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Patec Precision Industry Co., Ltd.

2024 Annual Report

Printed on May 25th, 2024

Annual report inquiry website
Market Observation Post System: http://mops.twse.com.tw

I. Spokesman:
Name: Wee Hong Jie
Title: General Manager
Tel: (65) 6257-8122
E-mail: kelvin@patec-intl.com
Deputy Spokesman:
Name: Eliza Chien
Title: General Manager Special Assistant
Tel: (886) 2-2750-0076
E-mail: eliza@patec-intl.com

II. Contact information of the headquarters, branch offices and subsidiaries:

(I) Headquarters

Name:	Patec Precision Industry Co., Ltd.
Address:	One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands
Company website:	www.patec-intl.com
Tel:	(65) 6257-8122

(II) Branch offices and subsidiaries:

Name:	Patec Pte. Ltd.
Address:	54 Serangoon North Avenue4 #05-01 Cyberhub North Singapore 555854
Tel:	(65) 6257-8122
Name:	Patec Pte. Ltd. Taiwan Branch
Address:	9F-5., No. 57, Fuxing N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)
Tel:	(886) 2-2750-0076
Name:	Press Automation Technology Pte. Ltd.
Address:	54 Serangoon North Avenue4 #05-01 Cyberhub North Singapore 555854
Tel:	(65) 6257-8122
Name:	Patec Jingxin Precision Machining (Wuxi) Co., Ltd.
Address:	No. C21-1, Shuofang Industrial Park Area, Phase 5, Xinwu Dist., Wuxi, China.
Tel:	(86) 510-8531-1462
Name:	PT. PatecPresisi Engineering
Address:	Jl. Angsana Raya BlokL 3-01 Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia
Tel:	(62) 21-8990-8366

(III) Name, job title, contact telephone number, and e-mail address of the litigious and non-litigious agent within the R.O.C.

Name:	Eliza Chien
Title:	General Manager Special Assistant
Tel:	(886) 2-2750-0076
E-mail:	eliza@patec-intl.com

III. Overseas trade places for listed negotiable securities:

Name:	Transfer Agency Department of CTBC Bank Co., Ltd.
Address:	5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Official website:	www.chinatrust.com.tw
Tel:	(886) 2-6636-5566

IV. Names of CPAs who attested the financial report for the most recent year, and the CPA firm names, addresses, web addresses, and telephone numbers.

Name of CPA:	CPA Kuan-Hao, Li and CPA Yi-Chi, Chein
CPA firm:	Deloitte & Touche Taipei, Taiwan Republic of China
Address:	20F., Taipei Nan Shan Plaza No. 100, Songren Rd., Xinyi Dist., Taipei City 110016, Taiwan (R.O.C.)
Official website:	www.deloitte.com.tw
Tel:	(02) 2725-9988

V. The name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company website: www.patec-intl.com

VII. List of directors

Title	Name	Nationality	Main experience and education
Chairman	Wee Liang Kiang	Singapore	PhD of Industrial and Business Management, West Coast University Production Engineer of Fujitec Sales Manager of Maxton Intl Pte. Ltd. Sales Manager of Komatsu
Director	Wee Hong Jie	Singapore	Bachelor of Mechanical Engineering and Business Management, Royal Melbourne Institute of Technology Sales Manager of Patec Precision Kft Special Assistant to GM of Patec Precision Industry Co., Ltd.
Director	Jack Liu (Note 1)	R.O.C.	Business Administration, China University of Science and Technology Sales Executive of Family Computer Chairman of Chentone Ltd. Sales Manager of Euro Ltd.
Director	Sean Hsu (Note 1)	R.O.C.	Bachelor of Accounting, Soochow University Assistant audit manager of PwC Taiwan Assistant manager of Chailease Finance Co., Ltd.
Director	Yang Hui Chen (Note 2)	R.O.C.	Master of Science in Finance, University Of Illinois Urbana-Champaign Bachelor of Arts, Major in Economics, National Chengchi University Special Assistant to CEO of CK Group Vice President of Crimson Investment Assistant Vice President of China Venture Management
Independent Director	Yen Chun Te	R.O.C.	Bachelor of Accounting, Tunghai University CFO of Softstar Entertainment Inc.

Title	Name	Nationality	Main experience and education
Independent Director	Chin Chih Yung	R.O.C.	Master degree of Accounting, Case Western Reserve University Bachelor of Department International Trade, Tamkang University Qualified CPA in R.O.C. Senior Manager of Pan Asia International & Co., CPAs
Independent Director	Kate Chen	R.O.C.	PhD student, National Chengchi University Master of Law in criminal law, National Taiwan University Bachelor of Law, National Taiwan University Former judge of Taiwan High Court Former director and judge of Civil Court Room 1（and non-litigious center), Taiwan Taoyuan District Court Former judge, Taiwan Taoyuan District Court Former judge of Civil Court Executive Tribunal, Taiwan Taoyuan District Court The Lecturer of Soochow University Taipei, Taiwan（Civil Procedure Act）
Independent Director	Tan Heok Ting (Note 2)	Malaysia	Bachelor of Laws & Commerce, The University Of Western Australia

Note 1: Resigned as a Director on 2023.06.14.
Note 2: Election at the shareholders' meeting on 2023.06.15.

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One. Letter to Shareholders

Dear Shareholders:

We would like to thank all shareholders for their encouragement and support to the Company over the past year, and for taking time out of their busy schedules to participate in the 2024 Annual General Meeting of Shareholders of the Company. The Company's 2023 annual operating results and 2024 annual operating plan summary are reported as follows:

2023 Operating Results

According to ITRI, in 2023, as the global chip shortage eases, the supply chain capacity of car production plants in Russia and Ukraine has been partially transferred to other countries, and global vehicle sales are expected to grow by 6.1% in 2023 to return to 85 million units in 2023 and an estimated 88.6 million units in 2024 due to the recovery of economic activity in various countries amid the COVID-19 slowdown. According to the Economist Intelligence Unit report, global EV sales are expected to grow by 21% year-on-year to 14.9 million units in 2024, accounting for 24.6% of global new car sales, with the overall share increasing by 3.6%, of which more than half of the EVs sold in the market will come from China. China's market demand is significantly ahead, coupled with the increasing demand for electric vehicles in overseas markets, prompting many Chinese auto brands to expand overseas, especially in Southeast Asia, where it is estimated that Chinese auto brands will account for about 67.5% of the NEV market in Southeast Asia in 2023.

The Company's main operating bases are in Singapore, China, Europe and Indonesia, and the overall business scale in 2023 will increase by 27.98% compared to 2022. Among them, in terms of metal parts for automobiles and motorcycles, in the first half of 2023, affected by the destocking of first-line suppliers, the total sales amount of automobile and motorcycle components for the whole year increased by 13.13% compared with 2022; in 2023, the sales of stamping equipment will develop considerably, reaching 213,407 thousand yuan, an increase of 3.2 times compared with 2022; in the second half of 2023, the robot business will move from a rental income to a new process of sales, with a total of 102,248 thousand yuan from robot sales and rental revenue, an increase of 3.93 times compared with 2022. In summary, the Company's overall operating results in 2023 have grown considerably compared with previous years, and the table below compares the relevant operating results in 2022 and 2023:

Unit: NTD’000; %

Year / Analysis			2022	2023	Increase (Decrease) %
P&L	Sales		1,419,910	1,817,189	27.98%
	Gross Profit		394,246	578,948	46.85%
	Income after tax		71,580	126,652	76.94%
	Total comprehensive income		110,715	115,857	4.64%
Profitability	Return on assets (%)		3.8	6.15	61.84%
	Return on equity (%)		6.05	9.33	54.21%
	Ratio of register capital (%)	Operating profit	24.71	36.27	46.78%
		Income before tax	26.62	36.23	36.10%
	Net profit rate (%)		5.04	6.97	38.29%
	Basic EPS (dollar)		1.64	2.99	82.31%
	Diluted EPS (dollar)		1.63	2.93	79.75%

2024 Business Plan

In 2023, due to the gradual fading of COVID-19, although the regional military crisis still exists, after a short period of low tide of inventory depletion in automobile-related industries at the beginning of the year, the overall consumer market will still have relatively optimistic expectations in 2024.

In 2023, with the implementation of BYD's order and production of metal stamping components for the company's automobiles and motorcycles in the Chinese market, Indonesia and Europe also maintain stable operations, actively expand channels in the sales part of stamping equipment, and enter customers related to AI heat dissipation applications, in addition to local sales in Singapore, service robots have also been successfully promoted to Hong Kong, Australia and North America, it has also signed strategic cooperation agreements with U.S. telecom companies.

