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Company Annual Report
Website:
http://www.chunyu.com.tw

CHUN YU WORKS & CO., LTD.

2023 Annual Report

Published on May 09, 2024

I. Spokesperson and deputy spokesperson

Spokesperson：General manager CHANG, HSING-YA

Deputy Spokesperson: Vice President YAN, JIA-DE

Tel：(07)621-4121

Email：ir@chunyu.com.tw

II. Headquarters, branches and plant

Headquarters, branches and plant：NO.100, TAPAO ST., KANGSHAN DIST., KAOHSIUNG CITY 820, TAIWAN

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III. Stock Transfer Agency

Name：The Share Transfer Agency of Yuanta Securities Co., Ltd.

Address：B1, No. 210, Section 3, Chengde Road, Datong District, Taipei

Website：www.yuanta.com.tw/eYuanta/

Tel：(02)2586-5859

IV. CPAs certifying the latest financial statements

Name of CPA：Tien, Chung-Yu、Hsu, Huei-Yu

Name of CPA Firm：PricewaterhouseCoopers

Address：12F,395 Linsen Rd.,Sec.1 Tainan, Taiwan

Website：www.pwc.tw

Tel：(06)234-3111

V. Name of exchanges in foreign countries where the Company is listed for securities trade and the means of access to information on overseas securities：None

VI. Company website：http: //www.chunyu.com.tw

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Chapter I：Letter to Shareholders

I. Report on the Operations of 2023：

2023 was the year of high inflation and high interest rate worldwide, to the extent that demand dropped and inventory level stayed high. Customers tended to be conservative in placing their purchase orders, which resulted in undesirable performance for Chun Yu in this year. As such, the Company faced decline in revenue and profit.

Albeit the pressure of high interest rate in 2024, inflation seemed to be kept under control that recovery is at sight. The demand for interest rate cut becomes prevalent. Under the rising price of steel and demand for steel material, inventory level of the customers felt almost to the bottom, which dictated for refilling. The improving economy helps to boost up demand. Chun Yu will continue to strengthen its management capacity and focus on niche products, replace obsolete equipment to remove the bottleneck in production capacity, advocate energy saving and carbon reduction in full effort, development low carbon products, bolster its competitive power and gain a larger share in market.

(I) Performance in production and marketing：

In the Year 2023, our Company's consolidated operating revenue came to NT$8,460,641,000, a decrease by 23.43% from NT$11,049,641,000 in 2022. In terms of consolidated gross profit, in the Year 2023, it came to NT$1,319,064,000 down by 26.82% as compared with NT$1,802,493,000 in 2022. In addition, the Company's consolidated net profit after tax came to NT$360,678,000 in 2023, a decrease by 45.61% when compared with NT$663,116,000 in 2022.

(II) Implementation of budget：

Here at the Company, we did not work out a financial forecast for the Year 2023.

(III) Analyses into the capability in financial revenues and expenditures：

Expressed in Thousand NT Dollars

Items		Year 2023	Year 2022	Annual increase/ decrease rate
Operating revenues		8,460,641	11,049,641	-23.43
Net profit before tax		519,554	881,201	-41.04
Net profit after tax		360,678	663,116	-45.61
The net profit is attributable to：	The Proprietor of the parent company	253,625	537,503	-52.81
	Non-controlled equity	107,053	125,613	-14.78

(IV) Analysis of profitability：

Items	Year 2023	Year 2022
Asset return rate (%)	3.70	6.01
Return rate on shareholder’s equity (%)	7.11	13.62
Percentage of net profit before tax to the paid-in capital (%)	17.19	29.16
Net profit rate (%)	4.26	6.00
Earnings per share (EPS) (NT$)	0.91	1.93

(V) Performance in research & development：

In fiscal 2023, we spent $62,903 thousand on research and development, mainly to continue to refine technology, develop new products, and research and develop new processes and green materials to cut down the costs of product manufacturing. In addition, we also develop new products to meet the needs of operation in the future to the best of our effort with the use of steel billets from electric furnace for the development of low carbon products. This will help to upgrade our competitive power in market and reduce carbon emission. We will take action to perform our corporate social responsibility.

Chairman： Chen, Chi-Tai General Manager：Chang,Hsing-Ya Accounting Head：Su, Hsien-Ming

II. 2023Business Plan Overview

(I) Business philosophy：

As global inflation still remains high in 2023, according to the forecast of the International Monetary Fund (IMF), global economic growth is expected at 1.9% only this year. Likewise, the World Steel Association (WSA) projected that the global demand for iron and steel in 2023 will increase by 2.3% to 1,850 million metric tons. With the global slowdown, the demand for iron and steel will still have the rise space.

ESG has emerged as an international trend. Accordingly, Taiwan also proposed the substantive action plan of “Sustainable Development Action Plans for TWSE - and TPEx - Listed Companies” thereby sustainability. Report is required for the full disclosure of ESG related information, Environment (E) is the vital element of all. Accordingly, greenhouse gas inspection and the schedule for verification must be reported to the Board for supervising the implementation.

Owing to the quest for the reduced emission of greenhouse gas and advocacy of carbon neutrality in most countries, the cost of iron and steel is bound to rise further. The EU is the first of the whole world to launch the Carbon Border Adjustment Mechanism (a.k.a carbon tariff) with pilot runs in place in 2023. In Taiwan, carbon duty is also planned to be levied on big carbon emission enterprises.

In responding to the thriving demand for iron and steel and the issues of environmental protection, the business policy for the future is specified as follows：

i. Strengthening at core products and upgrading management efficiency.

i. Initiation of market distribution and reduction of operating risks.

ii. Advocacy of energy saving and carbon reduction and pursuit of cyclical economics.

(II) Development strategy of the future：

（i）Sales：

Further to the continued expansion of the Company into different export markets for segmentation to diversify risk, the Company will expand the development of the US region, with the subsidiary Chun Yu Works, Inc. (USA) as the sales center, add sales locations for accentuating the sales of fasteners for construction supplied by Chun Yu (Taiwan) with competitive quality and price, which in turn improve the sale and market share in the USA. In addition, the Com

-pany has also been accredited by JIS on a few items, which will be helpful in penetrating the market of Japan.

（ii）Production：

Highlight categories of the products for selling and position core items on the basis of the specific feature of the equipment and production capacity on hand and upgrade management efficiency. In order to upgrade the overall capacity and performance, the Com pany lower the cost by mass-produce, purchase equipment and implement projects remove obstacles for processes with insuffi-cient production capacity.

（iii）Environmental Protection：

Sustainability is vital to corporate development. We are about to transcend to the age of carbon for a price. In supporting the policy of energy saving and carbon reduction, we planned to launch the low carbon emission production process improvement program. Examples are the switching of fuel to electricity to drive the equipment of high energy consumption (sphereroidizing furnace and heating range) to reduce carbon reduction. We also recycle and reuse the waste acid and waste water from the production process after proper treatment. This helps to reduce the cost of production and also pave the way for circular economy. In addition, we also spare no effort in supporting banks to launch green time deposits and sustainable financial products and encourage industry peers to join the cause of sustainability with a view to yield positive influence and ongoing effect to the environment.

(III) The influence from the macro-economic environment：

High inflation and the war between Russia and Ukraine remained uncertain in 2023. As such, the cost in the industrial sector and livelihood of people surged to the extent that demand in market remained slow. Customers tended to pursue the policy of low inventory level at the post-pandemic time that purchase orders are in small quantity but placed frequently as rush orders. Customers are also conservative in placing their orders. Demand in Q4 rebounded as customers refilled their inventory, but the high inflation and high interest rate and other forms of uncertainty have affected the customers in buying. As such, the overall performance of Chun Yu in 2023 was not ideal.

Global economic recovery in 2024 is still uncertain, but inflation seems to be mitigated. In the wake of the quest for interest rate cut

and the final stage of inventory adjustment, global economic performance will likely be improved. Chun Yu will strengthen its management effort to focus on construction use fasteners and also improve process efficiency in full effort, and to replace obsolete equipment so as to remove the bottleneck of production capacity. Nonetheless, the Company will also spare no effort in the advocacy of energy saving and carbon reduction, bolster its core competence and increase its market share.

The above is the business results of 2023 and the summary of the business plan in 2024. I wish for the continued support and assistance from all shareholders. I expect to create the best profit for the shareholders with the supervision of the Board and the effort of all in Chun Yu.

We wish all shareholders
Happiness and success

Chairperson：Chen, Chi-Tai

Chapter II：Company Profile

I. Date of Incorporation：

(I) Establishment Date：1949.12.

(II) Date of Incorporation：1965.03.27.

II. A brief history of the company：

1949	The late Chairman Lee Chun-Yu founded the "Chun Yu Factory." at his own residence in Jiafeng Li of Gangshan Township. The firm was later relocated to No. 1-1 JiaXing Roade, Gangshan Township, a site occupied an area of 8,000 Pings. At the initial stage of operation, the firm was primarily engaged in the manufacturing of sewing machines and metrical instruments, and converted to the manufacturing of stamping iron plate into screw nuts later.
1965	Renamed as "Chun Yu Works & Co., Ltd.".
1972	Establishment of subsidiary, "PT. Moonlion Industries Indonesia" of the Group in Indonesia.
1974	Established subsidiary "Chun Zu Machinery Industry Co., Ltd.".
1980	Established subsidiary "Hi- Ace Trading Co., Ltd.".
1983	Chairman Lee passed away due to prolonged exhaustion from work.
1986	1. Introduced one set of the "Continuous Radiant Tubular spheroidizing thermal processing furnace" from Japan to produce various kinds of high quality spheroidizing annealed iron wire materials in conformity to international standard. 2. The plant at Gangshan was established performing 5 major functions of spheroidization, wire extension, acid wash, water and air pollutant treatment, and packing.
1988	Raised capital to NT$286,400,000 and officially pronounced as a publicly-traded company.
1989	Introduced the second set of continuous processing furnace from Japan at the end of 1988.
1991	The stocks issued by the Company was approved by the Securities and Futures Commission of Ministry of Finance for listing at TWSE. The stock of the Company was officially listed at TWSE for trading on October 17.
1993	1. Established sale locations in the USA, and invested to found the "Chun Yu Works (U.S.A.) Inc.". 2. Accredited with the ISO 9002 International Quality Assurance System by the Merchandise Inspection Bureau of the Ministry of Economic Affairs.
1994	1. Completed the installation of the third set of continuous spheroidized thermal processing furnace and the-state-of-the-art acid wash equipment from Germany and launched to service. 2. Introduced the equipment for the recycling of sulfuric acid wastes to upgrade anti-pollution know-how in Taiwan.
1995	1. Invested to found the "Scholar Holdings Ltd." at BVI. 2. Accredited with ISO 9002 by RWTUV of Germany. 3. "Chun Zu Machinery Industry Co., Ltd." of the Group was accredited with ISO 9001.

1996	The proposal for investment in Dongguan, Guangdong, Mainland China, was officially approved by the Investment Commission of the Ministry of Economic Affairs.
1998	1. Invested to found the “Chun Yu (Dongguan) Metal Products Co., Ltd.”. 2. The Company was accredited by the A2LA Lab of the USA in conformity to the FQA “Screw Quality Bill” requirement.
1999	Accredited with the QS 9000 Quality Assurance System, which helps the expansion of automobile screw business.
2000	Accredited with the ISO 14001 in environmental management system by SGS.
2003	Accredited with the ISO/TS 16949 and qualified as a supplier of automotive parts and component at international standard.
2004	In the Shareholders Meeting, former Chairman Lee Chun-Tang retired,and the Shareholders’ Meeting resolved to elect Mr.Deh-Pin Sun as the Chairman thereafter.
2006	PT. Moonlion Industries Indonesia of the Group was accredited with the ISO 9001-2000 quality system.
2007	Established subsidiary “Chun Yu Bio-Tech Co., Ltd.”.
2008	Chun Yu Works (U.S.A.) Inc. of the Group was accredited with the ISO 2000 quality system.
2009	1. The only firm of Taiwan accredited with the quality system of IRIS. 2. Invested jointly with Hi-Ace Trading to establish the ”Sunny City International Ltd.” at Samoa. 3. Chun Yu Bio-Tech Co., Ltd. of the Group was granted the “Pharmaceutical Manufacturing License” “pharmaceutical manufacturing license”.
2010	1.The tenure of the Directors for this term of the Board expired with a new Board elected by the Shareholders’ Meeting. Mr. Chien-Fu Kan assumed office as the Chairman. 2.The high-strength bolts and nuts manufactured by the Company passed the CE product inspection of the EU Construction Directive by TUV Rheinland. The shearing studs manufactured by the Company also passed the CE product inspection of the EU Construction Directive by TUV Taiwan. 3.Established the “Shanghai Uchee Hardware Products Co., Ltd.” and “Chun Yu (Anshan) Metal Products Co., Ltd.”. 4.Shanghai Uchee Hardware Products of the Group was accredited with the ISO 9001 - quality assurance system. 5.Chun Yu Bio-Tech Co., Ltd. of the Group was granted the “Class A Medical Devices Permit” by the then Department of Health.
2012	1. “Chun Yu (DongGuan) Metal Products Co., Ltd.,” the subsidiary of the Group, was accredited with the following： (1)Accredited with the ISO 9001:2008, ISO/TS 16949:2009, ROHS, CE, and ISO 14001:2004 systems, etc. (2)Accredited by ”China National Accreditation Service for Conformity Assessment”（CNAS）with the certification of an

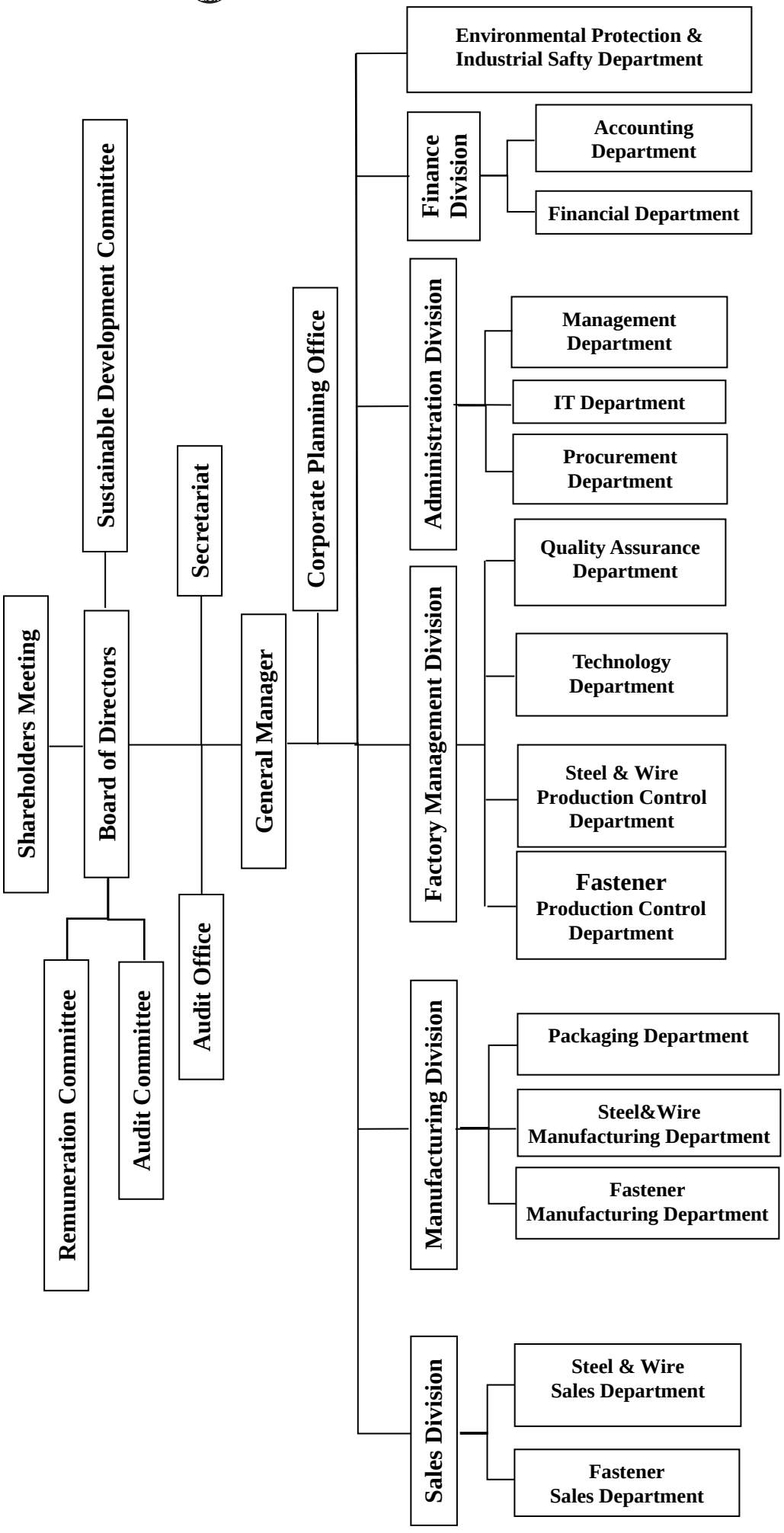
	accredited test laboratory. (3)Accredited by international enterprise with the certification as following： ①Passed as the only qualified supply of railway fasteners in Asia-Pacific for Bombardier of Canada. ②Qualified as a supplier of railway fasteners for Pandrol of France and the quality assurance system of HKMTR.。 1. Obtained the Product Certification of ROHS. 2. “Chun Zu Machinery Industry Co., Ltd.” of the Group was approved to list at the Emerging Stock Market.。
2013	1. The previous registered company address: No. 1-1, JiaXing Road, Gangshan District, Kaohsiung City. New address effective April 5 2013: No. 100, DaBao Street, Gangshan District, Kaohsiung City. 2. The tenure of the Directors in office expired, the Shareholders Meeting elected a new Board of Directors and Supervisors. The Directors nominated Mr. Lin Huei-Cheng, the representative of Chin Chi Fu Asset Management Co., Ltd., as the Chairman.
2015	Accredited with the JIS Mark (JIS B 1176 Socket Screw and JIS B 1180 hexagonal screws) of Japan.
2016	1. Granted the patent for the new model of “Thermal Tooth Shaping Machine”. 2. The Shareholders Meeting elected a new Board with 9 Directors (including 3 Independent Directors), and the Directors nominated Mr. Lin Huei-Cheng, representative of Taiwan Steel Corporation as the Chairman. Also, the Audit Committee was established. 3. Subsidiaries “Chun Chan Investment Co., Ltd.”, “Fu Deng Investment Co., Ltd.”, and “Chiao Hsin Investment Co., Ltd.” merged to form the Chu Yu Investment Co., Ltd.
2017	Accredited with high-strength bolts for wind power structure (M24~M36) by TUV.
2018	The Group disposed 100% of the equity of Chun Yu (Anshan) Metal Products Co., Ltd. in December 2018 in consideration of the scale of operation.
2019	1. Chun Yu Group adjusted its organizational structure thereby bought back the remainder shares of Scholar Holdings Ltd. And Sunny City International Ltd. from Hi-Ace Trading for holding 100% of the equities of these companies. 2. The Company celebrated its 70th Anniversary and the completion ceremony of the Chun Yu Memorial Museum in December. The “Here Goes the Lion for a Hundred Years” was taken as the theme to achieve the goals of the two primary visions of “World -Class Construction Fasteners Giant” and “World-Class High-End Fasteners Giant”, and vowed to emerge as a centennial enterprise.
2020	Subsidiary Hi-Ace Trading Co., Ltd. has transformed from a trading company into a mold-making company and renamed Chun Bang Precision Co., Ltd.
2021	Issuance of the 1st issue of secured corporate bonds in 2021 amounting to NT$3 billion with a maturity of 7 years on 10.15.

2022	1. Issuance of the 1st, 2nd, and 3rd issue of domestic secured convertible bonds totaling NT$1.6 billion with a maturity of 3 years on 03.25. 2. The tenure of the Directors in office expired, the Shareholders Meeting elected a new Board of Directors and Supervisors. The Directors nominated Mr. Lin Huei-Cheng, the representative of Bai Jia Yuan Investment Co., Ltd. as the Chairman.

Chapter III：Corporate Governance

I. Organization

(I) The company's structure：



(II) Duties and functions of the departments：

Department	Duties And Functions
Audit Office	1. Declaration required by law. 2. Subsidiary audit. 3. International audit implementation. 4. Establishment of internal control systems and operation. 5. Audit and report to the Audit Committee and Board of Directors periodically.
Secretariat	1. Arrangement of meeting affairs for executives. 2. Communication, integration and planning of administrative affairs processes. 3. The contact person responsible for external organizations.
Corporate Planning Office	1. Involved in the compilation of ESG Report. 2. Implementation of the projects.
Steel/Wire & Fastener Sales Department	1. Marketing affairs. 2. Product shipment management. 3. Payment collection. 4. Customer relation maintenance and service. 5. Product pricing and projection of profit.
Steel & Wire Manufacturing Department	1. In charge of production and manufacturing including wire processing, surface treatment, and conversion coating. 2. In charge of equipment maintenance of the Manufacturing Division. 3. In charge of acid wash and the treatment of reprocessed acid water pollutants.
Fastener Manufacturing Department	1. Cementie process. 2. Thermal refinement process. 3. Manufacturing equipment and device maintenance. 4. Tapping, thread rolling, nut die casting and tapping, screw head and thread making.
Packaging Department	1. Packing scheduling and operation. 2. Machinery equipment maintenance.
Fastener Production Control Department	1. Mechanical capacity scheduling and monitoring. 2. Tracking and control of outsourcing (procurement). 3. Packing capacity scheduling and monitoring. 4. Shipment of in-house product lines, semi-finished items and finished goods.
Steel & Wire Production Control Department	1. In-house transportation. 2. Outsourcing tracking and monitoring. 3. Material warehousing. 4. Automatic capacity scheduling and monitoring. 5. Steel material mechanical capacity scheduling and monitoring. 6. Shipment and warehouse management of steel products.

Department	Duties And Functions
Technology Department	1. Existing products and processes improvement. 2. New product development。 3. Patent application and assessment. 4. Assessment and follow-up with new types of steel. 5. Assistance in the assessment of product price inquiry. 6. Product prototyping design and tooling design. 7. Assistance to the sale department in post-sale technical service and customer complaint.
Quality Assurance Department	1. Quality system accreditation。 2. Quality System Process. 3. Internal and external products accreditation。 4. Manufacture procedure arrangement, commission, finished products inspection.
Procurement Department	1. Management of tender offer for purchase. 2. Purchase request and purchase order processing. 3. Development, assessment and supervision of suppliers. 4. Outsourcing cost control of the whole factory, and avoidance of the risk of supply interruption. 5. Planning of the coordination of mechanical capacity and shipment of vendors.
IT Department	1. Information security management. 2. System design and installation. 3. Information security strategy and planning for the company.
Management Department	1. Personnel administration and human resources planning. 2. Planning, implementation and review of miscellaneous duties.
Financial Department	1. General affairs of finance. 2. Banking transactions. 3. Plan and implement capital affairs. 4. Shareholder service, share related declaration. 5. Board and corporate governance matters.
Accounting Department	1. Accounting processing. 2. Business analysis、budget planning and management.
Environmental Protection & Industrial Safty Department	1. Declaration, implementation and audit of occupational safety work. 2. Declaration, implementation and audit of hygiene. 3. Declaration, implementation and audit of environment.

II. Profiles of the directors, president, vice presidents, assistant vice presidents, departments, branches and subsidiaries heads

(I) Information on Directors：

Title	Nationality or registration area	Name	Gender Age	Date of appointment	Term (years)	Date of first appointmen	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other managers, Directors who is this person's spouse or relative(s) within the second degree of kinshi			Note
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
President	R.O.C	Bai Jia Yuan Investment Co., Ltd. Representative：Chen, Chi-Tai	Male 71~80	2022.06.22	3	2013.06.26	80,209,000 -	27.87% -	84,219,450 -	27.87% -	-	-	-	-	National Tainan Commercial Vocational Senior High School Department of Commerce	Note 1	-	-	-	
Vice President	R.O.C	Bai Jia Yuan Investment Co., Ltd. Representative：Wong, Chung-Chun	Male 61~70	2022.06.22	3	2018.10.01	80,209,000 -	27.87% -	84,219,450 -	27.87% -	-	-	-	-	Master of Accountancy, NTU	Note 1	-	-	-	
Director	R.O.C	Taiwan Steel Group United Co., Ltd. Representative：Lin, Huei-Jeng	Male 61~70	2022.06.22	3	2013.06.26	447,000 9,000	0.16% 0.003%	469,350 9,450	0.16% 0.003%	-	-	-	-	PhD., Shipbuilding Engineering, NTU	Note 1	-	-	-	
Director	R.O.C	Taiwan Steel Group United Co., Ltd. Representative：Wang, Chiung-Fen	Male 61~70	2022.06.22	3	2013.06.26	447,000 -	0.16% -	469,350 -	0.16% -	-	-	-	-	Department of Law, NCHU	Note 1	-	-	-	
Director	R.O.C	Taiwan Steel Group United Co., Ltd. Representative：Yan, Cing-Li	Male 61~70	2022.06.22	3	2022.06.22	447,000 -	0.16% -	469,350 -	0.16% -	-	-	-	-	Department of Industrial Engineering and Systems Management, FCU	Note 1	-	-	-	
Director	R.O.C	Lee, Shih-Ho	Male 61~70	2022.06.22	3	1986.08.09	3,767,998	1.31%	3,352,397	1.11%	1,320,624	0.44%	-	-	Department of Business Administration,	Note 1	-	-	-	

Title	Nationality or registration area	Name	Gender Age	Date of appointment	Term (years)	Date of first appointmen	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other managers, Directors who is this person's spouse or relative(s) within the second degree of kinshi			Note
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
															FCU					
Director	R.O.C	Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Yi-Ching	Female 41~50	2022.06.22	3	2022.06.22	80,209,000 -	27.87% -	84,219,450 -	27.87% -	- -	- -	- -	- -	DBA , Alliant International University	Note 1	-	-	-	
Director	R.O.C	Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Mei-Huei	Female 51~60	2022.06.22	3	2022.06.22	80,209,000 576	27.87% 0.0002%	84,219,450 604	27.87% 0.0002%	 -	 -	 -	 -	Doctoral Candidate of Finance, Xiamen University	Note 1	-	-	-	
Independent Director	R.O.C	Jian, Jin-Cheng	Male 61~70	2022.06.22	3	2022.06.22	-	-	-	-	-	-	-	-	PhD., Accounting, Rutgers, The State University of New Jersey	Note 1	-	-	-	
Independent Director	R.O.C	Fang, Jhen-Ming	Male 41~50	2022.06.22	3	2022.06.22	-	-	-	-	-	--		-	Master of Business Administrati, NSYSU	Note 1	-	-	-	
Independent Director	R.O.C	Lee, Chin-Chang	Male 71~80	2022.06.22	3	2019.06.05	-	-	-	-	-	-	-	-	LLD., National Taiwan Normal University	Note 1	-	-	-	

Note 1：Position(s) held concurrently in the company and/or in any other company: Table 1

Note 2：Major Shareholders of Corporate Shareholders: Table 2

Note 3：Major shareholders listed in Table 2 is a Corporate/JuristicPerson：Table 3

Note 4：Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of

the Directors shall not hold a position as employees or managements).:Nil

【Table 1】Position(s) held concurrently in the company and/or in any other company：

Name	Concurrent Posts	
Chairman Chen, Chi-Tai	BVI Lai Mong City Development Ltd. Chairman Chun Zu Machinery Industry Co., Ltd. Director Chun Bang Precision Co., Ltd. Chairman Chun Yu Bio-Tech Co., Ltd. Chairman Chun Yu Investment Co., Ltd. Chairman Li-Chiao Investment Co., Ltd. Chairman Bai Jia Yuan Investment Co., Ltd. Chairman	Quintain Steel Co., Ltd. Director OFCO Industrial Corporation Director Shanghai Uchee Hardware Products Co., Ltd. Director Shanghai Chun Zu Machinery Industry Co., Ltd. Director Taiwan Styrene Monomer Corporation Director Chun Yu (Dong Guan) Metal Products Co., Ltd. Director Chun Yu Works, Inc. (USA) Director PT MOON Lion Industries Indonesia Director Yung-Fu Co.,Ltd. Director Tong Horng Metal Industrial Co., Ltd. Supervisor TSG Sport Marketing Co., Ltd. Supervisor TSG Hawks Baseball Co., Ltd. Supervisor
Vice Chairman Wong, Chung-Chun	Shanghai Tongseng Trading Co., Ltd. Chairman Shanghai Uchee Hardware Products Co., Ltd. Chairman Shanghai Chun Zu Machinery Industry Co., Ltd. Chairman Chun Yu (Dong Guan) Metal Products Co., Ltd. Chairman Chun Yu Works, Inc. (USA) Chairman Scholar Holdings Ltd. Chairman Sunny City International Ltd. Chairman	Chun Zu Machinery Industry Co., Ltd. Chairman Jade Rich Grain CO.,Ltd. Director Chun Bang Precision Co., Ltd. Supervisor Chun Yu Bio-Tech Co., Ltd. Supervisor Chun Yu Investment Co., Ltd. Company Supervisor PT MOON Lion Industries Indonesia Supervisor
Director Lin, Huei-Jeng	Chun Yu Investment Co., Ltd. Company Director Chun Bang Precision Co., Ltd. Director Chun Yu Bio-Tech Co., Ltd. Director Chun Zu Machinery Industry Co., Ltd. Director S-Tech Corporation Director	Shanghai Uchee Hardware Products Co., Ltd. Director PT MOON Lion Industries Indonesia Director Shanghai Chun Zu Machinery Industry Co., Ltd. Supervisor CSBC Corporation, Taiwan. Independent Director Taiwan Steel University of Science and Technology Chairman

Director Wang Chiung-Fen	Yu Jing Ltd. Company Chairman Na Neng Co., Ltd. Chairman Taiwan Steel Group United Co., Ltd. Chairman Ho Yang Investment Co., Ltd. Chairman Rong Yang Investment Co., Ltd. Chairman Gathershine Enterprise Ltd. Chairman Ouying Enterprise Ltd. Chairman Huei Sian Enterprise Ltd. Chairman Gloria Material Technology Corporation Chairman S-Tech Corporation Chairman TSG Sport Marketing Co., Ltd. Chairman TSG Hawks Baseball Co., Ltd. Chairman Kings Asset Management Co., Ltd. Chairman Taiwan Network Communication Investment and Financial Guangzhou Goldway Special Metal Corporation Chairman Tianjin Goldway Special Metal Corporation Chairman Xian Goldway Special Metal Corporation Chairman Jiaxing Goldway Special Metal Corporation Chairman Jiaxing Xiangyang Metal Materials Technology Co., Ltd. Chairman Alloy Tool Steel Inc. Chairman Gloria Material Technology Japan Co., Ltd. Chairman	Soft-World International Corporation Director D-Link Corporation Director Chun Bang Precision Co., Ltd. Director Chun Yu Bio-Tech Co., Ltd. Director Chun Yu Investment Co., Ltd. Company Director UFC GYM TAIWAN Ltd. Director Shanghai Chun Zu Machinery Industry Co., Ltd. Director Taiwan Styrene Monomer Corporation Director Shanghai Uchee Hardware Products Co., Ltd. Supervisor Chun Yu (Dong Guan) Metal Products Co., Ltd. Supervisor Dongying Management Consulting Co., Ltd. Chairman Dong Ying Enterprise Co., Ltd. Chairman Taiwan Steel University of Science. and Technology Directo
Director Yan,Cing-Li	Tai Yu Investment Co., Ltd. Chairman E-Sheng Steel Co., Ltd. Chairman E-Top Metal Co., Ltd. Chairman TMP Steel Corporation Chairman	Taiwan Steel Group Ferrous Material Co., Ltd. Chairman Quintain Steel Co., Ltd. Director OFCO Industrial Corporation Director Taiwan Steel University of Science. and Technology Director
Director Lee, Shih-Ho	Chun Zu Machinery Industry Co., Ltd. Director Shanghai Chun Zu Machinery Industry Co., Ltd. Director	Zenith Good Enterprise Co., Ltd. Supervisor

Director Wu, Yi-Ching	UFC Gym Taiwan Limited CEO Ho-He International Development Co., Ltd. President Yangmingshan Tien Lai Resort & Spa Director	Star Travel Corp. Director Gloria Material Technology Corporation Director Kuei Tien Cultural & Creative Entertainment CO., LTD President
Director Wu, Mei-Huei	Department of Journalism Adjunct Assistant Professor, Ming Chuan University OFCO Industrial Corporation Director D-LINK Corporation Directo	
Independent Director Jian, Jin-Cheng	Soft-World International Corporation Director	Gloria Material Technology Corporation Independent Director Taiwan Styrene Monomer Corporation Independent Director
Independent Director Fang, Jhen-Ming	Shang Yuan Consultant Ltd. Director Maohong Power Co., Ltd. Director Hong Sian No.3 Energy Co., Ltd. Director Hong Luo No.5 Energy Co., Ltd. Director	Hong Jing No.5 Energy Co., Ltd. Director Hong Gong No.5 Energy Co., Ltd. Director Hong Gong No.6 Energy Co., Ltd. Director Hong Ding Holding Co., Ltd. Director
Independent Director Lee, Chin-Chang	National Tsing Hua University Director	

【Table 2】Major Shareholders of Corporate Shareholders：

April 1, 2024

Name of corporate Shareholder	Major shareholders of the corporate shareholder
Bai Jia Yuan Investment Co., Ltd.	Prominent Sino Holdings Ltd. (100%)
Taiwan Steel Group United Co., Ltd.	Chin Chi Fu Asset Management Co., Ltd. (100%)

【Table 3】Major shareholders listed in Table 2 is a Corporate/Juristic Person：

April 1, 2024

Name of corporate/juristic person	Major shareholders of the corporate/juristic person
Prominent Sino Holdings Ltd.	Innovative Advisors Ltd. (100%)
Chin Chi Fu Asset Management Co., Ltd.	Huang,Jyun-Yi（45%）、Wang Chiung-Fen（36%）、E-Top Metal Co., Ltd.（19%）

i. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors：

Criteria / Name	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
Chairman Chen, Chi-Tai	(1)Graduated from National Tainan Commercial Vocation Senior High School, the incument chairman of Bai Jia Yuan Investment Co., Ltd., Chun Zu Machinery Industry Co., Ltd., and serve as Director and Supervisor of a number of companies listed at TWSE and TPEx. (2)With more than 10 years of experience in industry knowledge, leadership in operation, and well-seasoned in corporate planning, financial analysis and the practice of marketing. Specialized in market strategy and business promotion. (3)Nothing in connection with Article 30 of the Company Act.	Not an Independent Director, not applicable.	Nil
Vice Chairman Wong, Chung-Chun	(1)Graduated from the Institute of Accounting, National Taiwan University, former Executive Vice Chairman of the Company and Independent Director of OFCO Industrial Corp. Currently Chairman of Shanghai Tongseng Trading Co., Ltd., represent-ative of Institutional Director and Supervisor of a number of other companies. (2)With more than 5 years of experience pertinent to the operation of the Company, with analysis and management capacity in corporate governance, finance and accounting, and business, and requires the management team to map out business strategy for implementation. (3)Nothing in connection with Article 30 of the Company Act.	Not an Independent Director, not applicable.	Nil

Criteria / Name	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
Director Lin, Huei-Jeng	(1)PhD, Shipbuilding Engineering, National Taiwan University. Former President of National Penghu University of Science and Technology, Professor at National Taiwan University. Currently the Director of S-Tech Corporation and representative of Institutional Director in a number of companies, or Independent Direct-or of other companies. (2)Professional experience as university professor in business and the subjects related to corporate management. Seasoned with industry knowledge, international market, international view, judgement in competition of the global professional market and innovative leadership for more than 5 years. (3)Nothing in connection with Article 30 of the Company Act.	Not an Independent Director, not applicable.	1
Director Wang Chiung-Fen	(1)Graduated from Department of Law, National Chung Hsing University, currently Chairman or Director of Taiwan Steel Group, Gloria Material Technology Corp., and other companies listed at TWSE and TPEx. (2)A licensed practicing lawyer with expertise in law that could give advice in risk management and legal strategy, compliance and management decision. Expertise in law and finance. (3)Diversification in operation to different industries. The wealth of experience in corporate management will lead the Company to sustainable development. (4)Nothing in connection with Article 30 of the Company Act.	Not an Independent Director, not applicable.	Nil
Director Yan, Cing-Li	(1)Graduated from Department of Industrial Engineering and Systems Management, Feng Chia University. Currently President or Director of E-Sheng Steel Co., Ltd., Taiwan Steel Group Ferr-	Not an Independent Director, not applicable.	Nil

Name \ Criteria	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
	ous Material Co., Ltd., Quintain Steel Co., Ltd. etc. (2)Have capacity and experience in business, law, finance, corporate managemen, etc. that eligible for the Company requirements. (3)Nothing in connection with Article 30 of the Company Act.		
Director Lee, Shih-Ho	(1)Graduated from Department of Business Administration, Feng Chia University, former Vice President of the Company, currently Supervisor of Zenith Good Enterprise Co., Ltd., Director of Chun Zu Machinery Ind. Co., Ltd. (2)Concentration in screw manufacturing and related domains for many years and well-seasoned in industry knowledge and business promotion. (3)Nothing in connection with Article 30 of the Company Act.	Not an Independent Director, not applicable.	Nil
Director Wu, Yi-Ching	(1)DBA, Alliant International University, former President of Taiwan Styrene Monomer Corporation, currently Director of the Company, President of Hohe International Development Co., Ltd., President of Kuei Tien Cultural & Creative Entertainment CO., LTD and Director of Tien Lai Resort & Spa. (2)Experienced in the practice of corporate governance, corporate planning, and related management capacity, able to upgrade the quality and function of corporate governance of the Board。 (3)Nothing in connection with Article 30 of the Company Act.	Not an Independent Director, not applicable.	Nil
Director Wu, Mei-Huei	(1)Graduated from the Institute of Mass Conmunication, Ming Chuan University Doctoral Candidate of Finance, Xiamen Unive-rsity. Former General Manager of CredereMedia, Editor-in-chief of Wealth Bulletin, Deputy Editor-in-chief of Business Today and Business Weekly, Editor-in-chief and Director of New Media	Not an Independent Director, not applicable.	Nil

Name \ Criteria	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
	Division of Wealth Magazine. Currently Director and Chief of Staff of Taiwan Steel Group United Co., Ltd. (2)Have capacity and experience in corporate management, leadership in operation, etc., which eligible for the Company requirements. (3)Nothing in connection with Article 30 of the Company Act.		
Independent Director Chien, Chin-Chen	(1)PhD., Accounting, Rutgers, the State University of New Jersey. Currently Director of Soft-World International Corporation, Independent Director of Taiwan Styrene Monomer Corp. (2)Experienced in business, finance, corporate management, etc., that eligible for the Company requirements. Which could supervise the operation of the Board and Functional Committee of the Company, and provide professional consultant. (3)Nothing in connection with Article 30 of the Company Act.	(1)The person, spouse and kindred within the 2nd tier has not held the position as Director, Supervisor or employee of the Company or its affiliates. (2)The person, spouse and kindred within the 2nd tier does not hold any shares issued by the Company. (3)The chairperson, general manager, or person does not hold an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or spouses. (4)A director, supervisor, officer, or shareholder does not hold five percent or more of the shares, of a specified company or institution that has a financial or business	1

Name \ Criteria	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
		relationship with the company. ◦ (5)The person did not provide commercial, legal, financial and accounting service to the Company or its affiliates in the past 2 years that has received compensation exceeding NT$500,000.	
Independent Director Fang, Chen-Ming	(1)Master of Business Administrati, NSYSU, former Assistant Manager of Legal Dept.of Motech Industries, Inc., Vice President of KHL Capital, etc. Currently Independent Director of the Company and Shang Yuan LLC., Independent Director and Chief Legal Officer of Maohong Power Co., Ltd. (2)Experienced in business, legal affairs, corporate management, etc that eligible for the Company requirements. Which could supervise the operation of the Board and Functional Committee of the Company, and provide professional consultant. (3)Nothing in connection with Article 30 of the Company Act.	(1)The person, spouse and kindred within the 2nd tier has not held the position as Director, Supervisor or employee of the Company or its affiliates. (2)The person, spouse and kindred within the 2nd tier does not hold any shares issued by the Company. (3)The chairperson, general manager, or person does not hold an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or spouses. (4)A director, supervisor, officer, or shareholder does not hold five percent or more of the shares, of a specified company or institution	Nil

Name \ Criteria	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
		that has a financial or business relationship with the company. (5)The person did not provide commercial, legal, financial and accounting service to the Company or its affiliates in the past 2 years that has received compensation exceeding NT$500,000.	
Independent Director Lee, Chin-Chang	(1)LLD, National Taiwan Normal University, former President of National Kinmen University, currently Independent Director and member of the Audit Committee and Remuneration Committee of the Company and Supervisor of National Tsing Hua University. (2)Professional experience as university professor in law and the subjects required for the operation of the Company, specialized in in the advocacy of industry-academe collaborative research and education, and able give professional advice in the launch of business at the Company. (3)Nothing in connection with Article 30 of the Company Act.	(1)The person, spouse and kindred within the 2nd tier has not held the position as Director, Supervisor or employee of the Company or its affiliates. (2)The person, spouse and kindred within the 2nd tier does not hold any shares issued by the Company. (3)The chairperson, general manager, or person does not hold an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or spouses. (4)A director, supervisor, officer, or shareholder does not hold five percent or more of the shares, of a	Nil

Name \ Criteria	Professional qualifications and experience	Independence Analysis	No. of other public companies where the person concurrently serves as an Independent Director
		specified company or institution that has a financial or business relationship with the company. (5)The person did not provide commercial, legal, financial and accounting service to the Company or its affiliates in the past 2 years that has received compensation exceeding NT$500,000.	

ii.Diversity of the board：

1. The Company has formulated “Rules for Election of Directors” and adopted candidates nomination system. According to “Rules for Election of Directors” the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Refer to Article 20 of “Corporate Governance Best Practice Principle” of the Company, all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities：
   (1) Ability to make operational judgments.
   (2) Ability to perform accounting and financial analysis.
   (3) Ability to conduct management administration.
   (4) Ability to conduct crisis management.
   (5) Knowledge of the industry.
   (6) An international market perspective.
   (7) Ability to lead.
   (8) Ability to make policy decisions.
   (9) Risk management knowledge and ability.
2. To strengthen corporate governance and facilitate the development and constructions of the Board, diversive background of concept has been included in “Rules for Election of Directors” on the basis of “Sample template for Co., Ltd. Procedures for Election of Directors” issued by TWSE. Besides, “Corporate Governance Best Practice Principle” has been amended in 2018. According to Article 20 paragraph 3 of the Principle, diversity of background has been taken in account for appointing the members of the Board and the policy of diversity has been mapped out on the basis of the operation, mode of business and development need of the Company, which includes without limitation to the following standards：
   (1) Basic requirement and value：gender, age, nationality and level of education.
   (2) Professional designation: professional background (like law, accounting, industry, finance, marketing or tech -nology), specialized skill and industry experience.
   (3)On the basis of the above, the Company select 11 directors (including 3 independent directors) at 2022 Share

-holders' Meetings. The members of the board of directors are all outstanding figures in industry and academia, boasting mutually complemented industrial experience, as well as expertise in finance, economics , accounting and law, meeting the diversified board management goal. In addition, we aim at increasing a num ber of female directors (more than one-third) because of the emphasis on gender equality issue. The Company includes 9 male Directors (accounted for 82% of theBoard's numbers), 2 female Directors (accoun -ted for 18% of the Board's numbers).

The Company will raise the seats of female Directors depending on operations plan. Implementation of the policy of diversity in the borad as shown below：

Title	Name	Nationality	Gender	Also serves as an employee of the Company	Age				Term of independent directors			Operations management	Leadership decision	Industry knowledge	Finance and accounting	Legal
					41-50	51-60	61-70	Over 70	Less than 3 years	3 - 6 years	6 - 9 years					
Chairman	Chen, Chi-Tai	R.O.C	M	✓				✓				✓	✓	✓	✓	
Vice Chairman	Wong, Chung-Chun	R.O.C	M	✓			✓					✓	✓	✓	✓	
Director	Lin, Huei-Jeng	R.O.C	M				✓					✓	✓	✓		
Director	Wang, Chiung-Fen	R.O.C	M				✓					✓	✓	✓		✓
Director	Wang Chiung-Fen	R.O.C	M				✓					✓	✓	✓		
Director	Lee, Shih-Ho	R.O.C	M				✓					✓	✓	✓	✓	
Director	Wu, Yi-Ching	R.O.C	F		✓							✓	✓		✓	

Title	Name	Nationality	Gender	Also serves as an employee of the Company	Age				Term of independent directors			Operations management	Leadership decision	Industry knowledge	Finance and accounting	Legal
					41-50	51-60	61-70	Over 70	Less than 3 years	3 - 6 years	6 - 9 years					
Director	Wu, Mei-Huei	R.O.C	F			✓						✓	✓			
Independent Director	Chien, Chin-Chen	R.O.C	M				✓		✓			✓			✓	
Independent Director	Fang, Chen-Ming	R.O.C	M		✓				✓			✓	✓			✓
Independent Director	Lee, Chin-Chang	R.O.C	M					✓		✓		✓		✓		✓

3.Independence of the board：

(1)The board of the Company is independent, 11 seats include 3 independent directors (27.27%).

(2)The tenure of the independent directors shall not exceed acumulative term limit of three years. Two independent directors have a cumulative term under 3 years, and 1 independent director has a cumulative term of 3-6 years, and no independent director may concurrently serve as an independent director of more than three other public companies.

(3)All independent directors, as required, have submitted the declaration of Independence guiding by “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” when they was nominated as candidates of independent directors, which makes sure the independence within the person and related kinship.

(4)The directors have no spouse and second degree of kinship who service as directors.

(5)The directors exercise a high degree of self-discipline. In case involving interests of their or of the legal entities that they represent, they shall explain key contents of the involvement at the board meeting. They shall voluntarily abstain from discussion and voting as well as evade during discussion and voting, for themselves or proxy for another director, on a proposal submitted to the board that risks the involvement of the director's own interest to the detriment of the interest of the Company.

(II) Managers' Information：

April 1, 2023

Title (Note 1)	Nationality	Name	Gender	Date of appointment	Present Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relation	
CEO of domestic subsidiary business group	R.O.C	Chen, Chi-Tai	M	2019.07.01	-	-	-	-	-	-	Department of Commerce, National Tainan Commercial Vocational Senior High School	(Note 1)	Nil	Nil	Nil	
CEO of overseas subsidiary business group	R.O.C	Wong, Chung-Chun	M	2019.07.01	-	-	-	-	-	-	Master of Accountancy, NTU	(Note 1)	Nil	Nil	Nil	
General Manager	R.O.C	Chang,Hsing-Ya	M	2023.10.01	-	-	-	-	-	-	Master of Business Administration, National Yunlin University of Science and Technology		Nil	Nil	Nil	
Vice President	R.O.C	Yan,Jia-De	M	2022.06.30	-	-	-	-	-	-	Department of Chemistry, NCKU	-	Nil	Nil	Nil	
Asst Vice President	R.O.C	You,Bei-Di	F	2022.06.30	2,100	0.0007	-	-	-	-	Department of Accounting, NTCUST	-	Nil	Nil	Nil	
Asst Vice President	R.O.C	He,Mao-Ji	M	2023.08.01	5,536	0.0018						-	Nil	Nil	Nil	
Asst Vice President	R.O.C	Li, Ming-Jheng	M	2023.09.01							Master of Business Management, KUAS		Nil	Nil	Nil	
Financial and Accounting Manager	R.O.C	Su, Hsien Ming	M	2022.08.11	-	-	-	-	-	-	Department of Accounting, THU	-	Nil	Nil	Nil	
Corporate govemance officer	R.O.C	Yang Chien Yi	F	2023.11.09	-	-	-	-	-	-	Department of Accounting, MCU	-	Nil	Nil	Nil	

Note 1：Please refer to Table 1 for more details of the company's managers currently holding positions in other companies.

