisors' remuneration as resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.

Information on employees' and directors' and supervisors' remuneration approved by the Company's board of directors is available on the MOPS.

(25) Income tax

A. Income tax expense

a. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current income tax:		
Income tax arising from current income	\$ 10,451	\$ 63,970
Imposition on undistributed earnings	2,297	5,510
Overestimated income tax in previous years	(11,651)	(277)
Total income tax for the current period	1,097	69,203
Deferred income tax:		
The origin and reversal of the temporary difference	2,082	2,904
Income tax expense	<u>\$ 3,179</u>	<u>\$ 72,107</u>

b. Amount of income tax related to other comprehensive income:

	Years ended December 31,	
	2023	2022
Difference on translation of foreign operations	\$ 629	(\$ 626)
Share of other comprehensive income of affiliated companies	50	(1,133)
Remeasurement of defined benefit obligation	(1,100)	(673)
	<u>(\$ 421)</u>	<u>(\$ 2,432)</u>

B. Relationship between income tax expenses and accounting profit:

	Years ended December 31,	
	2023	2022
Income tax on net profit before tax calculated at statutory tax rate (Note)	\$ 16,390	\$ 57,210
Income tax effects of excluded items in accordance with the Tax Law	(5,939)	6,760
Assessment of realizability of deferred income tax assets	2,082	2,904
Imposition on undistributed earnings	2,297	5,510
Overestimated amount of income tax in previous years	(11,651)	(277)
income tax expense	<u>\$ 3,179</u>	<u>\$ 72,107</u>

Note: The basis for the applicable tax rate is the tax rate applicable to the R.O.C. income.

- C. The amount of each deferred income tax asset or liability arising from the temporary difference is as follows:

Year ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
- Deferred income tax assets:				
Temporary difference:				
Allowance for inventory obsolescence	\$ 8,858	(\$ 3,556)	\$ -	\$5,302
Pension liabilities	1,848	(62)	(1,100)	686
Unrealized exchange losses	-	580	-	580
Expected credit impairment loss	153	314	-	467
Others	2,799	(61)	-	2,738
Subtotal	13,658	(2,785)	(1,100)	9,773
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	(1,712)	-	679	(1,033)
Unrealized exchange gain	(1,106)	1,106	-	-
Investment income under equity method	(37,796)	(403)	-	(38,199)
Subtotal	(40,614)	703	679	(39,232)
Total	(\$ 26,956)	(\$ 2,082)	(\$421)	(\$ 29,459)

Year ended December 31, 2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
- Deferred income tax assets:				
Temporary difference:				
Allowance for inventory obsolescence	\$ 8,858	\$ -	\$ -	\$ 8,858
Pension liabilities	2,549	(28)	(673)	1,848
Unrealized contingent liabilities	6,917	(6,917)	-	-
Unrealized exchange losses	417	(417)	-	-
Expected credit impairment loss	1,225	(1,072)	-	153
Others	3,037	(238)	-	2,799
Subtotal	23,003	(8,672)	(673)	13,658
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	47	-	(1,759)	(1,712)
Unrealized exchange gain	-	(1,106)	-	(1,106)
Investment income under equity method	(44,670)	6,874	-	(37,796)
Subtotal	(44,623)	5,768	(1,759)	(40,614)
Total	(\$ 21,620)	(\$ 2,904)	(\$ 2,432)	(\$ 26,956)

D. The Company's profit-seeking business income tax has been approved by the tax authorities up to 2020.

(26) Earnings per share

Year ended December 31, 2023			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net income for the period	\$ 78,773	82,790	\$ 0.95
<u>Diluted earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	341	
Effect of net income for the period plus potential common shares	\$ 78,773	83,131	\$ 0.95
Year ended December 31, 2022			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net income for the period	\$ 213,943	82,790	\$ 2.58
<u>Diluted earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	588	
Effect of net income for the period plus potential common shares	\$ 213,943	83,378	\$ 2.57

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2023	\$ -	\$ -	\$ 173	\$ 808	\$ 981
Changes in financing cash flow	20,000	-	(137)	1,080	20,943
At December 31, 2023	\$ 20,000	\$ -	\$ 36	\$ 1,888	\$ 21,924
	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2022	\$ 164,000	\$ 1,000	\$ 312	\$ 808	\$ 166,120
Changes in financing cash flow	(164,000)	(1,000)	(139)	-	(165,139)
At December 31, 2022	\$ -	\$ -	\$ 173	\$ 808	\$ 981

Note: Listed as "other non-current liabilities."