Looking forward to 2024, the automotive and motorcycle metal stamping parts business will continue to strive for new development projects from existing customers, and also expand its customer base; in addition to the confirmed customer orders in hand, the stamping equipment part also continues to carry out brand and patent protection policies and actively seize market share; the deepening of the promotion of service robots is not only in the market, but also in the future to East Asia. The Company will focus on the three main axes of its operations and promote their depth and breadth, with the expectation of maintaining a significant pace of growth for the long term.

Thank you again for your support and encouragement, honesty and integrity, quality first, sustainable operation as the company's purpose, in 2024, the management and all employees will continue to work hard to actively implement the 2024 business plan, we will continue to invest resources in technology development and enhancement to increase product diversity, in order to create new business territory and increase the company's value, and continue to create good remuneration for shareholders.

We wish you all prosperity and every success in the future.

CHAIRMAN	Wee Liang Kiang
CEO	Wee Hong Jie
Accounting Manager	Evelyn Wang

Two. Company Profile

I. Date of incorporation: June 29, 2011

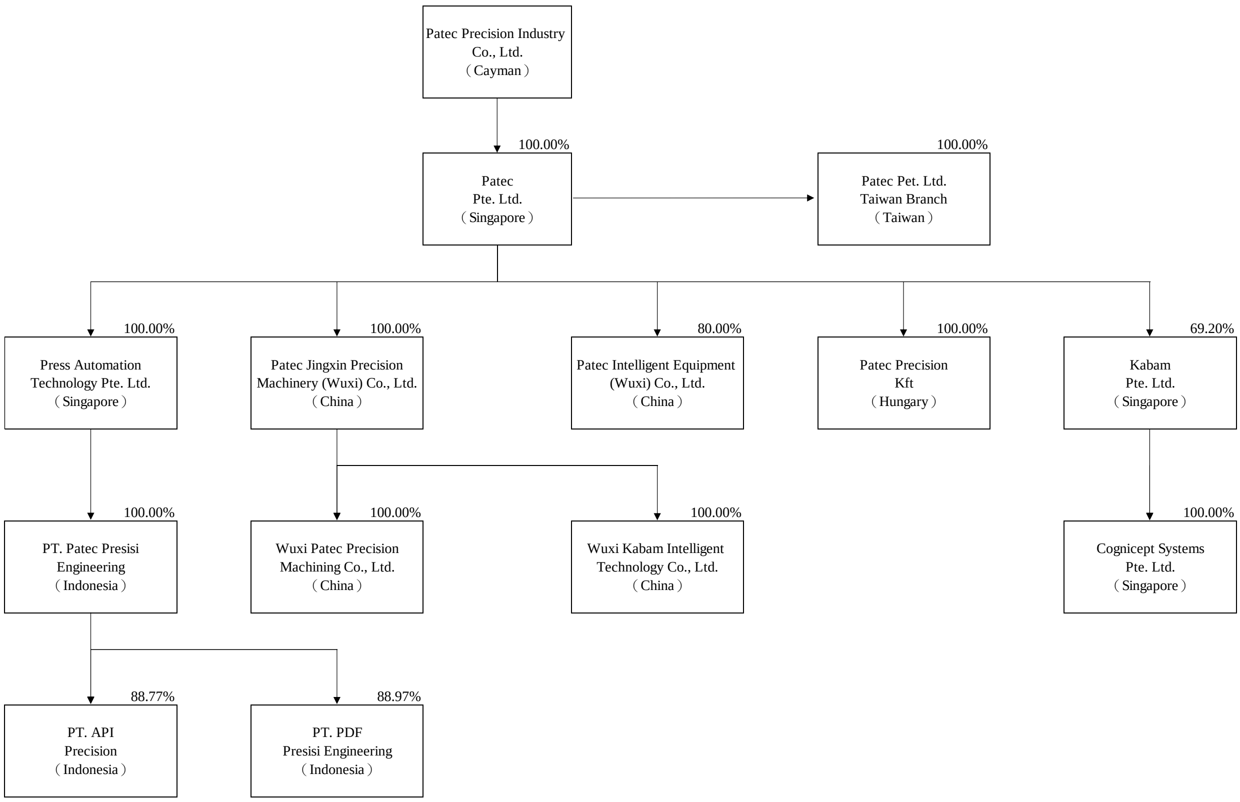
Patec Precision Industry Co., Ltd. (hereinafter referred to as “the Company” or referred to as “the Group” with all of its subsidiaries) was established on June 29, 2011 in the British Cayman Islands. It was established mainly for the restructuring of the Company’s organizational structure, and readily apply for listing on the Taiwan Stock Exchange. After restructuring, the Company became the holding company, which consolidate all of its subsidiaries, but with no real economic activity.

II. A BRIEF HISTORY OF THE COMPANY

Date	A brief history of the Company
1992	● Wee Liang Kiang cooperated with a Japanese colleague Mr. Hidaka and jointly established Press Automation Technology Pte. Ltd. (Singapore)
1993	● Invested in the R &D and manufacturing of stamping equipment (Japan).
1997	● Established a factory in Singapore to produce press machines and equipment.
2001	● Invested in Wuxi Jingxin Precision Machining Co., Ltd. (China) to develop in China's automotive stamped component market for production and sales.
2006	● Established Patec Pte. Ltd. ● Invested in Indonesia’s PT. Patec Presisi Engineering to develop production and sales of locomotive and auto components in Indonesia. ● Ranked 29th in Singapore’s Enterprise 50 Awards.
2007	● Ranked 6th in Singapore’s Enterprise 50 Awards.
2008	● Established Patec Precision Kft (Hungary) to penetrate into Europe's automotive stamped component market. ● Acquired ISO-9001 certification.
2009	● Established Wuxi Patec Precision Machining Co., Ltd., focusing on production and sales of stamping machine equipment in China. ● Acquired ISO/TS-16949 certification.
2011	● Established PT. PDF Presisi Engineering (Indonesia). ● Established Patec Precision Industry Co., Ltd. (Cayman Islands) for the restructuring of the Company’s organizational structure, and readily apply for listing in Taiwan.
2012	● Wuxi Jingxin Precision Machining Co., Ltd. obtained the high-tech enterprise certification (China).
2013	● Established Yancheng Jingxin Precision Machining Co., Ltd for processing of automotive components. ● Established the Audit Committee. ● Established the Remuneration Committee.
2014	● Established Patec Precision Industry Co., Ltd (Taiwan) as preparation for being listed in Taiwan, which is responsible for maintaining investor relations and the disclosure of real-time information, and gradually penetrate the sales market in Taiwan. ● Increased capital in Indonesia’s PT. API Precision.
2015	● Officially listed on the Taiwan Stock Exchange.

Date	A brief history of the Company
2016	● Issued the first unsecured corporate bonds in the R.O.C.
2017	● Obtained the first grade medical equipment permit from the Ministry of Health and Welfare.
2018	● Acquired BionicXP Pte. Ltd. for sales of automated machinery.
2019	● Increased capital in Indonesia's BionicXP Pte. Ltd..
2020	● Disposed Yancheng Jingxin Precision Machining Co., Ltd. ● Patec Pte Ltd partners First Armour to develop Jordan's first automated N95 mask production line.
2021	● Break into autonomy robot market.
2022	● Established Wuxi Kabam Intelligent Technology Co., Ltd.
2023	● Established Patec Intelligent Equipment (Wuxi) Co., Ltd.