【Table 1】List of Management Team with positions at the Company and other companies：

Name	Concurrent Posts	
CEO of domestic subsidiary business group Chen, Chi-Tai	BVI Lai Mong City Development Ltd. Chairman Chun Zu Machinery Industry Co., Ltd. Director Chun Bang Precision Co., Ltd. Chairman Chun Yu Bio-Tech Co., Ltd. Chairman Chun Yu Investment Co., Ltd. Chairman Jing Gang Investment Co., Ltd. Chairman Li-Chiao Investment Co., Ltd. Chairman Bai Jia Yuan Investment Co., Ltd. Chairman	Quintain Steel Co., Ltd. Director OFCO Industrial Corporation Director Shanghai Uchee Hardware Products Co., Ltd. Director Shanghai Chun Zu Machinery Industry Co., Ltd. Director Taiwan Styrene Monomer Corporation Director Chun Yu (Dong Guan) Metal Products Co., Ltd.Director Chun Yu Works, Inc. (USA) Director PT MOON Lion Industries Indonesia Director Tong Horng Metal Industrial Co., Ltd. Supervisor TSG Sport Marketing Co., Ltd. Supervisor TSG Hawks Baseball Co., Ltd. Supervisor
CEO of overseas subsidiary business group Wong, Chung-Chun	Shanghai Tongseng Trading Co., Ltd. Chairman Shanghai Uchee Hardware Products Co., Ltd. Chairman Shanghai Chun Zu Machinery Industry Co., Ltd. Chairman Chun Yu (Dong Guan) Metal Products Co., Ltd. Chairman Chun Yu Works, Inc. (USA) Chairman Scholar Holdings Ltd. Chairman Sunny City International Ltd. Chairman	Chun Zu Machinery Industry Co., Ltd. Chairman Chun Bang Precision Co., Ltd. Supervisor Chun Yu Bio-Tech Co., Ltd. Supervisor Chun Yu Investment Co., Ltd. Company Supervisor PT MOON Lion Industries Indonesia Supervisor

(III) Succession Plan of Board of Directors and the Middle and High-Level Management

i. Succession Plan of Board of Directors：

1. The structure of the board is supposed to be determined in light of business development of the company, the status of its major shareholders, and the necessity of practical operation. Each director has the various and complementary ability such as finance, accounting and, industrial knowledge, etc. The Company not only arranges 12 hours courses for newly directors, but also 6 hours courses per year for each director to assist them to equip various professional knowledge required to perform their duties.
2. The results of the annual board performance evaluation will be provided to the Sustainable Development Committee, and cultivate the persons who are managerial level to join into Board of Directors and make them familiar with the operation of Board of Directors.
3. At present, the group has a number of senior executive professionals, so the Company has abundant talents elected as directors in the future. In addition to considering diversification, directors serve as managers concurrently must not exceed one-third of the number of directors. The Company would also value gender equality and the necessary knowledge, skills and accomplishments of executive performance.

ii. Succession Plan of the Middle and High-Level Management：

(II)For the succession plan of important management levels, the talent development mechanism is organized by the personnel department in the Company. To assist the successors' abilities of leadership and reduce handover duration, HR specialist would prudently select potential successors, collocate with personal development plans and employee training etc. In terms of training mechanism, we would arrange potential successors to affiliated companies for practice, which combined with training courses of the Company or external senior executives training, such as strategic planning, transnational operations, financial planning, sustainable development, etc. By doing so, we could cultivate professionals for management in the future.

(III)For management trainee program, we strengthen trainees' capability by job rotation or increase the scope of duties, and implement work assessment regularly. As a result, we would give priority to promote the train-ees with higher performance review.

III. Compensations of Directors, President and Vice Presidents

(I)Remuneration paid to Directors and independent Directors(disclose aggregate remuneration information, with the names indicated for each remuneration range)：

Year 2023 / Unit：NTD thousands

Title	Name	Director remuneration								The sum of A, B, C and D as a percentage of after-tax net profit (%)(Note 4)		Remuneration from other jobs								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (%)(Note 4)		Remuneration from re-invested businesses other than subsidiaries
		Remuneration (A) (Note 1)		Retirement pension (B)		Director remuneration (C) (Note 2)		Business execution expenses (D) (Note 3)				Remuneration, bonus and special fees (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (Note 6)						
																The Company		All companies in the consolidated financial statements				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Chairman	Bai Jia Yuan Investment Co., Ltd. Representative：Chen, Chi-Tai	698	698	-	-	1,014	1,758	690	1,663	0.95	1.62	5,700	7,880	-	-	169	-	169	-	3.26	4.80	
Vice Chairman	Bai Jia Yuan Investment Co., Ltd. Representative：Wong, Chung-Chun	246	246	-	-	507	1,251	690	1,663	0.57	1.25	2,736	4,233	-	-	169	-	169	-	1.71	2.98	
Director	Taiwan Steel Group United Co., Ltd.	349	349	-	-	507	1,251	690	1,626	0.61	1.27	3,416	3,416	-	-	-	-	-	-	1.96	2.62	
	Representative：Lin, Huei-Jeng																					Nil
Director	Taiwan Steel Group United Co., Ltd.	166	166	-	-	507	507	690	755	0.54	0.56	-	-	-	-	-	-	-	-	0.54	0.56	
	Representative：Wang, Chiung-Fen																					
Director	Taiwan Steel Group United Co., Ltd. Representative：Yan, Cing-Li	-	-	-	-	507	507	690	690	0.47	0.47	-	-	-	-	-	-	-	-	0.47	0.47	
Director	Lee, Shih-Ho	285	285	-	-	507	507	690	1,245	0.58	0.80	-	-	-	-	-	-	-	-	0.58	0.80	

Title	Name	Director remuneration								The sum of A, B, C and D as a percentage of after-tax net profit (%)(Note 4)		Remuneration from other jobs								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (%)(Note 4)		Remuneration from re-invested businesses other than subsidiaries
		Remuneration (A) (Note1)		Retirement pension (B)		Director remuneration (C) (Note2)		Business execution expenses (D) (Note 3)				Remuneration, bonus and special fees (E) (Note 5)		Retirement pension (F)		Employee remuneration (G) (Note 6)						
																The Company		All companies in the consolidated financial statements				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Director	Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Yi-Ching	-	-	-	-	507	507	690	690	0.47	0.47	-	-	-	-	-	-	-	-	0.47	0.47	
Director	Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Mei-Huei	-	-	-	-	507	507	690	690	0.47	0.47	-	-	-	-	-	-	-	-	0.47	0.47	Nil
Independent Director	Chien, Chin-Chen	-	-	-	-	507	507	905	905	0.56	0.56	-	-	-	-	-	-	-	-	0.56	0.56	
Independent Director	Fang, Chen-Ming	-	-	-	-	507	507	855	855	0.54	0.54	-	-	-	-	-	-	-	-	0.54	0.54	
Independent Director	Lee, Chin-Chang	-	-	-	-	507	507	735	735	0.49	0.49	-	-	-	-	-	-	-	-	0.49	0.49	

Note 1：It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.). In addition, specify the policy, system, standard, and structure of remunerations to the Directors and Independent Directors of Chun Yu Works, and association between the amount of remuneration and the duties, risks, and time input of the Directors：

(1) According to the Articles of Incorporation of the Company, the remunerations to the Directors will commensurate with the level of participation of the Directors in the operation and their contribution value with reference to industry standard.

(2) It is explicitly stated in the Articles of Incorporation that the remuneration to the Directors shall be no more than 2% of the earnings of the year.

Note 2：The remuneration to the Directors for rendering services to all companies included in the financial statements in the previous fiscal period (such as consultants of parent company, all companies in the consolidated financial statements, etc.)：Nil

Note 3：It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.).

Note 4：It refers to the net income in the parent company only financial reports or individual financial reports of the recent year.

Note 5：It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the directors who concurrently serve as employees (including President, Senior Vice President, and other managerial officers and employees) in the recent year.

Note 6：It refers to the employee compensation (including stock and cash) received by the directors who concurrently serve as employees (including concurrent President, Senior Vice President, and other managerial officers andemployees) in the recent year.

Note 7：The Company opts to disclose aggregate remuneration information, with the names indicated for each remuneration range, because it is not any of the Article 10 of "Regulations Governing Information to be Published in Annual Reports of Public Companies" applies to the Company.

Range of Remuneration

Range of Remuneration	Director name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Lower than 1,000,000				
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Bai Jia Yuan Investment Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd Representative：Lin, Huei-Jeng 、Taiwan Steel Group United Co., Ltd. Representative：Wong, Chung-Chun 、Taiwan Steel Group United Co., Ltd. Representative：Yan, Cing-Li、Lee, Shih-Ho 、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Yi-Ching 、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Mei-Huei、 Chien, Chin-Chen 、Fang, Chen-Ming、 Lee, Chin-Chang	Taiwan Steel Group United Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd. Representative：Yan, Cing-Li、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Yi-Ching、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Mei-Huei、 Chien, Chin-Chen 、Fang, Chen-Ming、 Lee, Chin-Chang	Taiwan Steel Group United Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd. Representative：Yan, Cing-Li、 Lee, Shih-Ho 、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Yi-Ching、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Mei-Huei 、 Chien, Chin-Chen、Fang, Chen-Ming、 Lee, Chin-Chang	Taiwan Steel Group United Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd. Representative：Yan, Cing-Li、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Yi-Ching、Bai Jia Yuan Investment Co., Ltd. Representative：Wu, Mei-Huei、 Chien, Chin-Chen 、Fang, Chen-Ming、 Lee, Chin-Chang
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Bai Jia Yuan Investment Co., Ltd. Representative：Chen, Chi-Tai	Bai Jia Yuan Investment Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd Representative：Lin, Huei-Jeng、Lee, Shih-Ho		Lee, Shih-Ho
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		Bai Jia Yuan Investment Co., Ltd. Representative：Chen, Chi-Tai、	Bai Jia Yuan Investment Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd Representative：Lin, Huei-Jeng	
5,000,000 (inclusive) ~ 10,000,000 (exclusive)			Bai Jia Yuan Investment Co., Ltd. Representative：Chen, Chi-Tai	Bai Jia Yuan Investment Co., Ltd. Representative：Wong, Chung-Chun、Taiwan Steel Group United Co., Ltd Representative：Lin, Huei-Jeng
10,000,000 (inclusive) ~ 15,000,000 (exclusive)				Bai Jia Yuan Investment Co., Ltd. Representative：Chen, Chi-Tai
15,000,000 (inclusive) ~ 30,000,000 (exclusive)				

30,000,000 (inclusive) ~ 50,000,000 (exclusive)				
50,000,000 (inclusive) ~100,000,000 (exclusive)				
100,000,000 or more				
Total	11	11	11	11

Note 1：The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(II)Remunerations of the management team：

Year 2023 / Unit：NTD thousands；%

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special fees (C)		Employee remuneration (D)				The sum of A, B, C and D as a percentage of after-tax net profit (%)		Remuneration from re-invested businesses other than subsidiaries or parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO of domestic subsidiary business group	Chen, Chi-Tai	4,560	6,360	-	-	1,140	1,520	169	-	169	-	2.31	3.17	Nil
CEO of overseas subsidiary business group	Wong, Chung-Chun	2,188	3,535	-	-	547	698	169	-	169	-	1.15	1.74	Nil
General Manager	Chang, Hsing-Ya	660	660	-	-	-	-	169	-	169	-	0.33	0.33	Nil
Vice President	Yan, Jia-De	2,100	2,100	-	-	450	450	140	-	140	-	1.06	1.06	Nil
Vice President	He,Mao-Ji	750	750	-	-	-	-	-	-	-	-	0.30	0.30	Nil
Vice President	Li, Ming-Jheng	540	540	-	-	-	-	-	-	-	-	0.21	0.21	Nil
Vice President	You, Bei-Di	1,468	1,468	-	-	367	367	131	-	131	-	0.78	0.78	Nil

Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	Compensation Paid to Directors from Parent Company and Invested Companies
Lower than 1,000,000	Chang, Hsing-Ya、 He,Mao-Ji、Li, Ming-Jheng	Chang, Hsing-Ya、 He,Mao-Ji、 Li, Ming-Jheng
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	You, Bei-Di	You, Bei-Di
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Wong, Chung-Chun、Yan, Jia-De	Yan, Jia-De
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		Wong, Chung-Chun
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Chen, Chi-Tai	Chen, Chi-Tai
10,000,000 (inclusive) ~ 15,000,000 (exclusive)		
15,000,000 (inclusive) ~ 30,000,000 (exclusive)		
30,000,000 (inclusive) ~ 50,000,000 (exclusive)		
50,000,000 (inclusive) ~100,000,000 (exclusive)		
100,000,000 or more		
Total	7	7

Note 1：The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

(III)Employee Compensation of Managers(disclose aggregate remuneration information)：

Year 2023 / Unit：NTD thousands

	Title	Name	Employee Compensation -in Stock	Employee Compensation -in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	CEO of domestic subsidiary business group	Chen, Chi-Tai	-	2,180	2,180	0.41
	CEO of overseas subsidiary business group	Wong, Chung-Chun				
	CEO	Lin, Huei-Jeng (Removed on 2022.06.30)				
	General Manager and Corporate Governance Officer	Chou, Bo-Wei (Removed on 2023.10.01)				
	Vice President	Yan, Jia-De				
	Vice President	You ,Bei-Di				
	Financial and Accounting Officer	Su, Hsien-Ming				

Note 1：It refers to the employee remuneration (including stock and cash) received by the managerial officers that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of Board of Directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the parent company only financial reports or individual financial reports of the recent year.

Note 2：The scope of application for managers is defined in accordance with the Tai-Tsai-Cheng-San No. 0920001301 Letter dated 2003.3.27 by the Securities and Future Commission as follows：

(1) President and the equals.
(2) Vice President and the equals.
(3) Assistant managers and the equals.
(4) Head of Department of Finance.
(5) Head of Accounting Department.
(6) Other people handling corporate affairs and signature rights.

(IV) Comparison of Remuneration for Directors, President and Vice - Presidents in the Two Most Recent Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

i. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income：

Unit：NTD thousands

Year	Total amount of remuneration to the Directors, General Manager, and Deputy General Manager		The total amount in proportion to the net income (%)	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
2022	47,465	58,246	8.83 %	10.84 %
2023	38,555	49,932	15.20%	13.84%

ii. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

1. The policy and standard of remuneration of the Company：

(1) Directors：Remuneration will be determined in accordance with the Articles of Incorporation and be commensurate with the overall operation performance, evaluation of personal performance, and personal contribution with reference to the industry standard. The proposal will be discussed and resolved by the Compensation Committee and presented to the Shareholders' Meeting for final approval. The monthly traveling allowance and the subsidy for attending meetings of the Board and functional committees were disbursed on a regular basis, which is not associated with corporate performance.

(2) General Manager and Deputy General Manager：

The remuneration to the General Manager and Vice General Managers of the Company will be commensurate with the function performed, scope of authority and responsibility, personal contribution and professional knowledge, and the contribution to the Company with reference to industry standard.

(II)The procedure for setting the remuneration：

Pursuant to Article 39 of the Articles of Incorporation,

If the Company makes a profit in a year, the Company shall allocate no less than 2% of the profit for the year as employee's remuneration, and may set aside no more than 2% as directors' remuneration. However, if the Company still has accumulated losses, it should first reserve an amount to offset losses.

(III)The association between the operation performance and risk inthe future：

The remuneration to the Directors and Managers of the Company will be determined with reference to the industry standard. The state of operation and the operation risk in the future will also be taken into account. The aforementioned reasons will be highly associated with the responsibilities, contribution and work performance of the individuals in the operation. The Com-pensation Committee will give regular assessment or review in this matter.

(IV)Implementation of Corporate Governance

(I) Operation of the Board of Directors

Five board meetings were held in 2023, the attendance of Directors is as follows：

Title	Name	Actual No. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) 【B/A】	Remarks
Chairman	Representative Of Bai Jia Yuan Investment Co., Ltd.： Chen, Chi-Tai	5	0	100%	Nil
Vice Chairman	Representative Of Bai Jia Yuan Investment Co., Ltd.： Wong, Chung-Chun	5	0	100%	Nil
Director	Representative Of Taiwan Steel Group United Co., Ltd.： Lin, Huei-Jeng	5	0	100%	Nil
Director	Representative Of Taiwan Steel Group United Co., Ltd.： Wang, Chiung Fen	5	0	100%	Nil
Director	Representative Of Taiwan Steel Group United Co., Ltd.： Yan, Cing-Li	5	0	100%	Nil
Director	Lee, Shih-Ho	5	0	100%	Nil
Director	Representative Of Bai Jia Yuan Investment Co., Ltd.：Wu, Yi-Ching	5	0	100%	Nil
Director	Representative Of Bai Jia Yuan Investment Co., Ltd.：Wu, Mei-Huei	5	0	100%	Nil
Independent Director	Chien, Chin-Chen	5	0	100%	Nil
Independent Director	Fang, Chen-Ming	5	0	100%	Nil
Independent Director	Lee, Chin-Chang	5	0	100%	Nil

Other matters to be recorded：

I. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independ- ent directors and the Company’ s handling of the opinions of the Independent Directors：

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company is not applied to Article 14-3 of the Securities and Exchange Act, because it had set up audit committee. The state-ments about Article 14-5 of the Securities and Exchange Act refer to “3.4.2 Audit Committee Meet-ing Status”.

(II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors：None.

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified

Board of Directors	Resolution Content	Name of Director	Reasons for the avoidance of interests	Voting Results
2023.01.12	Year-end bonus payment case in 2022.	Chen, Chi-Tai Wong, Chung-Chun Lin, Huei-Jeng	The above-mentioned Directors were the case in discussion.	The directors were recused from the discussion and voting
2023.03.09	Donation	Chen, Chi-Tai 、Wang, Chiung Fen	The content is related to related parties, and should be recused.	The directors were recused from the discussion and voting
2023.08.10	The proposal on reward for employees in 2022.	Chen, Chi-Tai Wong, Chung-Chun Lin, Huei-Jeng	The above-mentioned Directors were the case in discussion.	The directors were recused from the discussion and voting
2023.08.10	The monthly traveling allowance for the functional committee members and the subsidy for attending committee meeting	Chien, Chin-Chen Fang, Chen-Ming Lee, Chin-Chang	This motion involves the traveling expenses and subsidy for attending meeting of the aforementioned Directors.	The directors were recused from the discussion and voting

III. TWSE-listed or TPEx-listed companies shall disclose information on the frequency and duration of Self (peer)- Evaluation, the scope, means and content of evaluation, and fill in the Form (below) on the pursuit of Self-Evaluation：

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	2023.01.01 to 2023.12.31	Board of Directors	Director self-assessment	i. Participation level in the Company's operations. ii. Improvement of the quality of the board of directors' decision making. iii. Composition and structure of the Board of Directors. iv. Election of the directors and their continuing professional education. v. Internal control.
Once annually	2023.01.01 to 2023.12.31	Directors	Director self-assessment	i. Alignment of the goals and missions of the Company. ii. Awareness of the duties of a director iii. Participation in the operation of the Company. iv. Management of internal relationship and communication. v. The director's professionalism and continuing education. vi. Internal control.
Once annually	2023.01.01 to 2023.12.31	Functional Committee： Audit Committee, Remuneration Committee, Sustainable Development Committee	Director self-assessment	i. Participation in the operation of the Company. ii. Awareness of the duties of the functional committee. iii. Improvement of quality of decisions made by the functional committee. iv. Makeup of the functional committee and election of its members. v. Internal control.

IV. TWSE-listed or TPEx-listed companies shall disclose information on the frequency and duration of Self (peer)- Evaluation, the scope, means and content of evaluation, and fill in the Form (below) on the pursuit of Self-Evaluation：

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	2023.01.01 to 2023.12.31	Board of Directors	Director self-assessment	vi. Participation level in the Company's operations. vii. Improvement of the quality of the board of directors' decision making. viii. Composition and structure of the Board of Directors. ix. Election of the directors and their continuing professional education. x. Internal control.
Once annually	2023.01.01 to 2023.12.31	Directors	Director self-assessment	vii. Alignment of the goals and missions of the Company. viii. Awareness of the duties of a director ix. Participation in the operation of the Company. x. Management of internal relationship and communication. xi. The director's professionalism and continuing education. xi. Internal control.
Once annually	2023.01.01 to 2023.12.31	Functional Committee：Audit Committee, Remuneration Committee, Sustainable Development Committee	Director self-assessment	vi. Participation in the operation of the Company. vii. Awareness of the duties of the functional committee. viii. Improvement of quality of decisions made by the functional committee. ix. Makeup of the functional committee and election of its members. x. Internal control.

IV. The goals for strengthening the board's functions in the current and the previous year and assessment of the implementation：

(I) The operations of the Board of Directors of the Company are exercised in accordance with the provisions of the laws and regulations, the Articles of Association, and the resolutions of the Shareholders' Meetings. All Directors, in addition to the professional knowledge and skills necessary to perform their duties, should strive for the best shareholder interests based on the principles of loyalty and integrity for which the pursuit of corporate social responsibility and sustainable development.

(II) The Company has elected 3 Independent Directors. In order to establish a good board governance system, sound supervision function and strengthen management functions, the Board of Directors agreed to establish Remuneration Committees. In order to implement corporate governance, Remuneration Committee held the meeting to report the standard of year-end bonus of manager, and evaluate the Chairman, Directors, and manager salary, and remuneration policy and rules. Respectively, and submit the suggestions to Board of Director for discussing.

(III) In accordance with the provisions of the security's regulatory authority, the Board of Directors approved to set up an Audit Committee in order to replace the Supervisors. Audit Committee will hold the regular meeting annually, respectively, and resolutions were submitted to the

Board of Directors to implement corporate governance.

(IV) The Sustainable Development Committee is established for vitalizing the mechanism of corporate governance and the advocacy of corporate social responsibility and materialization of the idea of corporate sustainability in full effort. The committee convenes regularly in the year and report to the Board.

(V) In addition to conducting the annual assessment of the board to strengthen its functions, the internal auditors also monitor the performance of the board, and make an audit report which will present to the Board at regular intervals for review.

(VI) The Company persists with the principle of operation transparency, and thereby vital information will be released to the MOPS website after each session of the Board for the protection of the rights and privileges of the shareholders.

(II) Operation of the Audit Committee：

The Audit Committee of the Company is constituted by four independent directors according to Article 14-4 of Securities and Exchange Act. Also, operated under the "Audit Committee Organization Code" Of the Company whereby one Independent Director will be nominated among the members of the committee as the convenor. The Company's Audit Committee is composed of three people whose term of office is from 2022.06.22 to 2025.06.21.

i. Duty and annual highlight of Audit Committee in 2023：

1. Deliberate/Review on financial statements.
2. Adoption or amendment of an internal control system.
3. Assessment of the effectiveness of the internal control system.
4. Adoption or amendment of handling procedures for financial or operational actions of material significance, such as procedures for acquisition or Disposal of assets,articles of Incorporation.
5. Examination on matters involving the private interest of the Director.
6. Examination on matters involving monetary loan, endorsement, or provision of guarantee.
7. Examination on matters involving the hiring or dismissal of an attesting CPA, or the compensation given thereto.

ii. In 2023 the Audit Committee held five meetings (A), and the member qualifications and attendance are as follows：

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) 【B/A】	Remarks
Independent Directors	Chien, Chin-Chen	5	0	100%	Convener
Independent Directors	Fang, Chen-Ming	5	0	100%	
Independent Directors	Lee, Chin-Chang	5	0	100%	

Other items required for reporting：

I. If any of the following applies to the operations of the Audit Committee, specify the date, the session of the committee meeting, the content of the motion, the adverse opinion, qualified opinion of the Independent Directors, or the content of important recommendation, the resolution of the Audit Committee and the response of the Company to the opinion of the Audit Committee：

(I) Items stated in Article 14-5 of the Securities and Exchange Act：More details are as follows.

(II) Further to the aforementioned issues, other issues not passed by the Audit Committee but require the decision of at least 2/3 of the Directors for approval：None.

Board meetings	Proposal content and handling	Article 14-5 of the Securities and Exchange Act	Resolutions unapproved by the Audit Committee but approved by over two thirds of the directors
2023.03.09 The 4th meeting of the 3th term	Review of the business report, individual financial statements, and consolidated financial statements of 2022.	✓	None
	Advance approval of the motion for certified public accountants serving as independent auditors and the non-audit service to the Company and subsidiaries in 2023.	✓	None
	Approval of evaluation of the effectiveness of internal control system and “Statement of Internal Control System for the Year 2022”.	✓	None
	Amendment of the Company’s “self-assessment of its internal control systems”	✓	None
	Approval of the donation	✓	None
	Audit Committee Resolution (2023.03.09)：Approved by all Audit Committee members.		

	The Company's response to the Audit Committee's opinions: Approved by all present directors.		
2023.05.11 The 5th meeting of the 3th term	Passed the Company's 2023Q1 Consolidated Financial Statement.	✓	None
	Audit Committee Resolution (2023.05.11)：Approved by all Audit Committee members.		
	The Company's response to the Audit Committee's opinions: Approved by all present directors.		
2023.08.10 The 6th meeting of the 3th term	Passed the Company's 2023Q2 Consolidated Financial Statement.	✓	None
	Amendment of the Company's " Internal audit implementation rules"	✓	None
	Amendments to the Company's "Articles of Association".	✓	None
	Evaluation of the independence of the certified public accountants retained by the Company as independent auditor.	✓	None
	Audit Committee Resolution (2023.08.10)：Approved by all Audit Committee members.		
	The Company's response to the Audit Committee's opinions: Approved by all present directors.		
2023.11.09 The 7th meeting of the 3th term	Passed the Company's 2023Q3 Consolidated Financial Statement.	✓	None
	Map out the 2024 Audit Program of the Company.	✓	None
	Passed the endorsements/guarantees for subsidiaries.	✓	None
	The motion of the regulations governing "The Procedure for the Compilation of Sustainability Report".	✓	None
	Amendments to the Company's "Procedures for Handling Material Inside Information".	✓	None
	Audit Committee Resolution (2023.11.09)：Approved by all Audit Committee members.		
	The Company's response to the Audit Committee's opinions: Approved by all present directors.		

II. The recusal of Independent Directors from motions entailing the conflict of interest, and specify the name of the Independent Director, the content of the motion, the reasons for recusal and the vote cast：None.

III. The communication between the Independent Directors and the Chief Internal Auditors and the certified public accountants (including the material aspcts of the Company in finance and accounting, and business operation, the means of communication and the result)：

(I) Communication between Independent Directors and CPAs：

i. The Audit Committee of the Company consists of all Independent Directors. The CPAs are arranged to attend at least once a year to report to the Independent Directors about the financial

status and overall operating results of the Company and its subsidiaries at home and abroad, and internal audit status. They also fully communicate any influence on accounting resulted from the changes in regulations.

ii. The Audit Committee appointed certified public accountants to audit the book for keeping shares registration and transaction records. The certified public accountants issued an Audit or's Report in accordance with applicable rules and regulations.

(II) Communication between Independent Directors and internal audit officer：

i. The revision of the "Internal Control Systems", "Internal Audit Implementation Rules" and " Statement of Internal Control" of the Company shall be submitted to the Board of Directors for resolution after the approval of the Audit Committee.

ii. The Auditing Office of the Company issues an internal audit report to the Independent Directors for review at regular intervals.

iii. The internal audit plans for the next year prepared by the internal auditing office will be submitted to the Board of Directors for resolution before the end of fiscal year.

iv. The Independent Directors and the internal audit officer shall communicate on the internal audit execution status and internal control operation status of the Company at least once a quarterly regular meeting. In addition to the audit report on the status of correction of defects and irregularities of internal control systems, the report shall be continued and follow up reminders to determine relevant units to take appropriate improvement measures in time.

(III) Communication and status between Independent Directors, CAP and internal audit officer in 2023：

Date	Communication Member	Content	Result
2022.03.09	Independent Directors： Chien, Chin-Chen Fang, Chen-Ming Lee, Chin-Chang CAP： Tien, Chung-Yu Fang-Ting, Yeh Auditor Officer： Jhang, Jing-Ping	Auditor's Report on 2022 Consolidated and Separate Financial Statements.	Understood. No other suggestions in this session.
		Report on the execution status of the Company's internal audit plan.	Understood. No other suggestions in this session.
		Statement of Internal Control for 2022. Reviewed	Reviewed and passed by the Audit Committee and the Board.
		Amendment of the Company's "self-assessment of its internal control systems"	Reviewed and passed by the Audit Committee and the Board.
2023.05.11	Independent Directors： Chien, Chin-Chen Fang, Chen-Ming Lee, Chin-Chang CAP： Tien, Chung-Yu Fang-Ting, Yeh Auditor Officer： Jhang, Jing-Ping	Report on the Company's 2023Q1 Consolidated Financial Statement.	Understood. No other suggestions in this session.
		Report on the execution status of the Company's internal audit plan.	Understood. No other suggestions in this session.
2023.08.10	Independent Directors： Chien, Chin-Chen Fang, Chen-Ming Lee, Chin-Chang	Report on the Company's 2023Q2 Consolidated Financial Statement.	Understood. No other suggestions in this session.

	CAP： Tien, Chung-Yu Huei-Yu, Hsu Auditor Officer： Jhang, Jing-Ping	Report on the execution status of the Company's internal audit plan.	Understood. No other suggestions in this session.
		Amendment of the Company's "sInternal audit implementation rules."	Reviewed and passed by the Audit Committee and the Board.
2023.11.09	Independent Directors： Chien, Chin-Chen Fang, Chen-Ming Lee, Chin-Chang CAP： Lin, Tzu-Yu Tien, Chung-Yu Auditor Officer： Jhang, Jing-Ping	Report on the Company's 2023Q3 Consolidated Financial Statement.	Understood. No other suggestions in this session.
		Report on the execution status of the Company's internal audit plan.	Understood. No other suggestions in this session.
		To formulate the Company's internal audit plan in 2024.	Understood. No other suggestions in this session.

(III) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and：

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the Company established and disclosed its own Corporate Governance Best Practice Principles？	✓		The Company passed the resolution of the Board of Directors on 2018.11.07 and set Principles of Corporate Governance, which was disclosed on the information reporting website designated by the securities authority and the Company's website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companie.
II. The Company's shareholding structure and shareholders' equity i. Has the Company set up internal operating procedures to handle shareholder proposals, doubts, disputes and litigation matters and followed the procedures？ ii. Does the Company have a list of its major shareholders and the ultimate controllers of the major shareholders？ iii. Has the Company established and implemented risk management and firewall mechanisms with its affiliates？ iv. Has the Company set up an internal standard to prohibit the insiders' use of private information to trade securities？	✓		i. The Company has established the parliamentary procedure for the Shareholders Meeting, and has established the system of spokesman and acting spokesman with the appointment of designated persons to handle investor relation, suggestions, queries, disputes, or litigations from the shareholders. A special section on investor relation has also been set up at the official website of the Company. Investors may liaise with the Company through this section or via E-mail. ii. The Company has commissioned an investor service agent to update the shareholders roster and the list of dominant shareholders at regular intervals of time for the proper control of the dominant shareholders of the Company and the ultimate controlling parties of these dominant shareholders.	Consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx. And the Company will reinforce the corporate governance of the Company incrementally.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
	✓		iii. The Company and its affiliates run the financial and business operation independent of one another with the institution of "Regulations Governing the Supervision of Subsidiaries", "Regulations Governing Financial and Business Matters Between this Corporation and its Affilliated Enterprises.", "Internal Control System", and "Internal Audit System" for the establishment of risk control among the affiliates and the firewall mechanisms. iv. The Company has institute " Procedures for Hand-ling Material Inside Information and Procedures for the Prevention of Insider Trading", "The Adoption of Codes of Ethical Conduct", "Ethical Corporate Management", and the use of undisclosed information for trading securities is not permitted.	
III. The composition and duties of the Board of Directors i.Has the Board mapped out its policy of diversity, substantive management objectives and properly pursued the policy and objective ?	✓		i. The Company pursues the policy of the diversity of membership of the Board properly, and sets the policy of the diversity of Board members under the "Corporate Governance Best-Practice Principles". It is preferable that the members of the Board shall include	In compliance with the Corporate Governance Best Practice Principles for

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
ii.Has the Company set up other types of functional committees voluntarily in addition to the Remuneration Committee and the Audit Committee according to law？ iii.Has the Company set up a performance appraisal method and an assessment method for the Board of Directors, conducted performance appraisal on a regular basis every year, submit the results of performance assessments to the Board of Directors and use them as reference in determining compensation for individual directors, their nomination and additional office term？ iv.Does the Company regularly evaluate the in-dependence of its certifying accountants？			without limitation to the following 2 standards in running the operation： 1. Basic conditions and values: gender, age, nationality, race and culture, etc. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. ii. The company established Sustainable Development Committee through the resolution of the Board on 2022.11.10. The Committee is mainly comprised of three independent directors who responsible for promoting and supervising the company's sustainable management policy. iii. The Company has instituted the "Rules for Performance Evaluation of Board of Directors" through the resolution of the Board on 2020.01.15. Performance evaluation was accomplished by the end of March in each year and submit the evaluation results to the board of directors。 iv. The Audit Committee of the Company evaluates the independence and competence of the independent	TWSE/TPEx Listed Companie.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			auditors regularly every year, and report the evaluation result to the Board. The last evaluation has been passed by the Audit Committee on 2024.03.07, and reported to the Board for finalization on 2024.03.07. We requested the independent auditors to provide the audit quality indicators (AQIs), and proceeded to evaluation in accordance with the standard set forth in Table 1. We have confirmed that there is no other financial interest and business relation between these independent auditors and the Company other than the payment for the financial auditing and tax auditing services and related certification. We also introduced digital audit tools lately to improve audit quality. The Independent Auditor Evaluation Sheet.【Form I】.	
IV. Has the TWSE/TPEx listed company have ana dequ-ate number of corporate governance personnel with appropriate qualifications, and appoint a chief corp-orate governance officer, responsible for corporate governance related matters (including but not limit-ed to providing the directors and supervisors with required information to carry out their business, assisting directors and supervisors with legal com-	✓		i. The Board of the Company resolved on 2023.11.09 to appoint the Finance Supervisor as the Corporate Governance Officer who have to execute and supervise corporate governance business of the Company and for mulate relevant operating guidelines. ii. Major function of the corporate governance officer： 1. Assist directors in complying with the law and regulations.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companie.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
pliance, handling corporate registration and change of corporate registration related matters and taking the minutes of board meetings and shareholders' meetings)？			2. Assist directors in coming to office and continue training. 3. Keep and compile the minutes of Board meeting and Shareholders Meeting on record. 4. Providing Directors relevant information for operations. 5. Handling Board of Directors and shareholders meetings. 6. Report to the board of directors the results of its review of whether the independent directors' qualifications comply with relevant laws and regulations at the time of nomination, election and during their term of office. 7. Handle matters related to director changes. 8. Others are performed in compliance with applicable legal rules of the government or as appointed by the Board iii. Performance of the Corporate Governance Body in 2023： 1.Handled matters related to the board of directors, shareholder meetings, and institutional investors'	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
			conference. Prepare relevant materials for the meeting punctually and assist directors in complying with the law and regulations. 2.Assisted directors in executing business and providing related information for operations, and arranged continuing education. 3. Conduct the annual "corporate governance evaluation" and assist related departments to comply with applicable legal rules and regulations promulgated by the competent authority 4.Timely disclosure of information in materiality and related announcement under law. 5.The training records of Corporate Governance Officer refers to【Form Ⅱ】.	
V. Has the Company established a communication channel with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up an interested party page on the Company's website, and responded appropriately to interested parties concerning important corporate social responsibility issues ?	✓		i. The Group has been listed at TWSE and the Emerging Stock Market, and has appointed a spokesman for communication with the stakeholders. ii. The Company set up the stakeholder area on the Com-pany website to provide detailed contact information for the dedicated personnel. Hence, the Company could properly respond to the issues that the stakeholders concern.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companie.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
VI. Does the Company appoint a professional stock agency to handle shareholders' meeting related affairs?	✓		The Company has commissioned the Investors Service Department of Yuanta Securities as the agent for providing investor service and share registration.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companie.
VII. Information disclosure i. Has the Company set up a website to disclose fin-ancial and corporate governance information? ii. Does the Company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the Company's corporate briefing process on the website, etc.)? iii. Has the Company publish and report annual financial report within two months after the end	✓		i. The Company has installed its official website with disclosure of financial and business information as well as information on corporate governance. The Company's website is: https://www.chunyu.com.tw/TW/index.aspx ii. The Company has a spokesperson and a deputy spokesperson. A dedicated person has been appointed in the President Office to collect and disclose Company information. iii. The company has announced and issued the annual financial statement (within three months), Q1, Q2, Q3 financial statement (within 45 days) and monthly operations (on the 10th day in each month) punc-	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companie.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
of a fiscal year, and publish and report financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline ?			tually in accordance with Article 36 of the Securities and Exchange Act. The Group and its separate subsidiaries are unable to disclose and declare the financial reports within 2 months after the end of the fiscal year.	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee 's rights, employee wellness, investor relations, supplier relations, stakeholders' rights, Directors and Supervisors training records, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the Directors and Supervisors of the Company) ?	✓		i. Employees' rights： 1.The Company holds Labor-Management Meetings as scheduled for proper communication and coordination of both sides. The Company also spares no effort in keeping labor-management harmony and assuring reasonable organizational structure of the enterprise and people first management with the setup of an employee mail box to hear the vices of the employees. In addition, the Company values the opinions and concerns for the needs of the employees on the systems and policies of the Company through random sampling for survey so that the	Consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx. And the Company will reinforce the corporate governance of the Company incrementally.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
			employees could have the channels for expression of opinions. 2.The company has established the welfare committee to promote various welfare measures, thereby improving work performance and optimizing the workplace environment. ii. Employee wellness: The Company has arranged health examination for all employees to care for their psychological and physical health. In addition, the Company also seeks to assure food safety and hygiene for the employees through the scrutiny of the food suppliers in their supply of food to the employees. Furthermore, the Company also conducts a survey questionnaire for the concern of the employees to keep positive communication. Also, the counseling personnel could also provide both advice and care when employees face difficulties with work or life iii. Investor relations: The Company has established the Share Registrar function and the spokesman system. The Company will continue to enhance information transparency	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			further to the routine disclosure of vital information on the operation. In addition, the Company also established the feedback mechanisms for the investors to express opinions and give comments. iv. Supplier relations: The very purpose of the Company in outsourcing for purchase is the creation of a fair competition environment for trading, and cultivates positive partnership relation with vendors on the basis of supplier evaluation. v. Social relation: The Company complies with applicable legal rules of the government and the rules and regulations governing ethical corporate management, and also values the topics on environmental protection in the direction of economic development, advocacy of green industry and regenerated energy. In addition, the Company also pays close attention to social issues, to implement ESG. vi. The implementation of continuing education for Directors：For additional information, visit the MOPS website.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies " and Reasons
	Yes	No	Abstract Illustration	
			vii. Risk management policy and implementation： The Company designs its audit plan in accordance with applicable legal rules and the internal control regulations to monitor, control, and follow up with matters of related risks. viii. Implementation of Customer Policy: The Company seeks to provide customers with products of high p/p ratio and good quality. Through the customer service hotline, onsite visit, and post-sale service, the Company seeks to understand the needs of the customers in order to upgrade customized services and meet the expectations of the customers. ix. The company purchases directors' and officers' liability insurance: The Company has taken liability insurance for the protection of the Directors and Supervisors since 2016.12.01, and arranges for policy renewal at the end of each year.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	

(IX)Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved：

The Company participated in the 9th Corporate Governance Evaluation in 2023.The following is a description on improvements the Company has undertaken, and the prior reinforcement of matters and measures：

Category	Evaluation Indicator	Improvement Status
Items Improved	No. 1.1： Has the Company report to the Shareholders Meeting in regular session on the remuneration to the Directors, including the remuneration policy, the content and amount of remuneration to individual Directors?	The Company will include the report on remuneration to the Directors in 2023 in the 2024 Shareholders Meeting in regular session.
Items Improved	No. 1.2： Has the Company instituted documented rules governing the financial and business transactions between the Company and the related parties, and the content of which has covered purchase and sale, the procedure for the acquisition or disposal of assets, and the requirement of reporting to the Board for resolution on material transactions and presenting to the Shareholders Meeting for approval or reporting?	The Board of the Company has resolved to institute the "Regulations Governing Financial and Business Transactions with Related Parties" and posted at the official website of the Company.
Items Improved	No. 1.6： Will the Company call for the regular session of the Shareholders Meeting by the end of May?	The Shareholders Meeting of the Company has convened in regular session on May 26 2023.
Items Improved	No.3.13： Will the Company voluntarily disclose the information on the remuneration to each Directors?	The Company has disclosed the information on the remuneration to each Director in the 2023 Annual

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Report. Refer to the 2023 Annual Report for detail.	
Items Improved	No. 3.21： Will the Company voluntarily disclose the remuneration to the President and each Vice President?		The Company has disclosed the information on the remuneration to the President and each Vice President in the 2023 Annual Report. Refer to the 2023 Annual Report for detail.	
Improvement And Measures Set as a Priority	No. 2.23： Has the Regulations Governing the Evaluation of Board Performance been passed by the Board with the requirement of external evaluation conducted once every 3 years explicitly stated therein? Is the information on the evaluation, and pursuit of evaluation and result of evaluation in the year of evaluation or the evaluation over the last 2 years available at the official website or the annual report of the Company?		The Company will conduct external evaluation in 2024.	
Improvement And Measures Set as a Priority	No. 4.18： Has the Company disclosed information on the state of governance, strategy, risk management, indicators, and goals pertinent to climate-related risk and opportunity under the Task Force on Climate-Related Financial Disclosures (TCFD) framework?		The Company will disclose TCFD related information in the 2024 Sustainability Report and official website of the Company.	

【Table I】CPA Independency Evaluation Sheet

Evaluation Item	Yes	Mo
1. CPAs are free of any direct and indirect financial interest with the Company.	V	
2. CPAs are not in any borrowing or guarantee arrangement with the Company and directors/supervisors of the company.	V	
3. CPAs remain unaffected by the risk of customer loss while performing audits.	V	
4. CPAs are not in a close business or potential employment relationship with the company.	V	
5. CPAs do not charge any contingent fee relating to the audit.	V	
6. CPAs or members of the audit team are not or were not within the last two years a director, supervisor or officer of this Company or involved in any duty that will substantially affect the audit.	V	
7. The non-audit service provided by CPAs does not contain important items with direct impact on the audit.	V	
8. CPAs do not promote or sell the stock issued by this Company or other	V	

securities.		
9. CPAs do not defend for this Company or represent this Company in conflict mediation with a third party.	V	
10. CPAs are free of any relationship with the Company's directors, supervisors, officers, or any staff having significant influence on the audit.	V	
11. CPAs do not have partners who are directors, supervisors, officers, or any staff having significant influence on the audit of this Company within one year after resignation from the firm.	V	
12. CPAs do not undertake regular work duty at the Company or receive fixed salary from the Company.	V	
13. CPAs are not involved in the management of this Company's decision-making.	V	
14. CPAs are reappointed at least once every 7 years as of the most recent audit.	V	
15. CPAs are free of penalties and occurrences that may compromise independence so far.	V	

【Table II】Education status of the corporate governance officer：

Title	Name	Date	Organizer	Name of Course	Education Hours
Corporate Governance Officer	Chou, Bo-Wei	2023.08.10	Taiwan Corporate Governance Association	Industry 4.0 and Initiation of the Industrial Sector in Innovation and Transformation	3
		2023.08.17	Taiwan Investor Relations Institute	Controlled Foreign Corporations & Global Anti-Tax Avoidance	3
		2023.08.23	Securities and Futures Institute	Directors and Supervisors in the Monitoring of Corporate Risk Management and Crisis Management	3
	Yang,Chien-Yi	2023.11.09	Taiwan Corporate Governance Association	ESG New Economy and New Opportunity for Corporate Transformation	3

(IV) Component And Operation Status of Remuneration Committee

i. Remuneration Committee Member Information：

Identity / Criteria	And Name	Professional Qualification and Work Experience	Independence Criteria	Number of other public companies in which the individual is concurrently serving as an independent director
Independent Director（convenor）	Fang, Chen-Ming	An Independent Director of the Company. For additional information, refer to P.23 on disclosure of the professional designation and status of independence of Independent Directors.	An Independent Director of the Company. For additional information, refer to P.23 on disclosure of the professional designation and status of independence of Independent Directors.	Nil
Independent Director	Chien, Chin-Chen	An Independent Director of the Company. For additional information, refer to P.22 on disclosure of the professional designation and status of independence of Independent Directors.	An Independent Director of the Company. For additional information, refer to P.22 on disclosure of the professional designation and status of independence of Independent Directors.	1
Independent Director	Lee, Chin-Chang	An Independent Director of the Company. For additional information, refer to P.24 on disclosure of the professional designation and status of independence of Independent Directors.	An Independent Director of the Company. For additional information, refer to P.24 on disclosure of the professional designation and status of independence of Independent Directors.	Nil

ii. Remuneration Committee Operation Status：

1. The current number of members：Three people.
2. Duty of Remuneration Committee：
   (1) Evaluate and monitor the remuneration to the Directors and Managers of the Company.
   (2) Periodically reviewing remuneration committee charter and making recommendations for amendments.。
3. Current member's tenure：2022.06.30 to 2025.06.21. In 2023 the Remuneration Committee held four meetings (A), and the mem ber qualifications and attendance are as follows：

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Fang, Chen-Ming	4	0	100%	Convenor.
Independent Director	Chien, Chin-Chen	4	0	100%	
Independent Director	Lee, Chin-Chang	4	0	100%	

Other items required for reporting：

I. If the Board of Directors did not adopt or amend the suggestion of the Remuneration Committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company's handling of the suggestion of the Remuneration Committee (if the remuneration passed by the board is better than the suggestion of the Remuneration Committee, please state the difference and the reasons)：None.

II. If any member had objections or reservations about the resolution of the Remuneration Committee and there is a record or a written statement, please indicate the date and session number of the Remuneration Committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled：None.

III. The operation Status of Remuneration Committee during the most recent fiscal year：

Remuneration Committee	Contents	Result	The Company's response to the Remuneration Committee's opinions
2023.01.12 The 3th meeting of the 6th term	Motion for the release of the year-end bonus in 2022	Passed by committee members in session in common consent and reported to the Board for final approval.	Passed by the Directors in session in common consent.
2023.03.09 The 4th meeting of the 6th term	Motion for the remuneration to the Directors and employees in 2022.	Passed by committee members in session in common consent and reported to the Board for	Passed by the Directors in session in common consent.

	The company's personnel promotion and salary suggestions.	final approval.	
2023.08.10 The 5th meeting of the 6th term	Motion for the remuneration to the Directors in 2022.	Passed by committee members in session in common consent and reported to the Board for final approval.	Passed by the Directors in session in common consent.
	Motion for the remuneration to the managers in 2022.		
	Set the amount of monthly traveling allowance and subsidy for attending committee meetings for the functional committees.		
	Appointment case of Vice President		
2023.11.09 The 6h meeting of the 6th term	The company's personnel salary suggestions.	Passed by committee members in session in common consent and reported to the Board for final approval.	Passed by the Directors in session in common consent.
	Appointment case of subsidiary general manager		

(V) Component And Operation Status of Sustainable Development Committee

1.Sustainable Development Committee Operation Status：

(1)The current number of members：Three people.

(2)Duty of Sustainable Development Committee：

①Advocate and reinforce the organization and system of corporate governance.

②Map out the sustainable development strategy and supervise the schedules of the projects.

③Educate and materialize the works on ethical corporate management.

④Establish ad hoc task force to coordinate human resources allocation among the functional departments.

⑤Administer and supervise matters of corporate governance and risk management.

⑥Carry out the assignments given under the resolution of the Board.