7. RELATED PARTY TRANSACTIONS

(1) Names and relationships of related parties

Name of related party	Relationship with the Company
TAIWAN OILES INDUSTRY CO., LTD. (TAIWAN OILES)	Subsidiary of the Company
AUROTEK INC. (Aurotek Japan)	Subsidiary of the Company
Aurotek (Shanghai) Inc. (Aurotek Shanghai)	Subsidiary of the Company
Kunshan Yichun Industrial Technology Co., Ltd. (Kunshan Yichun)	Subsidiary of the Company
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD. (KUNSHAN KYOWA)	Associate of the Company
PLENTY ISLAND (THAI) CO., LTD. (PLENTY ISLAND)	Associate of the Company
3e Yamaichi Electronics Co., Ltd. (3e Yamaichi Electronics)	Associate of the Company

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sale of goods:		
Subsidiary	\$ 62,575	\$ 97,877
Associate	-	1,083
	<u>\$ 62,575</u>	<u>\$ 98,960</u>

If there are purchase and sales transactions between the Company and the related party, the payments shall be collected according to the payment terms. The credit policy is open on account of about 180 days. For general customers, the credit policy is open on the basis of net 90 days to 180 days for collection within these days.

B. Purchase of goods

	Years ended December 31,	
	2023	2022
Product purchase:		
Subsidiary	\$ 52,279	\$ 64,878
Purchase of labor services:	15,846	22,715
Subsidiary	<u>\$ 68,125</u>	<u>\$ 87,593</u>

The Company's purchase price to related parties is determined with reference to the market price. The payment term is based on the monthly settlement of approximately 180 days. The general supplier's payment term is on the basis of payment within 90 to 180 days of the monthly settlement.

C. Receivables from related parties

Accounts receivable:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aurotek Shanghai	\$ 20,827	\$ 41,225
Subsidiary	<u>6,428</u>	<u>16,291</u>
	<u>\$ 27,255</u>	<u>\$ 57,516</u>

D. Payables to related parties

Accounts payable:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIWAN OILES	\$ 20,046	\$ 15,856
Subsidiary	<u>3,445</u>	<u>6,645</u>
	<u>\$ 23,491</u>	<u>\$ 22,501</u>

Other payables:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIWAN OILES (Note 1)	\$ 98	\$ 26

Note 1: Maintenance cost.

E. Other income

- a. The Company's consulting service income from 2023 and 2022 for TAIWAN OILES were NTD 682 and NTD 1,274, respectively.
- b. Interest revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Aurotek Shanghai	\$ -	\$ 946

(3) Key management personnel

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 21,532	\$ 22,666
Post-employment benefits	<u>531</u>	<u>361</u>
	<u>\$ 22,063</u>	<u>\$ 23,027</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged assets	Book value		Pledged purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as financial assets at amortized cost)	\$ 775	\$ 31,485	Amount of short-term borrowings and construction performance guarantee
Property, Plant and Equipment	207,978	210,008	Amount of short-term and long-term borrowings
Investment Property	85,064	86,119	Amount of short-term borrowings
	<u>\$ 293,817</u>	<u>\$ 327,612</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

There was a dispute over the performance of the food supply contract between the Company and Company A. Company A claimed the Company to compensate the loss related to the termination of the contract. In May 2022, the Supreme Court rejected both parties' appeals. The Company should pay \$8,164 and interest of \$4,746, totaling \$12,910; the difference from the original estimate of \$21,678 in the "debt reserve" of \$34,588 was recognized in the "other income" of the non-operating income in the second quarter of 2022. The Company has recovered all litigation guarantees of \$34,588 (originally listed as "refundable deposits") in June 2022.

(2) Commitments

- A. As of December 31, 2023 and 2022, the amount of the guarantee notes issued by the Company for construction performance guarantees was NTD 10,790 and NTD 10,826, respectively.
- B. As of December 31, 2023 and 2022, the customs deposit payable by the Company jointly guaranteed by the bank for the letter of guarantee issued are both \$1,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Earnings appropriation for 2023: Please refer to the description in Note 6(17)6.
- (2) The Company's subsidiary AUROTEK INC was liquidated upon resolution of the shareholders' meeting on January 31, 2024, and the dissolution and liquidation procedures were completed on February 5, 2024.