III. GROUP STRUCTURE



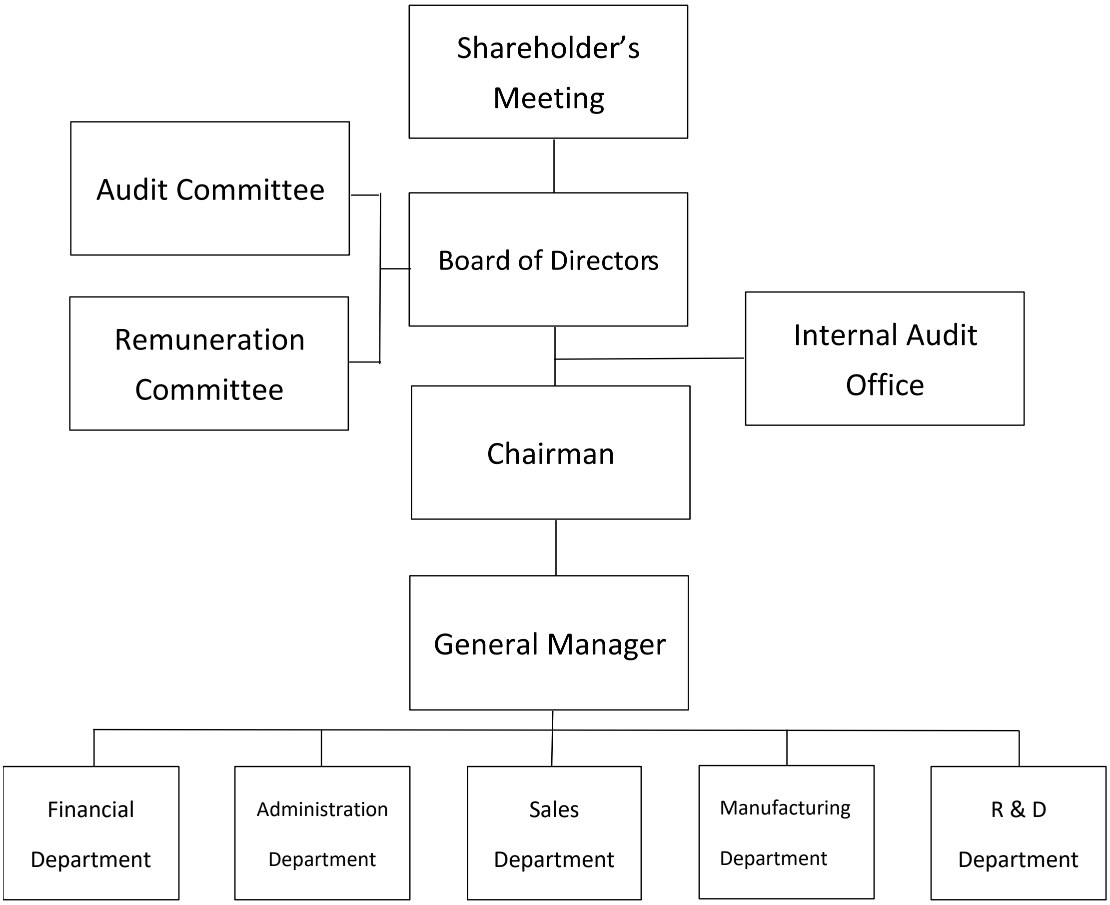
IV. Risk Matters:

Please refer to: "Seven. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks."

Three. Corporate Governance Report

I. ORGANIZATIONAL SYSTEM

(I) Organizational System:



(II) Department functions:

Department / Positions	Functions
Board of Directors	Set up policies and operational goals for the Company's business operations.
Remuneration Committee	Establish and regularly review policies, systems, standards and structures for performance appraisal and compensation to directors and managers. Assess and determine the remuneration of directors and managers on a regular basis.
Audit Committee	Supervise the Company's business, financial status, fair presentation of financial statements, and internal control effectiveness.
Internal Audit Office	Responsible for the Company's internal auditing.
General Manager	Execute Board resolutions, and has general management responsibilities in the Company.
Administration Department	Responsible for procurement, human resources management, information management, logistics, acceptance and distribution of documents, employee benefits, etc.

Department / Positions	Functions
Financial Department	Responsible for the company's funding, accounting, budget control, and the analysis and interpretation of the Company’s financial structure, changes in profit/loss, accounting reports, etc.
Sales Department	Responsible for collecting market information, product sales, customer service, as well as product and customer development.
Manufacturing Department	Responsible for matters related to production and manufacturing of the Company’s products and equipment.
R & D Department	Responsible for the development, testing, improvement and management of product technologies.

II. Information on the company's directors, general manager, deputy general manager, assistant general manager, and the supervisors of all the company's divisions and branch units

(I) Information on directors:

April 27, 2024; Unit: Share

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Percentage %	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Job Title	Name	Relation	
Chairman	Singapore	Wee Liang Kiang	Male/70-79	2021.08.25	3 years	2011.07.20	223,385	0.49%	223,385	0.44%	93,553	0.19%	-	-	PhD of Industrial and Business Management, West Coast University Production Engineer of Fujitec Sales Manager of Maxton Intl Pte. Ltd. Sales Manager of Komatsu	Patec Precision Industry Co., Ltd./ Chairman Patec Pte. Ltd./ Director Press Automation Technology Pte. Ltd. /Director Patec Jingxin Precision Machinery (Wuxi) Co., Ltd./ Chairman Wuxi Patec Precision Machining Co., Ltd. / Chairman Patec Precision Kft /Director PT. Patec Presisi Engineering /Commissioner PT. PDF Presisi Engineering /Commissioner PT. API Precision /President Commissioner	GM	Wee Hong Jie	Son	Note 1

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Percentage %	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Job Title	Name	Relation	
Director	Singapore	Wee Hong Jie	Male/40-49	2021.08.25	3 years	2012.01.18	9,101,591	19.89%	7,505,324	14.89%	-	-	18,801,904	37.31%	Bachelor of Mechanical Engineering and Business Management, Royal Melbourne Institute of Technology Sales Manager of Patec Precision Kft Special Assistant to GM of Patec Precision Industry Co., Ltd.	Patec Precision Industry Co., Ltd. / Director/General Manager Patec Pte. Ltd. /Director Press Automation Technology Pte. Ltd. /Director Kabam Pte. Ltd. /Director Patec Intelligent Equipment (Wuxi) Co., Ltd. / Chairman Patec Jingxin Precision Machinery (Wuxi) Co., Ltd. / Director Wuxi Kabam Intelligent Technology Co., Ltd. / Chairman Patec Precision Kft / Director PT. Patec Presisi Engineering /President Director PT. PDF Presisi Engineering /President Director PT. API Precision /President Director	Chairman	Wee Liang Kiang	Father`	Note 1
Director	R.O.C.	Jack Liu	Male/60-69	2021.08.25	3 years	2021.08.25	-	-	-		-	-	-	-	Business Administration, China University of Science and Technology Sales Executive of Family Computer Chairman of Chentone Ltd Sales Manager of Euro Ltd	Patec Pte. Ltd./ Sales Vice General Manager	-	-	-	Note 2
Director	R.O.C.	Sean Hsu	Male/40-49	2021.08.25	3 years	2021.08.25	504,882	1.10%	-	-	-	-	-	-	Bachelor of Accounting, Soochow University Assistant audit manager of PwC Taiwan Assistant manager of Chailease Finance Co., Ltd.	None	-	-	-	Note 2

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Percentage %	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Job Title	Name	Relation	
Director	R.O.C.	Yang Hui Chen	Female/40-49	2023.06.15	Until the expiration of this term	2023.06.15	-	-	-		-	-	-	-	Master of Science in Finance, University Of Illinois Urbana-Champaign Bachelor of Arts, Major in Economics, National Chengchi University Special Assistant to CEO of CK Group Vice President of Crimson Investment Assistant Vice President of China Venture Management	Patec Precision Industry Co., Ltd. / Director SinoStar Capital Inc. / Vice President	–	–	–	
Independent Director	R.O.C.	Yen Chun Te	Male/50-59	2021.08.25	3 years	2013.11.29	-	-	-	-	-	-	-	-	Bachelor of Accounting, Tunghai University CFO of Softstar Entertainment Inc.	Patec Precision Industry Co., Ltd. / Independent Director / Member of Audit Committee / Member of Remuneration Committee Winking Entertainment Group / CFO. Otsuka Information Technology Crop. / Independent Director / Member of Audit Committee / Member of Remuneration Committee	–	–	–	

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Percentage %	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Job Title	Name	Relation	
Independent Director	R.O.C.	Chin Chih Yung	Male/60-69	2021.08.25	3 years	2021.08.25	-	-	-	-	-	-	-	-	Master degree of Accounting, Case Western Reserve University Bachelor of Department International Trade, Tamkang University Qualified CPA in R.O.C. Senior Manager of Pan Asia International & Co., CPAs	Patec Precision Industry Co., Ltd. / Independent Director / Member of Audit Committee / Member of Remuneration Committee Leading Change International CPA Firm / Director and CPA Lumosa Therapeutics Co., Ltd. / Independent Director / Member of Audit Committee / Member of Remuneration Committee Space Shuttle Hi-Tech co., Ltd./ Independent Director / Member of Audit Committee CPA Associations of the R.O.C.(NFCPAA) / Member of Professional Education Committee of National Federation	–	–	–	