(3)Current member’s tenure：2022.11.10 to 2025.06.21. In 2023 the Sustainable Development Committee held two meetings (A), and

the member qualifications and attendance are as follows：

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Chien, Chin-Chen	2	0	100%	Convenor.
Independent Director	Fang, Chen-Ming	2	0	100%	
Independent Director	Lee, Chin-Chang	2	0	100%	

(4)The dates of meetings, contents of motion, resolutions of the Sustainable Development Committee during the most recent fiscal year and the Company's response to the Sustainable Development Committee's opinion:

Date	Content	Handling of the Opinions
2023/08/10 The 1th meeting of the 1th term	Organizational structure and division of labor plan of Sustainable Development Committee	No other opinions at this meeting
2023/11/09 The 2th meeting of the 1th term	Signed a letter of intent for cooperation with Kaoyuan University of Kao Yuan University	No other opinions at this meeting

(VI) The pursuit of sustainable development and Variation from the Sustainable Development Best Practice Principles of TWSE-Listed and TPEx-Listed Companies and the reason：

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
I. Has the Company built up a governance framework for the advocacy of sustainable development, and established a full-time (part-time) body for the advocacy of sustainable development led by a senior officer with the authorization of the Board and under the supervision of the Board？	✓		(I)The Board of the Company resolved on 2022.11.10 to institute the Sustainable Development Committee Organization Code and the establishment of the Sustainable Development Committee. This committee is staffed by Independent Directors and the General Manager and senior executives of the departments are authorized to supervise the function of the committee in concerted effort in the advocacy and monitoring of the sustainability policy of the Company. (II)The Sustainable Development Committee of the Company convenes at least twice a year, and is responsible for the study and design of the corporate governance system and policy, the action plans for corporate governance with regular reporting to the Board. (III)The Company will introduce or adjust related internal rules and regulations and organizations as dictated by applicable legal rules and the actual situation of operation.	No significant difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies And, the Company will reinforce the Sustainable Development of the Company incrementally.

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
II. Has the Company conducted assessment on the risks inherent to the operation environment, social context, and issues of corporate governance under the principle of materiality, and mapped out the risk management policy or strategy ?	✓		(I) The content disclosed in the Annual Report covers the information on corporate management, environmental protection, social participation and the state of implementation, and the result. Disclosure outside the organization includes the supply chain and vendors, client, Community, Investors and government. The Company identified the material topics of sustainability in accordance with the GRI Standards (sustainability reporting standard), and the AS 1000 SES stakeholder engagement under the principles of identification, analysis, confirmation and impacts as the foundation for the design of the sustainability stra -tegy of the Company. (II) For more analysis of relevant major issues, please refer to the ESG Report of the Company.	No significant difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies And, the Company will reinforce the Sustainable Development of the Company incrementally.

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
(III) Environmental issues i.Has the Company established an appropriate environmental management system according to its industrial characteristics ? ii.Has the Company made effort in upgrading energy efficiency and using regenerated materials for mitigating the impact on the environment ? iii.Is the Company aware of the impact of climate change on its operations, and has it implemented greenhouse gas checking and developed a strategy for reduction of energy consumption and carbon emission as well as greenhouse gas reduction ? iv.Has the Company kept statistical data on the greenhouse gas emission volume, water consumption capacity and weight of solid wastes and made policies on energy saving and carbon reduction, greenhouse gas reduction, efficient use of water or the management of solid wastes ?	✓		(I) Environmental management： i. The Company introduced the ISO 14001:2015 environmental management system and accredited with the OHSAS 18001 system, and successfully converting to ISO 45001 in 2021. (Period of Validity：2024/04/16-2027/03/25) ii. The Company made effort in environmental protection, prevention of pollution, establishment of the EHS Office on the basis of ethical corporate management and in conformity with applicable legal rules of the government in order to establish related procedures and rules for operation safety to avert occupational hazards. (II) Energy, Resource Management： i. The Company will continue to advocate and bolster energy saving and carbon reduction and circular economy and proceed with cross-factory integration for enhancing the efficiency of energy and resource use.	No significant difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies And, the Company will reinforce the Sustainable Development of the Company incrementally.

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
			ii. The Company has set up the facilities for the treat-ment of waste sulfuric acid and water pollutants and provided solutions for the industry in hand- ling solid wastes and pollutants to achieve the goal of environmental protection. (III) Greenhouse Gas Management： In responding to the issue of global climate Change the Company has established a sustainable deve-lopment committee in 2022 and set up a sustainable environmental development team to assist the Com pany in formulating relevant policies. With the use of the TCFD risk analysis framework as the stand-ard for evaluation to calculate possible financial im-pact caused by climate change, and proposed re-lated management plans. (IV) Water Consumption, Solid Waste Management： The Company compiled statistical data on the em-ission volume of greenhouse gas, water consum-ption volume, and total weight of solid waste. For additional information and the policy, refer to VII	No significant difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies And, the Company will gradually implement the measures of climate change

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
			on “other important information that helps to understand sustainable development in action.”, the ESG Report and the website of the Company.	

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
(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？ (II) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly？ (III) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees？ (IV) Has the Company developed an effective training program for employees？ (V) Regarding customer health and safety, customer privacy, marketing and labeling of product and services, has the Company complied with applicable legal rules and international standards	✓		(I) In order to guarantee the human right of employees, the Company complies with relevant employment relations acts such “UN Universal Declaration of Human Rights”, “The United Nations Global Compact ”, “ILO Convention”, to formulate and implement relevant management systems and procedures. (II) The Company has established the Employee Welfare Committee as required by law and implemented the pension fund system, and also gives reward and bonus to the employees in line with the business performance of the Company. For information on the benefit policies, visit the official website of the Company. (III) For many years, the Company based on the result of assessment of the impact on the environment and risk on safety to set up workplace in conformity to related legal requirements, and provide training on environmental protection, occupational health and safety regularly or irregularly, and provide the health inspection.	In compliance with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companie

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
(VI) Did the Company formulate supplier management policies and require suppliers to follow relevant standards on environmental protection, occupational safety and health, or labor rights, as well as specify the implementation process？	✓		(IV) Staff Training Program： i. New employee orientation： Practical training is designed with the orientation for new employees for their easy adaptation to the new working environment. Through the training, they can learn about the organization and rules and regulations, remuneration and benefits system of the Company. Designated personnel were appointed to supervise the new employees and assist them to adapt to the content of the duties. ii. The Company spares no effort in collaborating with academic and professional institutions, and design related training on the basis of the corporate operation strategy, and corporate management objective to bolster the knowledge and skills of the employees. iii. Job Rotation： The Company seeks to upgrade the work experience and skills of the employees through	

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
	✓		cross-function, cross-specialization and overseas rotation in order to strengthen their competitive power, which in turn helps to fortify the overall operation of the Company. (V) The Policy Of Client Management： i. Since most of the products produced by the Company are not directly sold to general consumers, marketing products and services comply with relevant laws and international standards. To protect customer privacy, the Company has established the “Personal Data Management Procedures” to strictly limit the use and control on any queries into personal data. In order to understand the valuable opinions of customers, the Company has clear-ly defined the customer complaints pipeline as well as return and compensation application proce-dures etc., which provide a wide array of channels for communication, appoint designated personnel to aggregate and respond to the issues appoint designated personnel to aggregate and res-	

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
	✓		pond to the issues. ii. The Company holds special topic meetings at regular intervals to review the opinions and problems of the customers and map out corrective action plans. (VI) The Policy Of Supplier Management： i. The Company has made policies for the management of suppliers for ensuring that cooperative suppliers (vendors) can continuously improve operating procedures and comply with the principles of fair trade to reduce operational risks. ii. For the preservation of public interest, the Company explicitly stated in the agreements with the suppliers of its right to terminate the agreements at any time and claim for the damage in case of cheating of the suppliers.	

Item of implementation	Status of implementation			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Abstract Explanation	
V. Did the Company follow internationally recognized guidelines in preparing and publishing reports; i.e., Sustainability Report to disclose non-financial information about the Company ? Did the Company hire a third-party verification or assurance provider for such reports ?	✓		The Company compiles its Sustainability Report in accordance with the GRI standards and the directions and framework under the standard. Also, exposes the Company's main sustainability issues, strategies, goals, objectives, and measures.	No significant difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies. The Company will pursue third-party accreditation.

VI. Where the Company has established its own Best Practices on sustainable development according to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any differences between the prescribed best practices and actual implementations taken by the Company：The company has formulated the "Organizational Regulations of the Sustainable Development Committee" to set up a sustainable development committee to assist the overall operation of the Company. Although the Company's practice has been slightly revised, the established code and the "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" comply with the same spirit. For the operation of the Company's sustainable development, please refer to the ESG Report and the website.

VII. Other important and helpful information in understanding sustainable development operation：

(I) Environmental Safety and Health Policy：

i. Conduct routine inspection on greenhouse gas emission and advocate the prevention of pollution.

ii. Create a supply chain of circular economy.

iii. Review control of source to achieve pollution prevention regularly, etc.

iv. Implement hazard identification and risk assessment to ensure workplace safety and a healthy working environment, and prevent occupational accidents.

v. In order to enhance employees' awareness of industrial safety and health and implement the concept of environmental protection, the Company will hold education and training. The performance in education and training of industrial safety and health awareness in 2023：

Training Category	Actual number of courses	Training Hours	Number of Trainees
Prevention of Occupational Hazards and Diseases	1	2	14
Implementation of the Base Year for GHG inspection and advocacy of waste reduction and pursuit of anti-pollution	2	1	12
Strengthening of the In-House Self-Defense Fire Fighting Capacity of the factory	2	2	16

Strengthening of the ability of personnel in the legal aspect of environmental protection	2	2	4
Enhancement of the awareness of the employees in environmental protection	1	2	4
Assuring occupational safety and health at workplace, and prevention of occupational hazards and diseases.	5	3	635
Pursuit of environmental protection and establishment of pollution risk indicators	1	2	34
Advocacy of the energy efficiency	1	1	4

vi. Execute management system of industrial safety and health, and establish complete operating procedures.

vii. When developing products and investing in business, the Company will give priority to the safety of working environment and ecological impact.

(II) Environmental Conservation：

i. Chun Yu is the only firm among its industry peers which has established an acidic wastes recycling plant for the sustainable use of resources. The following shows the performance of the total weights of wastes and the recycling for treatment of acidic wastes over the last 2 years：

1. Waste Disposal：

Unit：mt

Year	Waste Acid	Sludge	Total Weight of Waste
2023	4,777.81	1,530.04	6,307.85
2022	7,907.86	1,595.05	9,502.91

2. Performance of recycling acidic wastes：　　Unit：mt

Year	Gross Weight	Reuse	Outsourcing	Recycling Rate
2023	4,777.81	4,360	417.81	91%
2022	7,907.86	6,900.00	1,007.86	87%

ii. Chun Yu has installed wastewater treatment facility in 1990, and release the water after treatment into the water body of the natural environment for the sustainable use of water resources. The following shows the performance of the total weight of wastewater over the last 2 years：

Wastewater Treatment：　　Unit：mt

Year	Wastewater Emissions	The Recycling Volume of Water	Recycling Rate
2023	120,502	26,735	22.18%
2022	166,562	42,322	25.41%

iii. Chun Yu commits its effort to improve the efficient use of energy with a view to reducing the emission of greenhouse gases with the help of the inspection result and mitigate global warming. The following shows the emission of green-house gases over the last 2 years by volume：

Greenhouse Gas Emissions：　　Unit：mt

Year	Category 1 Direct Emissions	Category 2 Indirect Emissions	Category 3 Transportation	Category 4 Product	Total
2023	15,337	17,961	2,953	258,713	294,964
2022	19,821	19,412	5,145	409,055	453,434

Note：

(II)The Company has been verified by a third-party verification in 2022.

(III)Category 3 only provides existing data in 2023.

(III)Folk Culture：

Taiwan is known as the kingdom of screws where 70% of the screws made in Taiwan are concentrated at Gangshan District. As such,

Kaohsiung City Government proposed the construction of a screw museum of Taiwan to exhibit the development of the screw industry of Taiwan and the record of screw production. Chun Yu seeks to feedback to the local community by providing narrative history, production process of screws, and exhibition of cultural objects with a view to keeping the root of the screw making industry in Taiwan while telling the whole world of the achievement.

(IV)Charitable event：

The Company has donated NT$30,000,000 to Taiwan Steel University of Science and Technology in supporting the national policy of education for the effective improvement of the competitive power of the domestic fastener industry and the support of research and development innovation and filling the human resources gap in industrial development.

(V)Other Matters：For more details, please refer to the company's ESG Report.

VIII. Climate-related information on TWSE/TPEx Listed Companies

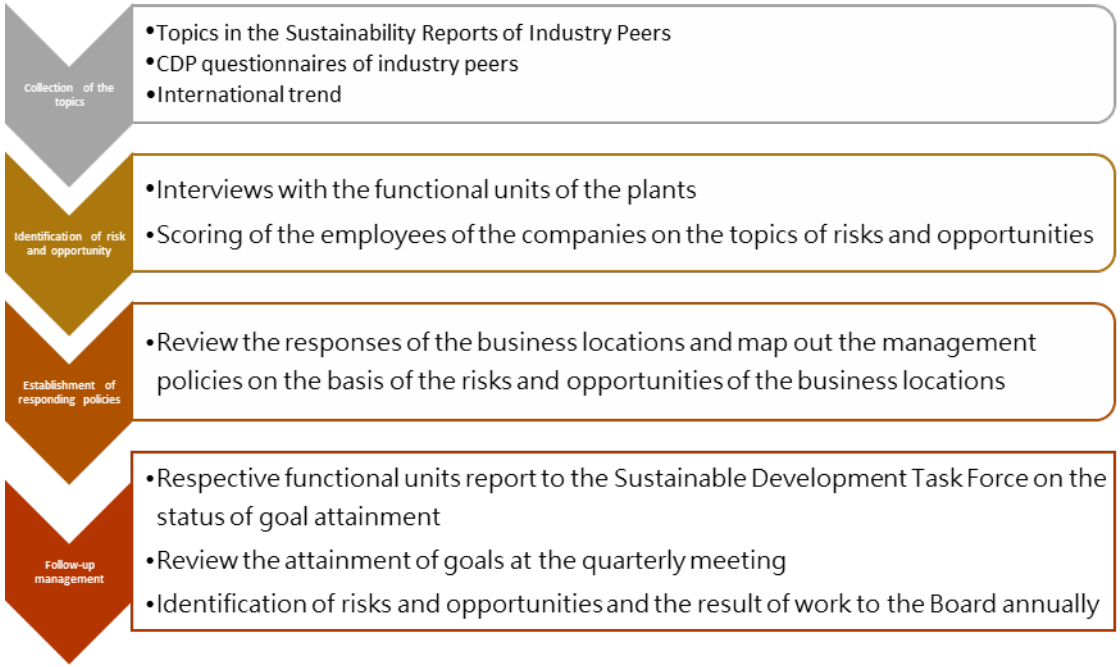
1 The pursuit of climate-related information

Item	Execution situation
1.Specify the monitoring and governance of the Board and the management on climate-related risks and opportunity.	The Board is the supreme body of climate governance in the Company, and is responsible for the advocacy, decision-making of climate-related policies. It also plays the role of supervisor of all actions pertinent to climate-related matters. The Board plays a critical role in deciding the commitment and goals related to climate, and discusses the latest trend of the risk and opportunity deriving from climate development from time to time so as to map out the overall strategy of the group to tackle with key climate risks to keep corporate sustainable development stable. The Company has established the Sustainable Development Committee (a functional committee under the direct supervision of the Board) in 2022 to fortify the management and ability to identify climate-related risks and opportunities. This committee is seated by Independent Directors under the supervision of the Board. A convenor is elected under the nomination of the members. The committee convenes at least twice a year to discuss topics on key climate-related risks and opportunities, review the result of the pursuit of the sustainability strategy and projects, and report the findings to the

	Board. The Sustainable Development Committee is responsible for assisting the Board in decision-making of climate risk management policy and the pursuit of related goals, and review the plan in response to climate risks and the result of implementation by the “Sustainable Environment Development Team”. The committee also assists the supervision of the goals of the Company and the plant sites set in response to climate change and the result of the action plans, communication, and integration of all resources of the group pertinent to climate governance.
2. Specify the ways identified climate-related risk and opportunity affect the business, strategy and financial performance of corporations (short, mid, and long-term).	Material topics of the Company on climate-related risks and opportunities from the short-term to long-term in 2023: (1) Risks 1. Short-term risks: 1-1 The upward adjustment of GHG emission price will push up the cost of operation. In 2023, the government charged the corporations in Taiwan with annual carbon emission of more than 25,000 tons a carbon fee for the first time under the Climate Change Response Act. Chun Yu is on the list of the fee payment and also regulated by new laws governing carbon fees and related taxes (e.g.: the CBAM of the EU, and the CCA). As such, the cost of operation was up. 1-2 The cost of carbon technology transformation will pushy up the cost of operation. In responding the low carbon development trend, the Company spares no effort in the research and development of frontier technology, which in turn pushed up the cost. 1-3 The change in consumer (customer) behavior will hamper revenue. Climate change and the increasing awareness of the change give risk th a change in the preference of the customers over products, which may cause a change in the purchase policy in response to the

	policy and trend of carbon reduction. 2. Mid-term risks: 2-1The severity of extreme weather like tropical storms and floods also pushed up the cost of operation. Extreme weather (tropical storms, floods, torrential rain) inflicted damage to the plant sites and interrupted the operation. The cut off of material supply cause the discontinuation of production. The damages to roads or other climate problem caused interruption of road traffic and marine transport that shipment cannot be affected as scheduled. Disasters of this kind will intensify the risk of discontinuation of operation to the Company. (2) Opportunities 1. Mid-term opportunity 1-1The use of high efficiency production and distribution process will help to cut down production cost The research and development of production technology with carbon efficiency will help to bolster production efficiency and achieve the production goal of energy saving, which in turn will cut down the cost of production. 1-2. The use of low carbon energy items will help to bring in revenue The key smith forging equipment of the plant (heat processing range) for the time being is fueled by natural gas and LPG as the heat source, which is the type of fuel that emit a lower percentage of carbon in combustion. The Company will continue to respond to the demand for low carbon in market for better opportunity of product sale and higher revenue. 1-3 Development or addition of low carbon goods and services will help to bring in revenue. The Company launches low carbon products to align with the trend of environmental protection of

	the customers. In the future, the Company will seek to achieve carbon footprint accreditation of its products, and will support the trend and applicable laws in full effort to respond to market need, bring in better opportunity of product sale and higher revenue.
3.Specify the effect of extreme climate incidents and action of transformation on financial position	Extreme weather (tropical storms, floods, torrential rain) inflicted damage to the plant sites and interrupted the operation. The cut off of material supply cause the discontinuation of production. The damages to roads or other climate problem caused interruption of road traffic and marine transport that shipment cannot be affected as scheduled. Climate-related disasters of this kind will intensify the risk of discontinuation of operation and impact the actual financial position of the Company.
4. Specify the identification, assessment, and management process of climate-related risks, and the integration into the overall risk management system.	For getting the grip of the critical climate-related opportunity and risk to the Company, the Sustainable Development Committee gather information on the Sustainability Reports of the industry peers and topics on risks and opportunity in the CDP climate questionnaire at regular intervals every year, and convenes with the ESG task force at regular intervals. The Sustainable Environment Development Team will collect information on climate-related risks from the plant sites and the functional departments, and conduct interviews with relevant functional units on climate-related topics, the intensity of the impact, and possibility of occurrence. The views of the the departments will be taken into consideration as reference for identifying key climate-related risks and opportunities to the Company of the year. The findings will be reported to the Sustainable Development Committee for discussion, and finalized by the Board for mapping out the strategy of the group. The identification of the risks and opportunities deriving from climate change was made by related function heads in consideration of the current state of operation and available resources to the Company and targeted at significant risks items for customizing substantive, workable and effective risk management policy addressing to the risks deriving from climate change. The Company has

	incrementally kicked off the strategy and actions addressing to climate change, including the low carbon and energy saving policy, GHG inspection and recycling and reuse of energy in order to sort out the opportunity for energy saving and carbon reduction of the enterprises among all products. In the future, the Company will plan for the influence on the financial position in concrete term for the effective control of the impact inflicted by climate change. 
5. Evaluate the resilience in response to the risk of climate change under scenario analysis, specify the scenarios,	None

parameters, hypothesis, factors of analysis and the major influence on financial position.	
6. If there is a transformation plan addressing to the management of climate-related risks, elaborate the plan and related indicators and goals for the identification and management of risks and the risk deriving from transformation.	None
7. If internal carbon pricing is adopted as the planning tool, specify the basis of the pricing system.	None
8. If climate-related goals have been set, explain the activities covered, the scope of GHG emission, and the schedule and the annual attainment level. If carbon offset or renewable energy system certificate (RECs) was adopted to achieve related goals, specify the sources of the carbon offset limit and quantity and the quantity under RECs.	None

9. GHG inspection and assurance, and the goals, strategy, and action plans of carbon reduction (Fill in form 1-1 and 1-2)	Assurance of GHG emission by volume in 2023 is shown in the table below.

1-1GHG inspection and assurance of the Company in the last 2 years

1-1-1 Information on GHG inspection

Specify the emission volume (CO_2e in metric ton), the density (Metric ton of CO_2e/million dollar) of of GHG in the last 2 year and the scope of the data.

Item	2022		2023	
	emission volume (CO_2e in metric ton)	density (Metric ton of CO_2e/million dollar)	emission volume (CO_2e in metric ton)	density (Metric ton of CO_2e/million dollar)
Scope 1: Direct Emission	15,337.5579	53.84	13,215.5833	96.08
Scope 2: Indirect emission	17,961.9560		15,875.1995	
Scope 3: Other kinds of emissions	261,667.2930		295,865.2790	

Note 1: Direct emission volume (Scope 1, from all emission sources owned or controlled by the Company), emission volume from energy sources (Scope 2, GHG emitted from indirect sources like power supply, heat or steam), and other indirect sources of emission (Scope 3, emission deriving from corporate activities beyond energy sources, from the emission sources owned or controlled by other companies).
Note 2: The scope of the data on direct emission and emission from energy sources shall be subject to the schedule under Paragraph 2 of

Article 10 under this standard and the emission volume could be disclosed voluntarily.

Note 3: GHG Inspection Standard: the Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 released by the International Organization for Standardization (ISO).

Note 4: The density of the volume of GHG emission shall be calculated by unit product/service or business revenue but the data for the calculation of revenue (in TWD million) shall be specified.

1-1-2 Information on GHG assurance

Specify the status of assurance in the last two years to the day this report was printed, including the scope, accreditation institution, and standard of assurance, and opinions on assurance.

Item	2022	2023
Verification Content	●EPA Plan: Reasonable assurance level for Scope 1 and Scope 2. TAF & DNV Plan: The planning and conduct of verification and validation of GHG emission will be based on the assurance levels of the emission sources of all types of GHG and the level of assurance required under the GHG plan and the expectation of the users in the emission. At the planning stage of this plan, Scope 1 and Scope 2 (type 1, 2) will be planned on the basis of the reasonable assurance levels. The result will be based on the supporting evidence obtained in the course of the implementation in order to grade the level. Type 3~6: inspection will be conducted in accordance with the agreed-upon procedure (AUP) of the parties. The assurance levels of all types of GHG emission sources is based on the GHG plan and the expected assurance grade of the users, and	●TAF&ARES Plan:The planning and conduct of verification and validation of GHG emission will be based on the assurance levels of the emission sources of all types of GHG and the level of assurance required under the GHG plan and the expectation of the users in the emission. At the planning stage of this plan, Scope 1 and Scope 2 (type 1, 2) will be planned on the basis of the reasonable assurance levels. The result will be based on the supporting evidence obtained in the course of the implementation in order to grade the level. Type 3~6: inspection will be conducted in accordance with the agreed-upon procedure (AUP) of the parties. ●Bottom line for verification:5%. ●The calculation of the volume of emission of all GHG emission sources of concerned on the site will be

	● Bottom line for verification:5% ●The calculation of the volume of emission of all GHG emission sources of concerned on the site will be subject to sampling under level 1 data chain (the record on total sampling of the concerned sources of GHG emission shall cover 100% of the emission volume). ●The remainder of the GHG emission sources will be subject to sampling on the original data (the record on total sampling of all GHG emission sources shall cover 30% of the emission volume). The emission volume of the total emission volume under verification must be able to prove the verification result entailing no actual error (greater than 95%).	subject to sampling under level 1 data chain(the record on total sampling of the concerned sources of GHG emission shall cover 100% of the emission volume). ●The remainder of the GHG emission sources will be subject to sampling on the original data (the record on total sampling of all GHG emission sources shall cover 80% of the emission volume). ●The emission volume of the total emission volume under verification must be able to prove the verification result entailing no actual error (greater than 95%. ●Accreditation by third party, TAF.
Scope of Verification	<table><tr><th>Standard</th><th>Code</th><th>Plant Name</th><th>Address</th></tr><tr><td>EPA Scheme DNV Scheme</td><td>S1601203</td><td>Chun Yu Works & Co., Ltd.</td><td>No. 100, Dabao Street, Gangshan District, Kaohsiung City</td></tr><tr><td>DNV Scheme</td><td>-</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 1</td><td>No. 77, Dabao Street, Gangshan District, Kaohsiung City</td></tr><tr><td>DNV Scheme</td><td>E1609697</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 2</td><td>No. 100-1, Dabao Street, Gangshan District, Kaohsiung City</td></tr><tr><td>DNV Scheme</td><td>E1609704</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 3</td><td>No. 100-2 Dabsao Street, No. 169, Xinle Street, Gangshan District, Kaohsiung City</td></tr><tr><td>DNV Scheme</td><td>-</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 5</td><td>No. 191, Xinle Street, Gangshan District, Kaohsiung City</td></tr><tr><td>DNV Scheme</td><td>E1609713</td><td>Chun Yu Works & Co., Ltd.-Jiaxing Plant</td><td>No. 279, Jiahua Road, Jiaxing Li, Gangshan District, Kaohsiung City</td></tr><tr><td>DNV Scheme</td><td>-</td><td>Chun Yu Works & Co., Taipei Office</td><td>No. 132, Section 3, Chengde Road, Datong District, Taipei City</td></tr><tr><td>DNV Scheme</td><td>-</td><td>Chun Yu Works & Co., Welfare committee</td><td>The first and second floors of No. 76, Lane 61, Xinzhong Street, Lixinzhong Street, Gangshan District, Kaohsiung City, the first and second floors of No. 78, and the first and second floors of No. 80</td></tr></table>	<table><tr><th>Standard</th><th>Code</th><th>Plant Name</th><th>Address</th></tr><tr><td>EPA Plan ARES ISO 14064-3:2019</td><td>S1601203</td><td>Chun Yu Works & Co., Ltd.</td><td>No. 100, Dabao Street, Gangshan District, Kaohsiung City</td></tr><tr><td>ARES ISO 14064-3:2019</td><td>-</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 1</td><td>No. 77, Dabao Street, Gangshan District, Kaohsiung City</td></tr><tr><td>ARES ISO 14064-3:2019</td><td>E1609697</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 2</td><td>No. 100-1, Dabao Street, Gangshan District, Kaohsiung City</td></tr><tr><td>ARES ISO 14064-3:2019</td><td>E1609704</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 3</td><td>No. 100-2 Dabsao Street, No. 169, Xinle Street, Gangshan District, Kaohsiung City</td></tr><tr><td>ARES ISO 14064-3:2019</td><td>-</td><td>Chun Yu Works & Co., Ltd.-Gangshan Plant No. 5</td><td>No. 191, Xinle Street, Gangshan District, Kaohsiung City</td></tr><tr><td>ARES ISO 14064-3:2019</td><td>E1609713</td><td>Chun Yu Works & Co., Ltd.-Jiaxing Plant</td><td>No. 279, Jiahua Road, Jiaxing Li, Gangshan District, Kaohsiung City</td></tr></table>

Accreditation Body	DNV Business Assurance Co., Ltd.	ARES International Certification Co., Ltd.
Accreditation standard	●ISO 14064-1:2018 ●Climate Change Response Act, Regulations Governing the Inspection and Registration of GHG, GHG Emission Volume Inspection Guide. ●Rules under the GHG Inspection Guide and GHG Emission Volume Information Platform of the Environmental Protection Administration ●Bottom line for verification: EPA Plan: ISO 14066:2011, ISO 14065:2013, ISO 14064-3:2006 TAF & DNV Plan: ISO/IEC 17029:2019, ISO 14065:2020, ISO 14064-3:2019	●ISO 14064-1:2018 ●Climate Change Response Act, Regulations Governing the Inspection and Registration of GHG, GHG Emission Volume Inspection Guide ●Normative reference of verification: EPA Plan: ISO 14066:2011, ISO 14065:2013, ISO 14064-3:2006 TAF & Ares Plan: ISO/IEC 17029:2019, ISO 14065:2020, ISO 14064-3:2019
Verification opinion	The procedure of the accreditation body in the verification process fully indicated that there is no substantial difference from the claim of Chun Yu in the emission of GHG. Preparation has been made in accordance with the standard of inspection under the protocol on the quantification of GHG, and the standard of monitoring and	According to the opinions of this review, the evidence results show that the greenhouse gas claims made by Chunyu Factory Co., Ltd. comply with the regulations, do not violate the material difference threshold of 8%, and meet the reasonable assurance level (category 1~2) and the limited assurance level (category 3-6) , the original

	testing, and reporting with fair presentation of the data on GHG and related issues.	inventory base year was 110, and its emissions were 451,927.442 tonCO2e. This inventory was due to the addition of category four raw materials.

Note 1: Proceed with the schedule stated in Paragraph 2 under Article 10 of this standard. If the Company cannot obtain the opinion from assurance by the day the annual report was printed, please specify that “complete information on assurance will be disclosed in the Sustainability Report”. If the Company has not yet compiled the Sustainability Report, specify “complete information on assurance will be disclosed at Market Observation Post Service website”, and disclose complete information on assurance in the annual report of the coming year.

Note 2: the assurance provider shall be conforming to the rules and regulations of Taiwan Stock Exchange Corporation and Taipei Exchange in the Sustainability Report Assurance Providers.

Note 3: For information on the content of disclosure, refer to the best practice principle examples posted at the official website of the Corporate Governance Center at Taiwan Stock Exchange Corporation.

1-2 The goals, strategy and concrete action plan of GHG emission reduction

Specify the base year of GHG emission reduction, related data and the goals, strategy, and concrete action plan of reduction, and attainment of the goals of reduction.
1. We set the base year in 2021and the standard annual emission volume is 451,927.442 tonCO_2e. 2. The reduction goals of the Company are set for the short-term, mid-term and long-term and the goals of reduction and strategy are specified below: (1) Short-term (1~3 years): Reduced by 6% in 2025 from the base year with carbon density down by 16%. (2) Mid-term (3~5 years): Reduced by 12% in 2030 from the base year with carbon density down by 30%. (3) Long-term (over 5 years):

Reduced by 21% in 2035 from the base year with carbon density down by 44%.

3. The strategy and concrete action plans for GHG emission reduction.
   (1) Assess the obsolete equipment at plant sites and budget for replacement with new equipment, enhance the efficient consumption of energy of the equipment at plant sites incrementally.
   (2) Assess the feasibility of installing photovoltaic panels at plant sites and reduce the purchase of electricity from external indirect pollution sources through the replacement with solar energy generated from the plants.
   (3) Adjustment in production management to avoid production at peak hours of power consumption.
   (4) Installation of smart meters at high power and high energy consumption equipment for energy control and check for production performance. Planning for the inception of the ISO 50001 energy management system for the efficient control of energy consumption.
   (5) Development of green packing, low carbon transportation tools (the use of electric fork-lift truck in the plants) in full effort for reducing carbon reduction to the demand of the customers.
   (6) Enhance the utilization rate of machines and reduce the use of purchased electricity from outside and assess for the use of green power in the future.
   (7) Enhancement of the reuse and recycling rate of solid wastes in plants (e.g.: dumped sulfuric acid, iron scraps, and dumped oil), study on the feasibility of circular economy and the turning of solid wastes into energy to achieve the goal of low carbon emission and cost down.
4. Attainment of the goals of GHG emission reduction
   The Company has started to follow the ISO 14064-1:2018 in GHG inspection since 2021 for the inspection of the emission volume of Type 1~4 GHG at the Gangshan Plant and Jiaxing Plant, and have been certified on the inspection result. In the 2023 GHG emission inspection (Types 1~4), the result was 295,865.2790 tons of CO_2e. Carbon emission in 2023 was reduced by 35% from the base year (2021) but the density of carbon emission was up by 1.16%.

Note 1: Proceed with the schedule as stated in Paragraph 2 under Article 10 of this standard.

Note 2: The base year shall be the year of completion of inspection at the boundary of the consolidated financial reporting. For example, Paragraph 2, Article 10 of this standard stated that, companies with capital of more than NT$10 billion shall complete the inspection of the consolidated financial report of 2024 in 2025 that the base year is 2024. If the Company has completed the inspection on the consolidated financial report ahead of schedule, the base year shall be one year earlier. In addition, the data of the base year could be the data of the single year or the mean value of several years in the calculation.

Note 3: For information on the content of disclosure, refer to the best practice principle examples posted at the official website of the Corporate Governance Center at Taiwan Stock Exchange Corporation.

(VII) Fulfillment of Ethical Corporate Management Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies：

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
I.Setting business Ethical Corporate Management policies and programs (I) Does the Company develop business integrity policies to be passed by the Board, and express its commitment to the policies and practices of Ethical Corporate Management in its regulations and in the external documents, and do the Board of Directors and the management actively implement the business policies？			(I) The company has formulated the "Ethical Corporate Management Best Practice Principles" and "the Adop -tion of Codes of Ethical Conduct". The board of directors and managers have signed the statement of integrity to proactively implement the commitment of integrity management and reveal it on the company's website besides the disclosure of "Ethical Corporate Management Best Practice Principles".	No significant difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies And, the Company will reinforce the integrity management system of the Company incrementally.
(II) Has the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly adopted precau -tionary measures in respect of business activities with a high risk of dishonesty and at least include preventive measure in Article 7 (2) of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies？	✓		(II) The Company seeks to regulate the conduct of business through the "Ethical Corporate Management Best Practice Principle" and the "Ethic Code of Conduct" with important notice specified, including the prohibition of availing or accepting unjustified benefit and political donation. In addition, all personnel of the Company shall explain to the counterparties of trade the ethical corporate management policy of the Company and related rules in business transactions, and explicitly refuse any direct or indirect offering, promise, request, or	

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
(III) Has the Company established action plans to prevent unethical conduct？Has the Company clearly prescribed procedures, code of conduct, punitive measures for violations and appeal systems within the said plan？Did the action plans be implemented accordingly？			acceptance of unjustified benefit in any form and in any mean. For the proper pursuit of the rules governing ethical corporate management, the Company provides education and training regularly in the year and has instituted and announced the regulations governing grievance redressing mechanism and reporting. For addition information, refer to the area of corporate social responsibility in the official website of the Company. (III) The Company promises to observe applicable legal rules of the government and business ethics and pursue its corporate social responsibility thereby instituted the "Ethical Corporate Management Procedure and Code of Conduct", the "Ethic Code of Conduct", and the regulations governing grievance redressing mechanism. If the complaint involves a Director or a senior executive, or entails material damage to the Company, the case will be presented the the competent authority of the Company and the Audit Committee and handled in accordance with the internal code of the Company and applicable laws. The aforementioned internal code will be reviewed regularly to meet actual need.	

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
II.Implementation of Ethical Corporate Management (I) Does the Company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the busin -ess partner？ (II) Has the Company designated an exclusively (or concurrently) dedicated unit reports its ethical business management policy, action plans to prevent unethical conduct, and implementation status of supervisory measures to the Board of Directors？ (III) Has the Company established policies preven- ting conflict of interests, provided proper chan- nels of appeal, and enforced these policies and channels accordingly？ (IV) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management？ Did internal auditors establish relevant audit plan to verify the status of compliance with un- ethical conduct prevention action plans based on the result of risk assessment on unethical	✓		(I) The contract signed by the Company for commercial activities is subject to the terms of good faith. Also, the Company conduct inquiries such as honesty in- vestigations for customers, suppliers, and other stake -holders. (II) The Board of the Company resolved to establish the Corporate Governance and Ethical Corporate Management Team in a session dated 2022.11.10. This team is under the direct coordination and supervision of the Sustainable Development Committee of the Board. The Corporate Governance Officer of the Company will support the execution and management of related activities in ethical corporate management. The Auditing Office will audit the activities at regular intervals for assuring the activities are justifiable and lawful. The advocating body of ethical corporate governance shall report to the Board at least once a year. (III) Implementation of Integrity Management 1. Integrity Policy： i.Rules of Procedure for Board of Directors Meetings：The Company’s standards for the Board of Directors meetings has clearly	No significant difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. The operation of the Sustainable Development Committee will be gradually revealed in 2023.

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
conduct ? Did the Company entrust audits to to a CPA ? (V) Does the Company regularly organize internal and external training for ethical corporate management ?			states that if Directors or the juridical persons they represented have a personal interest, they shall state the key aspects of the interest in the meeting. If their interest may prejudice ii.The policy of the avoidance of the conflict of interest explicitly states that Directors or managers of the Company shall handle Company business objectively and fairly, and shall not take advantage of the function performed for private interest. iii.The Company has instituted the “Regulations Governing the Reporting on Corruption” and established the channels for reporting to prevent illicit acts such as corruption and seeking private interest. The accused will be granted the opportunity for expressing opinion or complaint. (IV) The Company has established a viable accounting system and internal control mechanism, and proceed with management of nonconformity through operation procedure. In addition, the internal audit function will map out the annual audit plan on the	

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
			basis if risk assessment and conduct related audits. The audit findings will be gathered and reported to the Board. (V) The Company provides education and training for the Directors, managers, employees, appointees, and the de facto controlling parties at regular intervals. Other stakeholders will also be invited to participate. In 2023, the Company has provided training in topics on ethical corporate management (with briefing on the compliance with applicable laws governing ethical corporate management and strengthening corporate governance). There were 17 participants in the training by head count.	

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
III.Status for enforcing whistle-blowing systems in the Company (I)Has the Company established concrete whistle-blowing and reward systems as well as accessible whistle-blowing channels ? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle- blower ? (II)Has the Company established standard operating procedures (SOP) for whistleblowing cases, follow-up measures and relevant systems of confidentiality after the investigation ? (III)Has the Company adopted protection measures against inappropriate disciplinary actions for the whistle-blower ?	✓		(I)The Company has instituted the “Regulations Governing the Reporting on Corruption” and established the channels for reporting to regulate prohibited behavior, specify the channels for filing complaint, and related protective measures explicitly. The Auditing Office of the Company is responsible for answering to complaints and reporting the result of investigation to the Board. (II)The channels for reporting, handling procedure and the mechanism of confidentiality were explicitly stated in the “Regulations Governing the Reporting on Corruption” of the Company. The Company will handle the whistle blowers or the personnel involved in the investigation, and the investigation content in accordance with the regulations. (III)The mechanism for the protection of whistle blowers is explicitly stated in the “Regulations Governing the Reporting on Corruption” of the Company. The Company will protect the whistle blowers or the personnel involved in the investigation, and the investigation content,and strictly prohibit any form of unfair treatment or revenge against the honest whistle blower or personnel assisting in the investigation.	Comply with the requirements of the "Code of Integrity Management for Listed Overseas Companies".

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
IV.Improvement of information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS ?			The company has set up the Chinese website and disclosed relevant information such as integrity manage -ment on the website.	

Item of implementation	Status of implementation			Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	bstract Explanation	
V.If the Company has established the Code of Ethics and Business Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any deviations between the Code of Ethics and Business Conduct and their implementations: The Company has instituted the "Ethical Corporate Management Operation Procedure and Code of Conduct", and has posted it at the official website, with no significant variation from the "Ethical Corporate Management Best Practice Principle for TWSE and TPEx Listed Companies" VI.Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its principles of integrity) The Company duly observes the Company Act, Securities and Exchange Act, rules and regulations governing TWSE and TPEx listed companies, and other applicable legal rules, and will pay attention to the origins of related rules and regulations for the timely adjustment of the ethical corporate management policy of the Company.				

(VIII)If the Company has instituted the Corporate Governance Best Practice Principles and related rules and regulations, disclose the method for inquiry：

The Corporate Governance Best Practice Principles are disclosed at the official website of the Company.

(IX)Other important information to enhance the understanding of the corporate governance of the Company：

i. The company's important information is disclose at MOPS in accordance with the regulations.

ii. Directors' training status：For more details, please visit MOPS.

iii. Procedures for Handling Material Inside Information and Prevention of Insider Trading：

1. According to the “Procedures for Handling Material Inside Information and the Prevention of Insider Trade” with reference to the “Procedures for Handling Material Inside Information” announced by Taiwan Stock Exchange Corporation, related training and education should be arranged for the current Directors, Managers and Employees at least once a year. In addition, training should be organized for newly appointed Directors and Managers within 3 months after their assumption of office. Education should also be provided for the new employees in the orientation.
2. The Company has distributed the brochure to the Directors and managers on October 30 for 2023. The content covers the operation procedure for ethical corporate management, the code of conduct, and the procedure for processing of inside material information and the prevention of insider trade, and the corporate governance best practice principles. Education on insider trade and the response, and the causes of insider trade has been given to the Directors and managers in office for one hour with 9 participants by head count on November 9. In the training of the prohibition of insider trade, the Company reminds the Directors not to transfer their shares in holding in the period of 30 days prior to the financial reporting date and the period of 15 days for the closure for trading prior to the announcement of the quarterly financial report. In the education briefing on October 30 2023, the Company has informed the Directors of the rules under the corporate governance best practice principles:the Company shall institute related internal code for the protection of the rights of the shareholders and assuring fair treatment of all shareholders thereby prohibit the use of undisclosed

information in market for securities trade, including (without limitation to) the prohibition of securities transfer in the period of 30 days prior to the announcement of annual financial report and 15 days prior to the announcement of the quarterly financial report.

(X)Implementation of the internal control system

i. Internal Control Statement：

CHUN YU WORKS AND CO., LTD
Statement of Internal Control System

Date：2024.03.07

With respect to the results of the 2023 self-assessment of the internal control system, we hereby declare as follows：

I. We acknowledge and understand that it is the responsibility of our Board of Directors and officers to establish, implement and maintain an internal control system and we have already established such a system. The purpose is to fairly ensure the effect and efficiency of operations (including profitability, performance and security of assets); the reliability, timeliness and transparency of financial reporting; and the achievement of legal compliance.

II. There is a limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may vary as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.

III. Referring to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Criteria”), we judge the effectiveness of design and implementation of our internal audit system. With respect to the management control process, the Criteria divide an internal control system into five elements：a) control environment, b) risk evaluation, c) control operation, d) information and communication and e) monitoring. Each element in turn contains certain audit items, and the Criteria shall be referred to for details.

IV. We have assessed the effectiveness of design and implementation of our internal control system with such criteria.

V. With respect to the findings from the above assessment, we hold that the design and implementation of our internal control system (including the supervision and management of subsidiaries) as of 2023.12.31, were effective to achieve the above goals in terms

of the effect and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.

VI. This statement shall form an integral part of the Annual Report and the prospectus of this Company and will be disclosed to the public. If there is any fraud, concealment or unlawful practice found in the above contents, we shall be liable for the legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement of declaration was approved unanimously by the Board Meeting on 2024.03.07 with the presence of eight dir -ectors attending the meeting.

CHUN YU WORKS AND CO., LTD.

Chairman：Chen, Chi-Tai

General Manager：Chang, Hsing-Ya

ii. If a CPA has been commissioned to conduct special audit of the internal control system, disclose the Auditor's Report：None.

(XI) The punishment to the Company and its employees in accordance with the law, the Company's punishment to its employees for violation of the provisions of its internal control system, the major defects and the improvements made in the latest year and as of the date of publication of the annual report：None.

(XII) Important resolutions of the shareholders' meeting and the board meetings in the latest year and as of the date of publication of the annual report：

i. Shareholders' meeting：【Form I】.

ii. Board of Directors：【Form II】.

【Form I】Important Resolutions of the Shareholders' Meeting：

Date	Resolutions	Implementation Satus
2023.05.26	Recognition of the 2022 Business Report and Financial Statements.	The proposal has been adopted.
	Recognition of the Proposal for the Distribution of Earnings in 2022.	Released on 2023.07.20. (Cash dividend of 1 per share)

【Form II】Important Resolutions of Board of Directors：

Date	Resolutions	Implementation Satus
2022.03.9	Motion for the remuneration to the Directors and employees in 2022.	Submitted for report to the 2023 AGM.
	Review of the business report, individual financial statements, and consolidated financial statements of 2022.	Submitted for ratification to the 2023 AGM.
	Proposal for the distribution of earnings of the Company in the 2nd half of 2022	Released (Cash dividend of 1 per share)
	Approval of evaluation of the effectiveness of internal control system and “Statement of Internal Control System for the Year 2022”.	Announcement was completed according to the regulations.
	Amendment of the Company’s “self-assessment of its internal control systems”	It has been executed
	Donation	It has been executed
2023.05.11	Motion for the Company’s 2023Q1 Consolidated Financial Statement.	Reported according to the regulations.
2023.08.10	Motion for the Company’s 2023Q2 Consolidated Financial Statement.	Reported according to the regulations.
	Amendments to the Company’s “Articles of Association”.	Submitted for report to the 2024 AGM.
	Amendments to the Company’s “Internal Audit Implementation Rules”.	Submitted for report to the 2024 AGM.
2023.11.09	Motion for the Company’s 2023Q3 Consolidated Financial Statement.	Reported according to the regulations.
	Resolution by company not to distribute dividends for the first half of 2023	Reported according to the regulations.
	Motion for the endorsements/guarantees for subsidiaries.	It has been executed
	The appointment of Corporate Governance Officer of the company.	Reported according to the regulations.
2024.03.07	Motion for the remuneration to the Directors and employees in 2023.	Submitted for report to the 2023 AGM.
	Review of the business report, individual financial statements, and consolidated financial statements of 2023.	Submitted for report to the 2023 AGM.
	Proposal for the distribution of earnings of the Company in the 2st half of 2023.	Not release yet (Cash dividend of 0.91 per share)
	Approval of evaluation of the effectiveness of internal control system and “Statement of Internal Control	Reported according to the regulations.

Date	Resolutions	Implementation Satus
	System for the Year 2023".	
	Amendments to the Company's "Procedures for Acquisition or Disposal of Assets".	Submitted for report to the 2024 AGM.

(XIII) If the directors or supervisors have different opinions about important resolutions adopted by the board in the latest year and as of the date of publication of the annual report, and there are records or written statements：None.

(XIV) Table showing the relief of the Chairman, General Manager, Accounting Manager, Chief Financial Officer, Chief Internal Auditor, Chief Governance Officer and Chief R&D Officer from office in the previous year to the date this report was printed：

2023.12.31

Title	Name	Date of appointment	Date of resignation	Reason for resignation
General Manager	Chou, Bo-Wei	2022.07.01	2023.10.01	Adjustment.
Corporate Governance Officer	Chou, Bo-Wei	2021.05.12	2023.10.01	Adjustment.
Chief of internal auditor	Chang,Jing-Ping	2022.10.17	2023.12.29	Resignation for personal career planning.

V. Information of CPA audit fee

(I) The company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enter-prises as well as the details of non-audit services (see Table 2-4) , and given any of the following conditions：

Uuit：Thousands

Accounting firm	CPA name	Audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
Pricewaterhouse Coopers	Tien, Chung-Yu Hsu, Huei-Yu	2023.01.01 to 2023.12.31	4,733	1,809	6,542	

Note：tax audit and certificationamounted to NT$803, 000,stransfer pricing report amounted to NT$300,000, translation of financial statements amounted to NT$200,000,CFCclaim tax NT$180,000, service for the business in Ecuador amounted to NT$184,000, business registration amounted to NT$12,000, Annual Report review amounted to NT$47,000, con-current business owner certification amounted to NT$27,000, declaration and audit of full-time employee payroll amounted to

NT$27,000, ARE Investment Tax Credit.NT$9,000、direct deduction method20,000。

(II) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, please disclose the audit fees before and after the change and the reasons ：None.

(III) If the audit fee is reduced by more than 10% over that in the previous year, please disclose the amount of audit fee reduced, the proportion and reason for the reduction：The review and audit of the 2023 financial report indicating a decrease of NT$682,000.

VI. Replacement of Certified Public Accountan：

(I)Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="4">2023.6.30</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">According accounting firm internal job adjustment from 2023</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td>Parties
Status</td><td colspan="2">CPA</td><td>Appointer</td></tr>
<tr><td>Take the initiative to terminate the appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">The disagreement opinion with the issuer or not</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Check the scope or step</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>None</td><td colspan="3">v</td></tr>
<tr><td colspan="4">Description</td></tr>
</table>

Other disclosed items (Items which should be disclosed according to item 6-1-4~6-1-7 , article 10 of the criteria)	None

(II)Regarding the successor CPA

Name of accounting firm	PricewaterhouseCoopers
Name of CPA	Hsu, Huei-Yu
Date of appointment	2023.6.30
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III)Reply of former CPA to item 6-1 and item 6-2-3, article 10 of the criteria：None.