12. OTHERS

(1) Capital management

The goal of the Company's capital management is to ensure the continued operation of the Company, maintain the optimal capital structure to reduce the cost of capital, and provide returns for shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

(2) Financial instruments

A. Type of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial asset</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 174	\$ 119
Financial assets measured at fair value through other comprehensive income		
Selecting designated investments in equity instruments	\$ 227,098	\$ 106,427
Financial assets measured at amortized cost - current		
Cash and cash equivalents	\$ 288,173	\$ 304,045
Financial assets measured at amortized cost	93,615	91,485
Notes receivable	12,902	16,449
Accounts receivable (including related party)	184,059	288,985
Other receivables (including related parties)	2,401	5,954
Refundable deposits (listed as other non-current assets)	125	125
	\$ 581,275	\$ 707,043
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 20,000	\$ -
Notes payable	1,051	1,004
Accounts payable (including related parties)	89,768	101,993
Other payables (including related parties)	62,251	90,442
Guarantee deposits received (stated as other non-current liabilities)	1,888	808
	\$ 174,958	\$ 194,247
Lease liabilities (including current and non-current)	\$ 36	\$ 173

B. Risk management policy

- a. The Company's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Company's financial position and financial performance.
- b. Risk management is carried out by the Company's Finance Department in accordance with the policies approved by the Board of Directors. The Company's Finance Department works closely with various operating units within the Company to identify, evaluate and avoid financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

C. Nature and extent of significant financial risk

a. Market risk

Foreign exchange risk

- i. The Company operates as a multinational company and is therefore exposed to the exchange rate risk arising from transactions with functional currencies different from the Company's, which are mainly USD, JPY, RMB and THB. The relevant exchange rate risk comes from future commercial transactions and recognized assets and liabilities.
- ii. The Company's management has formulated policies that require companies within the Company to manage the exchange rate risk relative to their functional currency.
- iii. The Company's business involves certain non-functional currencies (the Company's functional currency is NTD), and therefore subject to exchange rate fluctuations, the assets and liabilities denominated in foreign currencies with significant exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 12,905	30.71	\$ 396,248
JPY: NTD	73,814	0.2172	16,032
CNY: NTD	5,019	4.3780	21,973
<u>Non-monetary items</u>			
CNY: NTD	\$ 58,678	4.3780	\$ 256,892
Thai Baht: NTD	667	0.9017	601
JPY: NTD	37,353	0.2172	8,113
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 192	30.71	\$ 5,895
JPY: NTD	15,996	0.2172	3,474
RMB: NTD	1,414	4.3780	6,190

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 9,161	30.71	\$ 281,334
JPY: NTD	85,323	0.2324	19,829
CNY: NTD	11,468	4.4080	50,551
<u>Non-monetary items</u>			
CNY: NTD	\$ 58,382	4.4080	\$ 257,347
Thai Baht: NTD	642	0.8941	574
JPY: NTD	55,787	0.2324	12,965
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 378	30.71	\$ 11,608
JPY: NTD	30,711	0.2324	7,137
RMB: NTD	1,967	4.4080	8,671

- i. The unrealized exchange gains and losses of the Company's monetary items due to exchange rate fluctuations are described as follows:

Year ended December 31, 2023			
(Foreign currency: functional currency)	Exchange gain or loss		
	Foreign currency amount	Exchange rate	Book value
	(in thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD		30.71	(\$ 3,080)
JPY: NTD		0.2172	126
CNY: NTD		4.3780	51
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD		30.71	(\$ 83)
JPY: NTD		0.2172	4
RMB: NTD		4.3780	49

Year ended December 31, 2022			
(Foreign currency: functional currency)	Exchange gain or loss		
	Foreign currency amount	Exchange rate	Book value
	(in thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD		30.71	\$ 248
JPY: NTD		0.2324	4,365
CNY: NTD		4.4080	79
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD		30.71	(\$ 129)
JPY: NTD		0.2324	(320)
RMB: NTD		4.4080	70

- ii. The risk analysis of the Company's foreign currency market due to significant exchange rate fluctuations is as follows:

Year ended December 31, 2023				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 3,962	\$ -	-
JPY: NTD	1%	160		-
CNY: NTD	1%	220		-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 59	\$ -	-
JPY: NTD	1%	35		-
RMB: NTD	1%	62		-