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	Percentage %	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Job Title	Name	Relation	
Independent Director	R.O.C.	Kate Chen	Female/50-59	2021.08.25	3 years	2021.08.25	-	-	-	-	-	-	-	-	PhD student, National Chengchi University Master of Law in criminal law, National Taiwan University Bachelor of Law, National Taiwan University Former judge of Taiwan High Court Former director and judge of Civil Court Room 1（and non-litigious center), Taiwan Taoyuan District Court Former judge, Taiwan Taoyuan District Court Former judge of Civil Court Executive Tribunal, Taiwan Taoyuan District Court The Lecturer of Soochow University Taipei, Taiwan（Civil Procedure Act）	Patec Precision Industry Co., Ltd. / Independent Director / Member of Audit Committee / Member of Remuneration Committee HSIEH & CHEN ATTORNEYS-AT-LAW / CEO Wisdom Marine Lines Co., Ltd. / Independent Director / Member of Audit Committee / Member of Remuneration Committee	–	–	–	
Independent Director	Malaysia	Tan Heok Ting	Male/40-49	2023.06.15	Until the expiration of this term	2023.06.15	-	-	-	-	-	-	-	-	Bachelor of Laws & Commerce, The University Of Western Australia	Patec Precision Industry Co., Ltd. / Independent Director / Member of Audit Committee Spindex Industries Limited / Managing Director	–	–	–	

Note 1: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

The Company is a KY company established in Singapore, and the shareholders' meeting in 2021 elected directors in accordance with the provisions of the Financial Supervisory Commission, R.O.C. , and hold a by-election at the shareholders' meeting in 2023, and reached more than half of the elected Taiwanese directors, that is, five of the 7 seats are Taiwanese directors (including 4 independent directors), and the other 2 are Singaporean Wee Liang Kiang, the Chairman of the company, and Wee Hong Jie, the General Manager of the company, which are relative within the first degree of kinship. Another independent director, Tan Heok Ting, is a Malaysian.

General Manager Wee Hong Jie completed the public acquisition and transfer of shares as the largest shareholder on April 20, 2021, and as of the date of publication of the annual report, the total shareholding ratio of Chairman Wee Liang Kiang and General Manager Wee Hong Jie has accumulated more than 50%.

Wee Liang Kiang, Chairman of the company, and Wee Hong Jie, General Manager of the company, are relative within the first degree of kinship, mainly to meet the needs of business development and consider the group's business inheritance and increase decision-making efficiency. In 2023, the Company added a fourth independent director, all of whom are not managers and employees, which can promote the Board of Directors to maintain the power of objectivity and supervision.

Note 2: Resigned as a Director on 2023.06.14.

(II) Major shareholders of institutional shareholders: Not applicable.

(III) Major shareholders of the Company's major institutional shareholders: Not applicable.

(IV) Professional qualifications and independence analysis of directors.

1. Directors' Professional Qualifications and Independent Directors' Independence Status

Title/ Name (Note.1)	Professional qualifications and experience	Description of independence (Note.2)	Number of positions as an Independent Director in other public companies
Chairman/ Wee Liang Kiang	More than 40 years of industry experience in the production and sales of stamping parts and production line equipment for automobiles and locomotives business.		-
Director/ Wee Hong Jie	More than 15 years of industry experience in the production and sales of stamping parts and production line equipment for automobiles and locomotives business.		-
Director/ Yang Hui Chen	She is currently the Vice President of SinoStar Capital Inc., with relevant business knowledge and experience.		-
Independent Director/ Yen Chun Te	He used to be CFO. of Softstar Entertainment Inc. and is currently CFO. of Winking Entertainment Group, with specialization in business.	◆ Compliance with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. ◆ The independent directors of the 6th board of directors and their spouses and relatives within second degree are not serving as directors, supervisors, or employees of the company or any of its affiliates. ◆ The independent directors of the 6th board of directors and their spouses and relatives within second degree are not holding shares of the company in their own names or in any third party's name.	1
Independent Director/ Chin Chih Yung	He is currently the director of Leading Change International CPA Firm and a certified public accountant, with professional knowledge in accounting.		2
Independent Director/ Kate Chen	She is currently the executive director of HSIEH & CHEN lawyer firm, qualified as a lawyer, judge and arbitrator, and has specialization experience in law.		1

Title/ Name (Note.1)	Professional qualifications and experience	Description of independence (Note.2)	Number of positions as an Independent Director in other public companies
Independent Director/ Tan Heok Ting	He is currently the Managing Director of Spindex Industries Limited, a listed company in Singapore, with knowledge and experience in business and industry.	◆ The independent directors of the 6th board of directors and their spouses and relatives within second degree are not serving as directors, supervisors, or employees of any company that has a specific relationship with the company. ◆ The independent directors of the 6th board of directors and their spouses and relatives within second degree receive zero remuneration from providing business, legal, financial, or accounting service to the company or any of its affiliates in the last two years.	-

Note1: The table shows the current members of the company's board of directors.
Note2: Not been a person of any conditions defined in Article 30 of the Company Act.

2. Board diversity and independence

Given the unique nature of the business, we work with partners with various backgrounds in the global market. Diversity on the board of directors and in the workforce is a valuable element to the company's operations. However, diversity also means a wide range of attributes. In the interest of consistency and stability, the disclosure of information lists only gender, nationality, age, concurrent positions as employee, and professional background.

The Board establishes the Guidelines for Nomination of Directors that set out the procedures and criteria for the nomination, qualification and evaluation of candidates for Directors. The members of Patec Board of Directors are nominated via rigorous selection processes. It not only considers background diversity, professional competence and experience, but also attaches great importance to his/her personal reputation on ethics and leadership.

Presently, seven members of the Board of Directors of the Company have diverse backgrounds, including different industry, academic and legal backgrounds, domestic and national nationalities, including two women (one director and one independent director); Among the seven directors, four are independent directors, and all of them meet the criteria for determining positive qualifications, negative qualifications and independence of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and the number of independent directors accounts for 50% of the total number of directors (accounting for more than one-half of the board of directors), so the board of directors of the Company is independent.

The current Board of Directors of the Company consists of 7 Directors, including 4 Independent Directors, which meets the target of not less than 3 independent directors and more than one-fifth of all Directors. At present, only the chairman of the board of directors and the general manager are relatives (father and son), so there are no more than half of the seats in the 2 seats, and they have a relationship of spouse or familial relationship within the second degree of kinship. In summary, the goal of independence has been achieved.

Board diversity in practice at present is implemented as follows:

Title	Chairman	Director		Independent Director			
Name	Wee Liang Kiang	Wee Hong Jie	Yang Hui Chen	Yen Chun Te	Chin Chih Yung	Kate Chen	Tan Heok Ting
Gender	Male	Male	Female	Male	Male	Female	Male
Nationality	Singapore	Singapore	R.O.C.	R.O.C.	R.O.C.	R.O.C.	Malaysia
Age	70-79	40-49	40-49	50-59	60-69	50-59	40-49
Employed by Patec	V	V					
Professional Knowledge and Expertise							
Business	V	V	V				V
Finance/Accounting				V	V		
Legal						V	
Sales and Marketing	V	V	V				
Skills and Experience							
Leadership Skill	V	V	V	V	V	V	V
Strategic Decision-making	V	V	V	V	V	V	V
Global Market Perspective	V	V	V	V	V	V	V
Industry Experience	V	V	V				
Financial				V	V		
Operating and Manufacturing	V	V	V				
Business Development	V	V	V				
Risk/Crisis Management	V	V	V	V	V	V	V
Environmental Sustainability	V	V	V	V	V	V	V
Social Engagement	V	V	V	V	V	V	V

(V) Information of general manager, deputy general manager, assistant general manager and managers of the Company's divisions and branch units:

April 27, 2024; Unit: Share

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Managers holding employee share subscription warrants
					Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Title	Name	Relation	
Group General Manager	Singapore	Wee Hong Jie	Male	2021.08.25	7,505,324	14.89%	-	-	18,801,904	37.31%	Bachelor of Mechanical Engineering and Business Management, Royal Melbourne Institute of Technology Sales Manager of Patec Precision Kft Special Assistant to GM of Patec Precision Industry Co., Ltd.	Patec Precision Industry Co., Ltd. / Director/General Manager Patec Pte. Ltd. /Director Press Automation Technology Pte. Ltd. /Director Kabam Pte. Ltd. /Director Patec Intelligent Equipment (Wuxi) Co., Ltd. / Chairman Patec Jingxin Precision Machinery (Wuxi) Co., Ltd. / Director Wuxi Kabam Intelligent Technology Co., Ltd. / Chairman Patec Precision Kft / Director PT. Patec Presisi Engineering /President Director PT. PDF Presisi Engineering /President Director PT. API Precision /President Director	Chairman	Wee Liang Kiang	Father	Note 2