VII. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or Its Affiliated Businesses in the Past Year：None.

VIII. Equity transfer or pledge under lien by the Directors, Supervisors, Managers, and shareholders holding more than 10% of the outstand -ing shares in the previous year to the date this report was printed：

Title	Name	2023		2024.04.01	
		Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)	Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)
President	Bai Jia Yuan Investment Co., Ltd.	-	(13,600, 000)	-	-
	Representative： Chen, Chi-Tai	-	-	-	-
Vice President	Bai Jia Yuan Investment Co., Ltd.	-	(13,600, 000)	-	-
	Representative： Wong, Chung-Chun	-	-	-	-
Director	Taiwan Steel Group United Co., Ltd.	-	-	-	-

	Representative： Lin, Huei-Jeng	-	-	-	-
Director	Taiwan Steel Group United Co., Ltd.	-	-	-	-
	Representative： Wang, Chiung-Fen	-	-	-	-
Director	Taiwan Steel Group United Co., Ltd.	-	-	-	-
	Representative： Yan,Cing-Li	-	-	-	-
Director	Lee, Shih-Ho	-	-	(604,000)	-
Director	Bai Jia Yuan Investment Co., Ltd.	-	(13,600, 000)	-	-
	Representative： Wu, Yi-Ching	-	-	-	-
Director	Bai Jia Yuan Investment Co., Ltd.	-	(13,600, 000)	-	-
	Representative： Wu, Mei-Huei	-	-	-	-
Independent Director	Jian, Jin-Cheng	-	-	-	-
Independent Director	Fang, Jhen-Ming	-	-	-	-
Independent Director	Lee, Chin-Chang	-	-	-	-
Manager	Chang, Hsing-Ya	-	-	-	-
	Chou, Bo-Wei(Note1)	-	-	-	-
	Yen,Chua-Te	-	-	-	-
	He,Mao-Ji	-	-	-	-
	Li, Ming-Jheng	-	-	-	-
	Chen, Yi-Jhen (Note2)	-	-	-	-
	Liao, Jin-Yi(Note3)	-	-	-	-
	You ,Bei-Di	-	-	-	-
	Su, Hsien-Ming	-	-	-	-
	Yang,Chien-Yu				

IX. Information on the Relationship of the 10 Largest Shareholders Any One Is a Related Party：

2024.04.01

Name	Own shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Company name/name and relationship of related parties, spouse, or relatives in the second degree to top ten shareholders		Remarks
	Shareholding	Rate	Shareholding	Rate	Shareholding	Rate	Name	Relationship	
Representative of Bai Jia Yuan Investment Co., Ltd.： Chen, Chi-Tai	84,219,450	27.87%	-	-	-	-	Chun Yu Investment Co., Ltd.	Same representative	
Representative of Chin Chi Fu Asset Management Co., Ltd： Wang, Chiung-Fen	28,491,850	9.43%	-	-	-	-	Nil	Nil	
Representative of Chun Yu Investment Co., Ltd.： Chen, Chi-Tai	23,430,172	7.75%	-	-	-	-	Bai Jia Yuan Investment Co., Ltd.	Same representative	
Representative of Yi Tai Shen Co., Ltd.： Wang, Chang-Ping	14,790,300	4.89%	-	-	-	-	Chang, Ching-Chi	Director	
							Sheng Shang Investment Co., Ltd.	Note	
Sheng Shang Investment Co., Ltd.: Huang, Li-Rong	12,737,500	4.22%					Representative of Yi Tai Shen Co., Ltd.	Note	
Chang, Ching-Chi	7,580,100	2.51%	-	-	-	-	Yi Tai Shen Co., Ltd	Director	
							Chang, Yu-Chi	Relatives in the second degree	
Chang, Yu-Chi	5,804,450	2.51%	-	-	-	-	Chang, Ching-Chi	Relatives in the second degree	
E-Sheng Steel Co.,Ltd. Yan, Cing-Li	4,820,400	1.60%					Nil	Nil	

Name	Own shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Company name/name and relationship of related parties, spouse, or relatives in the second degree to top ten shareholders		Remarks
	Shareholding	Rate	Shareholding	Rate	Shareholding	Rate	Name	Relationship	
Lee, Shih-Ho	3,352,397	1.11%	1,320,624	0.44	-	-	Nil	Nil	
Sun ,De-Bin	3,150,108	1.04	-	-	-	-	Nil	Nil	

Note: Representative of Sheng Shang Investment Co., Ltd is supervisor of Representative of Yi Tai Shen Co., Ltd..

X. Total comprehensive shareholding ratio for the number of shares held by the Company, the Company's directors, managers and the Company directly or indirectly controlled by the Company in the same investment business：

Unit: thousand share；%；2023.12.31

Re-invested businesses	The Company's investment		Investment by directors, supervisors, managers or directly or indirectly controlled businesses		Total investment	
	Shareholding	Rate	Shareholding	Rate	Shareholding	Rate
Chun Zu Machinery Industry Co., Ltd.	28,821,939	47.81%	163,092	0.27%	28,985,031	48.08%

Note： The investment of the Company based on the equity method.

Chapter IV：Capital and Shares

I. Capital and shares

(I) Source of Share Capital：

Year/ Month	Value (NT$)	Approved Capital		Paid-in Capital		SharesAmount				
						Source of Capital			Capital Increased by Assets Other than Cash	Others
		Shares	Amount	Shares	Amount	Capital increase	Increase of earnings	Additional paid-in capital		
1965/03	10	300,000	3,000,000	300,000	3,000,000	3,000,000			Nil	
1966/03	10	1,800,000	18,000,000	1,800,000	18,000,000	15,000,000			Nil	
1967/04	10	2,100,000	21,000,000	2,100,000	21,000,000		3,000,000		Nil	
1970/05	10	2,300,000	23,100,000	2,300,000	23,100,000		2,100,000		Nil	
1971/05	10	2,656,500	26,565,000	2,656,500	26,565,000		3,465,000		Nil	
1973/05	10	3,750,000	37,500,000	3,750,000	37,500,000	2,965,500	7,969,500		Nil	
1974/07	10	5,625,000	56,250,000	5,625,000	56,250,000		18,750,000		Nil	
1974/07	10	7,650,000	76,500,000	7,650,000	76,500,000		20,250,000		Nil	
1979/07	10	10,006,200	100,062,000	10,006,200	100,062,000		16,026,750	7,535,250	Nil	
1980/07	10	12,000,000	120,000,000	12,000,000	120,000,000		19,938,000		Nil	
1985/07	10	16,200,000	162,000,000	16,200,000	162,000,000	6,000,000	12,000,000	24,000,000	Nil	
1986/09	10	17,700,000	177,000,000	17,700,000	177,000,000	6,900,000	8,100,000		Nil	
1987/06	10	19,600,000	196,000,000	19,600,000	196,000,000	19,000,000			Nil	
1989/01	10	28,640,000	286,400,000	28,640,000	286,400,000	12,000,000	78,400,000		Nil	77.10.22(77)Tai-Tsai -Tzeng(1)No.09217
1989/11	10	38,568,000	385,680,000	38,568,000	385,680,000	13,360,000	74,750,400	11,169,600	Nil	78.08.29(78) Tai-Tsai -Tzeng(1)No.01769
1990/06	10	50,000,000	500,000,000	50,000,000	500,000,000	114,320,000			Nil	79.04.04(79) Tai-Tsai -Tzeng(1)No.00643
1990/12	10	53,856,800	538,568,000	53,856,800	538,568,000		38,568,000		Nil	79.10.30(79) Tai-Tsai -Tzeng(1)No.02928
1991/12	10	61,935,320	619,353,200	61,935,320	619,353,200		26,928,400	53,856,800	Nil	80.10.07(80)Tai-Tsai -Tzeng(1)No.02901
1992/08	10	98,000,000	980,000,000	98,000,000	980,000,000	236,776,160	30,967,660	92,902,980	Nil	81.04.18(81) Tai-Tsai -Tzeng(1)No.00737
1993/12	10	117,600,000	1,176,000,000	117,600,000	1,176,000,000		49,000,000	147,000,000	Nil	82.10.16(82) Tai-Tsai -Tzeng(1)No.36680
1995/02	10	171,120,000	1,711,200,000	171,120,000	1,711,200,000	300,000,000	94,080,000	141,120,000	Nil	83.11.03(83) Tai-Tsai -Tzeng(1)No.40896
1995/08	10	191,654,400	1,916,544,000	191,654,400	1,916,544,000		68,448,000	136,896,000	Nil	84.06.29(84) Tai-Tsai -Tzeng(1)No.38010
1996/08	10	214,652,928	2,146,529,280	214,652,928	2,146,529,280		38,330,880	191,654,400	Nil	85.07.20(85) Tai-Tsai -Tzeng(1)No.40902
1997/09	10	334,705,000	3,347,050,000	244,705,000	2,447,050,000		64,402,490	236,118,230	Nil	86.07.03(86) Tai-Tsai -Tzeng(1)No.52461
1998/09	10	392,069,600	2,740,696,000	274,069,600	2,740,696,000	293,646,000			Nil	87.07.10(87) Tai-Tsai -Tzeng(1)No.58505
1999/09	10	392,069,600	3,920,696,000	287,774,000	2,877,740,000		27,406,960	109,637,040	Nil	88.07.12(88) Tai-Tsai -Tzeng(1)No.63130
2022/10	10	392,069,600	3,920,696,000	302,162,700	3,021,627,000		143,887,000		Nil	Ching-Shou-Shang-Tzu No. 11101206400

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock	302,162,700	89,906,900	392,069,600	

(II) Status of Shareholders：

2024.04.01

Shareholder structure / Holding	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number	1	0	184	38,199	74	38,458
Shareholding	154	0	176,032,589	120,838,453	5,291,504	302,162,700
Rate	0%	0%	58.26%	39.98%	1.76%	100%

(III) Shareholding Distribution Status：

2024.04.01
Face value NTD 10 per share

Shareholding Tiers	No., of Shareholders	Shareholding	Rate(%)
1 to 999	29,915	1,644,571	0.54
1,000 to 5,000	6,567	12,220,024	4.04
5,001 to 10,000	962	6,278,227	2.08
10,001 to 15,000	402	4,649,328	1.54
15,001 to 20,000	119	2,084,993	0.69
20,001 to 30,000	160	3,751,759	1.24
30,001 to 40,000	71	2,418,168	0.80
40,001 to 50,000	30	1,334,724	0.44
50,001 to 100,000	78	5,272,551	1.74
100,001 to 200,000	40	5,224,771	1.73
200,001 to 400,000	41	11,528,651	3.82
400,001 to 600,000	26	12,924,695	4.28
600,001 to 800,000	7	4,679,550	1.55
800,001 to 1,000,000	10	8,807,150	2.91
1,000,001 or more	30	219,343,538	72.60
Total	38,458	302,162,700	100.00

(IV) Shareholding Distribution Status：

2024.04.01

Shares / Name	Shareholding	Rate(%)
Representative of Bai Jia Yuan Investment Co., Ltd.：Chen, Chi-Tai	84,219,450	27.87
Representative of Chin Chi Fu Asset Management Co., Ltd：Wang, Chiung-Fen	28,491,850	9.43
Representative of Chun Yu Investment Co., Ltd.：Chen, Chi-Tai	23,430,172	7.75
Representative of Yi Tai Shen Co., Ltd.：Wang, Chang-Ping	14,790,300	4.89
Sheng Shang Investment Co., Ltd.: Huang, Li-Rong	12,737,500	4.22
Chang, Ching-Chi	7,580,100	2.51
Chang, Yu-Chi	5,804,450	1.92
E-Sheng Steel Co.,Ltd. Yan, Cing-Li	4,820,400	1.60
Lee, Shih-Ho	3,352,397	1.11
Sun ,De-Bin	3,150,108	1.04

(V) Market price, net value, earnings, dividend per share and related information over the last 2 years：

Item \ Year			2022	2023	Current year as of 2024.03.31 (Note 5)
Market price per share (Note 1)	Highest		33.50	28.80	25.00
	Lowest		21	21.85	22.10
	Average		26.33	24.88	23.33
Net worth per share	Before distribution		15.38	15.35	14.77
	After distribution		13.88	14.36	-
Earnings per share	Weighted average number of shares		278,733	278,733	278,733
	Earnings per share		1.93	0.91	0.23
Dividend per share	Cash dividend		1.5	0.91	-
	Bonus shares	Stock Dividends from Retained Earning	-	-	-
		Stock Dividends from Capital Surplus	-	-	-
	Accumulated undistributed dividends		-	-	-
Investment return analysis	Price / Earnings ratio (Note 2)		13.64	27.34	-
	Price / Dividend ratio (Note 3)		17.55	27.34	-
	Cash dividend yield rate (Note 4)		5.70%	3.66%	-

Note 1：Denotes the common shares with highest and lowest market value for each year, calculated for the average annual market value for the trading value of each year and the trading volume.

Note 2：Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3：Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4：Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Pric

Note 5：As of the publication date of the annual report, the company has's had the financial report for 2024 that haven't been audited or reviewed by CPAs.

(VI) The dividend policy of the Company and the pursuit of the policy

i. Dividend policy：

1.The Company may proceed to pay out its earnings or appropriate for covering loss carried forward after the end of each semi-annual fiscal period. The Company shall, at the time of paying out earnings, estimate and retain for the payment of applicable taxes, covering loss carried forward, and for legal reserve. The appropriation for legal reserve is no longer necessary if the amount is equivalent to the paid-in capital of the Company. If earnings is paid in cash, the resolution of the Board will be necessary. If earnings is paid by issuing new shares, the resol-ution of the General Meeting of Shareholders will be necessary.

2.The Company shall appropriate its earnings after account settlement for each fiscal year for the payment of applicable taxes and covering loss carried forward, followed by the appropriation of 10% as legal reserve and other reversals as required, or as special reserve. The undistributed earnings accumulated in the previous period shall be pooled up with the remainder of the earnings of current period as distributable income, which will be paid at the proposal of the Board and the resolution of the General Meeting of Shareholders.

3.Our dividend policy is made taking into account the earnings, funds required for current and future development, and the interests of shareholders. The dividends will not be lower than 50% of the distributable earnings, with cash dividends not lower than 50% of the total dividends. However, the board of directors any apply for adjustment to the AGM in response to changes in the industrial environment or the needs of business operations. The dividend policy of the Company was made on the basis of its earnings and in consideration of the capital requirement for development at present and in the future, and also the interest of the shareholders. Cash dividend payable to the shareholders shall not fall below 50% of the total dividend for payment. In the event of changes in the industry environment or there is a need for corporate planning, the Board shall request the General Meeting of Shareholders for proper adjustment.

4.Legal reserve shall be utilized only for covering loss of the Company carried forward and paid out as new shares or cash dividend to the shareholders in accordance with the proportions of their shareholding. If new shares or cash was paid, only the portion of the legal reserve in excess of 25% of the amount of paid-in capital may be utilized for such purpose.

ii. The proposal for distribution of dividend to be resolved in this General Meeting of Shareholders：

The 2023 earnings distribution proposal was approved at the boardmeeting. The amount of cash dividend paid NT$0.91 per share.

iii. No significant change in the dividend policy of the Company is anticipated.

(VII) The influence of paying stock dividend as discussed in this General Meeting of Shareholders on the operation performance and earnings per share of the Company：None.

(VIII) Bonuses of Employees, Directors and Supervisors

i. The percentage or scope of remunerations to the employees and the Directors as stated in the Articles of Incorporation According to Article 39 of the Articles of Incorporation, the Company makes a profit in a year, the Company shall allocate no less than 2% of the profit for the year as employee's remuneration, and may set aside no more than 2% as directors' remuneration. However, if the Company still has accumulated losses, it should first reserve an amount to offset losses.

ii. The accounting of the difference between the estimation of the amount of remuneration to the employees, Directors and Super -visors and the basis of estimate, the basis for the payment of stock as remuneration to the employees and the actual amount of payment: In the event of discrepancy between the estimated amount and the actual amount of payment, the difference will be treated under change in accounting estimate and entered in book as adjustment of the year of payment.

iii. Employees are entitled to variable incomes such as performance bonus

The policy of corporate governance and corporate management of the Company not only aims at the achievement of operation but also the design of a reward system for motivating the employees on the basis of the objectives of the departments in operation and personal performance of the employees as reward to their hard work.

iv. Remuneration as resolved by the Board：

1. Amount of reward for employees, directors and supervisors in cash or stock：
   (1) The proposed amount of reward for employees for 2023 is NT$6,095,000 all payable in cash.
   (2) The proposed amount of reward for directors for 2023 is NT$6,085,000.
2. The proportion of the amount of reward for employees distributed in stock in the net profit after tax this year and in the total amount of rewards for employees：None.

v. When there is a difference in the actual status of reward (includ -ing number of shares, amount and stock price) distributed to employees, directors, and supervisors in the previous year (2022), state the amount, causes, and settlement of such diff-

erence：With respect to the board resolution, the reward for both employees and directors consistent with the amout ratified in the 2022 financial statements.

(IX) Status of stock buyback：None.

II. Corporate Bonds (including overseas bonds)：

(I) Information on Corporate Bond：

Tranche/Category		The 1st secured corporate bonds in 2021	The 1st, the domestic secured convertible bond	The 2nd domestic secured convertible bond	The 3rd domestic secured convertible bond
Date of Issuance		October 15, 2021	March 25, 2022	March 25, 2022	March 25, 2022
Face Value		1,000,000	100,000	100,000	100,000
Place of issuance and exchange		R.O.C	R.O.C	R.O.C	R.O.C
Issue Price		Issued at full face value	111.31% of the face value	111.51% of the face value	111.25% of the face value
Total Issuance Amount		3,000,000,000	700,000,000	500,000,000	400,000,000
Coupon Rate		(Fixed Rate)0.65%	0%	0%	0%
Duration		7 years，expiry date：October 15, 2028	3 years，expiry date：March 25, 2025	3 years，expiry date：March 25, 2025	3 years，expiry date：March 25, 2025
Corporate guarantors		First Commercial Bank Co., Ltd.	Chang Hwa Commercial Bank Co., Ltd.	Hua Nan Commercial Bank Co., Ltd.	The Shanghai Commercial & Savings Bank Ltd.
Trustee		Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter		First Securities Inc.	IBF Securities Co., Ltd.	IBF Securities Co., Ltd.	IBF Securities Co., Ltd.
Lawyer		Dinghe Law Firm	Hanchen law firm	Hanchen law firm	Hanchen law firm
CPAs		Pricewaterhouse-Coopers	Pricewaterhouse-Coopers	Pricewaterhouse-Coopers	Pricewaterhouse-Coopers
Principal Payment		Simple interest from at coupon rate from the day of offering at the calculated and payable annually. Repayment of principal and payment of interest at one time at maturity.	In accordance with Article 6 of the Regulations Governing the Issuance and Conversion of the Company's 1rst Domestic Secured Convertible Bonds	In accordance with Article 6 of the Regulations Governing the Issuance and Conversion of the Company's 2nd Domestic Secured Convertible Bonds	In accordance with Article 6 of the Regulations Governing the Issuance and Conversion of the Company's 3rd Domestic Secured Convertible Bonds
Outstanding balance		3,000,000,000	700,000,000	500,000,000	400,000,000
Terms and conditions for early redemption or repayment		NA	In accordance with Article 17 and 18 of the Regulations Governing the Issuance and Conversion of the Company's 1rst Domestic Secured Convertible Bonds	In accordance with Article 17 and 18 of the Regulations Governing the Issuance and Conversion of the Company's 2nd Domestic Secured Convertible Bonds	In accordance with Article 17 and 18 of the Regulations Governing the Issuance and Conversion of the Company's 3rd Domestic Secured Convertible Bonds
Restrictive clauses		NA	NA	NA	NA
Name of credit rating agency, dates of rating, and ratings awarded		NA	NA	NA	NA
Attached with other	Amount of common stock,	NA	NA	NA	NA

rights	GDR/ADR or other securities already converted until the date of publication of the annual report (swapped or subscribed for)				
	Regulations for Issuance and Conversion (Swap or Subscription)	NA	In accordance with the Regulations Governing the Issuance and Conversion of the Company's 1rst Domestic Secured Convertible Bonds	In accordance with the Regulations Governing the Issuance and Conversion of the Company's 2nd Domestic Secured Convertible Bonds	In accordance with the Regulations Governing the Issuance and Conversion of the Company's 3rd Domestic Secured Convertible Bonds
Status of potential dilution of equity by the Regulations for Issuance and Conversion, Swap or Subscription, and the issuing terms and conditions, and impact thereof on the existing shareholders' equity.		NA	No significant influence so far.	No significant influence so far.	No significant influence so far.
Name of custody institute		NA	NA	NA	NA

Note：For additional information on the offering of domestic secured convertible bonds of the Company for the 1st, 2nd, and 3rd issue, refer to the Listing of Convertible Bonds (with subscription warrants) posted on the MOPS website.

(I) Information on convertible bonds：

i. CHUNYU 1

Tranche/Category		The 1st, the domestic secured convertible bond	
Item \ Year		2023	Current year as of 2024.03.31
Market value of convertible bonds	Highest	108	106
	Minimum	100	101
	Average	103.12	102.74
Conversion price		$32.5	
Issue (transaction) date and conversion price at the time of issue		2022.03.25 / $37.5	
Fulfillment of conversion obligations		Offering new shares	

ii. CHUNYU 2

Tranche/Category		The 2st, the domestic secured convertible bond	
Item \ Year		2023	Current year as of 2024.03.31
Market value of convertible bonds	Highest	107.5	104.6
	Minimum	100	101
	Average	103.24	102.1
Conversion price		$32.5	
Issue (transaction) date and conversion price at the time of issue		2022.03.25 / $37.5	
Fulfillment of conversion obligations		Offering new shares	

iii. CHUNYU 3

Tranche/Category		The 3st, the domestic secured convertible bond	
Item \ Year		2023	Current year as of 2024.03.31
Market value of convertible bonds	Highest	108	104
	Minimum	100	101
	Average	103.58	102.79
Conversion price		$32.5	
Issue (transaction) date and conversion price at the time of issue		2022.03.25 / $37.5	
Fulfillment of conversion obligations		Offering new shares	

III. Preferred Shares：None.

IV. Global Depository Receipts (GDR):：None.

V. Employee Stock Options：None.

VI. New restricted employee shares：None.

VII. Issuance of New Shares for Merger, Acquisition or Exchange of Other Companies' Shares：None.

VIII. Financing Plans and Implementation：None.

Chapter V：Operations Profile

I. Business Activities

(I) Business scope

i. Main businesses：

1. Manufacturing and trading of various kinds of iron and steel, machinery, and tools.
2. Manufacturing and trading of various kinds of screws, nuts, wood screws, polished steel bar, cold coils, spheroidized steel materials, and iron wire.
3. Thermal processing and acid wash, surface treatment, and finishing of the products.
4. Manufacturing and trading of automotive and bicycle parts and components.
5. The design, manufacturing, and undertaking of contracts for ant -i-pollution and water treatment work machine and equipment.
6. The removal and treatment of acidic wastes and solid wastes.
7. The manufacturing and trading of acidic wastes and oxidized iron.

ii. Business weighting：

Unit：NTD thousand

Year / Product	2023	
	Amount	%
Screws	1,554,352	18.37
Nuts	498,284	5.89
Self-tapping screws	3,094,708	36.58
Polished wires	600,003	7.09
Spheroidized annealing wire	1,394,475	16.48
Equipment	1,005,270	11.88
Steel	29,902	0.35
Others	283,647	3.36
Total	8,460,641	100

iii. The company's current products (services) and new products to be developed：

1. Current products (services)：

Spheroidized annealing wires, polished wire rods, hex-head screws, high-tensile bolts, torque-control high-strength bolts and nuts, shear studs, crews and nuts for construction, various anchor bolts, carri-age bolts, hex-head cap screws, nuts, nylon screws, stainless steel nuts, self-tapping screws, hard wood screws, self-drill screws, stain -less steel self-tapping screws, collated screws, railway fastener

system and the design and undertaking of various pollution control and water treatment machinery and equipment.

2. New products and services to be developed：

(1) Development of specialty screws and nuts for various electric vehicles.
(2) Development of various pollution control and heat treatment processing technologies.
(3) Development of technologies to enhance annealing product quality.
(4) Development of screws for green energy generation systems.
(5) Development of specialty screws for the high-speed railway and rapid-transit railway systems.
(6) Development of the surface treatment technology free of heavy metal pollution.
(7) Precision machining parts.
(8) Railway fastener and assembly systems.
(9) Hot-forging assemblies and surface treatment.

(II) Industry overview

i. Industry overview and development：

Taiwan is the 3rd largest exporting country of screws in the world and has sold the products to more than half of the countries worldwide. Of all the export-oriented industries, screws could be regarded as a symbolic item for export. There are more than one thousand screw manufacturers in Taiwan with more than half located at pivotal sites of iron and steel, transportation and industry south of Guiren and Rende of Tainan, and north of Gangshan and Luzhu of Kaohsiung.

The screw industry of Taiwan started as an industry for domestic sale. It was not until the outbreak of the Vietnam War that the massive purchase of nuts and bolts from Taiwan helped to lay down the foundation for the transformation of the industry to export-oriented mode. Yet, the rise of the “Red Supply Chain” in China and the rapid advancement of the production and refinery technology in Southeast Asia posed a challenge to the industry of Taiwan. It was echoed with the surge of land prices and labor costs in Taiwan. The result was the massive displacement of the manufacturing sector of Taiwan overseas. Accordingly, the leading position of the screw industry of Taiwan declined. In the wake of the increasingly acute competition in the market, Taiwan redesigned her manufacturing strategy with a focus on professional division of labor, upgrade of production lines, concentration on

R&D and innovation, and targeted automobiles, aeronautics and medical services so as to expand the sale market and produce fastener products with high added value. This could allow Taiwan to maintain her dominant position in the international market of the screw industry.

Macroeconomic performance in 2023 was generally slow due to the war between Russia and Ukraine, high inflation and interest rate. Demand was weak. The pandemic also affected Mainland China that insolvency was common among property corporations that the performance in the real estate market was not good, which in turn affected the demand in the steel and fasteners market. In 2024, inflation will likely be mitigated. With the quest for interest rate cut and the final stage of inventory adjustment, echoed with the recovery of the screws market, the performance of the Company is expected to be better than the previous year.

ii. Upstream, midstream and downstream of the industrial：

There is the saying that the iron and steel industry is the “mother of industry” while fasteners are “the rice of industry.” Fasteners are an indispensable part in the manufacturing sector. The screw industry chain includes the wire rod and wire at upstream where screw manufacturers will purchase raw material and deliver the materials to professional processing plants for processing and treatment. It will be followed by the preliminary processing at screw plants, and finally enter the finishing stage of processing, such as heat treatment into high-hardness screws or electroplating processing to enhance anti-rust and anti-corrosion functions, and then surface coating procedures such as baking or spraying, to complete the production of a small, sturdy and durable screw. Economic development and industrialization upgrade intensified the scope of use of screws downstream in almost every industry, like machinery, aeronautics, medical service, construction and architecture. The following chart is compiled by the Department of Industrial Technology at the Ministry of Economic Affairs：

iii. Development trends of products：

Taiwan is known as the “Kingdom of Screws,” given the production technology of the country is well developed. Indeed, nuts and bolts remain an essential part of export of Taiwan. In the wake of technology advancement, industrial upgrading, and keen competition in the international market, Taiwan is confronted by a war of two

fronts. As a result, industrial upgrading, manufacturing overhaul, and strategic adjustment will be the pressing topics. In response to market trends, the development strategy of the Company is specified below：

1. Product certification
   With the maturity of product development, any countries made efforts in the development of customized service and conformity to local rules and regulations governing product safety. Through certification, enhance customers' awareness of product confidence and stickiness, and build the brand value.
2. Product innovation
   International and domestic market trends are changing rapidly. As the government promotes sustainable development of enterprises Development and industrial precision, each fastener manufacturer should have a keen industrial insight, with stakeholders to carry out research and innovation, such as special fasteners. The product ion of screws and nuts is fine, environmentally friendly, etc., in order to achieve a higher level of industrial development.
3. Industrial upgrading
   The Ministry of Economic Affairs has entered into agreements with a number of fastener manufacturers on “Nuts and Bolts Industry NICE Upgrade and Transformation Consulting Program” to assist the nuts and bolts industry of Taiwan to transform and upgrade and resist the impacts from the low-price products from Mainland China. And starts with Niche Product, Intelligent equip -ment, Competent Workers, Eco-friendly process strategies to supervise the enterprises to achieve ”Industry 4.0.” Chun Yu will follow the steps of the government and orient towards smart production and high added value products.
4. Globalization
   Affected by globalization, information development, and supply chain restructuring, fasteners manufacturers tended to establish other production bases and sale locations elsewhere lately to create the combination of production and sale.

iv. Competition situation of the product：

The sustainable upgrading of the forging manufacturing technology of fasteners in China and Southeast Asia, the increasing awareness of environmental protection in many countries, and the upward adjust-ment of basic salaries push up the cost of production year after year. This narrowed the gap between the domestic industry and overseas competitors. Furthermore, the quality of fasteners in Korea is as good as Taiwan, and Korea has entered into an FTA with the EU and the USA. Even though there is no direct competition between Korea and Taiwan, given the market segmentation and product differentiation

between the two countries, once Korea makes an effort to penetrate the main market of Taiwan, the competitive advantage of Taiwan in the international market will be affected.

(III) Overview of Technology and R&D

i. Amount of R&D funds in the previous year：

Unit：NTD thousand

Year	2023	By 2024.03	2024 projection
Amount	62,903	17,497	76,987

In 2023, the Company committed its effort mostly in the continued refinement of technology for speeding up the yield rate of products, the research and development of new production process and materials in order to cut down the cost of manufacturing on different products. The Company has also made improvement of its recycled acid equipment to increase the proportion of using recycled acid, to reduce carbon emission through the procurement or replacement of equipment as key items for assessment to perform its corporate social responsibility through actions.

ii. R&D Expenditure and Outcomes：

Item	Content
Product	1. The screw forming method was granted the invention patent certificate (No. I576180) by the Intellectual Property Office, Ministry of Economic Affairs. 2. Screw bolt has been recognized by the Intellectual Property Right Bureau of the PRC with the issuance of invention patent certificate no. CN 111120487 B. 3. The bolt was granted the invention patent certificate (No. I673438) by the Intellectual Property Office, Ministry of Economic Affairs. 4. The torque-control high-strength bolts and nuts were granted the certificate of compliance (Guo-Chan-Fa-Zi No. 7411-0112) by Taiwan Power Company. 5. Success in the R&D of high-strength heavy nuts The torque-control high-strength bolts and nuts are characterized by the breakthrough in quality control, quick precision processing, surface treatment and heat treatment difficulty. 6. Success in the R&D and mass-production of the arc-welded stud for shear and concrete connection 7. Completion and gradual delivery of the specialty screws for use on the Taiwan High Speed Railway and Kaohsiung Metro. 8. Development of fasteners for heavy machinery. 9. Specialty wall plugs/anchors. 10. Specialty screws, nuts and rivets for cars and motorcycles. 11. Collated screws. 12. Screws and nuts for car and motorcycle engines.

Item	Content
	13. Precision machining parts 14. Stamping parts 15. Railway fastener system 16. Stainless steel self-drill screws. 17. Specialty screws for bicycle transmission mechanisms and brake systems. 18. Self-drill screws 19. Long self-tapping screws.
Quality	1. Establish a viable quality assurance system and accredited with ISO 9001 quality management system. 2. Established and implemented the statistical process control (SPC) quality control system. 3. Established a product quality base to ensure stable product quality in production. 4. Recognized by the BSMI of Ministry of Economic Affairs in 5 products with the issuance of the brand-honored certificate (high strengthen bolt with torque control, hexagonal nuts and flat grommet set, arc welding shearing stud, hexagonal screws, hexagonal nuts, and bore screws). 5. Accredited with the A2LA 17025 of USA. 6. Accredited with the IATF-16949, AS 9100 qualify systems. 7. Accredited with CE Making EN14399-1, 15048-1, 14566 and 14592 certifications. 8. Accredited with JIS Making JISB1176 ST12.9 hex socket head bolt, JIS B1180 ST4.8. ST8.8, ST10.9 hex socket head bolt, JISB1186 F10T high-strength hexagon bolts, JIS B1125 self-tapping screws certifications. 9. Accredited with the US ICC-ES (AWS D1.1/D1.1M for shearing studs.
Equipment	1. Success in the development of the screw quality auto-checker It is progressively equipped on production equipment to reduce labor expenses, lower quality costs and enhance work efficiency. 2. LPG steam equipment to reduce energy costs. 3. Purchase of optical screeners to ensure 100% yield of automotive screws. 4. 2D and 3D measuring instruments, materials spectrometer, computer tapping machine. 5. Purchase of head forming machines for long screws under gauge M6. 6. Purchase of screw die re-headers 7. Purchase of self-drilling screw tail forming machines 8. Purchase of screw high-speed tail cutters 9. Modification of equipment and machine to enhance the precision capacity in manufacturing.
Pollution Control	1. Renewal of wastewater and sludge equipment. 2. Completion of air pollution source change and smoothly acquired the operation permit. 3. Establishment of the complete environmental management system and pass the SGS evaluation Passed ISO14001 and ISO45001 certifications

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

i. Short term business development plan

1. Business strategy：

(1) Deepen overseas business, and strengthen international management.

(2) Layout global channels, and expand sales market.
(3) Concentrate on R&D and innovation, produce a wider array of products.
(4) Integrate resources of the Group, wield corporate synergy.
(5) Strengthen the management of capital, upgrade operation performance.
(6) Provide comprehensive training and establish a culture of integrity.

2. Production strategy：
(1) Planning the manufacturing process to improve production efficiency.
(2) Reinforce critical capacity, upgrade production performance.
(3) Allocate inter-plant resources, bolster utilization rate of the production lines。
(4) Establish an information contact channel with cooperative manufacturers to ensure the immediacy and smooth communication.

3. Product strategy：
(1) Develop customized items to meet market needs.
(2) Assist in strengthening the value and innovation of products.
(3) Reduce the operational risk of products and strive for the principle of balanced production.

(4) Marketing strategy：
(1) Strengthen customer service and business.
(2) Refine the content of the Company website and enhance media exposure.
(3) Develop new market and customers and establish diversified marketing channels and mode of sale for a diversified marketing channels and mode of sale for a larger market share and better profit.

ii. Long-term business development plan

1. Net Zero transformation：

Support the policies of international institutions and the competent authorities through the incremental optimization of the production process and inception of smart production of the Company. Map out the plan for carbon footprint management through process improvement and energy conversion to upgrade and transform the know-how on hand. Respond to envir -onmental protection and advancing the net zero emission objective in 2050.

2. Circular economy：

Technological development and the refinement of manu-facturing know-how dictated for higher consumption of water, materials, and energy. Further to the treatment of water poll -utants and waste acid, the Company seeks to enhance the efficient use of energy and resources through routine update of procedure to reduce pollution and generation of solid waste in order to create a green economy.

II. Market and Sales Overview

(I) Market Analysis：

i. Sales Regions and Proportion of Major Projects：

Unit：NTD thousand

Year / Region	2023	
	AMT	%
Taiwan	2,332,587	27.57
Hong Kong China	2,263,517	26.75
USA	688,121	8.13
Other countries	3,176,416	37.55
Total	8,460,641	100

ii. Market share：

According to the data released by Global Information, the size of global fastener market is expected to grow from USD89.7 billion in 2022 to 127.3 billion in 2030 with CAGR at 4.5%. The automotive, aviation and aerospace, and construction industries will be the prime force driving for the growth. Regionally, Asia-Pacific will be the biggest market for the fastener industry. In 2023, inflation, interest rate surge, and the recession of the property market in China made resulted in the decline in purchase orders for the fasteners firms where the demand in for construction use fasteners was affected significantly. The demand for fasteners in the aviation and aerospace, EV, photovoltaic energy, railway transportation industries turned strong, as border quarantine lifted, the net carbon emission policy, and the proactive effort of China and the USA in launching the infrastructure building projects. The shipment volume in 2024 will be optimistic. The demand in the industries is specified below:

1.Construction industry：

High inflation and the surging interest rate interfered with the market, to the effect that related enterprises elected to down-ward adjust their inventory level. This is particularly

the case in China. Under the pandemic control policy in China, purchase orders and sale were both on the decline. It is expected that interest rate surge will slow down and the pandemic control policy will be eased in 2023 such that recovery will be imminent under the resumption of demand. In Europe and the USA, the demand for construction of new houses dropped and the customers tended to downward adjust their inventory level. As a result, sales were slow. With the downward adjustment of inventory level of customers coming to an end, and the influence of the levy of anti-dumping tax of the EU on fasteners from China, purchase orders previously placed by the EU to the fastener manufacturers in China are expected to decline and shift to ROC.

2.Aerospace Industry：

Border blockade in many countries was lifted as COVID-19 was kept under control. It was echoed with the continued growth of demand for new models. It is expected that busin-ess in the future will resume to the level before the outbreak of the pandemic.

3.Solar industry：

The ongoing advocacy of sustainability through energy sav-ing and carbon reduction worldwide, coupled with the energy crisis triggered by climate change and armed conflicts that compelled all countries to search for substitute energy as the urgent task. It is expected that the demand for fasteners used in the photovoltaic energy sector will be skyrocketing in 2 to years.

3. Competitive edge

Chun Yu has the following competitive edges to tackle with the unanticipated change in the industry and keen competition among the industry peers:

(1) Production capability:

Screws are manufacturing under the production process including forging, shaping, heat processing, and rust-proof. Chun Yu seeks to expand its production capacity, refinement of equipment, and establishment of an information system to meet operation need and the effective control of production process and delivery deadline. Group resources and operation strategy will also be integrated in the manufacturing chain.

(2) R&D capability:

Chun Yu spares no effort in the development of the

performance and enhanced precision of its screw products, and makes ceaseless effort to improve the forging process in response to customer feedback and test result to meet the needs of high quality, diversity in specification and delivery in short notice.

(3) Marketing capacity:
Chun Yu has successfully penetrated into the markets in America, Europe, and Asia for the time being. Further to serving the customers in existence, the Company will also broaden its visibility and develop new customers through the Internet and media in marketing.

(4) Corporate management:
The management team of Chun Yu is well-seasoned and in possession of related industry knowledge, and can get the grip of the changes in the industry at any time with proper adjustment of the operation strategy. The team also integrates the resources of the group and optimize the overall capacity in production and sale.

4. Factors favorable and unfavorable for development in the long run, and the policy in response to the situations:

(1)Favorable factors:

① Deployment of sale channels worldwide.

②Economy and resource sharing among group members.

③Smart production.

④High added value of products in great variety of products.

⑤With an edge in production scale and market share.

⑥In-depth cultivation of the domestic and overseas market with the creation of brand value.

(2) Unfavorable factors:

①Industrial dislocation and human resources draining out.

②Acute competition in price among domestic and overseas industry peers that affects product price and gross margin.

③The levy of carbon emission tax and fee worldwide pushed up the cost of operation.

(3)Responses:

①Focus on niche products to reduce the cost of production.

②Integrate group resources to improve production performance.

③Invest in innovative research and development and make high quality products.

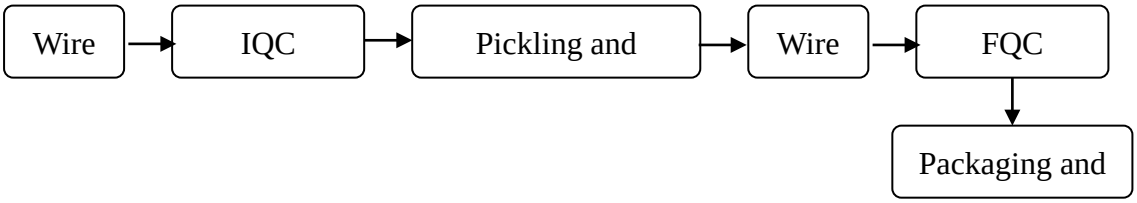
④Align with the global trend and commit to the development of green energy.

⑤Develop and training professionals and keep the foundation of technology in Taiwan.

ii. Important applications and manufacturing processes of major products：

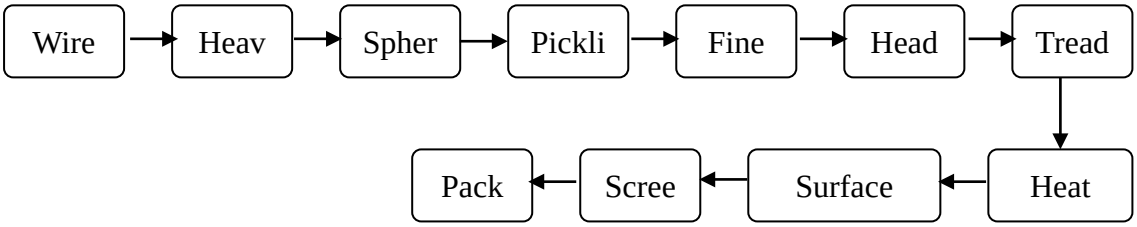
i. Wire (annealing and polished)：

Wires are widely used for manufacturing screws, nuts, hand tools, steel wires, auto parts and electronic components.



ii. Metal fittings (screws, nuts, tapping)：

Metal fittings are widely used on automatic fasteners, railway system fasteners, construction fasteners, and electronic fasteners.



iii. Supply of major ingredients：

The steel price was expected to be stable in the first half of 2024. Currently, most steel is purchased domestically. We will import materials when there is domestic supply shortage.

(I) Suppliers with a procurement amount 10% above the total procurement amount in any one of the last two years

i. Major Suppliers in the past two years：

Unit：NTD thousand

No.	2022				2023				By Q1 in 2024			
	Name	Amount	Annual net purchase ratio (%)	Relations with issuers	Name	Amount	Annual net purchase ratio (%)	Relations with issuers	Name	Amount	Percentage in annual net purchase amount by the previous quarter (%)	Relations with issuers
1	Company A	1,091,029	15.56	-	Company A	815,709	17.06	-	Company A	268,861	20.92	-
2	Company B	-	-	-	CompanyB	749,537	15.68	-	Company B	199,715	15.54	-
3	-	-	-	-	-	-	-	-	Company C	139,614	10.86	
	Other	5,922,311	84.44	-	Other	3,215,118	67.26	-	Other	676,896	52.68	-
	Net purchase	7,013,340	100.00	-	Net purchase	4,780,364	100.00	-	Net purchase	1,285,086	100.00	-

ii. . Major Customers in the past two years：

Unit：NTD thousand

No.	2022				2023				By Q1 in 2024			
	Name	Amount	Annual net sale ratio (%)	Relations with issuers	Name	Amount	Annual net sale ratio (%)	Relations with issuers	Name	Amount	Percentage in annual net sale amount by the previous quarter (%)	Relations with issuers
	Other	11,049,641	100.00	-	Other	8,460,641	100.00	-	Other	2,018,250	100%	-
	Net Sale	11,049,641	100.00	-	Net Sale	8,460,641	100.00	-	Net Sale	2,018,250	100%	-

(V) Production value of the last two years：

Unit：MT/NTD thousand

Year / production Value / Major commodity (sector)	2022			2023		
Major commodity	Capacity	Yield	Value	Capacity	Yield	Value
Screws	39,580	15,074	744,614	39,580	14,742	674,751
Nuts	11,960	5,241	368,212	11,960	3,615	248,147
Self-tapping screws	42,190	19,584	1,388,541	42,190	28,605	2,029,649
Polished wires	101,100	51,196	961,672	101,100	22,760	591,059
Spheroidized annealing wire	134,706	76,112	1,794,003	134,706	48,369	1,426,405
Equipment	-	-	814,694	-		886,076
Steel	-	-	-	-		
Other	-	-	229,934			313,259
Total	329,536	167,207	6,301,670	329,536	118,091	6,169,346

(VI) Sales value of the last two years：

Unit：MT/NTD thousand

Sale Value / Year / Major commodities (sector)	2022				2023			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Major commodity	28,030	1,791,396	779	85,402	26,507	1,492,939	737	61,413
Screws	7,120	500,086	770	77,758	7,534	468,615	162	29,669
Nuts	22,348	1,926,002	15,502	1,524,680	26,966	2,035107	10,272	1,059,601
Self-tapping screws	36,635	1,003,893	1,119	37,598	22,923	582,049	595	17,954
Polished wires	55,410	1,765,941	3,683	181,023	42,126	1,205,252	4,123	189,223
Spheroidized annealing wire	78	187,472	212	896,319	-	701,120	-	304,150
Equipment	34,411	688,600	-	-	1,683	29,902	-	-
Steel	64,772	221,288	17,520	162,183	-	181,036	-	102,611
Other	248,804	8,084,678	39,585	2,964,963	127,739	6,696,020	15,889	1,764,621

III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels：

Year		2022	2023	2024 as of the date of publication of the Annual Report (2024.03.31)
Number of employees		423	377	347
Average age		41.39	42.28	42.9
Average service year		10.21	10.91	11.5
Academic distribution (%)	Ph.D.	0.71%	0.53%	0.30%
	Master's degree	4.73%	4.24%	4.30%
	College	52.25%	41.12%	54.2%
	High school	34.75%	46.15%	33.4%
	Below high school	7.57%	7.96%	7.80%

IV. Environmental Expenditure Information：

(I)Any losses (including compensations and violations of environmental protection laws found in environmental audits with information regarding the date of punishment, ticket number, regulations breached , contents of breach and contents of punishment) due to pollution in the last two years and by the date of report publication and disclose the estimated amount at present and in the future and counter-measures or the reasons preventing estimation：

Date of punishment	Items of punishment	
2023/1/13	Punishment Letter No.	Fine Notification No. 20-112-010024
	Regulations Violated	Air Pollution Control Act Article 34, paragraph 4.
	Content of Regulations Violated	The personnel designated to the position cannot hold other positions in environmental protection works.
	Content of Punishment	A fine of NT$200,000
2023/1/13	Punishment Letter No.	Fine Notification 20-112-010025
	Regulations Violated	Air Pollution Control Act Article 34, Item 4
	Content of Regulations Violated	In case of a change in the air pollution representative, apply with the competent authority within 15 days for approval.
	Content of Punishment	A fine of NT$200,000
2022	There was not punished by any agency.	

(II)Measure：Education and training will be provided to relevant personnel.

(III)Environmental protection capital expenditure in the next three years

Year / Contents	2023	2024	2025
Air pollution control equipment to be purchased or contents of expenditure	Enhance the performance of air pollution control equipment	Setup of sewage and discharged water recycling equipment	Low-carbon intelligent monitoring of relevant prevention equipment.
Amount	20,000,000	5,000,000	8,000,000

i. Expected Improvement：

1. The spheroidization furnace of the spheroidization class is equipped with nitrogen oxide treatment equipment.
2. Wastewater treatment discharge water recycling, improve the quality of recycled water, and increase the efficiency of water recycling.
3. The entire factory is equipped with energy resource equipment settings and monitoring to achieve energy control and achieve low carbon and intelligence.

ii. Effects after improvement：

Year / Contents	2024	2025	2026
Effects on net income	Not significant effect.	Not significant effect.	Not significant effect.
Effects on environment	Reduce pollutant emissions	Improve the recovery rate of discharged water and reduce environmental load	Reduce pollutant emissions and monitor them in real time
Effects on competitive position	Continuous innovation and efforts to reduce environmental load, create a carbon-reducing supply chain, invest in circular economy, take sustainable development as the cornerstone, improve environmental quality, fulfill social responsibilities, enable enterprises to operate sustainably, and establish a green image to set an example.		

(IV)Working environment and employee personal safety protection measures:

1. Occupational Safety and Health Policy

The Company has made its occupational and safety and health policy in accordance with the Occupational Safety and Health Act and the requirements of the customers and related groups with due respect to the requirement of related stakeholders' groups on occupational safety and health in order to build a happy and healthy workplace.

The Company is conceived with the notion of disaster prevention as its core value to provide a friendly work environment for the protection of the safety of its employees and the employees of the contractors. The Company also adopts appropriate management tools or well-developed technology and available resources to integrate the issues of occupational safety and health at the plants with the proposal of improvement policies

at regular intervals. The Company will continue to refine and advocate the culture of safety at workplace, and strengthen the protection management of the operation staff. In addition, the Company also commits resources to fortify the prevention of occupational diseases in order to create a zero-disaster workplace. Quantified indicator system has been established with the extension of occupational safety and health activities to products and related services for the overall upgrade of occupational safety and health performance and effective risk control.