Year ended December 31, 2022				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 2,813	\$ -	-
JPY: NTD	1%	198		-
CNY: NTD	1%	506		-
<u>Financial liability</u>				
USD: NTD	1%	\$ 116	\$ -	-
JPY: NTD	1%	71		-
RMB: NTD	1%	87		-

Price risk

- i. The Company's equity instrument exposed to price risk is accounted for in the financial assets measured at fair value through profit or loss and the financial assets measured at fair value through other comprehensive profit or loss. To manage the price risk of equity instrument investment, the Company will diversify its investment portfolio, and the diversification method is based on the limit set by the Company.
- ii. The Company mainly invests in equity instruments issued by domestic companies. The prices of these equity instruments will be affected by the uncertainty of the future value of the investment target. If the price of these equity instruments rises or falls by 1%, and all other factors remain unchanged, the net profit after tax for 2023 and 2022 increased or decreased by \$1 and \$1, respectively, due to the profit or loss of equity instruments at fair value through profit or loss. The other comprehensive income in 2023 and 2022 increased or decreased due to profit or loss of equity investments measured at fair value through other comprehensive income was \$1,817 and \$851, respectively.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk mainly comes from the long-term borrowings with floating interest rates, which expose the Company to cash flow interest rate risk. In 2023 and 2022, the Company's borrowings with floating interest rates were mainly denominated in NTD.
 - ii. The Company's borrowings are measured at amortized cost. According to the contract, the interest rate is priced again every year. Therefore, the Company is exposed to the risk of future changes in market interest rates.
 - iii. When the NTD borrowing interest rate increases or decreases by 1%, and all other factors remain unchanged, the net income after tax in 2023 and 2022 would decrease or increase by NTD 160 and NTD 0, respectively, mainly due to the floating interest rate borrowings resulting in interest expense due to the change thereupon.
- b. Credit risk
- i. The Company's credit risk is the risk of financial loss due to the failure of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the inability of the counterparties to repay the accounts receivable based on the collection terms and classification as the contractual cash flow of debt instrument investment measured at amortized cost.
 - ii. The Company has established credit risk management from the corporate perspective. For banks and financial institutions, only institutions with good credit rating can be accepted as counterparties. According to the internal credit policy, management and credit risk analysis must be conducted on each operating entity within the Company and each new customer before proposing terms and conditions for payment and delivery. The internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. The limits of individual risks are set by the management based on internal or external ratings, and the use of credit lines is regularly monitored.
 - iii. Based on the Company's past experience and industry characteristics, a default is deemed to have occurred when the contract amount is overdue for more than 120 days according to the agreed payment terms.
 - iv. The Company adopts the assumptions provided in IFRS 9 as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:
When the contract amount is overdue for more than 90 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
 - v. The indicators used by the Company to determine that the debt instrument investment is subject to credit impairment are as follows:
 - (i) The issuer is in major financial difficulty, or the possibility of bankruptcy or other financial reorganization greatly increases;
 - (ii) The issuer disappears from the active market for the financial assets due to financial difficulties;
 - (iii) The issuer delays or fails to repay the interest or principal;
 - (iv) Unfavorable changes in national or regional economic conditions that result in the issuer's default.
 - vi. The Company classifies the accounts receivable and contract assets of customers according to the characteristics of the customer types, and estimates the expected credit losses based on the allowance matrix and the loss rate method in a simplified manner.
 - vii. For the receivables for which the recoverable amount cannot be reasonably expected,

the Company will continue to carry out the legal proceedings of recourse to preserve the claims. As of December 31, 2023 and 2022, the amount for which the Company had gone through the recourse process to reclassify as a non-performing loan and provided an allowance in full was both \$0.

viii. The expected loss rate of customers in the credit group was 0.2%. The total book value of accounts receivable as of December 31, 2023 and 2022 was NTD 27,255 and NTD 57,516, respectively. The loss allowance was \$0 for both years ended.