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Managers holding employee share subscription warrants
					Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Title	Name	Relation	
Group COO & (PT. Patec) General Manager	Malaysia	Ong Boon Hock	Male	2021.08.25	234,734	0.47%	-	-	-	-	Malaysia vocational High School Electronic Course Shinwa Precision Hungary Sales Engineer Shinwa Precision Hungary General Manager Shinwa Precision Hungary Managing Director Shinwa International Limited (Hong Kong) Executive Director Shinwa Technology Ltd (Hong Kong) Director Shinwa Precision China Ltd (China) Director/General Manager	PT. Patec Presisi Engineering/ General Manager	–	–	–	–
CFO (Note 1)	R.O.C.	Sean Hsu	Male	2013.11.29	-	-	-	-	-	-	Bachelor of Accounting, Soochow University Assistant audit manager of PwC Taiwan Assistant manager of Chailease Finance Co., Ltd.	None	–	–	–	–
General Manager Special Assistant	R.O.C.	Eliza Chien	Female	2023.04.01	-	-	-	-	-	-	Bachelor of Finance Management, National Central University Assistant Vice President of Underwriting Department of MasterLink Securities	None	–	–	–	–
Accounting Manager	R.O.C.	Evelyn Wang	Female	2023.04.01	8,000	0.02%	-	-	-	-	Bachelor of Accounting, Tamkang University Assist audit of Deloitte Touche Taiwan Accountant in charge of KNH Enterprise Co., Ltd.	None	–	–	–	–

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Managers holding employee share subscription warrants
					Shares	Percentage %	Shares	Percentage %	Shares	Percentage %			Title	Name	Relation	
Auditing Manager	R.O.C.	Jennifer Li	Female	2014.02.28	34,017	0.07%	-	-	-	-	Bachelor of Accounting, Soochow University Auditor of PwC Taiwan Auditor of Reanda M Y Wu & Co.	None	–	–	–	–

Note1: Position adjustment on 2024.03.31.

Note2:If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

The Company is a KY company established in Singapore, and the shareholders' meeting in 2021 elected directors in accordance with the provisions of the Financial Supervisory Commission, R.O.C. , and hold a by-election at the shareholders' meeting in 2023, and reached more than half of the elected Taiwanese directors, that is, five of the 7 seats are Taiwanese directors (including 4 independent directors), and the other 2 are Singaporean Wee Liang Kiang, the Chairman of the company, and Wee Hong Jie, the General Manager of the company, which are relative within the first degree of kinship. Another independent director, Tan Heok Ting, is a Malaysian.

General Manager Wee Hong Jie completed the public acquisition and transfer of shares as the largest shareholder on April 20, 2021, and as of the date of publication of the annual report, the total shareholding ratio of Chairman Wee Liang Kiang and General Manager Wee Hong Jie has accumulated more than 50%.

Wee Liang Kiang, Chairman of the company, and Wee Hong Jie, General Manager of the company, are relative within the first degree of kinship, mainly to meet the needs of business development and consider the group's business inheritance and increase decision-making efficiency. In 2023, the Company added a fourth independent director, all of whom are not managers and employees, which can promote the Board of Directors to maintain the power of objectivity and supervision.

(VI) Remuneration to directors, supervisors, general manager and deputy general manager in the most recent fiscal year

1. Remuneration paid to directors (independent directors):

Units: NTD thousands

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to net profit after tax (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+ G) to net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary or parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
																The Company		All companies in the consolidated financial statement				
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statement	
Chairman	Wee Liang Kiang	25	25	-	-	100	100	-	-	125 0.09%	125 0.09%	-	8,990	-	127	-	-	-	-	125 0.09%	9,242 6.64%	-
Director	Wee Hong Jie	25	25	-	-	100	100	-	-	125 0.09%	125 0.09%	2,454	16,751	-	289	-	-	-	-	2,579 1.85%	17,165 12.33%	-
Director	Jack Liu (Note 1)	-	-	-	-	-	-	-	-	-	-	150	576	-	-	-	-	-	-	150 0.11%	576 0.41%	-
Director	Sean Hsu (Note 1)	-	-	-	-	-	-	-	-	-	-	-	748	-	-	-	-	-	-	-	748 0.54%	-
Director	Yang Hui Chen (Note 2)	25	25	-	-	58	58	-	-	83 0.06%	83 0.06%	-	-	-	-	-	-	-	-	83 0.06%	83 0.06%	-
Independent Director	Yen Chun Te	599	599	-	-	100	100	-	-	699 0.50%	699 0.50%	-	-	-	-	-	-	-	-	699 0.50%	699 0.50%	-
Independent Director	Chin Chih Yung	599	599	-	-	100	100	-	-	699 0.50%	699 0.50%	-	-	-	-	-	-	-	-	699 0.50%	699 0.50%	-
Independent Director	Kate Chen	599	599	-	-	100	100	-	-	699 0.50%	699 0.50%	-	-	-	-	-	-	-	-	699 0.50%	699 0.50%	-

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to net profit after tax (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+ G) to net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary or parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
																The Company		All companies in the consolidated financial statement				
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statement	
Independent Director	Tan Heok Ting (Note 2)	308	308	-	-	59	59	-	-	367 0.26%	367 0.26%	-	-	-	-	-	-	-	-	367 0.26%	367 0.26%	-

1.Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid:

According to Article 99 of the Company's Articles of Association, if there is any surplus at the end of the fiscal year, no more than 3% of the net profit before tax shall be allocated as the remuneration for all directors of the Company. Reasonable remuneration shall be given after referring to the industry level, the Company's operating results, and the director's contribution to the Company's performance, and shall be reviewed by the Remuneration Committee and the Board of Directors.

2.In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Note 1: Resigned on 2023.06.14.
Note 2: Elected on 2023.06.15

Range of Remunerations

Range of remuneration paid to the Company's directors	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement
Under NTD 1,000,000	Wee Liang Kiang, Wee Hong Jie, Yang Hui Chen, Jack Liu, Sean Hsu, Yen Chun Te, Chin Chih Yung, Kate Chen, Tan Heok Ting	Wee Liang Kiang, Wee Hong Jie, Yang Hui Chen, Jack Liu, Sean Hsu, Yen Chun Te, Chin Chih Yung, Kate Chen, Tan Heok Ting	Wee Liang Kiang, Jack Liu, Sean Hsu, Yang Hui Chen, Yen Chun Te, Chin Chih Yung, Kate Chen, Tan Heok Ting	Jack Liu, Sean Hsu, Yang Hui Chen, Yen Chun Te, Chin Chih Yung, Kate Chen, Tan Heok Ting
NTD 1,000,000 (included) ~ NTD 2,000,000 (excluded)	–	–	–	–
NTD 2,000,000 (included) ~ NTD 3,500,000 (excluded)	–	–	Wee Hong Jie	–
NTD 3,500,000 (included) ~ NTD 5,000,000 (excluded)	–	–	–	–
NTD 5,000,000 (included) ~ NTD 10,000,000 (excluded)	–	–	–	Wee Liang Kiang,
NTD 10,000,000 (included) ~ NTD 15,000,000 (excluded)	–	–	–	–
NTD 15,000,000 (included) ~ NTD 30,000,000 (excluded)	–	–	–	Wee Hong Jie
NTD 30,000,000 (included) ~ NTD 50,000,000 (excluded)	–	–	–	–
NTD 50,000,000 (included) ~ NTD 100,000,000 (excluded)	–	–	–	–
Over NTD 100,000,000	–	–	–	–
Total	9 people	9 people	9 people	9 people

※ The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this form is for information disclosure, and is not used for tax purposes.

2. Remunerations of Supervisors: Not applicable, as the Company has only established the audit committee.
3. Remunerations of General manager and deputy general manager

Units: NTD thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net profit after tax (%)		Compensation on paid to directors from an invested company other than
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
Group General Manager	Wee Hong Jie													
Group COO & (PT. Patec) General Manager	Ong Boon Hock	-	18,302	-	289	4,909	7,437	-	-	-	-	4,909 3.53%	26,028 18.69%	-

CFO	Sean Hsu													

Range of Remunerations

Range of remuneration paid to general managers and deputy general managers	Names of General Managers and Deputy General Managers	
	The Company	All companies in the consolidated financial statement(**E)**
Under NTD 1,000,000	Sean Hsu	Sean Hsu
NTD 1,000,000 (included) ~ NTD 2,000,000 (excluded)	–	–
NTD 2,000,000 (included) ~ NTD 3,500,000 (excluded)	Ong Boon Hock, Wee Hong Jie	–
NTD 3,500,000 (included) ~ NTD 5,000,000 (excluded)	–	–
NTD 5,000,000 (included) ~ NTD 10,000,000 (excluded)	–	Ong Boon Hock
NTD 10,000,000 (included) ~ NTD 15,000,000 (excluded)	–	–
NTD 15,000,000 (included) ~ NTD 30,000,000 (excluded)	–	Wee Hong Jie
NTD 30,000,000 (included) ~ NTD 50,000,000 (excluded)	–	–
NTD 50,000,000 (included) ~ NTD 100,000,000 (excluded)	–	–
Over NTD 100,000,000	–	–
Total	3 people	3 people

※ The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this form is for information disclosure, and is not used for tax purposes.