2.Disaster Control

The Company compiles its statistics on occupational hazards in accordance with the FSI promulgated by the Occupational Safety and Health Administration of the Ministry of Labor. With a complete reporting procedure and accident investigation mechanism, the investigation result will be sent as feedback to relevant functional units with the commencement of corrective action and prevention action to reduce the probability of accident. This will help to continue improvement and upgrade occupational safety at workplace. The Company compiled the statistics of occupational hazards over the last 3 years of which the PSI in 2022 and 2023 was held below 0.2 (target value).

		2021	2022	2023
Statistics on Occupational Hazards	Total injury of the year by head count (person)	6	2	3
	Total loss of working days year (day)	277	5	6
	Total work hours of the year (hour)	1,664,760	1,664,760	995,394
	Disability Severity Frequency (FR)	3.6	1.2	3.01
	Disability Severity Rate (SR)	166.39	3.00	6.03
	Frequency Severity Indicator (FSI)	0.77	0.06	0.13

Remark:
FR= Disability fatality by head count ×1,000,000 / Total work hours.
SR= Disability fatality by day loss ×1,000,000 / Total work hours.
FSI = √ ((SR×FR)/1000)

The Company review and study on improvement options and revise

related rules and regulations governing the items of inspection, machine safety interactive component inspection, and reiteration of safety and life protection from time to time. The executives express their concern for the physical and psychological state of minds of the employees for assuring their safety in the duration of work performance.

Monitoring of the work environment of labor

The Company conducts work environment monitoring twice a year under law to protect the workers from the hazards of hazardous substances and provide them a safe and comfortable work environment. The monitoring result will be disclosed so that the workers can understand the state of exposure of their workplace to hazards.

Occupational safety inspection

The Environmental Protection and Occupational Safety Department of the Company will map out the Occupational Safety Inspection Plan with the President acting as the chief convenor. The defects detected from the inspection and the action plan for improvement will be loaded to the website as reference for related functional departments in making improvement. The items of recommendation for improvement in each month will be followed up in the quarterly occupational safety and health committee meeting for review and discussion, and map out the best solution.

Occupational Safety Inspection	
Occupational Safety Inspection Team	Inspection from time to time in the week
Special Audit	
Security patrol inside and outside the workplace.	

Equipment safety management

The Company classified the machines into different categories and exercises strict control over machine and equipment with danger and conduct thorough inspection as required by law for assuring safe operation of equipment. In 2020, the Company had 177 machines classified as dangerous and must be operated with caution. Routine inspection on these machines is carried out in accordance with the

"Regulations Governing the Inspection on the Safe Use of Dangerous Machine and Equipment" for assuring the safe use of these equipment and machines.

Occupational Safety Education and Training of the Company in the last 3 years		
Year	Participants in training by head count	Training by person/hour
2012	609	3.38
2022	729	3.96
2023	719	3.97

Company verification situation

The Company has been accredited with the ISO 45001 Occupational Safety and Health Management System, and also the OHSAS 18001 system, and has completed the version change of ISO 45001 (by validity period 2024/04/16-2027/03/25) successfully in 2021. Action has been taken under the PDCA cycle for the pursuit of occupational safety and health management for assuring the safety and health of the employees at workplace. The Company also expects to provide employees a safe and healthy work environment through the identification of hazards, assessment and control of risk, and external verification and validation.The occupational safety function shall be responsible for the education of occupational safety at the plant sites and assessment of operation risk, and strictly demands contractors to duly observe applicable legal rules governing occupational safety and health at workplace in the course of work performance. The Company will visit the work sites from time to time to conduct inspection without notice to prevent occupational accident and protect the safety of personnel.

(V)Labor Relations

(I) The company's various employee welfare measures, further education, training, retirement system and their implementation, as well as labor-management agreements and the measures to maintain the rights and interests of employees：

1. Employee benefits：
   (1) Group insurance.
   (2) Bonuses or gifts on Labor Day, Dragon Boat Festival, Mid-Autumn Festival and birthday.
   (3) Quality and production incentives.
   (4) In-house and external education and training.
   (5) Year-end bonus and employee profit-sharing.
   (6) Free uniform, safety shoes and helmet.
   (7) Scholarship for employees' children with outstanding acade -mic performance.
   (8) Employee meals.
   (9) Various recreational activities and employee tours organized through the staff welfare committee.
   (10) Company cars and mobiles.
   (11) Employee health checkup.
   (12) Gold medal reward for senior employees.
   (13) Year-end party lucky draw and bonuses.
   (14) Social group activites like yoga session, handcrafts and different kinds of ball games.

(II) Further education

1. Plan training courses according to the operational strategies and annual targets to equip employees with the required knowledge and skills every year.
2. Education and training will be organized for the employee at regular intervals to promote ethical corporate management and integrity at the workplace.
3. Arrange practical training for new employees to help them adapt to the work environment and get familiar with their jobs.
4. Statistics of Employee Further Training Courses in 2023：

Training Type	Actual Number of Courses	Total Training Hours	Number of Trainees
New Employee Training	28	365	214
Quality Control	12	1049.5	778
Production, Materials	24	553.5	265
Manufacturing	28	1678.5	372

Marketing	2	49	22
EHS	9	254	68
IT, Management, Procurement	5	30	30
Finance, Accounting	4	64	12
Audit, Internal Control	3	30	5
Technology, R&D	3	9	9
Total	118	4082.5	1775

(III) Retirement system and implementation：

The Company cares about the physical and psychological health of the employees, and provides coupons for access to recreational and fitness facilities and sports games every year. The Company also instituted the “Regulations Governing Employee Retirement ” for the protection of employees after retirement. An Employee Pension Fund Supervision Committee was established where 4% of the total monthly salaries payable to the employees is allocat -ed to the fund monthly. Pension reserve is also allotted to the special trust account at the Bank of Taiwan for the protection of the rights and privileges of the employees. With effect on 2005.07.01, for employees who elected to go with the new retirement system established by the government, 6% of the total salaries of the employees will be appropriated to their respective personal pension account. For employees who elected to appropriate a higher percentage of the total salaries to the pension account, the Company will withhold the percentage as they wished and deposit to their personal pension accounts of the Labor Insurance Bureau.

(IV) Labor-management negotiations：

We hold the labor-management meeting regularly to fully communicate and coordinate with employees to ensure a reasonable organization and humanized management to achieve mutual trust and understanding and fusion with employees.

We have also established the “Employee Service Station” and “

(1)Suggestion Box” and senior officers often discuss with employeeor union representatives face to face to understand the doubts anddifficulties of employees at any time.

(2)Our labor union was established in 1972. Besides maintaining mutual trust, mutual understanding and mutual respect with the union in a rational and harmonious attitude, we have established the “collective bargaining agreement” to state the rights oblig- ations between labor and management, protect the rights and interests of labor, promote labor-management

co-prosperity, and pursue business development together.

(V) Measures to protect employees' rights and interests：

Comply with relevant laws and regulations.

(II) Losses arising from labor-management disputes (including the violation of the Labor Standards Act found in the labor inspection, with information regarding the date of punishment, ticket number, regulations breached, contents of breach and contents of punishment) in the last year up and by the date of annual report publication; and the estimated amounts that may occurred at present and in the future and countermeasures：

1. Violation of the Labor Standards Act found in the labor inspection：
   None.
2. Countermeasures： we have handled related matters by law.

VI. Information Security Management

(I) Framework of Information security risk management：

Information Security Specialist→IT Manager→General Manager /Vice Manager→The Board

(II) Potential risks：

The Company made related information security policies and management regulations with reference to the laws of the government and international standards to assure security and stability of the information network, protect the business information or data of the Company from unauthorized access, use, control, leak, sabotage, modification, damage, or other forms of violations, and to safeguard the confidentiality, integrity, availability of information or data, and the normal running of the core business and production of the Company. The Company has appointed designated personnel as the chief of information security and staff in 2023 in supporting the policy of the government and pursuit of information security governance.

（ＩＩＩ）Substantive management options:

1. Requirement of routine change in access password and the sophistication of password combination for fortifying the identity authentication of the users in access to the system.
2. Installation of firewall and intrusion prevention system (IPS), screening of malicious website, and the safeguard against advance persistent threat (APT) to prevent malicious attack from external networks.
3. The IT Department will conduct online and offline, alternate backup of the core system at regular intervals, and also hold

exercise drill in the recovery of the system after disaster annually.

4. Training, education, and evaluation of the information security staff at regular intervals of the year and reinforcement of the awareness and skills of the personnel in information security.
5. Setup of the control mechanism for Internet surfing, e-mail, personal information of the employees and data leak.
6. Uninterrupted power system (UPS) has been installed at the information machine room and the backup power supply system has also been connected to maintain normal operation of information.

(IV) Resources committed to information and communication security management:

1. Routine maintenance, update all information security systems and equipment.
2. Procurement of firewall for the intranet and design to set up the secure zone for server operation.
3. Education and training: all new employees must complete the training program in information security.

(V) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant information security incidents, the possible impacts therefrom, and measures being or to be taken: The Company had no major information security events in the latest year and up to the printing date of this Annual Report.

VII. Important contracts：

Nature of the agreement	Parties concerned	Perpetuity of the agreement	Summary of content	Restriction clause
Mid to long-term syndicated loans agreements	The First Bank and others, a total of 10 financial institutions.	2010.03.30 to 2025.03.30	Retirement of old financial liabilities and pooling up as mid-term working capital	Nil

Chapter VI：Financial Profile

I. Condensed Balance Sheet and Consolidated Income statement for the Past Five Years

(I) Concise Consolidated Balance Sheet – Adopting International Reporting Standards：

Unit：NTD thousand

Item \ Year		Financial analysis for the past five years					Financial data March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		6,456,492	6,355,790	8,479,764	8,707,949	8,142,602	8,201,689
Property, plant and equipment		3,232,528	3,146,059	3,090,561	3,055,795	2,879,339	2,856,183
Intangible assets		10,626	10,646	7,855	7,343	7,747	7,027
Other assets		1,266,680	1,232,978	1,113,325	839,986	1,138,648	1,181,664
Total assets		10,966,326	10,745,473	12,691,505	12,611,073	12,168,336	12,246,563
Current liabilities	Before distribution	3,373,664	3,723,194	3,789,447	2,343,256	1,900,329	3,628,877
	After distribution	3,718,993	3,895,858	4,077,221	2,645,419	2,175,297	-
Non-current liabilities		3,257,541	2,890,822	4,234,147	5,198,887	5,188,921	3,694,340
Total liabilities	Before distribution	6,631,205	6,614,016	8,023,594	7,532,789	7,089,250	7,323,217
	After distribution	6,976,534	6,786,680	8,311,368	7,844,306	7,364,218	-
Interests attributable to parent company owner		3,684,062	3,484,420	3,943,477	4,287,612	4,277,736	4,118,205
Capital stock		2,877,740	2,877,740	2,877,740	3,021,627	3,021,627	3,021,627
Capital reserve		129,373	157,969	222,103	477,923	501,353	522,676
Retained earnings	Before distribution	1,061,417	900,268	1,318,785	1,386,333	1,416,591	1,205,235
	After distribution	716,088	727,604	1,031,011	1,084,170	1,141,623	-
Other interests		(95,558)	(162,647)	(207,956)	(331,076)	(394,640)	(364,138)
Treasury stock		(288,910)	(288,910)	(267,195)	(267,195)	(267,195)	(267,195)

Non-controlling interests		651,059	647,037	724,434	781,318	801,350	805,141
Total equity	Before distribution	4,335,121	4,131,457	4,667,911	5,068,930	5,079,086	4,923,346
	After distribution	3,989,792	3,958,793	4,380,137	4,766,767	4,804,118	-

Note 1：The financial information is audited by CPAs, except the information of 2024 Q1 reviewed by CPA.

Note 2：The 2023 earnings distribution proposal was approved by the board meeting on 2024.3.7.

(II) Concise Individual Balance Sheet - Adopting International Financial Reporting Standards：

Unit：NTD thousand

Item \ Year		Financial analysis for the past five years				
		2019	2020	2021	2022	2023
Current assets		2,561,517	2,383,801	4,135,421	4,357,596	3,854,809
Property, plant and equipment		1,944,904	1,862,787	1,850,334	1,818,677	1,756,109
Intangible assets		3,219	3,284	2,731	2,057	1,860
Other assets		3,080,427	3,236,402	3,629,942	3,576,247	4,051,377
Total assets		7,590,067	7,486,274	9,618,428	9,754,577	9,664,155
Current liabilities	Before distribution	1,120,607	1,550,040	1,723,154	548,743	468,570
	After distribution	1,465,936	1,722,704	2,010,928	850,906	743,538
Non-current liabilities		2,785,398	2,451,814	3,951,797	4,918,222	4,917,849
Total liabilities	Before distribution	3,906,005	4,001,854	5,674,951	5,466,965	5,386,419
	After distribution	4,251,334	4,174,518	5,962,725	5,769,128	5,661,387
Interests attributable to parent company owner		-	-	-	-	
Capital stock		2,877,740	2,877,740	2,877,740	3,021,627	3,021,627
Capital reserve		129,373	157,969	222,103	477,923	501,353
Retained earnings	Before distribution	1,061,417	900,268	1,318,785	1,386,333	1,416,591

	After distribution	716,088	727,604	1,031,011	1,084,170	1,141,623
Other interests		(95,558)	(162,647)	(207,956)	(331,076)	(394,640)
Treasury stock		(288,910)	(288,910)	(267,195)	(267,195)	(267,195)
Non-controlling interests		-	-	-	-	
Total equity	Before distribution	3,684,062	3,484,420	3,943,477	4,287,612	4,277,736
	After distribution	3,338,733	3,311,756	3,655,703	3,985,449	4,002,768

Note 1：The financial information is audited by CPAs.

Note 2：The 2023 earnings distribution proposal was approved by the board meeting on 2024.3.7.

(III) Concise Consolidated Income Statement - Adopting International Financial Reporting Standards：

Unit：NTD thousand

Year / Item	Financial analysis for the past five years					Financial data March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	9,333,591	8,054,615	11,810,242	11,049,641	8,460,641	2,018,250
Gross profit	1,500,379	1,149,281	2,065,823	1,802,493	1,319,064	313,139
Operating gains/losses	595,666	350,461	1,101,333	863,739	456,288	109,296
Non-operating income and expenses	(16,937)	(4,496)	17,739	17,462	63,266	14,619
Income before tax	578,729	345,965	1,119,072	881,201	519,554	123,915
Net income of continuing operations	533,743	263,036	874,177	663,116	360,678	90,011
Losses of discontinued	-	-	-	-	-	-
Net income (loss)	533,743	263,036	874,177	663,116	360,678	90,011
Other comprehensive income (net after tax)	(93,617)	(91,014)	(61,730)	333	10,531	46,589
Total comprehensive	440,126	172,022	812,447	663,449	371,209	136,600

Net income attributed to owners of the parent owners of the parent	423,111	197,147	744,730	537,503	253,625	63,612
Net profit attributed to non-controlling interests	110,632	65,889	129,447	125,613	107,053	26,399
Total profit and loss attributed to the owners of the parent	338,965	117,091	689,759	527,170	268,857	94,114
Total profit and loss attributed to non-controlling interests	101,161	54,931	122,688	136,279	102,352	42,486
EPS	1.60	0.75	2.68	1.93	0.91	0.23

Note 1：The financial information is audited by CPAs, except the information of 2024 Q1 reviewed by CPA.

(IV) Condensed Statement of Financial Position-IFRS (Individual)：

Unit：NTD thousand

Year / Item	Financial Information of the Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	3,889,527	3,352,716	5,978,369	5,478,958	3,381,977
Gross profit	344,887	168,144	691,681	561,945	175,072
Operating gains/losses	73,614	(61,642)	377,347	259,288	(66,808)
Non-operating income and	311,591	257,215	437,755	368,038	358,900
Income before tax	385,205	195,573	815,102	627,326	292,092
Net income of continuing operations	423,111	197,147	744,730	537,503	253,625
Losses of discontinued	-	-	-	-	-
Net income (loss)	423,111	197,147	744,730	537,503	253,625

Other comprehensive income (net after tax)	(84,146)	(80,056)	(54,971)	(10,333)	15,232
Total comprehensive	338,965	117,091	689,759	527,170	268,857
Net income attributed to owners of the parent owners of the parent	-	-	-	-	-
Net profit attributed to non-controlling interests	-	-	-	-	-
Total profit and loss attributed to the owners of the parent	-	-	-	-	-
Total profit and loss attributed to non-controlling interests	-	-	-	-	-
EPS	1.60	0.75	2.68	1.93	0.91

Note：The above financial data has been audited by an accountant.Capitalized interest:

(V) Names and Audit Opinions of CPAs of the Last Five Years：

Year	Names of CPAs	Audit opinions of CPAs	Reason for change of accountant
2019	Lin, Tzu-Yu；Liu,Tzu-Meng	Unqualified Opinion plus the audit report of the other matter paragraph by other CPAs	-
2020	Lin, Tzu-Yu；Liu,Tzu-Meng	Unqualified Opinion plus the audit report of the other matter paragraph by other CPAs	-
2021	Lin, Tzu-Yu；Liu,Tzu-Meng	Unqualified Opinion plus the audit report of the other matter paragraph by other CPAs	-
2022	Lin, Tzu-Yu；Tien, Chung-Yu	Unqualified Opinion plus the audit report of the other matter paragraph by other CPAs	Internal job rotation in accounting firms
2023	Tien, Chung-Yu；Hsu, Huei-Yu	Unqualified Opinion plus the audit report of the other matter paragraph by other CPAs	Internal job rotation in accounting firms

II. Financial Analysis in the Past Five Years-IFRS

(I) Financial analysis（Consolidated financial report）：

Analysis Item \ Year		Financial Information of the Last Five Years					Financial data March 31, 2024
		2019	2020	2020	2022	2023	
Financial Structure (%)	Liabilities to Assets Ratio	60.4	61.55	63.22	59.80	58.26	59.80
	Long-term Capital to PP&E Ratio	234.88	223.21	288.04	336.01	356.61	301.72
Solvency (%)	Current Ratio	191.38	170.71	223.77	371.61	428.48	226.01
	Quick Ratio	81.58	78.19	101.12	195.53	247.17	126.23
	Debt Service Coverage Ratio	5.87	4.12	12.99	9.16	5.28	15.92
Utility	Average Collection Turnover (times)	4.28	3.75	4.77	4.54	4.28	4.44
	Average Collection Days	85.28	97.33	76.52	80.39	85.28	82.21
	Average Inventory Turnover (times)	2.19	1.95	2.41	2.09	1.85	1.92
	Average Payable Turnover (times)	9.54	9.89	11.29	11.61	13.56	13.86
	Average Day(s) of Sales	166.66	187.18	151.45	174.64	197.29	190.10
	PP&E Turnover (times)	2.87	2.53	3.79	3.59	2.85	2.80
	Total Assets Turnover (times)	0.86	0.74	1.01	0.87	0.68	0.68
Profitability	Return on Assets (%)	5.83	3.23	8.13	6.01	3.70	0.92
	Return on Equity (%)	12.37	6.21	19.87	13.62	7.11	1.80
	Profit Before Tax to Capital Stock (%)	20.11	12.02	38.89	29.16	17.19	4.10
	Profit Margin (%)	5.72	3.27	7.40	6.00	4.26	4.46
	EPS	1.60	0.75	2.81	1.93	0.91	0.23
Cash Flow	Cash Flow Ratio (%)	5.88	19.69	5.64	68.86	73.43	(2.57)
	Cash Flow Adequacy Ratio (%)	85.40	71.36	44.19	60.15	112.44	122.57
	Cash Re-investment Ratio (%)	(3.46)	3.37	(0.54)	7.56	11.20	(0.64)
Degree of Leverage	Degree of Operating Leverage	3.61	5.20	2.50	2.85	4.28	4.32
	Degree of Financial Leverage	1.26	1.45	1.10	1.16	1.36	1.33

Reasons for changes in various financial ratios in the last two years and the quarter before the publication date of the annual report：
1. Increase in current ratio：Mainly due to the decrease in current liabilities compared to 2021, resulting in an increase in this ratio.
2. Increase in quick ratio：mainly due to the decrease in current liabilities compared with 2021, resulting in an increase in this ratio.
3. Decrease in interest coverage ratio：Mainly due to the decrease in pre-tax net profit in 2022, resulting in a decrease in the cost ratio.
4. Decrease in profitability：Mainly due to the decrease in net profit after tax in 2022 resulting in a decrease in the cost ratio.
5. Increase in cash flow ratio：mainly due to the increase in cash inflow from operating activities, resulting in an increase in this ratio.

(II) Financial analysis（Individual financial report）：

Year / Analysis Item		Financial Information of the Last Five Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Liabilities to Assets Ratio	51.46	53.46	59.00	56.04	55.74
	Long-term Capital to PP&E Ratio	332.64	318.67	426.69	506.18	523.63
Solvency (%)	Current Ratio	228.58	153.79	239.99	794.10	822.67
	Quick Ratio	85.06	55.13	99.56	476.03	536.88
	Debt Service Coverage Ratio	8.85	5.50	15.86	9.94	5.11
Utility	Average Collection Turnover (times)	6.13	5.82	5.99	5.28	5.08
	Average Collection Days	59.54	62.71	60.93	69.12	71.85
	Average Inventory Turnover (times)	2.24	2.05	2.70	2.39	2.08
	Average Payable Turnover (times)	19.46	26.33	17.59	16.32	24.95
	Average Day(s) of Sales	162.95	178.05	135.19	152.71	175.48
	PP&E Turnover (times)	1.99	1.76	3.22	2.98	1.89
	Total Assets Turnover (times)	0.52	0.44	0.70	0.56	0.35
Profitability	Return on Assets (%)	6.17	3.08	9.26	6.22	3.35
	Return on Equity (%)	11.49	5.50	20.05	13.06	5.92
	Profit Before Tax to Capital Stock (%)	13.39	6.80	28.32	20.76	9.67
	Profit Margin (%)	10.88	5.88	12.46	9.81	7.50
	EPS	1.60	0.75	2.81	1.93	0.91
Cash Flow	Cash Flow Ratio (%)	12.32	17.13	(30.38)	290.09	132.61
	Cash Flow Adequacy Ratio (%)	58.88	36.89	22.11	63.88	85.41
	Cash Re-investment Ratio (%)	(3.46)	(1.29)	(10.71)	12.64	3.54

Degree of Leverage	Degree of Operating Leverage	9.09	(8.05)	2.68	3. 29	（6. 64）
	Degree of Financial Leverage	3.01	0.58	1.18	1. 46	0. 43

Reasons for changes in various financial ratios in the last two years and the quarter before the publication date of the annual report:

1. Decrease in interest coverage ratio: Mainly due to the decrease in pre-tax net profit in 2023, resulting in a decrease in the cost ratio.
2. Decrease in Average Payable Turnover (times): Mainly due to the decrease in average payable.
3. Decrease in PP&E Turnover (times) Mainly due to decrease in net operating revenue in 2023..
4..Decrease in profitability : mainly due to the decrease in Net income (loss).
5.Decrease in cash flow:Mainly due to the decrease in net cash flow from operation.
6..Decrease in degree of leverageMainly due to the decrease in Operating Income.

1.Financial structure

(1)Liabilities to assets ratio = Total Liabilities/Total Assets

(2)Long-term capital to PP&E ratio = (Total Equity + Non-Current Liabilities) /Net PP&E

2.Solvency

(1)Current ratio = Current Assets/ Current Liabilities

(2)Quick ratio = (Current Assets – Inventory – Pre-paid Expenses) / Current Liabilities

(3)Interest coverage ratio = Net Income Before Income Tax and Interest Expense / InterestExpenses

3.Utility

(1)Balance of Receivables (including accounts receivable and notes receivable due to business) Turnover = net sales/average receivables for each period (including accounts receivable and notes receivable due to business).

(2)Average Collection Days = 365/receivables turnover.

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

(4)Balance of Payables (including accounts payable and notes payable due to business) Turnover = cost of goods sold/average payables for each period (including accounts payable and notes payable due to business).

(5)Average Sales Days = 365/inventory turnover.

(6)PP&E Turnover = net sales/ net average PP&E

(7)Total Asset Turnover = net sales/average total assets.

4.Profitability

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

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

(3)Net Profit Rate = after-tax profit (loss)/net sales.

(4)EPS = (Equity attributable to owners of the parent – dividend from preferred shares)/weighted average number of outstanding shares.

5.Cash Flow

(1)Cash Flow Ratio = net cash flow from operation– current liabilities

(2)Net Cash Flow Adequacy Ratio = net cash flow from operation over the past five years/(capital expense +addition to inventory + cash dividend) over the past five years.

(3)Cash Reinvestment Ratio = (net cash flow from operation – cash dividend)/(gross PP&E + long-term investment + other non-current assets + working capital).

6.Leverage

(1)Degree of operating leverage = (net income – variable cost and expenses from operation)/operating profit.

(2)Financial Leverage = operating income/(operating income-interest expenses).

III. Audit Committee's Review Report for the Most Recent Year's Financial Statement

Audit Committee Review Report

The Board of Directors have prepared the Business Report, Financial Statements (including consolidated and separate financial statements), and the proposal for the distribution of earnings for the year 2023. The said financial statements have been audited by PwC Taiwan with the issuance of Auditors' Report. We have reviewed the said Business Report, Financial Statements, and Proposal for the Distribution of Earnings, which are appropriately prepared. We hereby present this report in accordance with the Securities and Exchange Act for your attention.

Chun Yu Works & Co., Ltd.

Convener of Audit Committee：CHIEN, CHIN-CHENG

March 07, 2024

IV. Financial statements of the previous year certified by a CPA. Please refer to Appendix I.

V. Individual financial statement of the previous year certified by a CPA. Please refer to Appendix II.

VI. Insolvency that occurs in the Company and affiliates in the previous year and by the date of annual report publication：NA.

Chapter VII：Review of Financial Conditions, Financial Performance, and Risk Management

I. Financial position

The main reasons and impacts of major changes in assets, liabilities and equity in the last two years：

Unit：NTD thousand

Year / Item	2023	2022	Difference	
			Amount	%
Current assets	8,142,602	8,707,949	(565,347)	(6.49)
Property, plant, and equipment (PP&E)	2,879,339	3,055,795	(176,456)	(5.77)
Intangible assets	7,747	7,343	404	5.50
Other assets	1,138,648	839,986	298,662	35.56
Total assets	12,168,336	12,611,073	(442,737)	(3.51)
Current liabilities	1,900,329	2,343,256	(442,927)	(18.90)
Non- current liabilities	5,188,921	5,198,887	(9,966)	(0.19)
Total liabilities	7,089,250	7,542,143	(452,893)	(6.00)
Capital	3,021,627	3,021,627	0	0.00
Capital reserve	501,353	477,923	23,430	4.90
Retained earnings	1,416,591	1,386,333	30,258	2.18
Other equities	(394,640)	(331,076)	(63,564)	19.20
Treasury stock	(267,195)	(267,195)	0	0.00
non-controlling interest	801,350	781,318	20,032	2.56
Total equity	5,079,086	5,068,930	10,156	0.20

Account for changes in two periods are up to 20% and the amount of changes is up to NT$10 million：

1. Other assets： mainly due to the increase in financial assets at fair value through profit or loss – current and financial assets at fair value through other comprehensive income - noncurrent non-current

II. Financial Performance

The main reasons for major changes in operating income, operating profit and pre-tax net profit in the last two years, the expected sales volume and its basis, the possible impact on the company's future financial business and the response plan：

Unit：NTD thousand

Item \ Year	2023	2022	Amount Difference	Change Ratio%
Operating revenue	8,460,641	11,049,641	(2,589,000)	-23.43%
Operating Cost	(7,141,577)	(9,247,148)	2,105,571	-22.77%
Gross profit	1,319,064	1,802,493	(483,429)	-26.82%
Operating Expense	(862,776)	(938,754)	75,978	-8.09%
Operating Income	456,288	863,739	(407,451)	-47.17%
Non-operating income and expenses	63,266	17,462	45,804	262.31%
Income (loss) before tax	519,554	881,201	(361,647)	-41.04%
Income tax expense	(158,876)	(218,085)	59,209	-27.15%
Net income (loss)	360,678	663,116	(302,438)	-45.61%
Profit attributable to owners of the parent	253,625	537,503	(283,878)	-52.81%
EPS	0.91	1.93	(1.02)	-52.85%

The changes between the 2 periods accounted for 20% and amounted to NT$10,000,000, and the causal analysis：

1.Operating revenue、Operating costs and Gross profit：The decrease in the current period is mainly due to the unsatisfactory steel market conditions, the slowdown in revenue, and the decline in operating income greater than operating costs.

2.Operating income: Same as the description of Operating revenue、Operating costs and Gross profit.

3.Non-operating income and expenses: The increase in net sales，mainly due to increase in gain on valuation of financial asset.

4.Income(loss)before tax、Net income(loss)、Profit attributable to owners of the parent : Same as the description of Operating revenue、Operating costs and Gross profit.

III.Cash flow analysis

(I) Analysis of liquidity in the past two years：

Item \ Year	2023	2022	Increase/reduction ratio
Cash flow ratio	73.43%	68.86%	6.64%
Cash flow adequacy ratio	112.44%	60.15%	86.93%
Cash reinvestment ratio	11.20%	7.56%	48.15%
Ratio change analysis： Cash flow adequacy ratio： This ratio is the impact figure for the five years ,and the increase in the ratio is mainly due to the increase in net cash inflows from operating activities. 2. Cash reinvestment ratio：Mainly due to the increase in net cash inflows from operating activities.			

(II) Analysis of cash liquidity in the next year：

Unit：NTD thousand

Beginning cash balance (1)	Annual net cash flow from own business activities	Annual net cash outflow (3)	Cash balance< (1)+(2)-(3)	Remedy for cash shortage	
				Investment Plans	Investment Plans
2,552,936	600,000	(600,000)	2,552,936	-	-
Analysis of cash flow in the year： 1. Business activities：In 2024, the collection situation and the purchase of raw materials and the payment terms of various payables have not changed much. It is estimated that the net cash inflow from business activities will be 400,000 thousand. 2. Investment activities：The net cash outflow of 200,000,000 is expected to be paid for the purchase of fixed assets and other investment activities in 2024. 3. Financing activities： In 2024, it is estimated that the net cash outflow of 400,000,000 will be generated by repaying loans and issuing cash dividends. 4. Remedial measures and flow analysis of estimated cash insufficiency：Not applicable.					

IV. Major capital expenditures during the most recent fiscal year：None

V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving reinvestment profitability, and investment plans for the coming year

(I) Reinvestment policy in the past year：

Product quality improvement, competitiveness enhancement, and projection of future market development are the aims of our reinvestment policy, hoping to expand the scale of operations and increase overall profit.

(II) Major causes of profit or loss and improvement plans, and invest-ment plans in the next year：NA

VI. Risk analysis and other important matters：

(1)The impact of interest rate, exchange rate, and inflation rate changes on the Company's revenue, as well as corresponding

1. Interest rate:

The Company evaluates the interest rates offered by banks in borrowing, and assesses the situation of the financial market with caution. The Company also keep close contact with banks for access to preferential interest rate.

2. Exchange rate fluctuation：

The Company has its strategy in operating foreign exchange and strictly control the process for responding to the changes in foreign exchange.

3.Inflation：

The Company pays close attention to the fluctuation of price in market from time to time and maintain positive relation with the suppliers and customers. The Company assesses its financial and business operation carefully to mitigate the impact of inflation on the Company.

(2)Policies on high risk, highly leveraged investments, loans to other parties, endorsements, and derivative trading policies, main reasons for profits or losses, and future response measures:

1. Investment under high risks and leverage：The principal investment of the Company is in the steel and iron related industries. The steel and iron industry is a mature industry that entails low risk. In addition, the Company keeps a conservative in operation and sound financial position, and never make high leverage investment.

2. Lending of Capital：None.

3. Endorsement：

The Company only endorses and guarantees subsidiaries, Affiliated companies or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. The endorsement is mostly for funding.The endorsement is in accordance with Procedures for Providing Endorsements and Guarantees to other Parties of the Company and granted with the approval of the Board of Directors.

4.Derivative product transactions：None.

(3) Future Research & Development (R&D) Plans and Expected R&DExpenses:

1. In 2024, the Company expects ti invest NT$76,987 thousand in research and development.
2. R&D Plan in the future:
   (a) Step up the training and development of good people.
   (b) Upgrade the capacity in the tapping speed of screws.
   (c) Improve the machine and equipment in service and build up the automation function.
   (d) Intensify environmental protection to meet the requirements of environmental protection under related laws.
   (e) Improve the molding tools for high tenacity screws to reduce the loss of materials and molding tools.
   (f) Research and develop new products in alignment with business and market needs, and prompt for industrial upgrading.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

(5) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: None.

(6) Effect on the Company's crisis management of changes in the company's corporate image, and measures to be taken in response: None.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

(a)Purchases: Although most raw materials are purchased from domestic steel companies, we sign a long-term supply contract with them to maintain steady materials supply. Product sales are adjusted in accordance with the operating conditions of customers, and transactions with customers remain stable.

(b)Sales: The fasteners of the Company are mostly for export sale to regions and counties like the USA, the EU, China, and others for diversification of market risk. In addition, the products of the Company also assess the state of operation of the customers and

make proper adjustment to product sale for reducing operation risk.

(10) Effect upon and risk 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.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(12) If there is any litigation or non-litigation, please list the significant litigation, non-litigation or administrative litigation with its judgment already made or pending which is related to the Company or the Company's Directors, Supervisors, General Manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates. If the result may have a significant impact on the shareholders' equity or the price of the Company's shares, please disclose the fact of the dispute, the claim amount, the date of commencement of the litigation, the principal litigants and the handling of the situation as of the date of publication of the annual report: None.

(13) Other important risks and counter measures：None.

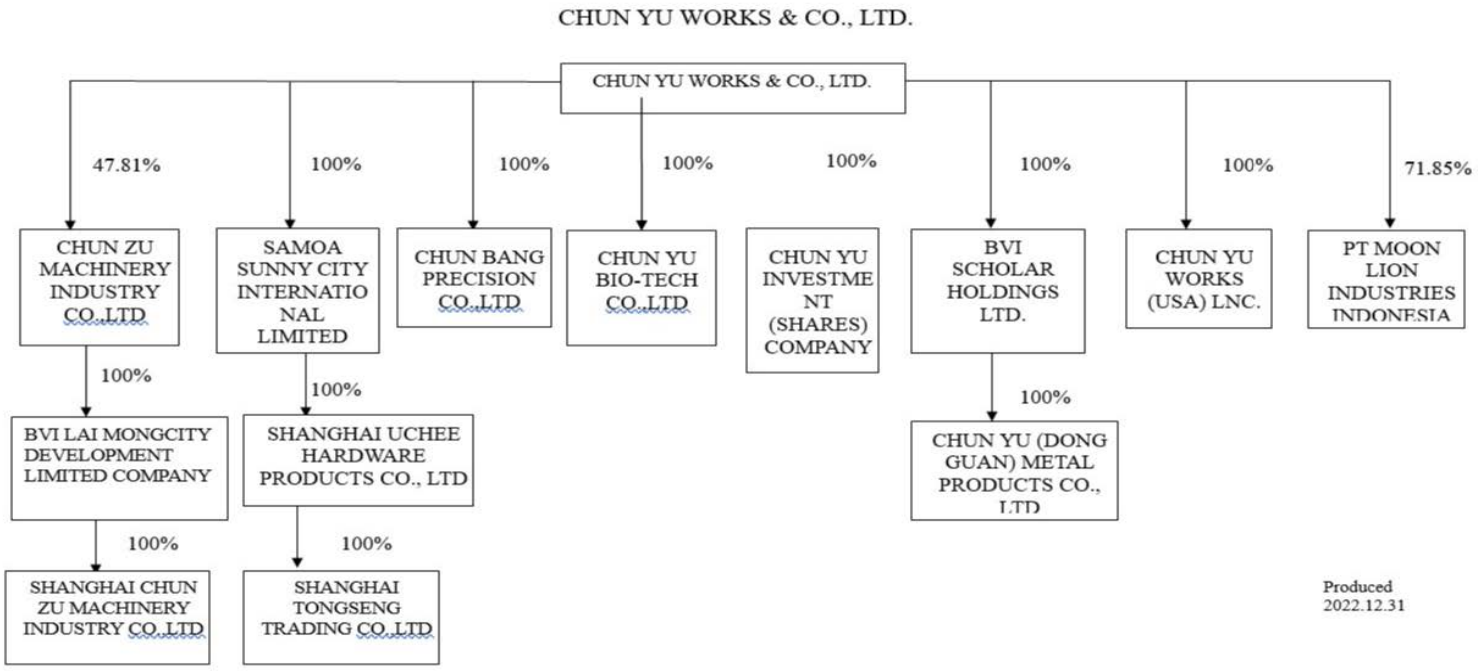
VII. Other important matters：None.

Chapter VIII：Special Remarks

I. Information related to the company's affiliates

(I) Consolidated Business Report of affiliate companies

1.Organizational Chart of affiliate companies



2.asic Data of Individual Affiliates

Unit: NT$ thousand

Name of Enterprise	Establishment Date	Address	Paid-in Capital		Major scope of business
PT Moon Lion Industries Indonesia	1972/02/23	JL.RAWA BALI 1/NO.8 INDUSTRIAL EST ATE PULOGADUNG JAKARTA, INDONE SIA	TWD	39,600	Manufacturing and sales of screws and nuts
			RP	20,000,000	
Chun Zu Machinery Industry Co.,Ltd.	1974/06/01	No.50, Tapao St., Kangshan Dist., Kaohsiung City 820, Taiwan.	TWD	602,900	Manufacturing and sales of machinery
Chun Bang Precision Co., Ltd.	1980/08/22	No.28, Tapao St., Kangshan Dist., Kaohsiung City 820, Taiwan.	TWD	150,000	Mould making and trading
Chun Yu Works (USA) Lnc.	1993/01/31	1037 WALNUT AVENUE POMONA, CA 91766, USA.	TWD	116,679	Import and export trade of metal products
			USD	3,800	
SCHOLAR HOLDINGS LTD.	1995/07/24	PORTCULLIS CHAMBERS, 4TH FLOOR, ELLEN SKELTON BUILDING, 3076 SIR FRANCIS DRAKE HIGHWAY, ROAD TOWN, TORTOL, BRITISH VIRGIN ISLANDS VG1110	TWD	1,018,890	Reinvestment and import and export trade
			USD	33,183	
ChunYu (Dong Guan) Metal Products Co., Ltd.	1995/09/10	Songmushan Administration Zone, Dalang, Dongguan City 523795, Guangdong Province, China.	TWD	1,979,889	Manufacturing and sales of screws and nuts
			USD	64,482	
Bvilaimongcity Development Limited Company	1998/01/05	P.O. Box 438 Road Town Tortola British Vigrin Island.	TWD	61,410	Professional investment
			USD	2,000	
Shanghai Chun Zu Machinery Industry Co., Ltd.	1998/05/11	No. 6639, Jihe Highway, Bahe Town, Qingpu District, Shanghia City, China.	TWD	260,993	Manufacturing and sales of machinery
			USD	8,500	
Shanghai Tongseng Trading Co., Ltd.	1998/07/24	No. 5, Mingying Road, Luojing Town, Baoshan District, Shanghai City, China.	TWD	8,169	Sales of screws and nuts
			RMB	2,000	
Chun Yu Investment (Shares) Company	1998/11/13	No.100, Tapao St., Kangshan Dist., Kaohsiung City 820, Taiwan.	TWD	748,880	Professional investment
Chun Yu Bio-Tech Co., Ltd.	2008/01/10	No. 269, Jiahua Road, Gangshan Dist., Kaohsiung City 820, Taiwan.	TWD	100,000	Powder metallurgy

SUNNY CITY INTERNATION AL LTD.	2010/03/23	VISTRA CORPORATE SERVICES CENTRE, GROUND FLOOR NPF BUILDING, BEACH ROAD,APIA,SAMOA.	TWD	30,705	Reinvestment and import and export trade
			USD	1,000	
Shanghai Uchee Hardware Products Co., Ltd.	2010/03/23	No. 5, Mingying Road, Luojing Town, Baoshan District, Shanghai City, China.	TWD	30,705	Sales of screws and nuts
			USD	1,000	

3.Shareholders presumed to have control and subordinate relationship with the same information: N/A.

4.Relationship between the directors, supervisors and general manager of the enterprise：

(As of December 31,2023)

Unit：shares/%

Name of Enterprise	Job Title	Name or Representative		Shareholding	
				Number of shares	%
Chun Zu Machinery Industry Co.,Ltd.	Chairperson	Chi-Tai, Chen	Chun Yu Works & Co., Ltd.	28,821,939	47.81
	Vice President	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	28,821,939	47.81
	Director	Huei-Jeng, Lin	Chun Yu Works & Co., Ltd.	28,821,939	47.81
	Director	Shi-He Li	Chun Yu Works & Co.,,Ltd.	28,821,939	47.81
	Director	Ming-Shen, Sun	SPOT Inc	859,377	1.43
	Director	Chung-Hsien, Li		317,538	0.53
	Independent Directors	Xing-Chao ,Tan		-	-
	Independent Directors	Zhao-Song ,Lin		-	-
	Independent Directors	Ya-Hong, Wang		-	-
	President	Wu-Jian, Jia		-	-
Bvilaimongcity Development Limited Company	Chairperson	Chi-Tai, Chen	Chun Zu Machinery Industrial Co., Ltd.	USD 2,000,000	100
Shanghai Chun Zu Machinery Industry Co., Ltd.	Chairperson	Chung-Chun, Wong	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
	Director	Chi-Tai, Chen	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
	Director	Shi-He Li	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
	Director	Shi-He Li	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
	Director	Wu-Jian, Jia	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
	Director and CEO	Chan-Fei, Hu	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
	Supervisor	Huei-Jeng, Lin	Laiwangcheng Development Co.,	USD 8,500,000	100

			Ltd.		
	Supervisor	Ming-Shen, Sun	Laiwangcheng Development Co., Ltd.	USD 8,500,000	100
Chun Bang Precision Co., Ltd.	Chairperson	Chi-Tai, Chen	Chun Yu Works & Co., Ltd.	15,000,000	100
	Director	Huei-Jeng, Lin	Chun Yu Works & Co., Ltd.	15,000,000	100
	Director	Chiung-Fen, Wang	Chun Yu Works & Co., Ltd	15,000,000	100
	Supervisor	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	15,000,000	100
	President	Ying-Mei, Ciou		-	-
PT Moon Lion Industries Indonesia	Chairperson and CEO	Lien-Tuei, Lin	Chun Yu Works & Co., Ltd.	14,370,000	71.85
	Director	Xin-Jie, Cheng	Chun Yu Works & Co.,,Ltd.	14,370,000	71.85
	Director	Vincent Hartono		-	-
	Chairman of the Board	Rahman Tamin		960,667	4.80
	Director	Chen Chi-Ta	Chun Yu Works & Co., Ltd.	14,370,000	71.85
	Director	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	14,370,000	71.85
	Director	Huei-Jeng, Lin	Chun Yu Works & Co., Ltd.	14,370,000	71.85
	Director	Mintarto Halim		600,000	3
Chun Yu Works (USA) Lnc.	Chairperson	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	3,800,000	100
	Director	Chi-Tai, Chen	Chun Yu Works & Co., Ltd.	3,800,000	100
	Director	Hsing-Ya ,Chang	Chun Yu Works & Co., Ltd.	3,800,000	100
SCHOLAR HOLDINGS LTD.	Chairperson	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	33,183,211	100
ChunYu (Dong Guan) Metal Products Co., Ltd.	Chairperson	Chung-Chun, Wong	Scholar Holdings Ltd.	USD 64,482,000	100
	Director	Chi-Tai, Chen	Scholar Holdings Ltd.	USD 64,482,000	100
	Director	Wu-Jian, Jia	Scholar Holdings Ltd.	USD 64,482,000	100
	Supervisor	Chiung-Fen, Wang	Scholar Holdings Ltd.	USD 64,482,000	100
Chun Yu Investment (Shares) Company	Chairperson	Chi-Tai, Chen	Chun Yu Works & Co., Ltd.	74,888,032	100
	Director	Huei-Jeng, Lin	Chun Yu Works & Co., Ltd.	74,888,032	100
	Director	Chiung-Fen, Wang	Chun Yu Works & Co., Ltd.	74,888,032	100
	Supervisor	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	74,888,032	100
Chun Yu Bio-Tech Co., Ltd.	Chairperson	Chi-Tai, Chen	Chun Yu Works & Co., Ltd.	10,000,000	100
	Director	Huei-Jeng, Lin	Chun Yu Works &	10,000,000	100

			Co., Ltd.		
	Director	Chiung-Fen, Wang	Chun Yu Works & Co., Ltd.	10,000,000	100
	Supervisor	Chung-Chun, Wong	Chun Yu Works & Co., Ltd.	10,000,000	100
	President	Ting-Yuen, Cheng		-	-
SUNNY CITY INTERNATION AL LTD.	Chairperson	Chung-Chun, Wong	Chun Yu Works & Co.,Ltd.	USD 1,000,000	100
Shanghai Uchee Hardware Products Co., Ltd	Chairperson	Chung-Chun, Wong	Sunny City International Limited.	USD 1,000,000	100
	Director	Chi-Tai, Chen	Sunny City International Limited.	USD 1,000,000	100
	Director	Huei-Jeng, Lin	Sunny City International Limited.	USD 1,000,000	100
	Supervisor	Chiung-Fen, Wang	Sunny City International Limited.	USD 1,000,000	100
Shanghai Tongsheng Trading Co., Ltd	Chairperson	Chung-Chun, Wong	Shanghai Uchee Hardware Products Co., Ltd.	RMB 2,000,000	100
	Supervisor	Chiung-Fen, Wang	Shanghai Uchee Hardware Products Co., Ltd.	RMB 2,000,000	100

5.Overview of the operation of each affiliated company：

December 31,2023
Unit: NT$ thousand

Name of Enterprise	Authorized Capital	Total assets	Total liabilities	Net Worth	Operating revenue	Operating Income	Current profit/loss	EPS
PT Moon Lion Industries Indonesia	39,600	1,330,568	318,636	1,011,932	1,710,738	330,297	245,288	12.26
Chun Zu Machinery Industry Co.,Ltd.	602,900	1,580,863	517,120	1,063,743	472,543	2,911	74,265	1.23
Chun Bang Precision Co., Ltd.	150,000	256,898	65,750	191,148	137,310	5,139	5,640	0.38
Chun Yu Works (USA) Lnc.	116,679	496,989	85,139	411,850	510,234	64,776	47,137	12.40
SCHOLAR HOLDINGS LTD.	1,018,890	1,023,062	27,592	995,470	0	(127)	(9,523)	(0.29)
ChunYu (Dong Guan) Metal Products Co., Ltd.	1,979,889	1,251,217	228,692	1,022,525	1,331,734	2,473	(9,404)	(0.15)
Bvilaimongcity Development Limited Company	61,410	525,010	0	525,010	0	(88)	53,665	26.83
Shanghai Chun Zu Machinery Industry Co., Ltd.	260,993	932,356	420,539	511,817	744,123	54,047	51,699	6.08
Shanghai Tongsheng Trading Co., Ltd	8,169	30,806	34,624	(3,818)	0	(444)	86	0.04
Chun Yu Investment (Shares) Company	748,880	731,719	27	731,692	0	(103)	53,940	0.72
Chun Yu Bio-Tech Co., Ltd.	100,000	188,145	79,257	108,888	93,096	(19,968)	(14,334)	(1.43)
SUNNY CITY INTERNATIONAL LTD.	30,705	252,386	0	252,386	0	(89)	28,702	28.70
Shanghai Uchee Hardware Products Co., Ltd	30,705	364,967	114,772	250,195	760,498	35,935	28,762	4.20

(II) Consolidated financial statements of related companies: A statement of consolidated financial statements of related companies has been issued, stating that the company that prepares the consolidated financial statements of related companies and the company that prepares the consolidated financial statements of parent and subsidiary companies are the same, and that it will no longer prepare separate consolidated financial statements of related companies.