ix. The Company takes into account the future outlook of the global economy and adjusts the loss rate based on historical and current information in a specific period to estimate the loss allowance for receivables and contract assets. As of December 31, 2023 and 2022, the reserve matrix and loss ratio method are as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 161,917	\$ 3,955
Within 90 days of overdue	0.01%~0.04%	6,520	65
Overdue for more than 91 days	0.04%~100%	5,342	53
		<u>\$ 173,779</u>	<u>\$ 4,073</u>
At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 226,271	\$ 3,605
Within 90 days of overdue	0.02%~0.07%	22,396	224
Overdue for more than 91 days	0.10%~100%	3,107	48
		<u>\$ 251,774</u>	<u>\$ 3,877</u>

x. The Company's simplified statement of changes in the allowance for accounts receivable and contract assets is as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ 3,856	\$ 4,962
Provision of impairment loss	217	-
Reversal of impairment loss	-	(1,106)
At December 31	<u>\$ 4,073</u>	<u>\$ 3,856</u>

Among the losses provided in 2023 and 2022, the impairment loss (reversal gain) of receivables arising from contracts with customers was \$ 217 and (\$ 1,106), respectively.

xi. The Company booked the debt instrument investment at amortized cost, and the credit risk rating level information is as follows:

	December 31, 2023		
	By duration		
	By 12 months	Credit risk has increased significantly	Credit-impaired
Financial assets at amortized cost			Total
Group 1	<u>\$ 93,615</u>	<u>\$ -</u>	<u>\$ 93,615</u>

December 31, 2022				
	By duration			Total
	By 12 months	Credit risk has increased significantly	Credit-impaired	
Financial assets at amortized cost				
Group 1	\$ 91,485	\$ -	\$ -	\$ 91,485
Group 1: Time deposits earning fixed interest.				

c. Liquidity risk

- Cash flow forecasting is carried out by each operating entity within the Company and compiled by the Company's Finance Department. The Finance Department of the Company monitors the forecast of the Company's working capital ensuring that it has sufficient funds to meet operating needs, and maintains a sufficient undrawn commitment line at all times to prevent the Company from breaching the relevant loan limits or terms.
- The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Total
Short-term borrowings	\$ 20,000	\$ -	\$ 20,000
Notes payable	1,051	-	1,051
Accounts payable (including related parties)	89,768	-	89,768
Other payables (including related parties)	62,251	-	62,251
Lease liabilities	37	-	37

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Total
Notes payable	\$ 1,004	\$ -	\$ 1,004
Accounts payable (including related parties)	101,993	-	101,993
Other payables (including related parties)	90,442	-	90,442
Lease liabilities	138	37	175

(3) Fair value information

- A. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market with sufficient frequency and volume of transactions to provide pricing information on an ongoing basis. The fair values of the Company's investments in listed stocks belong to.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in financial bonds falls in this category.

Level 3: Unobservable inputs for the asset or liability. All the equity instruments invested by the Company for which there is no active market belong to this category.

- B. Financial instruments not measured at fair value

In addition to financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables, their carrying amount is the reasonable approximation to the fair value.

- C. The financial instruments measured at fair value are classified according to the nature, characteristics, risks and fair value levels of the assets and liabilities. The relevant information is as follows:
- a. The Company's assets and liabilities are classified according to the nature. The relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Asset				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ 174	\$ -	\$ -	\$ 174
Financial assets measured at fair value through other comprehensive income				
Equity instrument	-	-	227,098	227,098
	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 227,098</u>	<u>\$ 227,272</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Asset				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ 119	\$ -	\$ -	\$ 119
Financial assets measured at fair value through other comprehensive income				
Equity instrument	-	-	106,427	106,427
	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 106,427</u>	<u>\$ 106,546</u>

- b. The methods and assumptions used by the Company to measure fair value are as follows:
- Where the Company uses market quotation as the input value of fair value (i.e. Level 1): For the stocks of TWSE/TPEX listed companies, the closing price is used.
 - Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotations of the counterparties. The fair value obtained through the valuation technique can be based on the current fair value of other financial instruments with similar substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the application of models with market information available on the consolidated balance sheet date calculated (such as the reference yield curve of the Taipei Exchange, and the average Reuters commercial paper interest rate quoted).
 - The Company incorporates the credit risk valuation adjustment into the calculation of the fair value of financial instruments and non-financial instruments to reflect the counterparty credit risk and the Company's credit quality.
- D. There was no transfer between Level 1 and Level 2 in 2023 and 2022.
- E. The following table shows the changes in Level 3 in 2023 and 2022:

	2023	2022
	Equity instrument	Equity instrument
At January 1	\$ 106,427	\$ 167,882
Profit or loss recognized in profit or loss		
Listed as unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	120,671 (	61,455)
At December 31	\$ 227,098	\$ 106,427