4. The remuneration of the company's top five remuneration executives

Units: NTD thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net profit after tax (%)		Compensation on paid to directors from an invested company other than the company's subsidiary or parent
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
Group GM General Manager	Wee Hong Jie	-	13,829	-	289	2,455	2,922	-	-	-	-	2,455 1.76	17,040 12.24	-
Group COO & Indonesia General Manager	Ong Boon Hock	-	7,899	-	127	-	1,091	-	-	-	-	-	9,117 6.55	-
Chairman	Wee Liang Kiang	-	3,725	-	-	2,454	4,515	-	-	-	-	2,454 1.76	8,240 5.92	-
HR Director	Woodrow David Webb	-	3,436	-	-	-	-	-	-	-	-	-	3,436 2.47	-
CTO	Seshadri Swarooph Nirmal	-	2,848	-	-	-	-	-	-	-	-	-	2,848 2.05	-

※ The remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this form is for information disclosure, and is not used for tax purposes.

5. Compensation distributed to managers, their name and distribution status: The Company did not distribute compensation to managers in the current fiscal year.

(VII) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in consolidated financial statements:

Units: NTD thousands

Title	2022				2023			
	Total Remuneration		Total Remuneration		Total Remuneration		Total Remuneration	
	The Company	All invested companies	The Company	All invested companies	The Company	All invested companies	The Company	All invested companies
Director	2,965	28,015	3.96%	37.42%	5,401	30,278	3.88%	21.74%
General Manager and deputy general manager	-	18,423	-	24.61%	4,909	26,028	3.53%	18.69%

Note: Net profit after tax refers to the total comprehensive income attributable to the owners of the Company in 2022 and 2023.

2. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

   The Company has established a Remuneration Committee, which is composed of the entire number of independent directors as members of the committee. The Remuneration Committee is responsible for establishing and regularly reviewing policies, systems, standards and structures for the performance appraisal and compensation to directors and managers. In addition, the committee regularly assess and refer to remuneration levels of its peers to determine the remuneration of directors and managers.

III. THE STATE OF THE COMPANY'S IMPLEMENTATION OF CORPORATE GOVERNANCE

(I) The state of operations of the board of directors: Number of meetings; attendance rate of each director; an evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof; and any other matters that require reporting, please refer to the attached table:

1. The board of directors has held 6 meetings (A) in the most recent fiscal year (2023); the attendance of directors is shown below:

Title	Name	In-person Attendance (B)	By proxy	In-person Attendance Rate (%) (B/A)	Remarks
the 6th term					
Chairman	Wee Liang Kiang	4	1	67%	Elected on August 25, 2021
Director	Wee Hong Jie	6	0	100%	Elected on August 25, 2021
Director	Jack Liu	2	0	100%	Elected on August 25, 2021 Resigned on June 14, 2023
Director	Sean Hsu	0	0	0%	Elected on August 25, 2021 Resigned on June 14, 2023
Director	Yang Hui Chen	4	0	100%	Elected on June 15, 2023
Independent Director	Yen Chun Te	6	0	100%	Elected on August 25, 2021
Independent Director	Chin Chih Yung	6	0	100%	Elected on August 25, 2021
Independent Director	Kate Chen	6	0	100%	Elected on August 25, 2021
Independent Director	Tan Heok Ting	4	0	100%	Elected on June 15, 2023

Other matters to be recorded:

1. For matters specified in Article 14.3 of the Taiwan Securities and Exchange Act and an independent director has opinions expressing objections or reservations at the meeting that were included in records or stated in writing, the meeting date, period, content, qualified opinion and resolution made by any independent directors, and the handling of opinions by the Company should be specified
   (1) Matters specified in Article 14.3 of the Taiwan Securities and Exchange Act: Not applicable as the Company has already established an Audit Committee.
   (2) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing: None
2. For the avoidance of conflicts of interest among directors, the director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:

Board Meeting Dates/Number of the Term	Content	Reason of interest conflict avoidance and sate of voting participation
2023.03.23 9th meeting of the 6th term	1. 2022 compensation of directors and employee bonus sharing (including managers) 2. 2022 manager's performance bonus	1. Directors Wee Liang Kiang, Wee Hong Jie and Jack Liu were involved in their own interests, they did not participate in the discussion and voting for the topic. Directors Sean Hsu took leave and did not attend the meeting. 2. Director Wee Hong Jie was involved in his own interests, he did not participate in the discussion and voting for the topic. After excluding directors of interest avoidance, all the matters were approved by all the attended directors without any objection after the inquiry from the chairman.
2023.06.15 11th meeting of the 6th term	1.2022 issuance Restricted Stock Awards allocation list	1. Director Wee Hong Jie was involved in his own interests, he did not participate in the discussion and voting for the topic. After excluding directors of interest avoidance, all the matters were approved by all the attended directors without any objection after the inquiry from the chairman.
2023.08.24 12th meeting of the 6th term	1. Manager stock subscription allocation list of capital injection	1. Director Wee Hong Jie was involved in his own interests, he did not participate in the discussion and voting for the topic. After excluding directors of interest avoidance, all the matters were approved by all the attended directors without any objection after the inquiry from the chairman.

3. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:
   (1) The Company has established an Audit Committee and a Remuneration Committee, composed of all independent Directors, and formulated the "Audit Committee Organizational Regulations" and "Remuneration Committee Organizational Procedures" to achieve the objective of strengthening the functions of the Board.
   (2) In order to enhance information transparency, the Company's auditors submit the audit report to the independent directors for review at the end of each month, and regularly attend the board of directors to report the audit business and disclose relevant information on the website designated by the competent authority.
   (3) The chairman of the board of directors shall not concurrently serve as a manager of the company.
   (4) The Company has established a self-evaluation system for the Board of Directors and has conducted the Questionnaire of Self-Evaluation of Performance of the Board to evaluate and review the performance of the Board on a regular basis, so that the board directors can be self-motivated to enhance the sound operation of the Board.

2. The implementation status of the Board' s performance evaluation:

Evaluation cycles	Evaluation periods	Scope of evaluation	Method of evaluation	Content of evaluation
Conducts once a year	2023.01.01 | 2023.12.31	Including the Board of Directors, individual Board members, the Audit Committee and the Remuneration Committee	Internal evaluation of the board and self-evaluation by the board members	The performance evaluation of the Board of Directors includes: (1) Participation in the operation of the company (2) Improvement of the quality of the board of directors' decision making (3) Composition and structure of the board of directors (4) Election and continuing education of the directors (5) Internal control. The performance evaluation of the company's board members includes: (1) Alignment of the goals and missions of the company (2) Awareness of the duties of a director (3) Participation in the operation of the company (4) Management of internal relationship and communication (5) The director's professionalism and continuing education (6) Internal control

(II) Operations of the Audit Committee:

The Audit Committee has held 6 meetings (A) in the most recent fiscal year (2023); the attendance of members of the committee is shown below:

Title	Name	In-person Attendance (B)	By proxy	In-person Attendance Rate (%) (B/A)	Remarks
the 4th term					
Independent Director	Yen Chun Te	6	0	100%	-
Independent Director	Chin Chih Yung	6	0	100%	-
Independent Director	Kate Chen	6	0	100%	-
Independent Director	Tan Heok Ting	4	0	100%	Elected on June 15, 2023

Other matters to be recorded:

1. For matters specified in Article 14.5 of the Taiwan Securities and Exchange Act, and any matter that has not been approved upon the consent of two-thirds or more of all directors, the period, content, and results of the Audit Committee's resolutions shall be disclosed.
   (1) Matters specified in Article 14.5 of the Taiwan Securities and Exchange Act