(III) Relational Report : NA

II. Transaction about the company's private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual repor

Stocks of this Company held and disposed of by subsidiaries in the previous fiscal year and by the date of annual report publication

April 30, 2024

Unit: NT$ thousand; shares

Subsidiary Name	Paid-in Capital	Fund sources	Shareholding Of this Company	(1) Acquisition or (2) Disposition date	Number of shares and amount acquired	Number of shares and amount Disposed acquired	Investment profit/loss	Pledge creation in the previous fiscal year	and by the date of annual report publication	Amount of endorsement/ guarantee for subsidiaries	Amount of loan for subsidiaries
Chun Yu Investment (Shares) Company	748,880	Shareholder investment	100.00%	(1)88.05～96.10 (2)110.07	23,430,172 shares 267,195 thousand	-	-	23,430,172 shares 565,839 thousand	NA	NA	NA

Note: no significant influence on the Company's financial performance and financial status.

IV. Other required supplementary notes: NA.

V. If any of the situations listed in Article 36, Paragraph 3, Item 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: NA.

CHUN YU WORKS & CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

Chun Yu Works & Co., Ltd.

March 7, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chun Yu Works & Co., Ltd. and subsidiaries (the "Group") as of 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 of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, 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 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:

Cut-off of revenue from export sales

Description

Refer to Note 4(29) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

The Group derives its revenues from the sales of screws, nuts, wire rods and fastener forming machines, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognized as revenues when control of the goods has been transferred according to the terms specified in the contracts. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary for each sales transaction. The determination as to when products are transferred to customers involves manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we considered the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the accounting policies of revenue recognition on export sales.

2. Obtained an understanding and assessed the internal controls over revenue recognition on export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognized when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(10) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2023, the inventories and allowance for inventory valuation losses amounted to NT$3,544,040 thousand and NT$188,458 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of screws, nuts, wire rods and fastener forming machines, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realisable values are determined by management based on periodic inventory clearance information. Given that the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify

and control obsolete inventories.

3. Verified the appropriateness of net realisable value used in inventory valuation and the logic used in the inventory aging report to ascertain the adequacy of allowance for inventory valuation losses.

Other matter – Reference to the reports of other auditors

We did not audit the financial statements of consolidated subsidiaries, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, 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 NT$1,827,557 thousand and NT$1,777,370 thousand, constituting 15% and 14% of the consolidated total assets as of December 31, 2023 and 2022, respectively, and the operating revenue amounted to NT$2,220,972 thousand and NT$2,190,541 thousand, constituting 26% and 20% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with an other matter paragraph on the parent company only financial statements of Chun Yu Works & Co., Ltd. as of 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 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
March 7, 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,552,936	21	$ 2,436,550	19
1110	Financial assets at fair value through profit or loss - current	6(2)	3,177	-	50,411	1
1136	Financial assets at amortised cost - current	6(1)	298,027	2	-	-
1150	Notes receivable, net	6(3) and 7	324,961	3	420,299	3
1170	Accounts receivable, net	6(3) and 7	1,496,591	12	1,665,188	13
1200	Other receivables	7	20,269	-	6,889	-
1220	Current income tax assets	6(27)	1,164	-	2,623	-
130X	Inventories	5(2), 6(4)(6) and 8	3,355,582	28	3,997,588	32
1410	Prepayments		80,928	1	116,626	1
1476	Other current financial assets	6(1) and 8	8,967	-	11,775	-
11XX	**Total current assets**		8,142,602	67	8,707,949	69
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	127,050	1	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	681,311	6	439,249	4
1535	Financial assets at amortised cost - non-current	6(1)	-	-	44,100	1
1600	Property, plant and equipment	6(6)(10), 7 and 8	2,879,339	24	3,055,795	24
1755	Right-of-use assets	6(7) and 8	123,068	1	137,409	1
1780	Intangible assets	6(8)	7,747	-	7,343	-
1840	Deferred income tax assets	6(27)	168,233	1	164,086	1
1915	Prepayments for equipment	6(6)(8)	11,959	-	23,088	-
1920	Guarantee deposits paid		24,763	-	21,957	-
1930	Long-term notes and accounts receivable	6(9)	-	-	3,317	-
1990	Other non-current assets		2,264	-	6,780	-
15XX	**Total non-current assets**		4,025,734	33	3,903,124	31
1XXX	**Total assets**		$ 12,168,336	100	$ 12,611,073	100

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11) and 8	$ 478,186	4	$ 780,846	6
2130	Current contract liabilities	6(20) and 7	481,924	4	470,653	4
2150	Notes payable		438	-	388	-
2170	Accounts payable	7	494,133	4	558,651	5
2200	Other payables	7	378,577	3	440,435	4
2230	Current income tax liabilities	6(27)	40,973	-	45,169	-
2250	Provisions for liabilities - current	6(13)	6,401	-	6,265	-
2280	Current lease liabilities	6(7)	13,114	-	24,728	-
2320	Long-term liabilities, current portion	6(14) and 8	6,583	-	16,121	-
21XX	**Total current liabilities**		1,900,329	15	2,343,256	19
	Non-current liabilities					
2530	Bonds payable	6(12) and 8	4,578,558	38	4,563,605	36
2540	Long-term borrowings	6(14) and 8	23,123	-	22,915	-
2570	Deferred income tax liabilities	6(27)	457,693	4	467,513	4
2580	Non-current lease liabilities	6(7)	30,310	-	27,534	-
2640	Net defined benefit liabilities - non-current	6(15)	98,780	1	116,863	1
2645	Guarantee deposits received		457	-	457	-
25XX	**Total non-current liabilities**		5,188,921	43	5,198,887	41
2XXX	**Total liabilities**		7,089,250	58	7,542,143	60
	Equity attributable to owners of parent					
	Share capital	6(16)				
3110	Common stock		3,021,627	25	3,021,627	24
3200	Capital surplus	6(12)(16)(17)	501,353	4	477,923	4
	Retained earnings	6(5)(16)(18)				
3310	Legal reserve		336,485	3	302,397	2
3320	Special reserve		430,610	4	430,610	3
3350	Unappropriated retained earnings		649,496	5	653,326	5
3400	Other equity interest	6(5)(19)	(394,640)	(4)	(331,076)	(2)
3500	Treasury stocks	6(16)	(267,195)	(2)	(267,195)	(2)
31XX	**Equity attributable to owners of the parent**		4,277,736	35	4,287,612	34
36XX	Non-controlling interest	4(3)	801,350	7	781,318	6
3XXX	**Total equity**		5,079,086	42	5,068,930	40
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 12,168,336	100	$ 12,611,073	100

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	$ 8,460,641	100	$ 11,049,641	100
5000	Operating costs	6(4)(7)(8)(15)(25)(26) and 7	(7,141,577)	(85)	(9,247,148)	(84)
5900	Net operating margin		1,319,064	15	1,802,493	16
	Operating expenses	6(7)(8)(15)(25)(26), 7 and 12				
6100	Selling expenses		(289,537)	(3)	(357,854)	(3)
6200	General and administrative expenses		(506,152)	(6)	(516,002)	(5)
6300	Research and development expenses		(62,903)	(1)	(66,419)	-
6450	Expected credit (losses) gains		(4,184)	-	1,521	-
6000	Total operating expenses		(862,776)	(10)	(938,754)	(8)
6900	Operating profit		456,288	5	863,739	8
	Non-operating income and expenses					
7100	Interest income	6(3)(21)	36,475	1	15,975	-
7010	Other income	6(2)(5)(22) and 7	32,300	-	42,635	-
7020	Other gains and losses	6(2)(7)(23) and 12	115,955	1	80,383	1
7050	Finance costs	6(7)(24)	(121,464)	(1)	(121,531)	(1)
7000	Total non-operating income and expenses		63,266	1	17,462	-
7900	**Profit before income tax**		519,554	6	881,201	8
7950	Income tax expense	6(27)	(158,876)	(2)	(218,085)	(2)
8200	**Profit for the year**		$ 360,678	4	$ 663,116	6

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plans	6(15)	$ 6,755	-	$ 42,634	-
8316	Unrealised gain (loss) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(5)(19)	38,056	-	(89,882)	(1)
8349	Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(27)	(1,279)	-	(8,476)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(35,166)	-	58,903	1
8399	Aggregated income tax relating to components of other comprehensive income (loss)	6(27)	2,165	-	(2,846)	-
8300	**Total other comprehensive income for the year**		$ 10,531	-	$ 333	-
8500	**Total comprehensive income for the year**		$ 371,209	4	$ 663,449	6
	Profit attributable to:					
8610	Owners of the parent		$ 253,625	3	$ 537,503	5
8620	Non-controlling interest		107,053	1	125,613	1
			$ 360,678	4	$ 663,116	6
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 268,857	3	$ 527,170	5
8720	Non-controlling interest		102,352	1	136,279	1
			$ 371,209	4	$ 663,449	6
	Earnings per share (in dollars)	6(28)				
9750	Basic		$	0.91	$	1.93
9850	Diluted		$	0.82	$	1.81

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
		Share capital - common stock	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
For the year ended December 31, 2022												
Balance at January 1, 2022		$ 2,877,740	$ 222,103	$ 233,702	$ 430,610	$ 654,473	($ 214,721)	$ 6,765	($ 267,195)	$ 3,943,477	$ 724,434	$ 4,667,911
Profit for the year		-	-	-	-	537,503	-	-	-	537,503	125,613	663,116
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	27,919	51,630	(89,882)	-	(10,333)	10,666	333
Total comprehensive income (loss)		-	-	-	-	565,422	51,630	(89,882)	-	527,170	136,279	663,449
Distribution of second half of 2021 net income:												
Legal reserve		-	-	37,754	-	(37,754)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(287,774)	-	-	-	(287,774)	-	(287,774)
Stock dividends	6(16)(18)	143,887	-	-	-	(143,887)	-	-	-	-	-	-
Distribution of first half of 2022 net income:												
Legal reserve		-	-	30,941	-	(30,941)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(151,081)	-	-	-	(151,081)	-	(151,081)
Disposal of financial assets at fair value through other comprehensive income	6(5)(19)	-	-	-	-	84,868	-	(84,868)	-	-	-	-
Issuance of convertible bonds	6(12)(17)	-	221,790	-	-	-	-	-	-	221,790	-	221,790
The Company's dividends received by subsidiaries	6(16)(17)	-	34,030	-	-	-	-	-	-	34,030	-	34,030
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(79,395)	(79,395)
Balance at December 31, 2022		$ 3,021,627	$ 477,923	$ 302,397	$ 430,610	$ 653,326	($ 163,091)	($ 167,985)	($ 267,195)	$ 4,287,612	$ 781,318	$ 5,068,930
For the year ended December 31, 2023												
Balance at January 1, 2023		$ 3,021,627	$ 477,923	$ 302,397	$ 430,610	$ 653,326	($ 163,091)	($ 167,985)	($ 267,195)	$ 4,287,612	$ 781,318	$ 5,068,930
Profit for the year		-	-	-	-	253,625	-	-	-	253,625	107,053	360,678
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	5,666	(28,490)	38,056	-	15,232	(4,701)	10,531
Total comprehensive income (loss)		-	-	-	-	259,291	(28,490)	38,056	-	268,857	102,352	371,209
Distribution of second half of 2022 net income:												
Legal reserve		-	-	34,088	-	(34,088)	-	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(302,163)	-	-	-	(302,163)	-	(302,163)
Disposal of financial assets at fair value through other comprehensive income	6(5)(19)	-	-	-	-	73,130	-	(73,130)	-	-	-	-
The Company's dividends received by subsidiaries	6(16)(17)	-	23,430	-	-	-	-	-	-	23,430	-	23,430
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	(82,320)	(82,320)
Balance at December 31, 2023		$ 3,021,627	$ 501,353	$ 336,485	$ 430,610	$ 649,496	($ 191,581)	($ 203,059)	($ 267,195)	$ 4,277,736	$ 801,350	$ 5,079,086

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 519,554	$ 881,201
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gains) losses on financial assets at fair value through profit or loss		(92,665)	18,258
Expected credit losses (gains)	12	4,184	(1,521)
(Reversal of allowance) provision for inventory market price decline	6(4)	(771)	42,381
Depreciation	6(6)(7)(25)	291,916	281,744
(Gains) losses on disposal of property, plant and equipment	6(23)	(587)	2,045
Losses from lease modification	6(7)(23)	-	182
Amortization	6(8)(25)	3,470	3,784
Interest income	6(21)	(36,475)	(15,975)
Dividend income	6(22)	(7,688)	(17,827)
Interest expense	6(24)	121,464	121,531
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		48,849	(13,816)
Notes receivable		95,453	1,338
Accounts receivable		165,936	629,766
Other receivables		(13,380)	23,562
Inventories		626,782	418,843
Prepayments		35,698	51,555
Long-term notes and accounts receivable		3,317	11,905
Changes in operating liabilities			
Current contract liabilities		11,271	63,310
Notes payable		50	(2,899)
Accounts payable		(64,518)	(471,586)
Other payables		(70,206)	(126,161)
Provisions for liabilities - current		136	(2,010)
Net defined benefit liabilities - non-current		(11,328)	(10,728)
Cash inflow generated from operations		1,630,462	1,888,882
Interest received		36,475	15,975
Dividends received		7,688	17,827
Interest paid		(104,463)	(109,360)
Income tax paid		(174,694)	(199,723)
Net cash flows from operating activities		1,395,468	1,613,601

(Continued)

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost - current		($ 298,027)	$ -
Acquisition of financial assets at fair value through income - non-current		(36,000)	-
Decrease (increase) in other current financial assets		2,808	(10,349)
Acquisition of financial assets at fair value through other comprehensive income - non-current		(290,398)	(1,059)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	86,392	100,773
Decrease in financial assets at amortized cost - non-current		44,100	42,815
Cash paid for acquisition of property, plant and equipment	6(29)	(54,153)	(181,852)
Proceeds from disposal of property, plant and equipment		1,393	3,899
Acquisition of intangible assets	6(8)	(3,911)	(2,926)
Increase in prepayments for equipment		(2,607)	(25,651)
Increase in guarantee deposits paid		(2,806)	(3,374)
Decrease in other non-current financial assets		-	7,361
Decrease in other non-current assets		4,516	1,807
Net cash flows used in investing activities		(548,693)	(68,556)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(30)	(302,660)	(861,525)
Payments of lease liabilities	6(30)	(26,829)	(25,026)
Increase in convertible bonds	6(30)	-	1,775,874
Increase in long-term borrowings	6(30)	8,500	27,207
Decrease in long-term borrowings	6(30)	(17,830)	(612,997)
Payments of cash dividends	6(29)	(278,733)	(404,825)
Cash dividends paid to non-controlling interest		(82,320)	(79,395)
Net cash flows used in financing activities		(699,872)	(180,687)
Effect of foreign exchange rate changes on cash and cash equivalents		(30,517)	45,955
Net increase in cash and cash equivalents		116,386	1,410,313
Cash and cash equivalents at beginning of year	6(1)	2,436,550	1,026,237
Cash and cash equivalents at end of year	6(1)	$ 2,552,936	$ 2,436,550

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

CHUN YU WORKS & CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED 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 Organization
   (1) Chun Yu Works & Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services. The information on main business activities of the Company's subsidiaries is provided in Note 4(3).
   (2) The Company's shares have been listed on the Taiwan Stock Exchange since October 1991.
2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation
   These consolidated financial statements were authorised for issuance by the Board of Directors on March 7, 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 ("IASB")
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 above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(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 IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	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) 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 IASB
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 IASB
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 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:

(a) Financial assets at fair value through profit or loss.

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or

losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022	Description
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Manufacture and sales of moulds	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	Import and export of hardware products	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Investment Co., Ltd.	Professional investment	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Chun Yu Bio-tech Corp.	Powder metallurgy	100.00	100.00	—
Chun Yu Works & Co., Ltd.	SCHOLAR HOLDINGS Ltd.	Reinvestment and import and export sales	100.00	100.00	—
Chun Yu Works & Co., Ltd.	SUNNY CITY INTERNATIONAL LIMITED	Reinvestment and import and export sales	100.00	100.00	—
Chun Yu Works & Co., Ltd.	Pt Moon Lion Industries Indonesia	Manufacture and sales of screws and nuts	71.85	71.85	—
Chun Yu Works & Co., Ltd.	Chun Zu Machinery Industry Co., Ltd.	Manufacture and sales of machinery	47.82	47.82	(Note 1) (Note 2)
Scholar Holdings Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and sales of screws and nuts	100.00	100.00	—
Sunny City International Limited	Shanghai Uchee Hardware Products Ltd.	Sales of screws and nuts	100.00	100.00	—
Shanghai Uchee Hardware Products Ltd.	Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Sales of screws and nuts	100.00	100.00	—
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Professional investment	100.00	100.00	(Note 2)
Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and sales of machinery	100.00	100.00	(Note 2)

(Note 1) It represents the consolidated ownership held by the Group.

(Note 2) A representative appointed by the Company was elected as the chairman of the investee, and the general manager of the investee had to report to the Board of Directors of the Company. Thus, the Company had substantial control over the investee and its subsidiaries.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to $801,350 and $781,318, respectively. The information on non-controlling interest and respective subsidiary is as follows:

		Non-controlling interest			
Name of subsidiary	Principal place of business	December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Chun Zu Machinery Industry Co., Ltd.	Taiwan	$ 516,491	52.18%	$ 529,806	52.18%

Summarised financial information of the subsidiary:

Consolidated balance sheet	Chun Zu Machinery Industry Co., Ltd. and subsidiaries	
	December 31, 2023	December 31, 2022
Current assets	$ 1,473,476	$ 1,408,949
Non-current assets	489,339	575,844
Current liabilities	(759,523)	(742,551)
Non-current liabilities	(139,549)	(154,418)
Total net assets	$ 1,063,743	$ 1,087,824

	For the years ended December 31,	
Consolidated statement of comprehensive income	2023	2022
Revenue	$ 1,172,342	$ 1,270,675
Profit for the year	$ 74,265	$ 110,989
Other comprehensive (loss) income	(7,911)	17,142
Total comprehensive income	$ 66,354	$ 128,131
Comprehensive income attributable to non-controlling interest	$ 33,874	$ 66,154
Dividends paid to non-controlling interest	$ 47,189	$ 34,605

Consolidated statements of cash flows	For the years ended December 31, 2023	2022
Net cash provided by operating activities	$ 300,512	$ 44,226
Net cash (used in) provided by investing activities	(41,534)	10,589
Net cash used in financing activities	(100,079)	(147,890)
Effect of exchange rate changes on cash and cash equivalents	(6,975)	10,132
Increase (decrease) in cash and cash equivalents	151,924	(82,943)
Cash and cash equivalents, beginning of year	214,542	297,485
Cash and cash equivalents, end of year	$ 366,466	$ 214,542

(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. Foreign currency transactions and balances

(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 re-translated 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) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

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 recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
(b) Assets held mainly for trading purposes;
(c) Assets that are expected to be realised within twelve months from the balance sheet date;
(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
(a) Liabilities that are expected to be settled within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be settled within twelve months from the balance sheet date;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
B. Time deposits and short-term notes and bills that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The Group initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the

derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.
B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings:	
Main building of plant (including accessory equipments)	3 ~ 51 years
Others (including accessory equipments)	3 ~ 36 years
Machinery and equipment	2 ~ 23 years
Utilities equipment	3 ~ 20 years
Transportation equipment	2 ~ 9 years
Office equipment	2 ~ 13 years
Other equipment	2 ~ 20 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(21) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently

remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable das stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus-share options'.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Provisions

Provisions (the estimated warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as

expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or

items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Company and its domestic subsidiaries and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's the Board of Directors. Stock dividends are recorded as stock dividends to be distributed after they are approved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

Sales of goods

A. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax as well as sales returns and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The credit terms for general sales are 2 months, for machinery equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements 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:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the market demand and technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

B. As of December 31, 2023, the carrying amount of inventories was $3,355,582.

6. Details Of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 1,498	$ 1,005
Checking accounts	227,096	107,114
Demand deposits	567,461	992,024
	796,055	1,100,143
Cash equivalents:		
Time deposits	1,696,967	1,336,407
Short-term notes and bills	59,914	-
	1,756,881	1,336,407
	$ 2,552,936	$ 2,436,550

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits maturing in excess of three months amounting to $298,027 as of December 31, 2023, were classified as financial assets at amortized cost - current. There were no such events as of December 31, 2022. The Group's time deposits maturing in excess of one year amounting to $44,100 as of December 31, 2022, were classified as financial assets at amortized

cost - non-current. There were no such events as of December 31, 2023.

C. As of December 31, 2023 and 2022, the Group's demand deposits amounting to $8,967 and $11,775, respectively, were pledged to others as collateral (listed as 'Other current financial assets' and 'Other non-current financial assets'). Details are provided in Note 8, 'Pledged assets'.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 170	$ 39,019
Beneficiary certificates	3,000	13,000
	3,170	52,019
Valuation adjustment	7	(1,608)
	$ 3,177	$ 50,411
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks-private placement	$ 36,000	$ -
Right of resell of corporate bonds	3,349	3,349
	39,349	3,349
Valuation adjustment	87,701	(3,349)
	$ 127,050	$ -

A. The Group recognised net profit amounting to $121,029 and $57,349 (listed as 'Other income' and 'Other gains and losses') on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

B. In November 2023, the Company subscribed a total of 5,000 thousand shares of Ensure Global Corp., Ltd. through private placement, and the transfer of the private placement stock is restricted within three years.

C. As of December 31, 2023 and 2022, the Group had no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 297,333	$ 352,225
Installment notes receivable	29,571	71,609
	326,904	423,834
Less: Unrealised interest income	(1,790)	(3,267)
Allowance for uncollectible accounts	(153)	(268)
	$ 324,961	$ 420,299
Accounts receivable	$ 1,516,634	$ 1,689,191
Installment accounts receivable	6,621	148
	1,523,255	1,689,339
Less: Unrealised interest income	-	(148)
Allowance for uncollectible accounts	(26,664)	(24,003)
	$ 1,496,591	$ 1,665,188

A. The ageing analysis of notes receivable and accounts receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 326,904	$ 1,341,740	$ 420,394	$ 1,461,430
Up to 30 days past due	-	101,848	2,131	170,419
31~90 days past due	-	32,640	1,309	36,055
91~180 days past due	-	14,345	-	808
Over 181 days past due	-	32,682	-	20,627
	$ 326,904	$ 1,523,255	$ 423,834	$ 1,689,339

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. Also, as of January 1, 2022, the balance of receivables from contracts with customers amounted to $2,747,618.

C. For the years ended December 31, 2023 and 2022, the interest income (including installment notes receivable, installment accounts receivable and long-term notes and accounts receivable) recognised in profit or loss amounted to $3,893 and $7,960 (listed as 'Interest income'), respectively.

D. As of December 31, 2023 and 2022, the Group did not hold any collateral as security for accounts receivable.

E. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes or accounts receivable held by the Group was their carrying amount.

F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

G. As of December 31, 2023 and 2022, the Group had no notes receivable and accounts receivable pledged to others.

(4) Inventories

	December 31, 2023		
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	$ 505,753	($ 30,113)	$ 475,640
Supplies	383,461	(17,615)	365,846
Work in progress	1,008,426	(39,178)	969,248
Finished goods	1,646,400	(101,552)	1,544,848
	$ 3,544,040	($ 188,458)	$ 3,355,582

	December 31, 2022		
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	$ 769,992	($ 33,338)	$ 736,654
Supplies	408,366	(15,568)	392,798
Work in progress	1,472,413	(42,939)	1,429,474
Finished goods	1,536,046	(97,384)	1,438,662
	$ 4,186,817	($ 189,229)	$ 3,997,588

A. The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 7,186,368	$ 9,261,469
(Gain on reversal of) loss on decline in market value (Note)	(771)	42,381
Loss on scrapping inventory	-	1,747
Loss on physical inventory	2,883	724
Income from sales of scraps	(46,903)	(59,173)
	$ 7,141,577	$ 9,247,148

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold in 2023 because certain inventories which were previously provided with allowance for decline in value were subsequently sold or scrapped.

B. Details of the Group's inventories pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8, 'Pledged assets'.

(5) Financial assets at fair value through other comprehensive income – non-current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	$ 883,598	$ 606,462
Unlisted stocks	772	772
	884,370	607,234
Valuation adjustment	(203,059)	(167,985)
	$ 681,311	$ 439,249

A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $681,311 and $439,249 as of December 31, 2023 and 2022, respectively.

B. In order to meet the needs of capital expenditure, the Company sold its financial assets at fair value through other comprehensive income - equity instrument at fair values of $86,392 and $100,773 as of December 31, 2023 and 2022, respectively, and accumulated gains on disposal of $73,130 and $84,868, respectively, which were reclassified from other equity interest to retained earnings.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
Fair value change recognised in other comprehensive income (listed as 'Other equity')	$ 38,056	($ 89,882)
Cumulative gains reclassified to retained earnings due to derecognition	$ 73,130	$ 84,868
Dividend income recognised in profit or loss (listed as 'Other income')	$ 5,261	$ 15,189

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.

E. Information relating to credit risk of non-current financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(6) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
January 1, 2023									
Cost	$ 1,573,597	$ 1,951,356	$ 4,522,990	$ 89,494	$ 93,331	$ 122,331	$ 712,327	$ 1,695	$ 9,067,121
Accumulated depreciation	-	(1,468,433)	(3,742,346)	(70,666)	(75,981)	(85,179)	(568,679)	-	(6,011,284)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 482,923	$ 780,602	$ 18,828	$ 17,350	$ 37,152	$ 143,648	$ 1,695	$ 3,055,795
2023									
At January 1	$ 1,573,597	$ 482,923	$ 780,602	$ 18,828	$ 17,350	$ 37,152	$ 143,648	$ 1,695	$ 3,055,795
Additions	-	6,365	31,490	1,162	5,919	3,315	4,441	7,761	60,453
Transfers after acceptance	-	707	19,983	-	-	-	266	(20,956)	-
Transfers from inventories	-	-	-	-		-	-	15,995	15,995
Transfers from prepayments for equipment	-	-	4,022	206	2,219	216	2,143	4,930	13,736
Depreciation charge	-	(46,201)	(159,472)	(3,907)	(7,949)	(5,742)	(36,360)	-	(259,631)
Disposals - Cost	-	(835)	(19,056)	(25)	(4,518)	(18,401)	(20,106)	-	(62,941)
- Accumulated depreciation	-	835	18,980	25	4,199	18,369	19,727	-	62,135
Net exchange differences	-	(2,213)	(1,315)	-	(1,517)	(89)	(1,069)	-	(6,203)
At December 31	$ 1,573,597	$ 441,581	$ 675,234	$ 16,289	$ 15,703	$ 34,820	$ 112,690	$ 9,425	$ 2,879,339
December 31, 2023									
Cost	$ 1,573,597	$ 1,946,335	$ 4,548,341	$ 90,837	$ 95,088	$ 105,806	$ 691,193	$ 9,425	$ 9,060,622
Accumulated depreciation	-	(1,504,754)	(3,873,065)	(74,548)	(79,385)	(70,986)	(578,503)	-	(6,181,241)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 441,581	$ 675,234	$ 16,289	$ 15,703	$ 34,820	$ 112,690	$ 9,425	$ 2,879,339

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
January 1, 2022									
Cost	$ 1,573,597	$ 1,932,235	$ 4,431,854	$ 94,858	$ 99,541	$ 120,228	$ 662,581	$ 34,639	$ 8,949,533
Accumulated depreciation	-	(1,413,090)	(3,666,184)	(72,436)	(76,989)	(104,335)	(525,896)	-	(5,858,930)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 519,145	$ 765,628	$ 22,422	$ 22,552	$ 15,893	$ 136,685	$ 34,639	$ 3,090,561
2022									
At January 1	$ 1,573,597	$ 519,145	$ 765,628	$ 22,422	$ 22,552	$ 15,893	$ 136,685	$ 34,639	$ 3,090,561
Additions	-	10,851	94,883	238	3,307	28,868	14,318	15,535	168,000
Transfers after acceptance	-	890	34,887	-	-	-	22,209	(57,986)	-
Transfers from inventories	-	-	15,495	-	-	-	-	-	15,495
Transfers from prepayments for equipment	-	441	14,700	-	-	23	7,994	9,945	33,103
Depreciation charge	-	(49,754)	(144,823)	(3,830)	(7,909)	(6,837)	(40,236)	-	(253,389)
Disposals - Cost	-	(8,124)	(52,798)	(5,600)	(9,970)	(27,311)	(2,026)	-	(105,829)
- Accumulated depreciation	-	7,017	48,849	5,600	9,204	26,424	2,791	-	99,885
Reclassification (Note)	-	-	-	-	-	-	-	(458)	(458)
Net exchange differences	-	2,457	3,781	(2)	166	92	1,913	20	8,427
At December 31	$ 1,573,597	$ 482,923	$ 780,602	$ 18,828	$ 17,350	$ 37,152	$ 143,648	$ 1,695	$ 3,055,795
December 31, 2022									
Cost	$ 1,573,597	$ 1,951,356	$ 4,522,990	$ 89,494	$ 93,331	$ 122,331	$ 712,327	$ 1,695	$ 9,067,121
Accumulated depreciation	-	(1,468,433)	(3,742,346)	(70,666)	(75,981)	(85,179)	(568,679)	-	(6,011,284)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	$ 1,573,597	$ 482,923	$ 780,602	$ 18,828	$ 17,350	$ 37,152	$ 143,648	$ 1,695	$ 3,055,795

(Note)Transferred to ‘Other non-current assets’.

A. The Group's property, plant and equipment as of December 31, 2023 and 2022 are for its own use.

B. No interest expense was capitalised in property, plant and equipment for the years ended December 31, 2023 and 2022.

C. Impairment information about the property, plant and equipment is provided in Note 6(10), 'Impairment of non-financial assets'.

D. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8. 'Pledged assets'.

(7) Lease transactions－lessee

A. The Group leases various assets including land (including the land located in Dayong Section, Gangshan District, Kaohsiung City and the land use right in Songmushan management area, Dalang Town, Dongguan City and Baihe Town, Shanghai City under the contracts signed with the People's Republic of China), buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 50 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 92,685	$ 99,707
Buildings and structures	30,312	37,417
Transportation equipment	71	285
	$ 123,068	$ 137,409

	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 5,625	$ 5,620
Buildings and structures	26,446	22,280
Transportation equipment	214	455
	$ 32,285	$ 28,355

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $20,058 and $40,133, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,848	$ 1,809
Expense on short-term leases	7,965	10,186
Losses from lease modification	-	182

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $36,642 and $37,021, respectively.

F. Details of the Group's right-of-use assets pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8, 'Pledged assets'.

(8) Intangible assets

	Computer software	
	For the years ended December 31,	
	2023	2022
At January 1		
Cost	$ 25,343	$ 24,489
Accumulated amortisation	(18,000)	(16,634)
	$ 7,343	$ 7,855
Period from January to December		
At January 1	$ 7,343	$ 7,855
Additions - acquired separately	3,911	2,926
Transfers from prepayments for equipment	-	275
Amortisation charge	(3,470)	(3,784)
Write-offs - cost	(4,554)	(2,653)
- accumulated amortisation	4,554	2,653
Net exchange differences	(37)	71
At December 31	$ 7,747	$ 7,343
At December 31		
Cost	$ 24,436	$ 25,343
Accumulated amortisation	(16,689)	(18,000)
	$ 7,747	$ 7,343

A. No interest expense was capitalised for the years ended December 31, 2023 and 2022.

B. Details of amortisation expenses on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	$ 641	$ 428
Selling expenses	285	436
General and administrative expenses	1,629	1,637
Research and development expenses	915	1,283
	$ 3,470	$ 3,784

C. As of December 31, 2023 and 2022, the Group had no intangible assets pledged to others.

(9) Long-term notes and accounts receivable

	December 31, 2023	December 31, 2022
Long-term notes receivable	$ -	$ 4,180
Less: Unrealised interest income	-	(863)
	$ -	$ 3,317

A. The Group's long-term accounts receivable are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

B. As of December 31, 2023 and 2022, the Group had no long-term notes receivable and long-term installment receivables past due.

C. As of December 31, 2023 and 2022, long-term notes and accounts receivable were all from contracts with customers. Also, as of January 1, 2022, the balance of long-term notes and accounts receivable from contracts with customers amounted to $17,827.

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the long-term notes receivable and long-term installment receivables held by the Group was their carrying amount.

E. Details of the interest income recognised in profit or loss for the years ended December 31, 2023 and 2022 are provided in Note 6(3), 'Notes and accounts receivable, net'.

F. As of December 31, 2023 and 2022, the Group did not hold any collateral as security for long-term accounts receivable.

G. As of December 31, 2023 and 2022, the Group had no long-term notes and accounts receivable pledged to others.

H. Information relating to credit risk of long-term notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(10) Impairment of non-financial assets

A. The Group did not recognise impairment loss for the years ended December 31, 2023 and 2022.

B. As of December 31, 2023 and 2022, the accumulated impairment loss of property, plant and equipment both amounted to $42, after recognising or reversing any impairment loss.

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 319,786	1.73%~6.79%	No
Secured borrowings	158,400	7.50%~8.50%	Note
	$ 478,186		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 572,946	1.56%～5.63%	No
Secured borrowings	207,900	9.00%	Note
	$ 780,846		

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. As of December 31, 2023 and 2022, the interest rate of loans from Indonesia were 7.50%~8.50% and 9.00%, respectively, and the interest rates of loans from other countries were 1.73%~6.79% and 1.56%~5.63%, respectively .

B. Details of interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 are provided in Note 6(24), 'Finance Costs'.

(12) Bonds payable

	December 31, 2023	December 31, 2022	Collateral
Guaranteed ordinary bonds payable	$ 3,000,000	$ 3,000,000	Note
Guaranteed convertible bonds payable	1,600,000	1,600,000	"
	$ 4,600,000	$ 4,600,000	
Less: Discount on bonds payable	(21,442)	(36,395)	
	$ 4,578,558	$ 4,563,605	

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. The Company issued the first domestic guaranteed bonds payable from October 2021, and the main issuance conditions are as follows:

(a) The Company was approved by the competent authority to raise and issue the first domestic guaranteed bonds with a total amount of $3,000,000 (related issue costs of $5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.

(b) First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

(c) The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed on a payment day, the principal and interest will be paid on the next operating day without extra interest.

B. The Company issued the first, second and third domestic guaranteed convertible bonds from March 2022, and the main issuance conditions are as follows:

(a) The Company was approved by the competent authority to raise and issue the first, second and third domestic guaranteed convertible bonds with a total amount of $700,000 (related issue costs of $2,432), $500,000 (related issue costs of $2,006), $400,000 (related issue costs

of $1,417), respectively. Issuance prices were $779,162, $557,563 and $445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from March 25, 2022 to March 25, 2025. The bonds are repayable in cash at the face value of the convertible bonds upon maturity.

(b) The first, second and third convertible bonds were entrusted by Changhua Bank Co., Ltd., Huanan Bank Co., Ltd. and Shanghai Commercial Savings Bank Co., Ltd. as guarantor banks, respectively. The guarantee period is from the date of full collection of the convertible bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

(c) Convertible bonds for bondholders will start from the day following the expiration of three months after the issuance date of each bond (June 26, 2022) and end on the maturity date (March 25, 2025), unless it is suspended according to regulations or laws. Outside the transfer period, the Company may request the conversion of the bonds into ordinary shares of the Company at any time, and the rights of ordinary shares after conversion are the same as those of the original issued ordinary shares.

(d) The conversion price for the conversion of corporate bonds is determined by the pricing model stipulated in each conversion method. In the event that the company has an antidilution clause in the subsequent conversion price, it will be adjusted according to the pricing model specified in the conversion method. On the base date, the conversion price will be re-determined in accordance with the pricing model stipulated in the conversion regulations. If it is higher than the conversion price before the re-determination in the current year, no adjustment will be made.

(e) From the day following the three-month issuance date of each convertible bond (June 26, 2022) to the 40th day of the issuance period (February 13, 2025), if the closing price of the Company's ordinary shares for 30 consecutive business days exceeds the current conversion price by more than 30%, the Company may, within the next 30 business days, recover all its bonds in cash according to the denomination of the bonds; or the day following the 3 months after the issuance of the convertible bonds (Jane 26, 2022) from the 40th day to the expiry of the issuance period (February 13, 2025), when the outstanding amount of the convertible bonds in circulation is less than 10% of the original issuance amount, the Company may recover all bonds in cash at any time thereafter according to the denomination of the bonds.

(f) According to the provisions of the conversion method, all the company's convertible bonds that have been redeemed (including the repurchase by the business office of the securities firm), repaid or converted will be cancelled, and all rights and obligations still attached to the corporate bonds will also be extinguished and no longer issued.

C. When the Company issues convertible corporate bonds, in accordance with the provisions of Amendments to IAS 32, "Financial Instruments: Presentation", the conversion right which is of the nature of equity is separated from each liability component, and the account is "Capital reserve-share options" of $221,790. Another embedded repurchase option, in accordance with Amendments to IFRS 9, "Financial Instruments", is separated and accounted for on a net basis because it is not closely related to the economic characteristics and risks of the main contract debt commodity. In the column "Financial assets at fair value through profit and loss – non-current", the effective interest rates of the main contract debt after the first, second and third convertible corporate bonds are separated are 0.90%, 0.90% and 0.91%, respectively.

D. Details of interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6 (24), Finance costs.

(13) Provisions for liabilities - current

	Warranty	
	For the years ended December 31,	
	2023	2022
January 1	$ 6,265	$ 8,275
Additional provisions	7,075	3,194
Used during the year	(6,874)	(4,612)
Unused amounts reversed	(65)	(592)
December 31	$ 6,401	$ 6,265

The Group provides warranties on machinery products sold. Provision for warranty is estimated based on historical warranty data of such products.

(14) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	2022.5.15～2029.6.15	1.55%	Refer to Note 8	$ 29,706
Less: Current portion				(6,583)
				$ 23,123

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2019.8.28～2029.6.15	1.43%～2.28%	Refer to Note 8	$ 39,036
Less: Current portion				(16,121)
				$ 22,915

Details of interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 are provided in Note 6(24), 'Finance costs'.

(15) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the R.O.C. Labor Standards Act, covering all regular employees' service years prior to the enforcement of the R.O.C. Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the R.O.C. Labor Pension Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March. The information on defined benefit pension plans of the Company and its subsidiary, Pt Moon Lion Industries Indonesia, is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	($ 234,882)	($ 283,870)
Fair value of plan assets	136,102	167,007
Net defined benefit liability	($ 98,780)	($ 116,863)

(b) Movements in net defined benefit liabilities - non-current are as follows:

2023	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 283,870)	$ 167,007	($ 116,863)
Current service cost	(5,814)	-	(5,814)
Interest (expense) income	(8,290)	2,525	(5,765)
	(297,974)	169,532	(128,442)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	868	868
Changes in financial assumptions	(626)	-	(626)
Experience adjustments	6,513	-	6,513
	5,887	868	6,755
Pension fund contribution	-	1,958	1,958
Paid pension	57,030	(36,256)	20,774
Exchange difference	175	-	175
Balance at December 31	($ 234,882)	$ 136,102	($ 98,780)

2022	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 332,981)	$ 162,756	($ 170,225)
Current service cost	(6,644)	-	(6,644)
Interest (expense) income	(5,459)	817	(4,642)
	(345,084)	163,573	(181,511)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	13,453	13,453
Changes in financial assumptions	26,630	-	26,630
Experience adjustments	2,551	-	2,551
	29,181	13,453	42,634
Pension fund contribution	-	2,653	2,653
Paid pension	31,640	(12,672)	18,968
Exchange difference	393	-	393
Balance at December 31	($ 283,870)	$ 167,007	($ 116,863)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.25%～7.10%	1.50%～7.43%
Future salary increases	1.75%～5.00%	1.75%～5.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 4,683)	$ 3,795	$ 3,719	($ 4,638)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 5,171)	$ 5,391	$ 5,288	($ 5,108)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Group for the following year amount to $2,001.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 6.5~10.2 years. The analysis of timing of the future pension payment was as follows:

Next 1 year	$	17,594
Next 2 ~ 5 years		84,552
Over next 6 years		302,708
	$	404,854

C. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the R.O.C. Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages. The fund is managed by the government. Other than the monthly contributions, the subsidiaries have no further obligations. The pension costs under the defined contribution pension plans of the Group were $52,220 and $57,326 for the years ended December 31, 2023 and 2022, respectively.

(16) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: Shares in thousands):

	For the years ended December 31,	
	2023	2022
Number of shares at the beginning of the year	302,163	287,774
Stock dividend	-	14,389
Number of shares at the end of the year	302,163	302,163

B. On June 22, 2022, the Company increased its capital by issuing new shares through capitalization of unappropriated retained earnings of $143,887 as resolved by the shareholders. The issuance of new shares was approved by the Securities and Futures Bureau, Financial Supervisory Commission. The effective date was set on September 17, 2022.

C. As of December 31, 2023, the Company's authorised capital was $3,920,696, and the paid-in capital was $3,021,627, consisting of 302,163 thousand ordinary shares, with a par value of $10 (in dollars) per share which were issued in several installments. All proceeds from shares issued

have been collected.

D. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (Unit: Shares in thousands):

For the year ended December 31, 2023				
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's shares by subsidiaries	23,430	-	-	23,430

For the year ended December 31, 2022				
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's shares by subsidiaries	22,314	1,116	-	23,430

(b) As of December 31, 2023 and 2022, the book value (cost) was both $267,195, and the fair value were $591,612 and $562,324, respectively. The shares of the Company held by the subsidiaries are recognised as treasury shares and are entitled to dividends, recorded under "Capital reserve-treasury stock transaction". The cash dividends and stock dividends paid to the subsidiaries amounted to $23,430 and $－, $34,030 and $ 11,157 for the years ended December 31, 2023 and 2022, respectively.

(c) Reason for share reacquisition and the number of the Company's treasury shares changed as of December 31, 2023 and 2022. Details are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2023 Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	23,430	$ 267,195

Name of company holding the shares	Reason for reacquisition	December 31, 2022 Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	23,430	$ 267,195

(17) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2023	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	$ 221,790	$ 26,901	$ 229,232	$ 477,923
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	23,430	23,430
Balance at the end of year	$ 221,790	$ 26,901	$ 252,662	$ 501,353

For the year ended December 31, 2022	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	$ -	$ 26,901	$ 195,202	$ 222,103
Issued convertible bonds	221,790	-	-	221,790
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	34,030	34,030
Balance at the end of year	$ 221,790	$ 26,901	$ 229,232	$ 477,923

B. Details of 'Capital reserve-share options' are provided in Note 6(12), 'Bonds payable'.

C. Details of 'Capital reserve-treasury share transactions' are provided in Note 6(16), 'Share capital'.

(18) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations. Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations.

The current year's earnings, if any, shall first be used to pay all taxes, offset prior years' operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders' meeting. The regulation in relation to approval from the shareholders is not applicable. In principal, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

C. Special reserve:

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-

Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends and stock dividends distributed to owners amounting to $302,163 and $－, $438,885 and $143,887 for the years ended December 31, 2023 and 2022, respectively. It includes cash dividends of $302,163 ($1.0 (in dollars) per share) in the second half of 2022 earnings, cash dividends of $151,081 ($0.5 (in dollars) per share) in the first half of 2022 earnings; cash dividends of $287,774 ($1.0 (in dollars) per share) and stock dividends of $143,887 ($0.5 (in dollars) per share) in the second half of 2021 earnings. On March 7, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings amounting to $274,968 ($0.91 (in dollars) per share).

(19) Other equity

	For the year ended December 31, 2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 163,091)	($ 167,985)	($ 331,076)
Revaluation - currency translation	(28,490)	-	(28,490)
Revaluation - unrealised gains on valuation	-	38,056	38,056
Valuation adjustment transfer out to retained earnings	-	(73,130)	(73,130)
At December 31	($ 191,581)	($ 203,059)	($ 394,640)

	For the year ended December 31, 2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 214,721)	$ 6,765	($ 207,956)
Revaluation - currency translation	51,630	-	51,630
Revaluation - unrealised losses on valuation	-	(89,882)	(89,882)
Valuation adjustment transfer out to retained earnings	-	(84,868)	(84,868)
At December 31	($ 163,091)	($ 167,985)	($ 331,076)

(20) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 8,460,641	$ 11,049,641

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major

product lines:

	For the year ended December 31, 2023		
Major product lines	Screw segment	Machinery segment	Total
Screws and nuts	$ 5,147,344	$ -	$ 5,147,344
Wire rods	1,994,478	-	1,994,478
Machinery and equipment	-	1,005,270	1,005,270
Billet	29,902	-	29,902
Others	185,040	98,607	283,647
	$ 7,356,764	$ 1,103,877	$ 8,460,641

	For the year ended December 31, 2022		
Major product lines	Screw segment	Machinery segment	Total
Screws and nuts	$ 5,905,324	$ -	$ 5,905,324
Wire rods	2,988,455	-	2,988,455
Machinery and equipment	-	1,083,791	1,083,791
Billet	688,600	-	688,600
Others	300,045	83,426	383,471
	$ 9,882,424	$ 1,167,217	$ 11,049,641

B. Contract liabilities:

As of December 31, 2023 and 2022, the Company has recognised revenue-related contract liabilities of $481,924 and $470,653, respectively. As of January 1, 2023, the contract liabilities amounted to $407,343. Revenue recognised for the years ended December 31, 2023 and 2022, which was included in the contract liabilities at the beginning of the year, amounted to $393,211 and $308,191, respectively.

(21) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 29,636	$ 7,510
Other interest	6,839	8,465
	$ 36,475	$ 15,975

(22) Other income

	For the years ended December 31,	
	2023	2022
Rent income	$ 1,983	$ 2,694
Dividend income	7,688	17,827
Government grants	1,536	1,114
Other income	21,093	21,000
	$ 32,300	$ 42,635

(23) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on financial assets at fair value through profit or loss	$ 120,350	$ 58,072
Gains (losses) on disposal of property, plant and equipment	587	(2,045)
Net foreign exchange (losses) gains	(3,450)	26,744
Losses from lease modification	-	(182)
Miscellaneous disbursements	(1,532)	(2,206)
	$ 115,955	$ 80,383

(24) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	$ 42,568	$ 48,454
Ordinary bonds payable	47,709	48,560
Convertible bonds payable	29,339	22,708
Interest on lease liabilities	1,848	1,809
	$ 121,464	$ 121,531

(25) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 771,875	$ 420,445	$ 1,192,320
Depreciation	231,242	60,674	291,916
Amortisation	641	2,829	3,470
	$ 1,003,758	$ 483,948	$ 1,487,706

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 910,802	$ 394,819	$ 1,305,621
Depreciation	221,677	60,067	281,744
Amortisation	428	3,356	3,784
	$ 1,132,907	$ 458,242	$ 1,591,149

(26) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 644,089	$ 357,569	$ 1,001,658
Labour and health insurance fees	59,674	21,874	81,548
Pension costs	43,022	20,777	63,799
Other personnel expenses	25,090	20,225	45,315
	$ 771,875	$ 420,445	$ 1,192,320

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 773,648	$ 332,418	$ 1,106,066
Labour and health insurance fees	59,020	23,068	82,088
Pension costs	49,358	19,254	68,612
Other personnel expenses	28,776	20,079	48,855
	$ 910,802	$ 394,819	$ 1,305,621

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.