- F. There was no transfer in or out of Level 3 in 2023 and 2022.
- G. For the valuation process of the Company's fair value classified as Level 3, the finance and accounting department is responsible for independent verification of the fair value of financial instruments, and uses independent source data to make the valuation results close to the market status, and confirm that the data sources are independent, reliable, and related to other resources. The Company regularly calibrates the valuation model, updates the input value and data required for the valuation model, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.
- H. The quantitative information of the significant unobservable input value of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on December 31, 2023	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 227,098	Comparable Public Company Act	Price-earnings ratio multiples, enterprise value multiples	Not applicable.	The higher the multiplier and the control premium, the higher the fair value;

	Fair value on December 31, 2022	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 106,427	Comparable Public Company Act	Price-earnings ratio multiples, enterprise value multiples	Not applicable.	The higher the multiplier and the control premium, the higher the fair value;

- I. The Company carefully selects the valuation model and valuation parameters; however, different valuation models or parameters may result in different valuation results. For the financial assets and financial liabilities classified as Level 3, if the valuation parameters change, the impact on the current profit and loss or other comprehensive income is as follows:

		December 31, 2023	
		Recognized in other comprehensive income	
	Inputs	Changes	
Financial asset Equity instrument	Stock price	±10%	\$ 22,710 (\$ 22,710)
	Discount for liquidity	±1%	2,271 (2,271)
			\$ 24,981 (\$ 24,981)
		December 31, 2022	
		Recognized in other comprehensive income	
	Inputs	Changes	
Financial asset Equity instrument	Stock price	±10%	\$ 10,643 (\$ 10,643)
	Discount for liquidity	±1%	1,064 (1,064)
			\$ 11,707 (\$ 11,707)

13. SUPPLEMENTARY DISCLOSURES

(1) Information on significant transactions

- Loaning of funds to others: Please refer to Attachment 1.
- Endorsements/guarantees provided for others: none.
- Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
- Accumulated purchase or sale of the same securities reaching NTD 300 million or more, or 20% of the paid-in capital: None.
- Acquisition of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- The receivables from related parties amounting to at least NTD 100 million or 20% of the

paid-in capital: None.

I. Engagement in derivative transactions: None.

J. Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Please refer to Table 3 for details.

(2) Information on investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 4.

(3) Mainland China Investment Information

A. Basic information: Please refer to Table 5.

B. Significant transactions with investee companies in mainland China directly or indirectly through enterprises in a third region: Please refer to Table 3.

(4) Information of major shareholders

Information on major shareholders: Please refer to Table 6.

14. OPERATING SEGMENT INFORMATION

Not applicable.

AUROTEK CORPORATION
Loans to others
Year ended December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Related party	Maximum amount in the current period (Note 3)	Closing balance (Note 8)	The actual amount drawn down	Interest rate range	Nature of loan (Note 4)	Transactio n amount (Note 5)	Reasons for the necessity of short-term financing (Note 6)	Allowance for bad debt	Collateral Name Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	Other receivables - related parties	Y	\$ 46,125	\$ -	\$ -	\$ -	2	\$ -	Operating turnover	\$ -	\$ -	\$ 304,259	\$ 608,518	-

Note 1: The description in the number column is as follows:

(1) Fill in "0" for the issuer.

(2) The investee companies are numbered sequentially from 1 based on each company.

Note 2: If the receivables from associates, receivables from related parties, transactions with shareholders, prepayments, temporary payments, and so on are all of the nature of a loan, this column is required.

Note 3: The maximum balance of loans to others in the current year is disclosed by multiplying the original foreign currency by the exchange rate on the balance sheet date.

Note 4: The entry method for the loaning of funds is as follows:

(1) If there are business dealings, enter "1"

(2).Please fill in 2 if there is a need for short-term financing.

Note 5: If the nature of the loaning of funds is for business transactions, the business transaction amount shall be filled in. The business transaction amount refers to the business transaction amount between the lending company and the borrower in the most recent year.

Note 6: If the nature of the loan is in need of short-term financing, the reason for the need for the loan and the use of the fund by the borrower should be specified, such as repayment of loan, purchase of equipment, business turnover, and others.