Board Meeting Dates/Number of the Term	Content	Objection or reservation from independent director
2023.03.23 8th meeting of the 4th term	1. Approved the 2022 Business Report and Consolidated Financial Statements. 2. Approved the 2022 Internal Control Declaration. 3. Approved the Company's 2023 accounting firm PwC Taiwan's audit service. 4. Approved the amendment to the "Endorsements Management". 5. Approved the appointment of the Accounting Manager. 6. Approved the endorsement and guarantee for the subsidiary in Singapore.	None
2023.05.04 9th meeting of the 4th term	1. Approved the amendment to the "Rules of Procedure for Shareholders Meetings". 2. Approved the issuance of new shares with restricted employees. 3. Approved the endorsement and guarantee for the subsidiary in Singapore. 4. Approved the CPA compensation. 5. Approved the capital injection and issued the 2nd tranche Domestic Unsecured Corporate Bonds.	None
2023.06.15 10th meeting of the 4th term	1. Approved the endorsement and guarantee for the subsidiary in Singapore.	None
2023.08.24 11th meeting of the 4th term	1. Approved the first half of 2023 Consolidated Financial Statements. 2. Approved the endorsement and guarantee for the subsidiary in Singapore.	None
2023.11.13 12th meeting of the 4th term	1. Approved the endorsement and guarantee for the subsidiary in Singapore and Indonesia. 2. Approved the capital injection to Patec Pte. Ltd. 3. Approved the replacement of the CPA.	None
2023.11.22 13th meeting of the 4th term	1. Approved the replacement of accounting firm Deloitte Taiwan's audit service for 2023Q4. 2. Approved the Company's 2024 accounting firm Deloitte Taiwan's audit service.	None

   (2) Except for the matters stated above, the resolutions rejected by the Audit Committee and two thirds or more directors gave their approval: None.
2. For the avoidance of conflicts of interest among directors, the independent director's name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded: None.
3. Communication between independent directors and internal auditors and CPAs (including audit materials, methods, and results pertaining to corporate finances and/or operations, etc.):
   (1) The Company has held at least one Audit Committee Meeting every quarter, where the head of internal audit is responsible for audit reports. In addition, an audit report is sent by the end of each month for review of independent directors, in order to fully achieve a two-way communication between independent directors and audit supervisors.
   (2) The CPA will send a written communication to the management unit before issuing an audit report, including details of important audit findings and defects of internal control systems, roles and responsibilities of accountants, relevant audit plans, risk assessment and key audit matters, and CPA independence, in order to fully achieve a two-way communication between independent directors and audit supervisors.

(III) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such departure:

Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established and disclosed the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". In addition, the Company has implemented related regulations based on the spirit of corporate governance. In addition. The Company also regularly discloses financial and non-financial information based on applicable laws on material corporate information disclosure. Furthermore, the Board of Directors also guides the management of the company and effectively supervises the management level in line with the responsibilities delegated by the shareholders. functions.	No significant difference.
II. Shareholding structure & shareholders' rights (I) Does the board develop and implement a diversity policy, specific management objectives for the composition of its members??	V		(I) The Company's spokesman is designated to be responsible for dealing with matters such as shareholders' suggestions and disputes, and to coordinate the relevant departments for its implementation.	No significant difference.
(II) Does the company possess a list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The shareholder service agency provides up-to-date information on a regular basis for the Company's list of major shareholders as well as the ultimate owners of those shares.	No significant difference.
(III) Does the company establish and execute a risk management and firewall system within its conglomerate structure?	V		(III) The assets and financial management are independent between the Company and its affiliates; hence the Company establishes and executes a risk management and firewall system in accordance with its own internal regulation system.	No significant difference.
(IV) Does the company establish internal rules against insider trading with undisclosed information?	V		(IV) The Company has set up the "Regulations Governing the Prevention of Insider Trading" as internal rules against insiders trading.	No significant difference.
III. Composition and Responsibilities of the Board of Directors (I) Does the Board develop and implement a diversified policy for the composition of its members?	V		(I) The Board formulates a diversity policy on the composition of its members and the Company has 4 independent Directors, namely	No significant difference.

Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			Chun Te Yen, Chin Chih Yung, Kate Chen, and Tan Heok Ting. Among them, Chun Te Yen and Chin Chih Yung have financial and accounting professional backgrounds, and Kate Chen has legal professional background, and Tan Heok Ting has industrial business backgrounds. At present, seven members of the Board of Directors of the Company have diverse backgrounds, including different industry, academic and legal backgrounds, and nationalities from different countries on the island, and including one female director and one female independent director. Please refer to pages 17 to 18 of this annual report for details of the Company's board diversity policy and its implementation.	
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) The company has not established other functional committees and will plan on establishing other functional committee in the future when necessary.	No significant difference.
(III) Has the Company established performance evaluation measures and methods for the Board of Directors? Does it conduct performance evaluation on a regular basis annually, and report the results of this performance evaluation to the Board of Directors and apply them as a reference for salary and remuneration, nomination, and renewal of individual directors?	V		(III) The board of directors of the company passed the "Self-Evaluation of the Board of Directors and Managers" on March 27, 2020, the Company's board of directors shall conduct an internal board performance evaluation every year according to the evaluation procedures at the end of each year. The company completed the evaluation of the board of directors and individual directors in March 2024, and reported the evaluation results and the 2024 will continue to strengthen the direction in March 2024. The measurement items for the performance evaluation of the company's board of directors include the following five aspects: (1) Participation in the operation of the company (2) Improvement of the quality of the board of directors' decision making (3) Composition and structure of the board of directors (4) Election and continuing education of the directors (5) Internal control The measurement items for the performance evaluation of the company's board members include the following six aspects: (1) Alignment of the goals and missions of the company	No significant difference.

Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			(2) Awareness of the duties of a director (3) Participation in the operation of the company (4) Management of internal relationship and communication (5) The director's professionalism and continuing education (6) Internal control The measurement items for the performance evaluation of the company's functional committee include the following five aspects: (1) Participation in the operation of the company (2) Awareness of the duties of the functional committee (3) Improvement of quality of decisions made by the functional committee (4) Makeup of the functional committee and election of its members (5) Internal control This evaluation was conducted using internal questionnaires. Based on the three parts of board operation, director participation and functional committee operation, the directors' evaluation of the board's operation, directors' self-participation evaluation and functional committee operation evaluation were adopted. The evaluation results range from 96.77 points to 100.00 points. According to the results of the 2023 board of directors' performance appraisal, the overall operation of the board of directors is still good.	
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) The Company annually evaluates the independence of CPAs. There is no relationship between the Company and the CPA other than the accounting services agreement.	No significant difference.
4. Does the listed or OTC company have an appropriate number of competent corporate governance personnel, and has it designated a corporate governance director to be responsible for corporate governance-related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors with legal compliance, managing matters related to the Board of Directors' and shareholders'	V		At present, the Finance Department is also responsible for corporate governance-related matters, and a corporate governance officer is designated to supervise the company, and appropriate personnel will be allocated in accordance with laws and regulations and the needs of the company in the future.	No significant difference.

Items	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
meetings in accordance with the law, taking minutes of the Board of Directors' and shareholders' meetings, etc.)?				
V. Has the company established communication channels and dedicated a section for stakeholders (including but not limited to the shareholders, employees, clients, and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	V		The Company has established a dedicated section for stakeholders in the company website, in order to enable stakeholders to communicate with the Company by phone, writing, fax, or email.	No significant difference.
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Transfer Agency Department of Chinatrust Commercial Bank is designated for handling relevant matters of the shareholders' meeting.	No significant difference.
VII. Disclosure of information (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has disclosed both financial standings and the status of corporate governance in the MOPs and the Company website in accordance with the relevant laws.	No significant difference.
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has set up a Chinese and English website, and appointed a spokesman and deputy spokesman to answer queries related to the Company, while the finance department is designated to handle information collection and disclosure.	No significant difference.
(III) Does the company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its first, second, and third quarter financial reports and the operation of each month ahead of the required time limit?		V	(III) At present, the Company has a large number of operating sites in various regions, and the time for preparation of the annual financial report data and independent auditor's audit is long. Therefore, the Company is currently unable to announce and file the reports within two months after the end of the fiscal year. The financial reports for the first, second, and third quarters and the operation of each month will be announced and filed before the specified time limit.	As stated in the column on the left.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations,	V		(I) Employee rights: The Company and its affiliates established relevant employee benefit systems in accordance with the relevant laws and regulations of foreign governments and the R.O.C., in order to ensure employee benefits.	No significant difference.