B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at $6,095 and $13,100, respectively; while directors' remuneration were accrued at $6,085 and $13,100, respectively. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 9, 2022 were both $13,100, and the employees' compensation will be distributed in the form of cash, consistent with the amount recognised on the financial statements for the year ended December 31, 2022. The aforementioned amounts were recognised in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 7, 2024 were $6,095 and 6,085, respectively.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Components of income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 155,623	$ 170,809
Tax on undistributed earnings	4,992	262
Prior year income tax under estimation	11,342	6,128
Total current tax	171,957	177,199
Deferred tax:		
Origination and reversal of temporary differences	(13,081)	40,886
Income tax expense	$ 158,876	$ 218,085

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	$ 1,279	$ 8,476
Exchange differences on translation of foreign financial statements	(2,165)	2,846
	($ 886)	$ 11,322

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 179,921	$ 272,659
Effects from items disallowed by tax regulation	(51,591)	(40,174)
Tax on undistributed earnings	4,992	262
Prior year income tax under estimation	11,342	6,128
Separate taxation	14,215	14,982
Change in assessment of realisation of deferred tax assets	10,385	(71,654)
Effect from tax loss	(10,388)	35,882
Income tax expense	$ 158,876	$ 218,085

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	$ 2,959	($ 1,824)	$ -	$ 1,135
Pensions	21,350	347	-	21,697
Loss on decline in inventory market value	20,804	(115)	-	20,689
Unrealised foreign exchange loss	30	27	-	57
Cost of right-of-use assets	9,354	(1,776)		7,578
Other deferred revenue and unrealised expenses	10,874	(1,894)	-	8,980
Currency translation differences	4,450	273	-	4,723
Remeasurements of defined benefit plans	6,748		(1,279)	5,469
Tax losses	87,517	10,388	-	97,905
	$ 164,086	$ 5,426	($ 1,279)	$ 168,233
Deferred tax liabilities				
Temporary differences:				
Unrealised foreign exchange gain	($ 504)	$ 504	$ -	$ -
Gain on investments accounted for using the equity method	(112,085)	6,034	2,165	(103,886)
Unrealised lease liability	(9,354)	1,776		(7,578)
Pensions	(3,158)	(2,644)	-	(5,802)
Reserve for land value increment tax	(335,417)	-	-	(335,417)
Others	(6,995)	1,985	-	(5,010)
	($ 467,513)	$ 7,655	$ 2,165	($ 457,693)
	($ 303,427)	$ 13,081	$ 886	($ 289,460)

	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	$ 3,443	($ 484)	$ -	$ 2,959
Pensions	22,494	(1,144)	-	21,350
Loss on decline in inventory market value	14,653	6,151	-	20,804
Unrealised losses on disposal of assets	122	(122)	-	-
Unrealised foreign exchange loss	66	(36)	-	30
Cost of right-of-use assets	4,663	4,691	-	9,354
Other deferred revenue and unrealised expenses	10,483	391	-	10,874
Currency translation differences	4,450	-	-	4,450
Remeasurements of defined benefit plans	15,224	-	(8,476)	6,748
Tax losses	123,285	(35,768)	-	87,517
	$ 198,883	($ 26,321)	($ 8,476)	$ 164,086
Deferred tax liabilities				
Temporary differences:				
Unrealised foreign exchange gain	$ -	($ 504)	$ -	($ 504)
Gain on investments accounted for using the equity method	(98,738)	(10,501)	(2,846)	(112,085)
Unrealised lease liability	(4,663)	(4,691)		(9,354)
Pensions	(1,945)	(1,213)	-	(3,158)
Reserve for land value increment tax	(335,417)	-	-	(335,417)
Others	(9,339)	2,344	-	(6,995)
	($ 450,102)	($ 14,565)	($ 2,846)	($ 467,513)
	($ 251,219)	($ 40,886)	($ 11,322)	($ 303,427)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2017	$ 580,599	$ -	$ -	2027
2019	516,191	473,269	-	2029
2023	16,255	16,255	-	2033
	$ 1,113,045	$ 489,524	$ -	

December 31, 2022				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred income tax assets	Expiry year
2017	$ 580,599	$ -	$ -	2027
2019	516,191	437,586	-	2029
	$ 1,096,790	$ 437,586	$ -	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences		
Allowance for bad debts in excess of tax limits	$ 235	$ 517
Unrealised loss from inventory valuation	59,782	69,650
Unrealised loss from bad debts	20,472	31,661
Unused compensated absences	4,169	4,241
	$ 84,658	$ 106,069

F. The Group did not recognise deferred tax liabilities related to taxable temporary differences of investment in subsidiaries. The unrecognised deferred tax liabilities were $1,435,158 and $1,181,299 as of December 31, 2023 and 2022, respectively.

G. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of March 7, 2024.

(28) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 253,625	278,733	$ 0.91
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 253,625	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	365	
Convertible bonds	11,317	42,667	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 264,942	321,765	$ 0.82

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 537,503	278,733	$ 1.93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 537,503	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	649	
Convertible bonds	8,474	22,093	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 545,977	301,475	$ 1.81

The above mentioned weighted average number of outstanding shares was retrospectively adjusted proportionately to the capitalised amount of unappropriated retained earnings for the year ended December 31, 2021.

(29) Supplemental cash flow information

A. Investing and financing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
(a) Acquisition of property, plant and equipment	$ 60,453	$ 168,000
Add: Opening balance of payable on equipment (listed as 'Other payables')	8,191	22,043
Less: Ending balance of payable on equipment (listed as 'Other payables')	(14,491)	(8,191)
Cash paid for acquisition of property, plant and equipment	$ 54,153	$ 181,852

	For the years ended December 31,	
	2023	2022
(b) Cash dividends declared	$ 302,163	$ 438,855
Less: Dividends received by subsidiaries for holding the parent company's shares	(23,430)	(34,030)
Cash dividends paid	$ 278,733	$ 404,825

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
(a) Write-offs of uncollectible receivables	$ 673	$ 3,073
(b) Inventories transferred to property, plant and equipment	$ 15,995	$ 15,495
(c) Prepayments for equipment transferred to property, plant and equipment	$ 13,736	$ 33,103
(d) Property, plant and equipment transferred to other non-current assets	$ -	$ 458
(e) Prepayments for equipment transferred to intangible assets	$ -	$ 275

(30) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
January 1, 2023	$ 780,846	$ 52,262	$ 4,563,605	$ 39,036	$ 457	$ 5,436,206
Changes in cash flow from financing activities	(302,660)	(26,829)	-	(9,330)	-	(338,819)
Changes in unamortised discount	-	-	14,953	-	-	14,953
Changes in other non-cash items	-	20,058	-	-	-	20,058
Impact of changes in foreign exchange rate	-	(2,067)	-	-	-	(2,067)
December 31, 2023	$ 478,186	$ 43,424	$ 4,578,558	$ 29,706	$ 457	$ 5,130,331

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities -gross
January 1, 2022	$ 1,642,371	$ 35,449	$ 3,000,000	$ 624,826	$ 457	$ 5,303,103
Changes in cash flow from financing activities	(861,525)	(25,026)	1,775,874	(585,790)	-	303,533
Changes in unamortised discount	-	-	11,454	-	-	11,454
Changes in other non-cash items	-	40,315	(223,723)	-	-	(183,408)
Impact of changes in foreign exchange rate	-	1,524	-	-	-	1,524
December 31, 2022	$ 780,846	$ 52,262	$ 4,563,605	$ 39,036	$ 457	$ 5,436,206

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Ofco Industrial Corp.	Other related party
Gloria Material Technology Corp.	Other related party
TSG Transportation Corp.	Other related party
TSG Environmental Technology Corp.	Other related party
TSG Power Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party
Shanghai Wangzhan Trading Co.,Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Other related parties	$ 491,018	$ 798,604

Goods are sold to related parties based on the terms that would be available to third parties and the average credit term is 2 months. The credit terms for machinery and equipment sales are based on the terms specified in the contracts, some of which are sold on installment over a period of 1 ~ 3 years, and for spare parts sales are 3 ~ 4 months.

B. Purchases

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Other related parties	$ 7,525	$ 2,437

Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1 ~ 2 months. However, both parties may negotiate to extend payment terms according to the funds available.

C. Property transaction

Acquisition of assets:

		For the years ended December 31,	
	Objects	2023	2022
Other related parties	Machinery and equipment	$ 459	$ 500

The Group purchases property, plant and equipment from related parties at a negotiated price.

D. Other expenses

	For the years ended December 31,	
	2023	2022
Other related parties	$ 42,207	$ 53,737

E. Other income

	For the years ended December 31,	
	2023	2022
Other related parties	$ 1,808	$ 3,403

F. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes receivable：		
Other related parties	$ 11,441	$ 48,966
Accounts receivable：		
Other related parties	$ 94,180	$ 39,106
Other receivable：		
Other related parties	$ 560	$ -

G. Contract liabilities - current

	December 31, 2023	December 31, 2022
Other related parties	$ 1,033	$ 10,416

H. Payables to related parties

	December 31, 2023	December 31, 2022
Notes payable：		
Other related parties	$ 3,801	$ -
Other payables：		
Other related parties	$ 5,672	$ 8,348

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Wages and salaries and other short-term benefits	$ 80,299	$ 73,677

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Assets	December 31, 2023	December 31, 2022	Purpose
Pledged demand deposits (Note 1)	$ 8,967	$ 11,775	Guarantee, collateral for short-term and long-term borrowings and bonds payable
Inventories	79,200	79,200	Collateral for short-term and long-term borrowings
Land (Note 2)	453,275	453,275	Collateral for short-term and long-term borrowings and bonds payable
Buildings, net (Note 2)	119,214	125,747	Collateral for short-term and long-term borrowings and bonds payable
Machinery and equipment, net (Note 2)	50,537	51,794	Collateral for short-term and long-term borrowings
Right-of-use assets	13,727	14,544	Collateral for short-term borrowings
	$ 724,920	$ 736,335	

(Note 1) Listed as 'Other current financial assets'.

(Note 2) Listed as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2023 and 2022, the Group's capital expenditures contracted for at the balance sheet date but not yet incurred were $5,966 and $705, respectively.

(2) As of December 31, 2023 and 2022, the Group's line of credit issued but not yet negotiated were $184,423 and $36,751, respectively.

(3) Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.

(4) The Company is involved in a lawsuit filed by Mr. Li, Shi-Ren in 2012 relating to whether an employment relationship existed between both parties. Mr. Li, Shi-Ren claimed that he served in an investee of the Company for 26 years and 8 months and requested the Company to pay pension for a total amount of USD 642 thousand. On February 27, 2014, the Taiwan Kaohsiung District Court rendered a decision that the Company is liable for the USD 642 thousand pension payment. The Company disagreed with the decision and appealed during the legal period. On April 29, 2016, the Taiwan High Court Kaohsiung Branch Court revoked the original decision rendered on February 27, 2014 and rendered a decision that the litigation expenses incurred thereby shall be borne by the appellant (Li, Shi-Ren). Subsequently, Li, Shi-Ren appealed to the Supreme Court. On August 2, 2018, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. On April 15, 2020, following the first decision by the Supreme Court, the Taiwan High Court Kaohsiung Branch

Court rendered a decision on the case no. 2018-Zhong-Lao-Shang-Geng-Yi-Zi-1, in which both of the appellant's (Li, Shi-Ren) appeal with the first instance court and motion for provisional execution are dismissed, and the appellant shall bear the relevant litigation expenses. Subsequently, Li, Shi-Ren appealed to the Supreme Court. On April 28, 2022, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. The judgment was remanded by the Supreme Court for the second time. The appeal was dismissed on December 14, 2022, and the relevant litigation expenses incurred shall be borne by the Company. Subsequently, Li, Shi-Ren appealed to the Supreme Court. On June 8, 2023, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

In February 2024, the Company participated in the capital increase of Argo Yachts Development Co., Ltd. at a price of $27 (in dollars) per share. The Company subscribed 4,500 thousand shares, for a total subscription of $121,500.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order 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 debt.

(2) Financial instruments

A. Financial instruments by category

Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for over all risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of

excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB, USD and IDR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 9,307	30.71	$ 287,759
USD:RMB	1,716	7.0827	52,698
RMB:NTD	8,907	4.34	38,617
EUR:NTD	1,050	33.98	35,687
JPY:NTD	50,848	0.2172	11,044
Financial liabilities			
Monetary items			
USD:NTD	3,256	30.71	99,966
USD:IDR	352	15,508	10,799

(Foreign currency: functional currency)	December 31, 2022 Foreign currency amount (In thousands)	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 8,400	30.71	$ 257,973
USD:RMB	3,217	6.9646	98,760
EUR:NTD	1,231	32.72	40,293
RMB:NTD	7,057	4.410	31,109
JPY:NTD	56,869	0.2324	13,216
Financial liabilities			
Monetary items			
USD:NTD	5,260	30.71	161,526
USD:RMB	3,535	6.9646	108,514
USD:IDR	2,230	15,510	68,479
EUR:NTD	834	32.72	27,288

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income would have decreased/increased by $2,524 and $666 for the years ended December 31, 2023 and 2022, respectively.

The total exchange (losses) gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group amounted to ($3,450) and $26,744 for the years ended December 31, 2023 and 2022, respectively.

ii. Price risk

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would have increased/decreased by $1,302 and $504 for the years ended December 31, 2023 and 2022, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $6,813 and $4,392, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

(i) The Group's main interest rate risk arises from some borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in NTD, USD, RMB and IDR.

(ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax would have decreased/increased by $963 and $961 for the years ended December 31, 2023 and 2022, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. If the default rate of an investment target exceeds 10%, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

vii. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the

expected credit loss and uses the historical and timely information to establish loss rate for assessing the default possibility of accounts receivable. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
Balance at January 1	$ 268	$ 24,003	$ 24,271
Expected credit (gain) loss	(123)	4,307	4,184
Write-offs	-	(673)	(673)
Effect of foreign exchange	8	(973)	(965)
Balance at December 31	$ 153	$ 26,664	$ 26,817

	For the year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
Balance at January 1	$ 252	$ 29,118	$ 29,370
Expected credit loss (gain)	19	(1,540)	(1,521)
Write-offs	-	(3,073)	(3,073)
Effect of foreign exchange	(3)	(502)	(505)
Balance at December 31	$ 268	$ 24,003	$ 24,271

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 479,999	$ -	$ -	$ -
Notes payable	438	-	-	-
Accounts payable	494,133	-	-	-
Other payables	378,577	-	-	-
Lease liability	14,477	10,121	20,497	1,720
Bonds payable	1,950	1,950	4,605,850	-
Long-term borrowings (including current portion)	6,993	6,895	15,133	1,800
Guarantee deposits received	457	-	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 801,682	$ -	$ -	$ -
Notes payable	388	-	-	-
Accounts payable	558,651	-	-	-
Other payables	440,435	-	-	-
Lease liability	25,654	10,484	14,363	3,785
Bonds payable	1,950	1,950	5,850	4,601,950
Long-term borrowings (including current portion)	16,723	6,367	13,962	3,316
Guarantee deposits received	457	-	-	-

iii. For non-derivative financial liabilities, the Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks-private placement (Liquidity discount is 24.82%) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets a amortised cost, notes receivable, accounts receivable, other receivables, other current financial assets, guarantee deposits paid, long-term notes and accounts receivable, short-term borrowings, notes payable, accounts payable, other payables, bonds payable, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 185	$ 127,050	$ -	$ 127,235
Beneficiary certificates	2,992	-	-	2,992
	3,177	127,050	-	130,227
Financial assets at fair value through other comprehensive income				
Equity securities	681,311	-	-	681,311
	$ 684,488	$ 127,050	$ -	$ 811,538

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 39,232	$ -	$ -	$ 39,232
Beneficiary certificates	11,179	-	-	11,179
	50,411	-	-	50,411
Financial assets at fair value through other comprehensive income				
Equity securities	439,249	-	-	439,249
	$ 489,660	$ -	$ -	$ 489,660

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of endorsements and guarantees and financing, between the Company and investees in Mainland China is provided in Note 13(1) B and J.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's reportable segments are as follows:

(a) Screw segment: Primarily engaging in the manufacture, process and trade of screws and nuts, etc.

(b) Machinery segment: Primarily engaging in the manufacture, assemble and trade of machine tools and chemical machinery, etc.

(c) Investment segment: Primarily engaging in the general investment.

B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

C. The Group's chief operating decision-maker assesses the performance based on the segment's net operating profit. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4 in the consolidated financial statements.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	$ 7,924,451	$ 1,172,343	$ -	$ 9,096,794
Inter-segment revenue	(567,687)	(68,466)	-	(636,153)
Revenue from external customers, net	7,356,764	1,103,877	-	8,460,641
Segment income before tax	690,239	99,436	53,940	843,615
Segment assets	10,144,689	1,883,540	140,107	12,168,336
Segment liabilities	6,198,076	891,147	27	7,089,250

	For the year ended December 31, 2022			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	$ 10,574,494	$ 1,270,675	$ -	$ 11,845,169
Inter-segment revenue	(692,070)	(103,458)	-	(795,528)
Revenue from external customers, net	9,882,424	1,167,217	-	11,049,641
Segment income before tax	1,062,785	137,831	(94,590)	1,106,026
Segment assets	10,598,236	1,910,548	102,289	12,611,073
Segment liabilities	6,653,470	887,581	1,092	7,542,143

(3) Reconciliation for segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss before tax to the income/(loss) before tax is provided as follows:

	For the years ended December 31,	
	2023	2022
Reportable operating segments income before tax	$ 843,615	$ 1,106,026
Elimination of inter-segment income (loss)	(324,061)	(224,825)
Profit before income tax	$ 519,554	$ 881,201

B. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

(4) Information on products and services

The Group classified the operating segments based on the category of products. Thus, information on products is not disclosed separately.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 2,332,587	$ 2,220,155	$ 4,076,777	$ 2,319,963
Mainland China and Hong Kong	2,263,517	479,510	2,453,107	570,100
U.S.A.	688,121	26,576	755,100	30,257
Other countries	3,176,416	298,136	3,764,657	310,095
	$ 8,460,641	$ 3,024,377	$ 11,049,641	$ 3,230,415

(Note) The revenue is classified based the country where the customer is located.

(6) Major customer information

Major customer information for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,	
	2023	2022
Customer	Sales Revenue	Sales Revenue
E-SHENG STEEL CO., LTD.	Note	$ 1,524,969

(Note) Since the sales revenue did not reach 10%, the amount was not disclosed.

Chun Yu Works & Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Chun Yu Works & Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	2	$ 2,566,642	$ 648,500	$ 307,050	$ 112,723	$ -	7.18%	$ 3,422,189	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:

1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follows: USD:NTD 1:30.7050, RMB:NTD 1:4.3355.

Chun Yu Works & Co., Ltd. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2023				Footnote
				Number of shares (In thousands of shares or units)	Book value	Ownership (%)	Fair value	
Chun Yu Works & Co., Ltd.	Stocks -Taiwan Styrene Monomer Corporation	—	3	11,678	$ 182,761	2.21	$ 182,761	-
	Stocks - Gloria Material Technology Corporation	Other related party	3	5,526	269,945	1.04	269,945	-
	Stocks - King Kong Iron Works, Ltd.	—	3	304	772	0.55	772	-
	Stocks - Ensure Global Co., Ltd.	—	2	5,000	127,050	3.16	127,050	-
	Beneficiary certificates - PGIM USD High Yield Bond Fund-USD	—	1	300	2,992	-	2,992	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	185	-	185	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,440	100,786	1.22	100,786	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	(Note 2)	23,430	591,612	7.75	591,612	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,618	103,572	1.25	103,572	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	(Note3)	9	161	0.01	161	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	1,500	23,475	0.28	23,475	-

(Note 1) The code number explanation is as follows:

1. Financial assets at fair value through profit or loss - current.
2. Financial assets at fair value through profit or loss- non-current.
3. Financial assets at fair value through other comprehensive profit or loss- non-current.

(Note 2) Information relating to the Company's stocks is provided in Note 6(16) 'Share capital'.

(Note 3) The Company's stocks held by Chun Yu Bio-tech Corp., shown as 'Financial assets at fair value through other comprehensive profit or loss- non-current', were changed to be shown as 'Investments accounted for using the equity method' when the group prepared the consolidated financial statements and fully eliminated.

Chun Yu Works & Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	($ 443,870)	(13%)	1 month	$ -	3 ~ 5 months	$ 92,683	15%	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	Subsidiary	(Sales)	(246,460)	(19%)	3 months	-	(Note 1)	-	-	-
	Shanghai Uchee Hardware Products Ltd.	Subsidiary	Purchases	175,792	18%	3 months	-	(Note 2)	-	-	-
Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	(Sales)	(175,792)	(23%)	3 months	-	(Note 1)	-	-	-
	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	Purchases	246,460	38%	3 months	-	(Note 2)	-	-	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

(Note 2) The payment terms to third parties are 3 ~ 6 months after the acceptance.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:30.7050, RMB:NTD 1:4.3355), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD:NTD 1:31.1773, RMB:NTD 1:4.4272).

Chun Yu Works & Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Number (Note2)	Company name	Counterparty	Relationship (Note 3)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note 4)
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	$ 77,713	4 months	1%
			1	Accounts receivable	25,666	-	-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Provision of endorsements and guarantees	307,050	-	3%
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	75,709	3 months	1%
			2	Accounts receivable	12,534	-	-
		Pt Moon Lion Industries Indonesia	3	Sales	13,595	3 months	-
		Chun Zu Machinery Industry Co., Ltd.	3	Sales	11,311	3 months	-
2	Chun Zu Machinery Industry Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	12,747	3 months	-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	15,995	3 months	
		Shanghai Chun Zu Machinery Industry Ltd.	3	Other receivables	25,966	-	-
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	3	Sales	44,011	(Note5)	1%
			3	Accounts receivable	12,176	-	-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Scholar Holdings Ltd.	3	Other receivables	18,594	-	-
		Shanghai Uchee Hardware Products Ltd.	3	Sales	246,460	3 months	3%
			3	Other receivables	34,624	-	-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	175,792	3 months	2%

(Note 1) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.
In addition, the disclosure threshold for significant intercompany transactions is $10 million and the transactions are disclosed in asset and income aspects.

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 presents the Company.
2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transation parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) The sale of mechanical equipment is handled according to the conditions stipulated in the contract, and some of them are sold by installments, with a period of 1 to 2 years; spare parts are sold within 3 to 4 months.

(Note 6) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 30.7050; RMB 1 : NTD 4.3355) prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD 1 : NTD :31.1773; RMB 1 : NTD 4.4272).

Chun Yu Works & Co., Ltd. and subsidiaries

Information on investees

For the year ended December 31, 2023

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	$ 125,344	$ 125,344	15,000,000	100.00	$ 205,039	$ 5,640	$ 10,332	A subsidiary
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	114,728	3,800,000	100.00	411,301	47,137	48,472	A subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	74,888,032	100.00	140,080	53,940	1,222	A subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	108,888	(14,334)	(14,455)	A subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	993,195	(9,523)	(9,067)	A subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	251,936	28,702	28,702	A subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	726,961	245,288	176,239	A subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	472,141	74,265	34,824	A subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	61,410	61,410	-	100.00	519,318	53,665	-	A subsidiary (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:30.7050, RMB:NTD 1:4.3355), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD:NTD 1:31.1773, RMB:NTD 1:4.4272).

Chun Yu Works & Co., Ltd. and subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of 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 of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	$ 1,979,889 (Note 1)	(Note 3)	$ 1,479,766	$ -	$ -	$ 1,479,766	($ 9,404)	100%	($ 9,404)	$ 1,022,515	$ -	(Note 9)
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	30,705	(Note 4)	30,705	-	-	30,705	28,762	100%	28,762	250,195	79,587 (Note 7)	(Note 9)
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,169	(Note 5)	-	-	-	-	86	100%	86	(3,818)	-	(Note 9)
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	260,993 (Note 2)	(Note 6)	61,410	-	-	61,410	51,700	47.82%	24,723	244,749	499,652 (Note 8)	(Note 10)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	$ 1,735,232	$ 1,735,232	$ 3,047,452
Chun Zu Machinery Industry Co., Ltd.	61,420	199,583	638,246

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US$64,481 thousand, consisting of US$48,193 thousand that has been reported to the Investment Commission and US$16,289 thousand from an investment loan from Scholar Holdings Ltd.

(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to US$8,500 thousand, consisting of US$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd. and US$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US$2,000 thousand were reported to the Investment Commission.

(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.

(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.

(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.

(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.

(Note 7) It is the cash dividends totaling US$2,592 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.

(Note 8) It is the cash dividends amounting to US$34,029 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.

(Note 9) Investment gains or losses were recognised based on audited financial statements.

(Note 10) The ceiling is calculated based on the 60% of the investor's net assets or consolidated net assets (whichever is higher).

(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of December 31, 2023 are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 30.7050; RMB 1 : NTD 4.3355) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the year ended December 31, 2023 are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD 1 : NTD 31.1773; RMB 1 : NTD 4.4272).

Chun Yu Works & Co., Ltd. and subsidiaries
Major shareholders information
December 31, 2023

Table 7

Unit: shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	84,219,450	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	28,491,850	9.43%
Chun Yu Investment Co., Ltd.	23,430,172	7.75%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Chun Yu Works & Co., Ltd. (the "Company") as of 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 of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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 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:

Cut-off of revenue from export sales

Description

Refer to Note 4(28) for accounting policy on revenue recognition and Note 6(18) for details of operating revenue.

The Company derives its revenues from the sales of screws, nuts and wire rods, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognised as revenues when control of the goods has been transferred according to the terms specified in the contracts. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary for each sales transaction. The determination as to when products are transferred to customers involves manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we considered the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the accounting policies on revenue recognition of export sales.
2. Obtained an understanding and assessed the internal controls over revenue recognition of export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognised when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(8) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2023, the inventories and allowance for

inventory valuation losses amounted to NT$1,343,597 thousand and NT$26,947 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of screws, nuts and wire rods, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realisable values are determined by management based on periodic inventory clearance information. Given that the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of net realisable value used in inventory valuation and the logic used in the inventory aging report to ascertain the reasonableness of allowance for inventory valuation losses.

Other matter - Reference to the reports of other auditors

We did not audit the financial statements of the investments accounted for using the equity method, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under equity method amounted to NT$1,138,262 thousand and NT$1,005,561 thousand as of December 31,2023 and 2022, respectively, and the share of profit recognised from subsidiaries, associates and joint ventures accounted for using the equity method amounted to

NT$224,711 thousand and NT$221,788 thousand 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, 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 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 by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 on the parent company only financial statements.

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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 7, 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,723,953	19	$ 1,852,311	19
1110	Financial assets at fair value through profit or loss - current	6(2)	2,992	-	50,253	-
1136	Financial assets at amortised cost - current	6(1)	130,000	1	-	-
1150	Notes receivable, net	6(3)	40,823	-	50,634	1
1170	Accounts receivable, net	6(3)	469,504	5	589,249	6
1180	Accounts receivable - related parties	6(3) and 7	119,770	1	55,625	1
1200	Other receivables		11,030	-	2,043	-
1210	Other receivables - related parties	7	17,588	-	12,069	-
130X	Inventory	5(2) and 6(4)	1,316,650	14	1,713,135	18
1410	Prepayments	7	22,499	-	32,277	-
11XX	**Total current assets**		3,854,809	40	4,357,596	45
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	127,050	1	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	453,478	5	242,851	2
1550	Investments accounted for under equity method	6(6)	3,309,541	35	3,175,750	33
1600	Property, plant and equipment	6(7), 7 and 8	1,756,109	18	1,818,677	19
1755	Right-of-use assets	6(8)	71	-	285	-
1760	Investment property - net	6(9) and 8	20,957	-	21,800	-
1780	Intangible assets	6(10)	1,860	-	2,057	-
1840	Deferred income tax assets	6(25)	121,922	1	118,605	1
1915	Prepayments for equipment	6(7) and 7	6,475	-	7,371	-
1920	Guarantee deposits paid		11,202	-	8,904	-
1990	Other non-current assets		681	-	681	-
15XX	**Total non-current assets**		5,809,346	60	5,396,981	55
1XXX	**Total assets**		$ 9,664,155	100	$ 9,754,577	100

(Continued)

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 143,062	2	$ 180,225	2
2130	Current contract liabilities	6(18)	16,183	-	15,318	-
2170	Accounts payable		111,675	1	114,635	1
2180	Accounts payable to related parties	7	14,678	-	16,098	-
2200	Other payables	7	170,086	2	215,875	3
2230	Current income tax liabilities	6(25)	12,832	-	6,377	-
2280	Current lease liabilities	6(8)	54	-	215	-
21XX	**Total current liabilities**		468,570	5	548,743	6
	Non-current liabilities					
2530	Bonds payable	6(12) and 8	4,578,558	47	4,563,605	47
2570	Deferred income tax liabilities	6(25)	331,839	4	326,801	3
2580	Non-current lease liabilities	6(8)	-	-	54	-
2640	Accrued pension liabilities	6(13)	6,995	-	27,305	-
2645	Guarantee deposits received		457	-	457	-
25XX	**Total non-current liabilities**		4,917,849	51	4,918,222	50
2XXX	**Total liabilities**		5,386,419	56	5,466,965	56
	Equity					
	Share capital					
3110	Common stock	6(14)	3,021,627	31	3,021,627	31
3200	Capital surplus	6(6)(12)(14)(15)	501,353	5	477,923	5
	Retained earnings	6(5)(14)(16)(17)				
3310	Legal reserve		336,485	4	302,397	3
3320	Special reserve		430,610	4	430,610	5
3350	Unappropriated retained earnings		649,496	7	653,326	7
3400	Other equity interest	6(5)(6)(17)	(394,640)	(4)	(331,076)	(4)
3500	Treasury stocks	6(14)(15)	(267,195)	(3)	(267,195)	(3)
3XXX	**Total equity**		4,277,736	44	4,287,612	44
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 9,664,155	100	$ 9,754,577	100

The accompanying notes are an integral part of these parent company only financial statements.

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18) and 7	$ 3,381,977	100	$ 5,478,958	100
5000	Operating costs	6(4)(10)(13)(23)(24) and 7	(3,206,905)	(95)	(4,917,013)	(90)
5900	Net operating margin		175,072	5	561,945	10
	Operating expenses	6(8)(9)(10)(13)(23)(24), 7 and 12				
6100	Selling expenses		(87,088)	(3)	(152,523)	(3)
6200	General and administrative expenses		(144,224)	(4)	(141,257)	(2)
6300	Research and development expenses		(6,708)	-	(9,424)	-
6450	Expected credit (loss) gain		(3,860)	-	547	-
6000	Total operating expenses		(241,880)	(7)	(302,657)	(5)
6900	Operating (loss) profit		(66,808)	(2)	259,288	5
	Non-operating income and expenses					
7100	Interest income	6(19)	24,791	1	4,974	-
7010	Other income	6(2)(5)(9)(20) and 7	29,737	1	41,719	1
7020	Other gains and losses	6(2)(8)(21) and 12	117,939	4	74,840	1
7050	Finance costs	6(8)(22)	(89,836)	(3)	(82,024)	(1)
7070	Share of profit of associates and joint ventures accounted for under equity method, net	6(6)	276,269	8	328,529	6
7000	Total non-operating income and expenses		358,900	11	368,038	7
7900	**Profit before income tax**		292,092	9	627,326	12
7950	Income tax expense	6(25)	(38,467)	(1)	(89,823)	(2)
8200	**Profit for the year**		$ 253,625	8	$ 537,503	10
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gain on defined benefit plan	6(13)	$ 7,092	-	$ 22,532	1
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(5)	6,756	-	(33,460)	(1)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	31,292	1	(46,529)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(1,418)	-	(4,506)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(6)(17)	(28,816)	(1)	51,957	1
8399	Aggregated income tax relating to components of other comprehensive income	6(17)(25)	326	-	(327)	-
8300	**Total other comprehensive income (loss) for the year, net of tax**		$ 15,232	-	($ 10,333)	-
8500	**Total comprehensive income for the year**		$ 268,857	8	$ 527,170	10
	Earnings per share (in dollars)	6(26)				
9750	Basic		$	0.91	$	1.93
9850	Diluted		$	0.82	$	1.81

The accompanying notes are an integral part of these parent company only financial statements.

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital from retained earnings	Retained Earnings			Other Equity Interest		Treasury stocks	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income		
For the year ended December 31, 2022										
Balance at January 1, 2022		$2,877,740	$ 222,103	$ 233,702	$ 430,610	$ 654,473	($ 214,721)	$ 6,765	($ 267,195)	$3,943,477
Profit for the year		-	-	-	-	537,503	-	-	-	537,503
Other comprehensive income (loss) for the year	6(6)(17)	-	-	-	-	27,919	51,630	(89,882)	-	(10,333)
Total comprehensive income (loss)		-	-	-	-	565,422	51,630	(89,882)	-	527,170
Distribution of second half of 2021 net income:										
Legal reserve		-	-	37,754	-	(37,754)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(287,774)	-	-	-	(287,774)
Share dividends	6(14)(16)	143,887	-	-	-	(143,887)	-	-	-	-
Distribution of first half of 2022 net income:										
Legal reserve		-	-	30,941	-	(30,941)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(151,081)	-	-	-	(151,081)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)(17)	-	-	-	-	84,868	-	(84,868)	-	-
Proceeds from issuing convertible bonds	6(12)(15)	-	221,790	-	-	-	-	-	-	221,790
The Company's dividends received by subsidiaries	6(6)(14)(15)	-	34,030	-	-	-	-	-	-	34,030
Balance at December 31, 2022		$3,021,627	$ 477,923	$ 302,397	$ 430,610	$ 653,326	($ 163,091)	($ 167,985)	($ 267,195)	$4,287,612
For the year ended December 31, 2023										
Balance at January 1, 2023		$3,021,627	$ 477,923	$ 302,397	$ 430,610	$ 653,326	($ 163,091)	($ 167,985)	($ 267,195)	$4,287,612
Profit for the year		-	-	-	-	253,625	-	-	-	253,625
Other comprehensive income (loss) for the year	6(6)(17)	-	-	-	-	5,666	(28,490)	38,056	-	15,232
Total comprehensive income (loss)		-	-	-	-	259,291	(28,490)	38,056	-	268,857
Distribution of second half of 2022 net income:										
Legal reserve		-	-	34,088	-	(34,088)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	(302,163)	-	-	-	(302,163)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)(17)	-	-	-	-	73,130	-	(73,130)	-	-
The Company's dividends received by subsidiaries	6(6)(14)(15)	-	23,430	-	-	-	-	-	-	23,430
Balance at December 31, 2023		$3,021,627	$ 501,353	$ 336,485	$ 430,610	$ 649,496	($ 191,581)	($ 203,059)	($ 267,195)	$4,277,736

The accompanying notes are an integral part of these parent company only financial statements.

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 292,092	$ 627,326
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss		(92,637)	14,920
Expected credit losses (gains)	12	3,860	(547)
(Reversal of allowance) provision for inventory market price decline	6(4)	(3,905)	14,906
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(276,269)	(328,529)
Depreciation	6(7)(8)(9)	108,320	113,079
(Gain) loss on disposal of property, plant and equipment	6(21)	(338)	2,735
Loss from lease modification	6(8)(21)	-	32
Amortization	6(10)(23)	1,097	1,149
Interest income	6(19)	(24,791)	(4,974)
Dividend income	6(20)	(3,008)	(15,645)
Interest expense	6(22)	89,836	82,024
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		48,848	(10,466)
Notes receivable		9,811	53,322
Accounts receivable		115,885	509,983
Accounts receivable from related parties		(64,145)	113,682
Other receivables		(8,987)	23,743
Other receivables from related parties		(5,519)	(3,518)
Inventories		400,390	652,731
Prepayments		9,778	1,474
Changes in operating liabilities			
Current contract liabilities		865	4,532
Accounts payable		(2,960)	(345,634)
Accounts payable to related parties		(1,420)	4,432
Other payables		(52,292)	(83,928)
Net defined benefit liabilities - non-current		(13,218)	(6,029)
Cash inflow generated from operations		531,293	1,420,800
Interest received		24,791	4,974
Dividends received		171,392	255,448
Interest paid		(74,727)	(71,292)
Income tax paid		(31,383)	(18,070)
Net cash flows from operating activities		621,366	1,591,860

(Continued)

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost - current		($ 130,000)	$ -
Acquisition of financial assets at fair value through profit or loss - non-current		(36,000)	-
Acquisition of financial assets at fair value through other comprehensive income - non-current		(290,263)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	86,392	100,773
Cash paid for acquisition of property, plant and equipment	6(27)	(35,921)	(74,946)
Proceeds from disposal of property, plant and equipment		984	2,000
Acquisition of intangible assets	6(10)	(900)	(475)
Increase in prepayments for equipment		(2,177)	(14,409)
Increase in guarantee deposits paid		(2,298)	(2,347)
Decrease in other non-current financial assets		-	7,361
Net cash flows (used in) from investing activities		(410,183)	17,957
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(28)	(37,163)	(752,324)
Payments of lease liabilities	6(28)	(215)	(433)
Increase in convertible bonds payable	6(28)	-	1,775,874
Decrease in long-term borrowings	6(28)	-	(590,000)
Payments of cash dividends	6(16)	(302,163)	(438,855)
Net cash flows used in financing activities		(339,541)	(5,738)
Net (decrease) increase in cash and cash equivalents		(128,358)	1,604,079
Cash and cash equivalents at beginning of year	6(1)	1,852,311	248,232
Cash and cash equivalents at end of year	6(1)	$ 1,723,953	$ 1,852,311

The accompanying notes are an integral part of these parent company only financial statements.

CHUN YU WORKS & CO., LTD.
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 Organization
   (1) Chun Yu Works & Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services.
   (2) The Company's shares have been listed on the Taiwan Stock Exchange since October 1991.
2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation
   These parent company only financial statements were authorised for issuance by the Board of Directors on March 7, 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 ("IASB")
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 above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

   (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 IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	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) 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 IASB
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 IASB
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 at fair value through profit or loss.

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of parent company only 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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Foreign currency translation

The Company's entities are measured using the currency of the primary economic environment in which the entity 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.

Foreign currency transactions and balances

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 re-translated 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. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
   (a) Liabilities that are expected to be settled within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be settled within twelve months from the balance sheet date;
   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits and short-term notes and bills that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Investments accounted for under equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to be consistent with the Company's accounting policies.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit

or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings :	
Main building of plant (including accessory equipments)	3 ~ 51 years
Others (including accessory equipments)	3 ~ 15 years
Machinery and equipment	3 ~ 23 years
Utilities equipment	3 ~ 20 years
Transportation equipment	3 ~ 9 years
Office equipment	3 ~ 13 years
Other equipment	2 ~ 14 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful

life of 10 ~ 40 years.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(21) Convertible bonds payable

Convertible bonds or issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company' s common shares by exchanging a fixed

amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a)The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b)The host contracts of bonds or are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable or and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

(c)The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable or as stated above. Conversion options are not subsequently remeasured.

(d)Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e)When bondholders exercise conversion options, the liability component of the bonds (including bonds payable or and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus-share options'.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of

a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes

provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Company and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's the Board of Directors. Stock dividends are recorded as stock dividends to be distributed after they are approved by the Company's shareholders and are

reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

A. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax as well as sales returns and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The credit terms for general sales are 2 months.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company 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:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the market demand and technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

B. As of December 31, 2023, the carrying amount of inventories was $1,316,650.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 76	$ 64
Checking accounts	206	106
Demand deposits	133,757	522,141
	134,039	522,311
Cash equivalents:		
Time deposits	1,530,000	1,330,000
Short-term notes and bills	59,914	-
	1,589,914	1,330,000
	$ 1,723,953	$ 1,852,311

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's time deposits maturing in excess of three months amounting to $130,000 as of December 31, 2023 were classified as financial assets at amortized cost - current. There were no such events as of December 31, 2022.

C. As of December 31, 2023 and 2022, the Company had no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ -	$ 38,848
Beneficiary certificates	3,000	13,000
	3,000	51,848
Valuation adjustment	(8)	(1,595)
	$ 2,992	$ 50,253
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks-private placement	$ 36,000	$ -
Right of resell of convertible corporate bonds	3,349	3,349
	39,349	3,349
Valuation adjustment	87,701	(3,349)
	$ 127,050	$ -

A. The Company recognised net gain amounting to $120,995 and $60,687 (listed as 'Other income' and 'Other gains and losses') on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

B. In November 2023, the Company subscribed a total 5,000 thousand shares to Ensure Global Corp., Ltd through private placement, and the transfer of the private placement stock will be restricted within three years.

C. As of December 31, 2023 and 2022, the Company had no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 40,823	$ 50,634
Accounts receivable	$ 474,724	$ 590,609
Less: Allowance for uncollectible accounts	(5,220)	(1,360)
	$ 469,504	$ 589,249

A. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 40,823	$ 542,543	$ 50,634	$ 627,417
Up to 30 days past due	-	23,167	-	15,930
31~90 days past due	-	16,836	-	2,116
91~180 days past due	-	10,472	-	-
Over 181 days past due	-	1,476	-	771
	$ 40,823	$ 594,494	$ 50,634	$ 646,234

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. Also, as of January 1, 2022, the balance of receivables (including related parties) from contracts with customers amounted to $1,374,788.

C. As of December 31, 2023 and 2022, the Company did not hold any collateral as security for accounts receivable.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes or accounts receivable held by the Company was their carrying amount.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2) , 'Financial instruments'.

F. As of December 31, 2023 and 2022, the Company had no notes receivable and accounts receivable

pledged to others.

(4) Inventories

	December 31, 2023		
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	$ 320,200	($ 911)	$ 319,289
Supplies	183,961	(1,243)	182,718
Work in progress	326,598	(2,313)	324,285
Finished goods	512,838	(22,480)	490,358
	$ 1,343,597	($ 26,947)	$ 1,316,650

	December 31, 2022		
	Cost	Allowance for inventory valuation loss	Book value
Raw materials	$ 535,330	($ 4,273)	$ 531,057
Supplies	193,720	(1,150)	192,570
Work in progress	390,862	(6,128)	384,734
Finished goods	624,075	(19,301)	604,774
	$ 1,743,987	($ 30,852)	$ 1,713,135

A. The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 3,229,089	$ 4,929,107
(Gain on reversal of)loss on decline in market value (Note)	(3,905)	14,906
Loss on physicial inventory	1,868	-
Income from sales of scraps	(20,147)	(27,000)
	$ 3,206,905	$ 4,917,013

(Note) The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold in 2023 because certain inventories which were previously provided with allowance for decline in value were subsequently sold or scrapped.

B. As of December 31, 2023 and 2022, the Company had no inventories pledged to others.

(5) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	$ 549,202	$ 272,201
Unlisted stocks	772	772
	549,974	272,973
Valuation adjustment	(96,496)	(30,122)
	$ 453,478	$ 242,851

A. The Company has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $453,478 and $242,851 as of December 31, 2023 and 2022, respectively.

B. In order to meet the needs of capital expenditure, the Company sold its financial assets at fair value through other comprehensive income−equity instrument at fair values of $86,392 and $100,773 as of December 31, 2023 and 2022, respectively, and accumulated gains on disposal of $73,130 and $84,868, respectively, which were reclassified from other equity interest to retained earnings.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income (listed as 'Other equity')	$ 6,756	($ 33,460)
Cumulative gains reclassified to retained earnings due to derecognition	$ 73,130	$ 84,868
Dividend income recognized in profit or loss (listed as 'Other income')	$ 2,336	$ 13,019

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the carrying amount.

E. Information relating to credit risk of non-current financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

F. As of December 31, 2023 and 2022, the Company had no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for under equity method

A. Movements in investments accounted for under equity method are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ 3,175,750	$ 3,047,566
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	276,269	328,529
Cash dividends from investments accounted for under equity method	(168,384)	(239,803)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	23,430	34,030
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	31,292	(46,529)
Exchange differences on translation of foreign financial statements	(28,816)	51,957
At December 31	$ 3,309,541	$ 3,175,750

B. The debit balance of investments accounted for using the equity method are listed below:

	December 31, 2023	December 31, 2022
CHUN BANG PRECISION CO., LTD.	$ 205,039	$ 184,611
CHUN YU WORKS (USA) INC.	411,301	363,602
CHUN YU INVESTMENT CO., LTD.	140,080	101,198
CHUN YU BIO-TECH CORP.	108,888	127,117
SCHOLAR HOLDINGS LTD.	993,195	1,019,768
SUNNY CITY INTERNATIONAL LIMITED	251,936	253,160
PT MOON LION INDUSTRIES INDONESIA	726,961	641,959
CHUN ZU MACHINERY INDUSTRY CO., LTD.	472,141	484,335
	$ 3,309,541	$ 3,175,750

C. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2023 consolidated financial statements.

D. As of December 31, 2023 and 2022, the Company had no investments accounted for under equity method pledged to others.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
nuary 1, 2023									
ost	$ 1,266,245	$ 972,144	$ 2,449,218	$ 74,161	$ 48,674	$ 50,791	$ 181,385	$ 4,995	$ 5,047,613
cumulated depreciation	-	(780,747)	(2,139,719)	(62,453)	(42,222)	(46,304)	(157,491)	-	(3,228,936)
	$ 1,266,245	$ 191,397	$ 309,499	$ 11,708	$ 6,452	$ 4,487	$ 23,894	$ 4,995	$ 1,818,677
2023									
January 1	$ 1,266,245	$ 191,397	$ 309,499	$ 11,708	$ 6,452	$ 4,487	$ 23,894	$ 4,995	$ 1,818,677
ldditions	-	5,809	30,305	1,162	2,739	94	1,783	376	42,268
ansfers after acceptance	-	706	4,287	-	-	-	-	(4,993)	-
ansfers from prepayments for equipment	-	-	683	206	2,184	-	-	-	3,073
preciation charge	-	(25,981)	(65,246)	(3,013)	(3,753)	(1,909)	(7,361)	-	(107,263)
sposals - Cost	-	(835)	(14,135)	-	(2,084)	(18,068)	(19,355)	-	(54,477)
- Accumulated depreciation	-	835	14,135	-	1,787	18,068	19,006	-	53,831
December 31	$ 1,266,245	$ 171,931	$ 279,528	$ 10,063	$ 7,325	$ 2,672	$ 17,967	$ 378	$ 1,756,109
ecember 31, 2023									
st	$ 1,266,245	$ 977,824	$ 2,470,358	$ 75,529	$ 51,513	$ 32,817	$ 163,813	$ 378	$ 5,038,477
cumulated depreciation	-	(805,893)	(2,190,830)	(65,466)	(44,188)	(30,145)	(145,846)	-	(3,282,368)
	$ 1,266,245	$ 171,931	$ 279,528	$ 10,063	$ 7,325	$ 2,672	$ 17,967	$ 378	$ 1,756,109

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
nuary 1, 2022									
ost	$ 1,266,245	$ 967,699	$ 2,412,569	$ 73,923	$ 47,414	$ 73,031	$ 176,261	$ 14,129	$ 5,031,271
cumulated depreciation	-	(756,376)	(2,109,959)	(59,543)	(38,192)	(66,915)	(149,952)	-	(3,180,937)
	$ 1,266,245	$ 211,323	$ 302,610	$ 14,380	$ 9,222	$ 6,116	$ 26,309	$ 14,129	$ 1,850,334
2022									
January 1	$ 1,266,245	$ 211,323	$ 302,610	$ 14,380	$ 9,222	$ 6,116	$ 26,309	$ 14,129	$ 1,850,334
ldditions	-	9,535	50,248	238	1,260	963	5,163	707	68,114
ansfers after acceptance	-	890	19,209	-	-	-	-	(20,099)	-
ansfers from prepayments for equipment	-	-	6,415	-	-	-	-	10,258	16,673
epreciation charge	-	(29,023)	(65,576)	(2,910)	(4,030)	(2,592)	(7,578)	-	(111,709)
sposals - Cost	-	(5,980)	(39,223)	-	-	(23,203)	(39)	-	(68,445)
- Accumulated depreciation	-	4,652	35,816	-	-	23,203	39	-	63,710
December 31	$ 1,266,245	$ 191,397	$ 309,499	$ 11,708	$ 6,452	$ 4,487	$ 23,894	$ 4,995	$ 1,818,677
ecember 31, 2022									
ost	$ 1,266,245	$ 972,144	$ 2,449,218	$ 74,161	$ 48,674	$ 50,791	$ 181,385	$ 4,995	$ 5,047,613
cumulated depreciation	-	(780,747)	(2,139,719)	(62,453)	(42,222)	(46,304)	(157,491)	-	(3,228,936)
	$ 1,266,245	$ 191,397	$ 309,499	$ 11,708	$ 6,452	$ 4,487	$ 23,894	$ 4,995	$ 1,818,677

A. The Company's property, plant and equipment are for its own use as of December 31, 2023 and 2022.

B. No interest expense was capitalised in property, plant and equipment for the years ended December 31, 2023 and 2022.

C. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'Pledged assets'.

(8) Lease transactions－lessee

A. The Company leases various assets including business vehicles. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Transportation equipment	$ 71	$ 285

	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Transportation equipment	$ 214	$ 455

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $－ and $143, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2	$ 6
Expense on leases of low-value assets	2,400	1,447
Losses from lease modification	-	32

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $2,617 and $1,886, respectively.