Note 7: The limits of loans to individual borrowers are as follows:

(1)Aurotek- to business associates, the individual amount of loan shall not exceed the amount lent by the Company and the purchase or sale amount by the Company as of the date of loan in the most recent year or the current year, whichever is higher; where short-term financing is necessary, the individual amount of loan shall not exceed 20% of the net worth of the Company's most recent financial statements audited or reviewed by a CPA.

(2)Aurotek Shanghai - For any short-term financing arrangement, the individual loan amount shall not exceed 20% of the net worth on the most recent financial statements of the Company that has been audited or certified by a CPA.

The total limit of loans is as follows:

(1). Aurotek - The total amount of funds loaned to others shall not exceed 40% of the net worth of the Company's most recent financial report audited and certified or reviewed by a CPA.

(2). Aurotek Shanghai - The total amount of funds loaned to others shall not exceed 40% of the Company's net worth as stated in the most recent audited or reviewed financial report.

Note 8: If the public company submits the loaning of funds to the board of directors for the resolution of the board of directors on a case-by-case basis in accordance with Article 14, paragraph 1 of the Guidelines for Handling Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved by the board of directors shall be included in the announcement balance even though the funds have not yet been appropriated. However, for subsequent repayments, the balance after repayment shall be disclosed to reflect the risk adjustment. If the public company has authorized the chairperson to make loans in installments or revolving drawdowns over a certain quota and within a one-year period through a resolution of the board of directors pursuant to Article 14, paragraph 2 of the Regulations, the amount of funds for loans approved by the board of directors shall still be used as the balance in the announcement and report. Although the funds are repaid subsequently, the balance may still be loaned again based on the amount of loaning funds approved by the board of directors.

AUROTEK CORPORATION
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As at December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
AUROTEK CORPORATION	SHANGHAI OILES BEARING INC	None	Financial assets measured at fair value through other comprehensive income - non-current	-	\$ 18,543	10	\$ 18,543	None
AUROTEK CORPORATION	OILES (THAILAND) CO., LTD.	None	Financial assets measured at fair value through other comprehensive income - non-current	156,000	205,315	15	205,315	None
AUROTEK CORPORATION	Career Consulting Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	403,055	3,240	2.58	3,240	None
AUROTEK CORPORATION	OURS TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - non-current	8,186	-	0.14	-	None
AUROTEK CORPORATION	WiSilica Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	384,615	-	2.73	-	None
AUROTEK CORPORATION	TEKCORE CO., LTD	None	Financial assets measured at fair value through profit or loss - current	9,412	174	-	174	None

Note 1: Marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 39 "Financial Instruments: Recognition and Measurement."

Note 2: If the securities issuer is not a related party, this column can be omitted.

Note 3: If the book value is measured at fair value, please fill in the book value balance after adjustment for fair value valuation and deducted the accumulated impairment; if not measured at fair value, please fill in the book value balance after taking the original acquisition cost or cost after amortization deducting the accumulated impairment loss in the carrying amount column.

Note 4: The number of marketable securities provided as guarantee or pledge, the amount of guarantee or pledge, and the use restriction should be indicated in the remarks column if the marketable securities have restricted users due to providing guarantees, pledged loans, or other agreements.

AUROTEK CORPORATION
Significant inter-company transactions during the reporting period
From January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions with each other			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	1	Sale of goods	\$ 35,200	Note 1	4%
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	1	Accounts receivable	20,827	Note 1	1%
0	AUROTEK CORPORATION	AUROTEK INC.	1	Sale of goods	19,503	Note 1	2%
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Purchase of goods	47,278	Note 2	5%
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Accounts payable	20,046	Note 2	1%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	3	Purchase of goods	76,117	Note 2	8%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	3	Accounts payable	32,602	Note 2	2%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Purchase of goods	51,995	Note 2	5%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Labor service expense	13,916	Note 2	1%

Note 1: If there are purchase and sales transactions between the Group and the related party, the payments shall be collected according to the payment terms. The credit policy is open on account of about 180 days.
For general customers, the credit policy is open on the basis of net 90 days to 180 days for collection within these days.

Note 2: The Group determines the purchase price to related parties with reference to the market price and the payment term is based on O/A 180 days. The payment terms for general customers is made on the basis of within O/A 90-180 days. Note 3: Loans and receivables

Note 1: Information on business transactions between the parent company and its subsidiaries should be marked in the numbered column respectively. The number should be filled in as follows:

- (1) For the parent company, "0".
- (2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: There are three types of relationship with traders as follows, and it suffices to indicate the type:

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, in the case of assets and liabilities, it is calculated as the closing balance to the consolidated total assets; for the profit and loss item, it is calculated as the cumulative amount to the consolidated total operating revenue.

The amount of individual transaction is less than 1% of the total revenue or total assets and will not be disclosed.

AUROTEK CORPORATION
The name and location of the investee company and other relevant information (excluding mainland China investee companies)
From January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Investee's profit and loss for the current period	Investment gains and losses recognized in the current period	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	Taiwan	Manufacturing and trading of self-lubricating bearings and components	\$ 39,793	\$ 39,793	2,700,000	90	\$ 49,720	\$ 6,358	\$ 5,827	Subsidiary of the Company
AUROTEK CORPORATION	AUROTEK INC.	Japan	Export trading of electronic machines and robotic arms	37,226	37,226	2,599	100	8,113	(1,768)	(3,934)	Subsidiary of the Company
AUROTEK CORPORATION	PLENTY ISLAND (THAI) CO., LTD.	Thailand	Trading of self-lubricating bearings and parts	2,203	2,203	25,000	25	601	-	-	-
AUROTEK CORPORATION	3e Yamaichi Electronics Co., Ltd.	Taiwan	Sale of electronic components	24,130	24,130	2,413,000	19	30,030	4,779	888	-

AUROTEK CORPORATION
Mainland China Investment Information - Basic Information
January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2023	Net income (loss) of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)%	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Aurotek (Shanghai) Inc.	International trade, processing and assembly machinery, electronic board divider	\$ 46,592	1	\$ 46,592	\$-	\$-	\$ 46,592	(\$ 3,935)	100	(\$ 1,926)	\$ 193,824	\$ -	Note 2(2)B
SHANGHAI OILES BEARING INC	Production and sale of precision bearings and self-lubricating bearings of various specifications	97,161	1	10,402	-	-	10,402	-	10	-	18,543	11,933	Note 4
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	Production and sale of couplings and auto parts	67,072	1	20,121	-	-	20,121	14,757	30	4,426	34,289	5,845	Note 2(2)C
Kunshan Yichun Industrial Technology Co., Ltd.	Production and sale of various electronic equipment and high-end construction hardware and other related parts	14,983	1	14,983	-	-	14,983	(53)	100	520	28,779	-	Note 2(2)B
Company name	Accumulated amount remitted from Taiwan to Mainland China as at December 31, 2023	Investment amount approved by the Investment Department of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Department of MOEA										
AUROTEK CORPORATION and Subsidiaries	\$ 92,098	\$ 92,098	\$ 912,778										

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region.
- (3) Other methods.

Note 2: Columns of investment gains and losses recognized in the current period:

- (1) If there is no investment profit or loss in the preparation process, it should be specified.
- (2) The basis for recognition of investment gains and losses are divided into the following three types, which should be specified.
 - A. Financial statements audited by an international CPA firm that has partnered with a ROC CPA firm.
 - B. Financial statements audited by the parent company's CPAs in Taiwan.
 - C. Others

Note 3: Relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: Recognized in the "financial assets measured at fair value through other comprehensive income - non-current" account.

Table 5 page 1

Table 6

AUROTEK CORPORATION
Major shareholders information
December 31, 2023

Name of major shareholder	Share	
	Number of shares held	Ownership (%)
Aurotek Marketing Consultant Corporation	14,203,423	17.15
Cheng-Ping Fu	6,200,000	7.48
BODUN CONSTRUCTION CO., LTD.	4,686,000	5.66
Oiles Corporation of Japan	4,295,111	5.18

Note 1: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day of each quarter on shareholders holding ordinary shares and special shares (including treasury shares) of the Company who have completed the Dematerialized Registration/Delivery have reached 5% and above.

The share capital reported in the financial report and the actual number of shares that have completed the Dematerialized Registration/Delivery may be different due to different calculation bases.

Note 2: If the information above is related to the shareholder's delivery of shares to the trust, it will be disclosed based on the individual accounts of the trustor established by the trustee. As for the insider declaration of more than 10% shareholding in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the owner and the shares entrusted to the trust for which the person has the right to use the trust property. For information on insider declaration of equity, please refer to Market Observation Post System.

AUROTEK CORPORATION

Chairman: Cheng, Tien-Chong