F. As of December 31, 2023 and 2022, the Company had no right-of-use assets pledged to others.

(9) Investment property, net

2023	Land	Buildings	Total
At January 1			
Cost	$ 19,303	$ 24,411	$ 43,714
Accumulated depreciation	-	(21,914)	(21,914)
Net book value	$ 19,303	$ 2,497	$ 21,800
At January 1	$ 19,303	$ 2,497	$ 21,800
Depreciation charge	-	(843)	(843)
At December 31	$ 19,303	$ 1,654	$ 20,957
At December 31			
Cost	$ 19,303	$ 24,411	$ 43,714
Accumulated depreciation	-	(22,757)	(22,757)
Net book value	$ 19,303	$ 1,654	$ 20,957

2022	Land	Buildings	Total
At January 1			
Cost	$ 19,303	$ 24,411	$ 43,714
Accumulated depreciation	-	(20,999)	(20,999)
Net book value	$ 19,303	$ 3,412	$ 22,715
At January 1	$ 19,303	$ 3,412	$ 22,715
Depreciation charge	-	(915)	(915)
At December 31	$ 19,303	$ 2,497	$ 21,800
At December 31			
Cost	$ 19,303	$ 24,411	$ 43,714
Accumulated depreciation	-	(21,914)	(21,914)
Net book value	$ 19,303	$ 2,497	$ 21,800

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31,	
	2023	2022
Rental income from investment property (shown as 'Other income')	$ 6,568	$ 7,105
Direct operating expenses arising from the investment property that generated rental income during the year	$ 843	$ 915

B. The fair value of the investment property held by the Company was $123,592 and $163,137 as of December 31, 2023 and 2022, respectively, which was valued based on current land value, quoted prices in the neighboring area by real estate agents and actual price registration information posted in the official search system. Valuation is categorised within Level 2 in the fair value hierarchy.

C. For the years ended December 31, 2023 and 2022, the Company had no borrowing costs capitalised as investment property.

D. Details of the Company's investment property pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8, 'Pledged Assets'.

(10) Intangible assets

	Computer software	
	For the years ended December 31,	
	2023	2022
At January 1		
Cost	$ 6,471	$ 7,656
Accumulated amortisation	(4,414)	(4,925)
	$ 2,057	$ 2,731
At January 1	$ 2,057	$ 2,731
Acquired separately	900	475
Amortisation charge	(1,097)	(1,149)
Write-offs - cost	(3,340)	(1,660)
- accumulated amortisation	3,340	1,660
At December 31	$ 1,860	$ 2,057
At December 31		
Cost	$ 4,031	$ 6,471
Accumulated amortisation	(2,171)	(4,414)
	$ 1,860	$ 2,057

A. No interest expense was capitalised for the years ended December 31, 2023 and 2022.

B. Details of amortisation expenses on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	$ 25	$ 28
General and administrative expenses	842	824
Research and development expenses	230	297
	$ 1,097	$ 1,149

C. As of December 31, 2023 and 2022, the Company had no intangible assets pledged to others.

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 143,062	1.83%～6.79%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 180,225	2.48%～5.63%	None

Details of interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 are provided in Note 6(22), 'Finance Costs'.

(12) Bonds payable

	December 31, 2023	December 31, 2022	Collateral
Guaranteed ordinary bonds payable	$ 3,000,000	$ 3,000,000	(Note)
Guaranteed convertible bonds	1,600,000	1,600,000	〃
	4,600,000	4,600,000	
Less:Discount on bonds payable	(21,442)	(36,395)	
	$ 4,578,558	$ 4,563,605	

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. The Company was issued the first domestic guaranteed bonds payable in October 2021, and the main issuance conditions are as follows:

(a) The Company was approved by the competent authority to raise and issue the first domestic guaranteed bonds payable with a total amount of $3,000,000 (related issue costs of $5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.

(b) First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

(c) The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed on a payment day, the principal and interest will be paid on the next operating day without extra interest.

B. The Company issued the first, second and third domestic guaranteed convertible bonds payable in March 2022, and the main issuance conditions are as follows:

(a) The Company was approved by the competent authority to raise and issue the first, second and third domestic guaranteed convertible bonds payable with a total amount of $700,000

(related issue costs of $2,432), $500,000 (related issue costs of $2,006), $400,000 (related issue costs of $1,417), respectively. Issuance prices were $779,162, $557,563 and $445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from March 25, 2022 to March 25, 2025. The bonds are repayable in cash at the face value of the convertible bonds upon maturity.

(b) The first, second and third convertible bonds were guaranteed by Changhua Bank Co., Ltd., Huanan Bank Co., Ltd. and Shanghai Commercial Savings Bank Co., Ltd. The guarantee period is from the date of full collection of the convertible bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

(c) Convertible bonds for bondholders will start from the day following the expiration of three months after the issuance date of each bond (June 26, 2022) and end on the maturity date (March 25, 2025), unless it is suspended according to regulations or laws. Outside the transfer period, the Company may request the conversion of the bonds into ordinary shares of the Company at any time, and the rights of ordinary shares after conversion are the same as those of the original issued ordinary shares.

(d) The conversion price for the conversion of corporate bonds is determined by the pricing model stipulated in each conversion method. In the event that the Company has an antidilution clause in the subsequent conversion price, it will be adjusted according to the pricing model specified in the conversion method. On the base date, the conversion price will be re-determined in accordance with the pricing model stipulated in the conversion regulations. If it is higher than the conversion price before the re-determination in the current year, no adjustment will be made.

(e) From the day following the three-month issuance date of each convertible bond (June 26, 2022) to the 40th day of the issuance period (February 13, 2025), if the closing price of the Company's ordinary shares for 30 consecutive business days exceeds the current conversion price by more than 30%, the Company may, within the next 30 business days, recover all its bonds in cash according to the denomination of the bonds; or the day following the 3 months after the issuance of the convertible bonds (June 26, 2022) from the 40th day to the expiry of the issuance period (February 13, 2025), when the outstanding amount of the convertible bonds in circulation is less than 10% of the original issuance amount, the Company may recover all bonds in cash at any time thereafter according to the denomination of the bonds.

(f) In accordance with the provisions of the conversion method, all the company's repossession (including the repurchase by the business office of the securities firm). The convertible bonds that have been repaid or converted will be cancelled, and all rights and obligations attached to the corporate bonds will also be extinguished and no longer issued.

C. When the Company issues convertible corporate bonds, in accordance with the provisions of

Amendments to IAS 32 "Financial Instruments: Expression", the conversion right which has the nature of equity is separated from each liability component, and was recognised as "Capital reserve - share options" of $221,790. Another embedded repurchase option, in accordance with Amendments to IFRS 9 "Financial Instruments", is separated and accounted for on a net basis because it is not closely related to the economic characteristics and risks of the main contract debt commodity. In the column "Financial assets at fair value through profit and loss – non-current", the effective interest rates of the main contract debt after the first, second and third convertible corporate bonds are separated are 0.90%, 0.90% and 0.91%, respectively.

D. Details of interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 are provided in Note 6 (22), Financial costs.

(13) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Pension Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The information on the defined benefit pension plan of the Company is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	($ 112,438)	($ 161,837)
Fair value of plan assets	105,443	134,532
Net defined benefit liability	($ 6,995)	($ 27,305)

(b) Movements in net defined benefit liabilities - non-current are as follows:

2023	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 161,837)	$ 134,532	($ 27,305)
Current service cost	(851)	-	(851)
Interest (expense) income	(2,353)	2,032	(321)
	(165,041)	136,564	(28,477)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	682	682
Changes in financial assumptions	(55)	-	(55)
Experience adjustments	6,465	-	6,465
	6,410	682	7,092
Pension fund contribution	-	1,223	1,223
Paid pension	46,193	(33,026)	13,167
Balance at December 31	($ 112,438)	$ 105,443	($ 6,995)

2022	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 187,100)	$ 131,234	($ 55,866)
Current service cost	(1,496)	-	(1,496)
Interest (expense) income	(936)	662	(274)
	(189,532)	131,896	(57,636)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,672	10,672
Changes in demographic assumptions	10,743	-	10,743
Experience adjustments	1,117	-	1,117
	11,860	10,672	22,532
Pension fund contribution	-	1,786	1,786
Paid pension	15,835	(9,822)	6,013
Balance at December 31	($ 161,837)	$ 134,532	($ 27,305)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private

placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.25%	1.50%
Future salary increases	2.00%	2.25%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 2,396)	$ 2,477	$ 2,415	($ 2,347)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 3,313)	$ 3,426	$ 3,339	($ 3,246)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the following year amount to $1,197.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 10.2 years. The analysis of timing of the future pension payment was as follows:

Next 1 year	$	3,842
Next 2 ~ 5 years		33,132
Over next 6 years		84,417
	$	121,391

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company were $10,789 and $11,103 for the years ended December 31, 2023 and 2022, respectively.

(14) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: Shares in thousands)

	For the years ended December 31,	
	2023	2022
Number of shares at the beginning	302,163	287,774
Stock dividends of the year	-	14,389
Number of shares at the end of the year	302,163	302,163

B. On June 22, 2022, the Company increased its capital by issuing new shares through capitalization of unappropriated retained earnings of $143,887 as resolved by the shareholders. The issuance of new shares was approved by the Securities and Futures Bureau, Financial Supervisory Commission. The effective date was set on September 17, 2022.

C. As of December 31, 2023, the Company's authorized capital was $3,920,696, and the paid-in capital was $3,021,627, consisting of 302,163 thousand ordinary shares, with a par value of $10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.

D. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (Unit: Shares in thousands)

	For the year ended December 31, 2023			
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's shares by subsidiaries	23,430	-	-	23,420

	For the year ended December 31, 2022			
Reason for reacquisition	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
Acquisition of the parent company's shares by subsidiaries	22,314	1,116	-	23,430

(b) As of December 31, 2023 and 2022, the book value (cost) was both $267,195, and the fair value were $591,612 and $562,324, respectively. The shares of the Company held by the subsidiaries are recognised as treasury shares and are entitled to dividends, recorded under "Capital reserve-treasury stock transaction". The cash dividends and stock dividends paid to the subsidiaries amounted to $23,430 and $－, $34,030 and $ 11,157, for the years ended December 31, 2023 and 2022 respectively.

(c) Reason for share reacquisition and the number of the Company's treasury shares remained unchanged as of December 31, 2023 and 2022. Details are as follows:

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	23,430	$ 267,195

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	23,430	$ 267,195

(15) Capital surplus

A. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2023	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	$ 221,790	$ 26,901	$ 229,232	$ 477,923
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	23,430	23,430
Balance at the end of year	$ 221,790	$ 26,901	$ 252,662	$ 501,353

For the year ended December 31, 2022	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	$ -	$ 26,901	$ 195,202	$ 222,103
Issuance of convertible bonds	221,790	-	-	221,790
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	34,030	34,030
Balance at the end of year	$ 221,790	$ 26,901	$ 229,232	$ 477,923

B. Details of 'Capital reserve - share options' are provided in Note 6(14), 'Share capital'.

(16) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations.

Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations.

The current year's earnings, if any, shall first be used to pay all taxes, offset prior years' operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders during their meeting. The regulation in relation to approval from the shareholders is not applicable. In principle, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

C. Special reserve:

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends and stock dividends distributed to owners amounting to $302,163 and $－, $438,885 and $143,887 for the years ended December 31, 2023 and 2022, respectively. It includes cash dividends of $302,163 ($1.0 (in dollars) per share) in the second half of 2022 earnings, cash dividends of $151,081 ($0.5 (in dollars) per share) in the first half of 2022 earnings; cash dividends of $287,774 ($1.0 (in dollars) per share) and stock dividends of $143,887 ($0.5 (in dollars) per share) in the second half of 2021 earnings. On March 7, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings amounting to $274,968 ($0.91 (in dollars) per share).

(17) Other equity

	For the year ended December 31, 2023,		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 163,091)	($ 167,985)	($ 331,076)
Revaluation - currency translation	(28,490)	-	(28,490)
Revaluation - unrealised gains on valuation	-	38,056	38,056
Valuation adjustment transferred out to retained earnings	-	(73,130)	(73,130)
At December 31	($ 191,581)	($ 203,059)	($ 394,640)

	For the year ended December 31, 2022,		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 214,721)	$ 6,765	($ 207,956)
Revaluation - currency translation	51,630	-	51,630
Revaluation - unrealised losses on valuation	-	(89,882)	(89,882)
Valuation adjustment transferred out to retained earnings	-	(84,868)	(84,868)
At December 31	($ 163,091)	($ 167,985)	($ 331,076)

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 3,381,977	$ 5,478,958

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

	For the years ended December 31,	
Major product lines	2023	2022
Screws and nuts	$ 1,813,617	$ 2,427,807
Wire rods	1,520,066	2,341,071
Billet	29,902	686,930
Others	18,392	23,150
	$ 3,381,977	$ 5,478,958

B. Contract liabilities：

As of December 31, 2023 and 2022, the Company has recognised revenue-related contract liabilities of $16,183 and $15,318, respectively. As of January 1, 2023, the contract liabilities amounted to $10,786. Revenue recognised for the years ended December 31, 2023 and 2022, which was included in the contract liabilities at the beginning of the year, amounted to $12,688 and $8,354, respectively.

(19) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 24,791	$ 4,969
Other interest	-	5
	$ 24,791	$ 4,974

(20) Other income

	For the years ended December 31,	
	2023	2022
Rent income	$ 8,596	$ 9,199
Dividend income	3,008	15,645
Other income	18,133	16,875
	$ 29,737	$ 41,719

(21) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains on financial assets at fair value through profit or loss	$ 120,323	$ 58,061
Net foreign exchange (losses) gain	(883)	20,836
Gain (losses) on disposal of property, plant and equipment	338	(2,735)
Losses from lease modification	-	(32)
Miscellaneous disbursements	(1,839)	(1,290)
	$ 117,939	$ 74,840

(22) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Ordinary bonds payable	$ 47,709	$ 48,560
Convertible bonds payable	29,339	22,708
Bank borrowings	12,786	10,750
Interest on lease liabilities	2	6
	$ 89,836	$ 82,024

(23) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 296,852	$ 101,784	$ 398,636
Depreciation	99,781	7,696	107,477
Amortisation	25	1,072	1,097
	$ 396,658	$ 110,552	$ 507,210

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 351,755	$ 128,407	$ 480,162
Depreciation	103,255	8,909	112,164
Amortisation	28	1,121	1,149
	$ 455,038	$ 138,437	$ 593,475

(24) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 254,170	$ 75,746	$ 329,916
Labour and health insurance fees	29,478	6,593	36,071
Pension costs	8,312	3,649	11,961
Directors' remuneration	-	14,250	14,250
Other personnel expenses	4,892	1,546	6,438
	$ 296,852	$ 101,784	$ 398,636

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 303,785	$ 93,225	$ 397,010
Labour and health insurance fees	31,851	9,094	40,945
Pension costs	8,996	3,877	12,873
Directors' remuneration	-	20,470	20,470
Other personnel expenses	7,123	1,741	8,864
	$ 351,755	$ 128,407	$ 480,162

A. As at December 31, 2023 and 2022, the Company had 566 and 604 employees, including 9 and 11 non-employee directors, respectively. Average employee benefit expense and average employee salaries were $690 and $777, $592 and $671 for the years ended December 31, 2023 and 2022, respectively. Average employee salaries for the year ended December 31, 2023 was a decrease of 11.77%.

B. The Company has set up the Audit Committee and therefore it had no supervisors' remuneration for the current and previous years.

C. The Company provides remuneration to directors for their services based on the Company's internal management policy and the general pay levels. Management follows the order of the Board of Directors to handle the business and is remunerated based on the Company's internal management policy and the general pay levels. The employee compensation policy of the Company is established based on the employee's ability, contribution to the Company, performance, and the market value of the position, which has a positive correlation with the Company's operating performance. Employee compensation packages are set based on the market value for the positions. Bonuses are linked to the achievement of the employee and department targets. The Company designs a well-thought-out benefits measures in accordance with the laws and regulations and by taking into consideration the needs of employees.

D. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.

E. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $6,095 and $13,100, respectively; while directors' remuneration was accrued at $6,085 and $13,100, respectively. The aforementioned amounts were recognised in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors were both $13,100, which were the same with the amounts recognised in the financial statements for the year ended December 31, 2022. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors on March 7, 2024 were $6,095 and 6,085, respectively, and the employees' compensation will be distributed in the

form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Components of income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 27,047	$ 21,366
Prior year income tax under estimation	10,791	12,822
Total current tax	37,838	34,188
Deferred tax:		
Origination and reversal of temporary differences	629	55,635
Income tax expense	$ 38,467	$ 89,823

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligation	$ 1,418	$ 4,506
Exchange differences on translation of foreign financial statements	(326)	327
	$ 1,092	$ 4,833

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 58,418	$ 125,465
Effects from items disallowed by tax regulation	(37,820)	(27,678)
Separate taxation	14,215	14,982
Prior year income tax under estimation	10,791	12,822
Effect from tax loss	(7,137)	(35,768)
Income tax expense	$ 38,467	$ 89,823

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	$ 1,212	$ -	$ -	$ 1,212
Loss on decline in inventory market value	6,170	(781)	-	5,389
Other deferred revenue and unrealised expenses	10,634	(1,894)	-	8,740
Currency translation differences	4,450	273	-	4,723
Remeasurements of defined benefit plan	8,622	-	(1,418)	7,204
Tax losses	87,517	7,137	-	94,654
	$ 118,605	$ 4,735	($ 1,418)	$ 121,922
Deferred tax liabilities				
Temporary differences:				
Pensions	($ 3,158)	($ 2,644)	$ -	($ 5,802)
Unrealized foreign exchange gain	(455)	455	-	-
Reserve for land value increment tax	(293,140)	-	-	(293,140)
Currency translation differences	(1,377)	-	326	(1,051)
Foreign investment income	(21,675)	(5,161)	-	(26,836)
Others	(6,996)	1,986	-	(5,010)
	($ 326,801)	($ 5,364)	$ 326	($ 331,839)
	($ 208,196)	($ 629)	($ 1,092)	($ 209,917)

	For the year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for bad debts in excess of tax limits	$ 1,212	$ -	$ -	$ 1,212
Loss on decline in inventory market value	3,189	2,981	-	6,170
Unrealised losses on disposal of assets	122	(122)	-	-
Other deferred revenue and unrealised expenses	12,246	(1,612)	-	10,634
Currency translation differences	4,450	-	-	4,450
Remeasurements of defined benefit plan	13,128	-	(4,506)	8,622
Tax losses	123,399	(35,882)	-	87,517
	$ 157,746	($ 34,635)	($ 4,506)	$ 118,605
Deferred tax liabilities				
Temporary differences:				
Pensions	($ 1,945)	($ 1,213)	$ -	($ 3,158)
Unrealized foreign exchange gain	-	(455)	-	(455)
Reserve for land value increment tax	(293,140)	-	-	(293,140)
Currency translation differences	(1,050)	-	(327)	(1,377)
Foreign investment income	-	(21,675)	-	(21,675)
Others	(9,339)	2,343	-	(6,996)
	($ 305,474)	($ 21,000)	($ 327)	($ 326,801)
	($ 147,728)	($ 55,635)	($ 4,833)	($ 208,196)

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2023			
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 580,599	$ -	$ -	2027
2019	516,191	473,269	-	2029
	$ 1,096,790	$ 473,269	$ -	

	December 31, 2022			
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 580,599	$ -	$ -	2027
2019	516,191	437,586	-	2029
	$ 1,096,790	$ 437,586	$ -	

E. The Company did not recognise deferred tax liabilities related to taxable temporary difference of investment on subsidiaries. The unrecognised deferred tax liabilities were $1,435,034 and $1,181,299 as of December 31, 2023 and 2022, respectively.

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of March 7, 2024.

(26) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 253,625	278,733	$ 0.91
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 253,625	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	365	
Convertible bonds	11,317	42,667	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 264,942	321,765	$ 0.82

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 537,503	278,733	$ 1.93
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 537,503	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	649	
Convertible bonds	8,474	22,093	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 545,977	301,475	$ 1.81

The above mentioned weighted average number of outstanding shares was retrospectively adjusted proportionately to the capitalised amount of unappropriated retained earnings for the year ended December 31, 2021.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 42,268	$ 68,114
Add: Opening balance of payable on equipment (listed as 'Other payables')	5,310	12,142
Less: Ending balance of payable on equipment (listed as 'Other payables')	(11,657)	(5,310)
Cash paid for acquisition of property, plant and equipment	$ 35,921	$ 74,946

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
(a) Write-off of uncollectible amounts	$ -	$ 933
(b) Prepayments for equipment transferred to property, plant and equipment	$ 3,073	$ 16,673

(28) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
January 1, 2023	$ 180,225	$ 269	$ 4,563,605	$ -	$ 457	$ 4,744,556
Changes in cash flow from financing activities	(37,163)	(215)	-	-	-	(37,378)
Changes in unamortized discount	-	-	14,953	-	-	14,953
December 31, 2023	$ 143,062	$ 54	$ 4,578,558	$ -	$ 457	$ 4,722,131

	Short-term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
January 1, 2022	$ 932,549	$ 526	$ 3,000,000	$ 590,000	$ 457	$ 4,523,532
Changes in cash flow from financing activities	(752,324)	(433)	1,775,874	(590,000)	-	433,117
Changes in unamortized discount	-	-	11,454	-	-	11,454
Changes in other non-cash items	-	176	(223,723)	-	-	(223,547)
December 31, 2022	$ 180,225	$ 269	$ 4,563,605	$ -	$ 457	$ 4,744,556

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chun Bang Precision Co., Ltd.	Subsidiary
Chun Yu Works (USA) Inc.	Subsidiary
Chun Yu Bio-Tech Corp.	Subsidiary
Scholar Holdings Ltd.	Subsidiary
Pt Moon Lion Industries Indonesia	Subsidiary
Chun Zu Machinery Industry Co., Ltd.	Subsidiary
Chun Yu (Dongguan) Metal Proucts Co., Ltd.	Subsidiary
Shanghai Uchee Hardware Proucts Ltd.	Subsidiary
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Subsidiary
Shanghai Chun Zu Machinery Industry Ltd.	Subsidiary
Ofco Industrial Corp.	Other related party
Gloria Material Technology Corp.	Other related party
TSG Transportation Corp.	Other related party
TSG Environmental Technology Corp.	Other related party
TSG Power Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Other related parties	$ 443,870	$ 702,780
Subsidiaries	81,163	147,854
	$ 525,033	$ 850,634

Goods are sold to related parties based on the terms that would be available to third parties, except for Chun Yu Works (USA) Inc. and Scholar Holdings Ltd., for which the goods are sold based on agreed prices as there are no similar transactions available for comparison. The average credit terms for related parties are 1～3 months which would be available to third parties, except for Chun Yu Works (USA) Inc. and SCHOLAR HOLDINGS LTD. with credit terms of 4～6 months.

B. Purchases

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Subsidiaries	$ 72,778	$ 72,045
Other related parties	4,036	2,437
	$ 76,814	$ 74,482

Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1～2 months. However, both parties may

negotiate to extend payment terms according to the funds available.

C. Property transaction

Acquisition of assets:

	Objects	For the years ended December 31, 2023	2022
Subsidiaries	Machinery and equipment, prepayments for equipment	$ 2,949	$ 10,084
Other related party	Machinery and equipment	459	500
		$ 3,408	$ 10,584

There was no such transaction for the year ended December 31, 2022.

D. Other expenses

	For the years ended December 31, 2023	2022
Other related parties	$ 40,356	$ 53,592
Subsidiaries	10,468	6,345
	$ 50,824	$ 59,937

E. Other income

	For the years ended December 31, 2023	2022
Management service income		
Subsidiaries	$ 9,178	$ 6,400
Rent income		
Subsidiaries	6,613	6,551
Other related parties	972	945
Other income		
Subsidiaries	6,793	7,911
Other related parties	469	2,074
	$ 24,025	$ 23,881

F. Accounts receivable

	December 31, 2023	December 31, 2022
Other related parties	$ 92,683	$ 37,724
Subsidiaries	27,087	17,901
	$ 119,770	$ 55,625

G. Other receivables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 17,028	$ 12,069
Other related parties	560	-
	$ 17,588	$ 12,069

H. Prepayments

	December 31, 2023	December 31, 2022
Subsidiaries	$ 2,726	$ 295
Other related parties	335	335
	$ 3,061	$ 630

I. Accounts payable

	December 31, 2023	December 31, 2022
Subsidiaries	$ 11,315	$ 16,098
Other related parties	3,363	-
	$ 14,678	$ 16,098

J. Other payables

	December 31, 2023	December 31, 2022
Subsidiaries	$ 8,727	$ 1,307
Other related parties	5,672	8,895
	$ 14,399	$ 10,202

K. Endorsements and guarantees provided to related parties: Refer to Note 13 (1)B.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Wages and salaries and other short-term benefits	$ 27,561	$ 25,824

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Assets	December 31, 2023	December 31, 2022	Purpose
Land (Note)	$ 358,824	$ 358,824	Collateral for long-term borrowings and bonds payable
Buildings and structures, net (Note)	58,822	63,474	Collateral for long-term borrowings and bonds payable
	$ 417,646	$ 422,298	

(Note) Listed as 'Property, plant and equipment' and 'Investment property, net'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2023 and 2022, the Company's capital expenditures contracted for at the balance sheet date but not yet incurred were $12,847 and $8,126, respectively.

(2) As of December 31, 2023 and 2022, the Company's line of credit issued but not yet negotiated were $184,423 and $36,751, respectively.

(3) Information on provision of endorsements and guarantees to others is provided in Note 13(1)B.

(4) The Company is involved in a lawsuit filed by Mr. Li, Shi-Ren in 2012 relating to whether an employment relationship existed between both parties. Mr. Li, Shi-Ren claimed that he served in an investee of the Company for 26 years and 8 months and requested the Company to pay pension totaling USD 642 thousand. On February 27, 2014, the Taiwan Kaohsiung District Court rendered a decision that the Company is liable for the USD 642 thousand pension payment. The Company disagreed with the decision and appealed during the legal period. On April 29, 2016, the Taiwan High Court Kaohsiung Branch Court revoked the original decision rendered on February 27, 2014 and rendered a decision that the litigation expenses incurred thereby shall be borne by the appellant (Li, Shi-Ren). Subsequently, Li, Shi-Ren appealed to the Supreme Court. On August 2, 2018, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. On April 15, 2020, following the first order by the Supreme Court, the Taiwan High Court Kaohsiung Branch Court rendered a decision on the case no. 2018-Zhong-Lao-Shang-Geng-Yi-Zi-1, in which both of the appellant's (Li, Shi-Ren) appeal with the first instance court and motion for provisional execution are dismissed, and the appellant shall bear the relevant litigation expenses. Subsequently, Li, Shi-Ren appealed to the Supreme Court. On April 28, 2022, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. The judgment was remanded by the Supreme Court for the second time. The appeal was dismissed on December 14, 2022, and the related litigation expenses incurred shall be borne by the Company. Subsequently, Li, Shi-Ren appealed to the Supreme Court. On June 8, 2023, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

In February 2024, the Company participated in the capital increase of Argo Yachts Development Co., Ltd. at a price of $27(in dollars) per share. The Company subscribed 4,500 thousand shares, for a total subscription amount of $121,500.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to

continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order 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 debt.

(2) Financial instruments

A. Financial instruments by category

Details of the Company's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Company operates internationally and is exposed to exchange rate risk arising from various functional currency, primarily with respect to the USD, EUR, RMB and IDR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to manage its foreign exchange risk against the functional currency. The Company's treasury is responsible for hedging its entire foreign exchange risk exposure. The Company's treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the

exchange rate fluctuations is as follows:

	December 31, 2023		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD:NTD	$ 8,085	30.71	$ 248,250
EUR:NTD	834	33.98	28,339
Investments accounted for under equity method			
USD:NTD	54,053	30.71	1,659,697
IDR:NTD	367,208,441	0.00198	727,073
Financial liabilities			
Monetary items			
USD:NTD	2,600	30.71	79,833

	December 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD:NTD	$ 6,233	30.71	$ 191,415
EUR:NTD	1,036	32.72	33,898
Investments accounted for under equity method			
USD:NTD	53,455	30.71	1,641,603
IDR:NTD	325,929,153	0.00198	645,340
Financial liabilities			
Monetary items			
USD:NTD	4,658	30.71	143,047
EUR:NTD	834	32.72	27,288

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Company's net income would have decreased/increased by $1,574 and $440 for the years ended December 31, 2023 and 2022, respectively.

The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company amounted to ($883) and $20,836 for the years ended December 31, 2023 and 2022, respectively.

ii. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii) The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would have increased/decreased by $1,300 and $502 for the years ended December 31, 2023 and 2022, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $4,535 and $2,429, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

(i) The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2023 and 2022, the Company borrowings at variable rate were mainly denominated in NTD.

(ii) The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax would have decreased/increased by $1,144 and $1,442 for the years ended December 31, 2023 and 2022, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages its credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of

their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. If the default rate of an investment target exceeds 10%, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Company adopts the assumptions under IFRS 9, that is the default occurs when the contract payments are past due over 90 days.

vii. The Company classifies customer's accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss and uses the historical and timely information to establish loss rate for assessing the default possibility of accounts receivable. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
Balance at January 1	$ -	$ 1,360	$ 1,360
Expected credit loss	-	3,860	3,860
Balance at December 31	$ -	$ 5,220	$ 5,220

	For the year ended December 31, 2022		
	Notes receivable	Accounts receivable	Total
Balance at January 1	$ -	$ 2,840	$ 2,840
Expected credit gain	-	(547)	(547)
Write-off of uncollectible amounts	-	(933)	(933)
Balance at December 31	$ -	$ 1,360	$ 1,360

(c) Liquidity risk

i. Cash flow forecasting is performed and aggregated by Company treasury. Company

treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 143,463	$ -	$ -	$ -
Accounts payable (including related parties)	126,353	-	-	-
Other payables	170,086	-	-	-
Lease liability	55	-	-	-
Bonds payable	1,950	1,950	4,605,850	-
Guarantee deposits received	457	-	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 182,510	$ -	$ -	$ -
Accounts payable (including related parties)	130,733	-	-	-
Other payables	215,875	-	-	-
Lease liability	217	55	-	-
Bonds payable	1,950	1,950	5,850	4,601,950
Guarantee deposits received	457	-	-	-

iii. For non-derivative financial liabilities, the Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is

included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks-private placement (Liquidity discount is 24.82%) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables, bonds payable, long-term borrowings and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis on the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ 127,050	$ -	$ 127,050
Beneficiary certificates	2,992	-	-	2,992
	2,992	127,050	-	130,042
Financial assets at fair value through other comprehensive income				
Equity securities	453,478	-	-	453,478
	$ 456,470	$ 127,050	$ -	$ 583,520

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 39,074	$ -	$ -	$ 39,074
Beneficiary certificates	11,179	-	-	11,179
	50,253	-	-	50,253
Financial assets at fair value through other comprehensive income				
Equity securities	242,851	-	-	242,851
	$ 293,104	$ -	$ -	$ 293,104

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of endorsements and guarantees and financing, between the Company and investees in Mainland China is provided in Note 13(1) B and J.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

Not applicable.

CHUN YU WORKS & CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		$ 76
Checking accounts		206
Demand deposits - NTD		89,202
Demand deposits - Foreign currency	USD 994 thousand, exchange rate: 30.71	30,513
	EUR 413 thousand, exchange rate: 33.98	14,041
	CNY 1 thousand, exchange rate:4.3355	1
		134,039
Cash equivalents:		
Time deposits - NTD		1,530,000
Short-term notes and bills - NTD		59,914
		1,589,914
		$ 1,723,953

CHUN YU WORKS & CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Time deposits which maturity of over three months		
Entie Commercial Bank	2023.12~2024.04, interest rate:1.45%	$ 30,000
O-Bank	2023.12~2024.04, interest rate:1.50%	100,000
		$ 130,000

CHUN YU WORKS & CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount
British Gypsum	Accounts receivable	$ 105,209
KYOEI PRECISION CO., LTD.	"	34,803
E-SHENG STEEL CO., LTD.	"	31,443
Chi Rei Co., Ltd.	"	27,872
Others (individually not exceeding 5%)	"	275,397
		474,724
Less: Allowance for uncollectible accounts		(5,220)
		$ 469,504

CHUN YU WORKS & CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE DUE FROM RELATED PARTIES, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Ofco Industrial Corp.	Accounts receivable	$ 92,683	—
Chun Yu Works (USA) Inc.	"	25,666	—
Others (individually not exceeding 5%)	"	1,421	—
		$ 119,770	

CHUN YU WORKS & CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount	
	Cost	Net Realisable Value
Raw materials	$ 320,200	$ 327,535
Supplies	183,961	215,581
Work in progress	326,598	368,624
Finished goods	512,838	527,444
	1,343,597	$ 1,439,184
Less: Allowance for inventory valuation loss	(26,947)	
	$ 1,316,650	

CHUN YU WORKS & CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition		Decrease		Valuation adjustment	Ending Balance			
Name of Financial Instrument	Number of shares (In thousands)	Fair Value	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Amount	Number of shares (In thousands)	Fair Value	Collateral	Note
Listed stocks-private											
Ensure Global Co., Ltd.(Note)	-	$ -	5,000	$ 36,000	-	$ -	$ 91,050	5,000	$ 127,050	None	—

(Note) Information relating to financial assets measured at fair value through profit or loss is provided in Note 6(2).

CHUN YU WORKS & CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Name of Financial Assets	Beginning Balance (Note)		Addition		Decrease		Ending Balance		Collateral	Note
	shares (In thousands)	Amount	Nimber of shares (In thousands)	Amount	shares (In thousands)	Amount	shares (In thousands)	Amount		
Listed stocks:										
Taiwan Styrene Monomer Corporation	11,678	$ 258,939	-	$ -	-	$ -	11,678	$ 258,939	None	—
China Ecotek Corporation	1,970	13,262	-	-	(1,970)	(13,262)	-	-	None	—
Gloria Material Technology Corporation	-	-	5,526	290,263	-	-	5,526	290,263	None	—
Unlisted stocks:										
King Kong Iron Works, Ltd.	304	772	-	-	-	-	304	772	None	—
		272,973		290,263		(13,262)		549,974		
Valuation adjustment		(30,122)		6,756		(73,130)		(96,496)		
		$ 242,851		$ 297,019		($ 86,392)		$ 453,478		

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Name of Investees	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral	Footnote
	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Shareholding	Amount	Unit price	Total Amount		
Chun Bang Precision Co., Ltd.	15,000	$ 184,611	-	$ 24,178	-	($ 3,750)	15,000	100.00%	$ 205,039	$ 12.74	$ 191,147	None	—
Chun Yu Works (USA) Inc.	3,800	363,602	-	48,472	-	(773)	3,800	100.00%	411,301	108.38	411,850	None	—
Chun Yu Investment Corp.	74,888	101,198	-	38,882	-	-	74,888	100.00%	140,080	9.77	731,692	None	—
Chun Yu Bio-Tech Corp.	10,000	127,117	-	-	-	(18,229)	10,000	100.00%	108,888	10.89	108,888	None	—
Scholar Holdings Ltd.	33,183	1,019,768	-	-	-	(26,573)	33,183	100.00%	993,195	30.00	995,470	None	—
Sunny City International Limited	1,000	253,160	-	28,702	-	(29,926)	1,000	100.00%	251,936	252.39	252,386	None	—
Pt Moon Lion Industries Indonesia	14,370	641,959	-	176,239	-	(91,237)	14,370	71.85%	726,961	50.60	727,073	None	—
Chun Zu Machinery Industry Co., Ltd.	28,822	484,335	-	34,824	-	(47,018)	28,822	47.81%	472,141	17.65	508,576	None	—
		$ 3,175,750		$ 351,297		($ 217,506)			$ 3,309,541		$ 3,927,082		

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Information relating to property, plant and equipment is provided in Note 6(7).

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Information relating to property, plant and equipment is provided in Note 6(7). Information relating to depreciation methods and useful lives is provided in Note 4(13).

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN DEFERRED TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Information relating to income tax is provided in Note 6(25).

CHUN YU WORKS & CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Footnote
nsecured borrowings	HSBC Bank (Taiwan)	$ 36,846	2023.11.15～2024.01.24	Note	$ 210,000	None	—
	Taipei Fubon Bank	38,617	2023.12.14～2024.02.01	Note	185,000	None	—
	Hua Nan Bank	21,153	2023.12.05～2024.01.05	Note	150,000	Note	—
	Entie Commercial Bank	18,812	2023.12.26～2024.01.26	Note	100,000	Note	—
	Bank Sinopac	15,352	2023.12.05～2024.01.04	Note	300,000	Note	—
	O-Bank	12,282	2023.12.27～2024.02.07	Note	100,000	Note	—
		$ 143,062					

ote: Interest rate ranged from 1.83% to 6.79%.

CHUN YU WORKS & CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Suppliers Name	Description	Amount	Note
E-SHENG STEEL CO., LTD.	Accounts payable	$ 29,971	—
Hong Yi Carton Ltd.	"	9,993	—
HEXICO ENTERPRISE CO., LTD.	"	9,155	—
CHINA STEEL CORPORATION	"	7,648	—
Yuan Sui Timber Co.	"	6,301	—
SHENG WOEN PLASTIC CO., LTD.	"	6,146	—
Others (each item not exceeding 5%)	"	42,461	—
		$ 111,675	

CHUN YU WORKS & CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries payable		$ 31,445	—
Annual bonus payable		18,500	—
Employees' compensation and directors' remuneration		14,579	—
Processing expenses payable		14,012	—
Payable on machinery and equipment		11,657	—
Others (individually not exceeding 5%)		79,893	—
		$ 170,086	

CHUN YU WORKS & CO., LTD.
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Guarantee bank	Issue date	Date of interest repayment	Coupon rate	Amount				Repayment term	Collateral	Note
					Total issue amount	Repayment	Ending balance	Book value			
1st Guarantee ordinary bonds payable in 2021	(Note)	2021.10.15	(Note)	(Note)	$ 3,000,000	$ -	$ 3,000,000	$ 2,996,135	(Note)	(Note)	-
1st Guarantee convertible bonds payable in 2022	(Note)	2022.3.25	(Note)	(Note)	700,000	-	700,000	692,334	(Note)	(Note)	-
2nd Guarantee convertible bonds payable in 2022	(Note)	2022.3.25	(Note)	(Note)	500,000	-	500,000	494,533	(Note)	(Note)	-
3rd Guarantee convertible bonds payable in 2022	(Note)	2022.3.25	(Note)	(Note)	400,000	-	400,000	395,556	(Note)	(Note)	-
					$ 4,600,000	$ -	$ 4,600,000	$ 4,578,558			

(Note) Please refer to Note 6(12) for the information related to bonds payable.

CHUN YU WORKS & CO., LTD.
STATEMENT OF DEFERRED TAX LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Information relating to income tax is provided in Note 6(25).

CHUN YU WORKS & CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Volume (ton)	Amount	Note
Taps	8,943	$ 998,140	—
Annealing wires	27,512	960,056	—
Screws	11,360	518,658	—
Polished wires	17,687	472,920	—
Nuts	3,934	316,562	—
Black oxide coating	4,651	99,552	—
Steel billet	1,683	29,902	—
Processing fees revenue		17,698	—
Others		1,251	—
Total sales revenue		3,414,739	
Less: Sales returns	378	(11,994)	—
Sales discounts and allowances		(20,768)	—
		$ 3,381,977	

CHUN YU WORKS & CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning raw materials	$ 535,330
Add: Raw materials purchased	1,675,040
Less: Raw materials sold	(30,036)
Ending raw materials	(320,200)
Raw materials used during the year	1,860,134
Beginning supplies	193,720
Add: Supplies purchased	285,895
Less: Ending supplies	(183,961)
Supplies used during the year	295,654
Direct labor	171,306
Manufacturing expense	611,349
Manufacturing cost	2,938,443
Beginning work in progress	390,862
Add: Transfers from finished goods	40,090
Ending work in progress	(326,598)
Cost of finished goods	3,042,797
Beginning finished goods	624,075
Add: Finished goods purchased	85,109
Less: Transfers to work in progress	(40,090)
Ending finished goods	(512,838)
Production and sales cost	3,199,053
Add: Cost of raw materials sold	30,036
Cost of goods sold	3,229,089
Loss on physicial inventory	1,868
Gain on reversal of market value	(3,905)
Income from sales of scraps	(20,147)
Operating costs	$ 3,206,905

CHUN YU WORKS & CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Utilities expense		$ 110,152	—
Processing expense		110,001	—
Depreciation charge		99,781	—
Indirect labor		91,176	—
Fuel expense		61,932	—
Repairs and maintenance expense		43,137	—
Others (each item not exceeding 5%)		95,170	—
		$ 611,349	

CHUN YU WORKS & CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Export expense		$ 25,939	—
Freight		23,958	—
Wages and salaries		21,754	—
Other expenses (individually not exceeding 5%)		15,437	—
		$ 87,088	

CHUN YU WORKS & CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		$ 53,437	—
Donation expense		20,356	—
Directors' remuneration		14,250	—
Advertisement expense		9,820	—
Depreciation charge		7,590	—
Other expenses (individually not exceeding 5%)		38,771	—
		$ 144,224	

CHUN YU WORKS & CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Information relating to other gains and losses is provided in Note 6(21).

CHUN YU WORKS & CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Information relating to finance costs is provided in Note 6(22).

Chun Yu Works & Co., Ltd.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Chun Yu Works & Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	2	$ 2,566,642	$ 648,500	$ 307,050	$ 112,723	$ -	7.18%	$ 3,422,189	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:

1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follow: USD:NTD 1:30.7050, RMB:NTD 1:4.3355.

Chun Yu Works & Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2023				
				Number of shares (In thousands of shares or units)	Book value	Ownership (%)	Fair value	Footnote
Chun Yu Works & Co., Ltd.	Stocks - Taiwan Styrene Monomer Corporation	—	3	11,678	$ 182,761	2.21	$ 182,761	-
	Stocks - Gloria Material Technology Corporation	Other related party	3	5,526	269,945	1.04	269,945	-
	Stocks - King Kong Iron Works, Ltd.	—	3	304	772	0.55	772	-
	Stocks - Ensure Global Co., Ltd.	—	2	5,000	127,050	3.16	127,050	-
	Beneficiary certificates - PGIM USD High Yield Bond Fund-USD	—	1	300	2,992	-	2,992	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	185	-	185	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,440	100,786	1.22	100,786	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	(Note 2)	23,430	591,612	7.75	591,612	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,618	103,572	1.25	103,572	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	(Note 3)	9	161	0.01	161	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	1,500	23,475	0.28	23,475	-

(Note 1) The code number explanation is as follows:

1. Financial assets at fair value through profit or loss - current.
2. Financial assets at fair value through profit or loss - non-current.
3. Financial assets at fair value through other comprehensive profit or loss- non-current.

(Note 2) Information relating to the Company's stocks is provided in Note 6(14) 'Share capital'.

(Note 3) The Company's stocks held by Chun Yu Bio-tech Corp., shown as 'Financial assets at fair value through other comprehensive profit or loss- non-current', were changed to be shown as 'Investments accounted for using the equity method' when the group prepared the consolidated financial statements and fully eliminated.

Chun Yu Works & Co., Ltd.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	($ 443,870)	(13%)	1 month	-	3 ~ 5 months	$ 92,683	15%	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	Subsidiary	(Sales)	(246,460)	(19%)	3 months	-	(Note 1)	-	-	-
	Shanghai Uchee Hardware Products Ltd.	Subsidiary	Purchases	175,792	18%	3 months	-	(Note 2)	-	-	-
Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	(Sales)	(175,792)	(23%)	3 months	-	(Note 1)	-	-	-
	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	Purchases	246,460	38%	3 months	-	(Note 2)	-	-	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

(Note 2) The payment terms to third parties are 3 ~ 6 months after the acceptance.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:30.7050, RMB:NTD 1:4.3355), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD:NTD 1:31.1773, RMB:NTD 1:4.4272).

Chun Yu Works & Co., Ltd.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note 4)
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	$ 77,713	4 months	1%
			1	Accounts receivable	25,666	-	-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Provision of endorsements and guarantees	307,050	-	3%
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	75,709	3 months	1%
			2	Accounts receivable	12,534	-	-
		Pt Moon Lion Industries Indonesia	3	Sales	13,595	3 months	-
		Chun Zu Machinery Industry Co., Ltd.	3	Sales	11,311	3 months	-
2	Chun Zu Machinery Industry Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	12,747	3 months	-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	15,995	3 months	-
		Shanghai Chun Zu Machinery Industry Ltd.	3	Other receivables	25,966	-	-
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	3	Sales	44,011	(Note 5)	1%
			3	Accounts receivable	12,176	-	-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Scholar Holdings Ltd.	3	Other receivables	18,594	-	-
		Shanghai Uchee Hardware Products Ltd.	3	Sales	246,460	3 months	3%
			3	Other receivables	34,624	-	-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	175,702	3 months	2%

(Note 1) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.
In addition, the disclosure threshold for significant intercompany transactions is $10 million and the transactions are disclosed in asset and income aspects .

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 presents the Company.
2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transation parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) The sales of machinery and equipment are handled in accordance with the conditions stipulated in the contract, and some are sold by installments, with a period of 1 to 2 years; spare parts are 3 to 4 months.

(Note 6) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 30.7050; RMB 1 : NTD 4.3355) prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD 1 : NTD 31.1773; RMB 1 : NTD 4.4272).

Chun Yu Works & Co., Ltd.

Information on investees

For the year ended December 31, 2023

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended	Investment income (loss) recognised by the Company for the year ended	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	December 31, 2023	December 31, 2023	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	$ 125,344	$ 125,344	15,000,000	100.00	$ 205,039	$ 5,640	$ 10,332	A subsidiary
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	114,728	3,800,000	100.00	411,301	47,137	48,472	A subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	74,888,032	100.00	140,080	53,940	1,222	A subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	108,888	(14,334)	(14,455)	A subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	993,195	(9,523)	(9,067)	A subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	251,936	28,702	28,702	A subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	726,961	245,288	176,239	A subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	472,141	74,265	34,824	A subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	61,420	61,420	-	100.00	519,318	53,665	-	A subsidiary (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:30.7050, RMB:NTD 1:4.3355), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD:NTD 1:31.1773, RMB:NTD 1:4.4272).

Chun Yu Works & Co., Ltd.

Information on investments in Mainland China

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of 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 of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	$ 1,979,889 (Note 1)	(Note 3)	$ 1,479,766	$ -	$ -	$ 1,479,766	($ 9,404)	100%	($ 9,404)	$ 1,022,515	$ -	(Note 9)
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	30,705	(Note 4)	30,705	-	-	30,705	28,762	100%	25,762	250,195	79,587 (Note 7)	(Note 9)
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,169	(Note 5)	-	-	-	-	86	100%	86	(3,818)	-	(Note 9)
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	260,993 (Note 2)	(Note 6)	61,410	-	-	61,410	51,700	47.82%	24,723	244,749	499,652 (Note 8)	(Note 10)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	$ 1,735,232	$ 1,735,232	$ 3,047,452
Chun Zu Machinery Industry Co., Ltd.	61,420	199,583	638,246

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US$64,481 thousand, consisting of US$48,193 thousand that has been reported to the Investment Commission and US$16,289 thousand from an investment loan from Scholar Holdings Ltd.

(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to UD$8,500 thousand, consisting of UD$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd. and US$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US$2,000 thousand were reported to the Investment Commission.

(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.

(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.

(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.

(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.

(Note 7) It is the cash dividends totaling US$2,592 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.

(Note 8) It is the cash dividends amounting to US$34,029 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.

(Note 9) Investment gains or losses were recognised based on audited financial statements.

(Note 10) The ceiling is calculated based on the 60% of the investor's net assets or consolidated net assets (whichever is higher).

(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of December 31, 2023 are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 30.7050; RMB 1 : NTD 4.3355) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the year ended December 31, 2023 are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2023 (USD 1 : NTD 31.1773; RMB 1 : NTD 4.4272).

Chun Yu Works & Co., Ltd.
Major shareholders information
December 31, 2023

Table 7

Unit: shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	84,219,450	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	28,491,850	9.43%
Chun Yu Investment Co., Ltd.	23,430,172	7.75%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.

CHUN YU WORKS & CO., LTD.

Chairperson Chen, Chi-Tai