Items	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			(II) Investor relations: The Company has appointed a spokesman and deputy spokesman to answer queries from investors and other stakeholders about the Company's operating status or related interests, and disclosed relevant and reliable corporate information on the MOPS in accordance with the relevant laws and regulations. (III) Supplier relations: The Company maintains good relationships with its suppliers, discusses recent market prices and relative information on a regular basis, and adheres to the concept of integrity when conducting supplier management. The Company will uphold the spirit of mutual trust and mutual benefit, and hope to support each other and create a win-win situation. (IV) Rights of stakeholders: The Company has been maintaining good communication with its correspondent banks, clients and suppliers, as well as respecting and ensuring the legitimate rights and interests of stakeholders. (V) Directors’ training records: All of the Company‘s directors and independent directors have completed training hours in accordance with the relevant laws, and have already acquired directors liability insurance. (VI) Risk management policies and risk evaluation measures: The Company focuses on its core business operations, and implements various policies in accordance with the relevant laws and regulations in order to reduce and avoid any possible risks.	
IX. According to the latest results of the Corporate Governance Evaluation System by the Corporate Governance Center of TWSE, explain the amendments or propose priority matters and measurements to unimproved items. In the corporate governance assessment of 2023, the following are the priority items pending improvement: 1.Indicator 2.11 Are the Company's interim financial reports approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution? Starting from 2024, the matter will require the consent of Audit Committee and be submitted to the Board of Directors for resolution.				

(IV) If the company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed:

1. Information on members of the Compensation Committee

<table>
<tr><th>Title/ Name</th><th>Professional qualifications and experience</th><th>Description of independence</th><th>Number of positions as an Independent Director in other public companies</th></tr>
<tr><td>Independent Director/ Yen Chun Te</td><td>He used to be CFO. of Softstar Entertainment Inc. and is currently CFO. of Winking Entertainment Group, with specialization in business.</td><td rowspan="3">◆ It complies with the relevant provisions of Article 14-6 of the Securities and Exchange Law issued by the Financial Supervisory Commission, R.O.C. and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".
◆ Those persons, including the principal, spouse and relatives within the 2nd degree of kinship (or in others' names) do not hold the shares of the company.
◆ The person does not render the service of commerce, law, finance and accounting to the company or its subsidiaries within the latest two years, and the independent directors of the sixth term have not served as directors, supervisors or employees of companies with specific relationships with the Company.</td><td>1</td></tr>
<tr><td>Independent Director/ Chin Chih Yung</td><td>Independent Director of Lumosa Therapeutics Co., Ltd., with professional knowledge in accounting.</td><td>2</td></tr>
<tr><td>Independent Director/ Kate Chen</td><td>HSIEH & CHEN lawyer firm. Qualified lawyer, judge, and arbitrator, with specialization in law.</td><td>1</td></tr>
</table>

2. Operation status of the Remuneration Committee:

(1) There are 3 members in the Company's Remuneration Committee.

(2) Current Term: (the 4th term) From August 25, 2021, to expiry of term of director, the Compensation Committee held 3 meetings (A) in the most recent fiscal year (2023). Qualifications and attendance of the Committee are shown as follows:

Title	Name	In-person Attendance (B)	By proxy	In-person Attendance Rate (%) (B/A)	Remarks
the 4th term					
Convenor	Yen Chun Te	3	0	100%	−
Member	Chin Chih Yung	3	0	100%	−
Member	Kate Chen	3	0	100%	−

Other matters to be recorded:

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

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

(V) Promote the implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof：

Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company set up a sustainable development governance structure and set up a sustainable development professional (part-time) unit, which is authorized by the board of directors to handle the senior management, and the board of directors' supervision?		V	The company has not set up a professional (part-time) unit to promote sustainable development.	Remain to be discussed.
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle??	V		The Company has formulated the "Corporate Social Responsibility Best Practice Principles" and requires its directors and employees to follow the relevant norms.	No significant difference.
III. Environmental issues (I) Has the company established an appropriate environmental management system according to its industrial characteristics?	V		(I) The Company has relevant specifications for quality management, safety and health, environmental protection, etc., which conform to the auditing standards of the relevant management units.	No significant difference.
(II) Is the company committed to improving the utilization efficiency of resources and using recycled materials with low impact on the environment?	V		(II) To value resources, the Company continues to promote energy conservation via waste recycling, reduction of paper use, and the use of environmentally friendly tableware.	No significant difference.
(III) Does the company assess the potential risks and opportunities of climate change for it now and in the future, and take measures to deal with climate-related issues?	V		(III) In response to the development trend of climate change and greenhouse gas reduction, the Company advocates turning off the lights when not used and saving water, so as to reduce carbon, power, and water.	No significant difference.
(IV) Did the company prepare statistics of greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for energy conservation	V		(IV) According to the Company's regulations, no air-conditioner shall be turned on until the temperature reaches 28 ℃, and the Company advocates turning	No significant difference.

Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?			off the lights when not used and saving water, and implements classified recycling of wastes, so as to achieve energy saving.	
IV. Social Issues (I) Does the company formulate appropriate management policies and procedures according to the relevant regulations and the International Bill of Human Rights?	V		(I) The Company safeguards the legitimate rights and interests of employees in accordance with the labor-related laws and regulations. In addition, the relevant employee rights are stipulated in the employee handbook and executed accordingly.	No significant difference.
(II) Has the company established and implemented reasonable employee welfare measures (including compensation, vacation, and other benefits), and properly reflected the operating performance or results in employee compensation?	V		(II) The Company has established and implemented reasonable employee welfare measures in the Personnel Management Regulations, and properly reflected the results of business performance in employee remuneration.	No significant difference.
(III) Does the company provide a healthy and safe working environment, and organize training on health and safety for its employees on a regular basis?	V		(III) The Company provides a safe working environment in accordance with labor-related laws and regulations. In addition, employee health checks are conducted on an intermittent basis to ensure health and safety for its employees. The number of fire incidents and casualties in the current year for the company was 0, with the casualty rate among employees being 0%. The measures taken by the local fire brigade in response to fire incidents are as follows: Fire safety inspections are conducted annually in coordination with the building management committee, along with participation in fire safety drills and education.	No significant difference.
(IV) Has the company established an effective career development training program for its employees?	V		(IV) The Company has established an effective career development training program for its employees.	No significant difference.

Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(V) Does the company comply with the relevant laws, regulations, and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services, and has it formulated relevant policies and complaint procedures to protect the rights and interests of consumers? (VI) Does the company have a supplier management policy that requires suppliers to follow the relevant specifications and their implementation in environmental protection, occupational safety and health, or labor human rights issues?	V V		(V) The Company has formulated relevant after-sales service measures in accordance with the relevant laws and regulations of each operation area to protect the rights and interests of consumers. (VI) The Company has developed supplier management procedures. At present, it has not found any suppliers' violation of the relevant laws and regulations of the local environmental protection, occupational safety and health, and labor human rights. In the future, relevant specifications will be developed for management purposes.	No significant difference. No significant difference.
V. Does the company prepare a corporate social responsibility report and other reports that disclose the company's non-financial information in accordance with international reporting standards or guidelines? Are confirmation or guarantee opinions obtained from third-party verification units for the reports above?		V	The Company has set up a dedicated section for investors and social responsibility on the Company's website to disclose information related to the performance of social responsibility. At present, no corporate social responsibility report has been prepared. It will be prepared according to the Company's scale and needs in the future.	There is no demand at present, and it will be prepared according to the Company's scale and needs in the future.
VI. If the company has established its own corporate social responsibility best practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe the difference between its operation and the regulations. The Company has set up "the Corporate Social Responsibility Best Practice Principles" but has not yet appointed dedicated units to be in charge of its implementation. However, corporate social responsibility will be implemented from top to bottom through the operation of the Board of Directors. There has been no major difference with the Rules.				
VII. Other important information which is helpful to understand the operation of corporate social responsibility: The Company will adhere to the spirit of corporate social responsibility, actively engage in the aforementioned social responsibility practices, encourage employees to consider situations with others' conditions in mind, help with disaster relief, and commit to serving society.				

(VI) Performance of ethical corporate management best practice principles and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Items	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Description	
I. Establishment of an ethical corporate management policy and program (I) Has the company established an ethical corporate management policy approved by the Board of Directors, and clearly stated the ethical corporate management policy and practice in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operation policy?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles", and actively advocated the spirit of ethical corporate management in the Board of Directors and management meetings.	No significant difference.
(II) Has the company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope, and formulated a plan for preventing unethical behavior based on it? Does the mechanism at least cover preventive measures for the behaviors in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Company has formulated its "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Behavior Guidelines" to put forward preventive measures for unethical behavior.	No significant difference.
(III) Has the company specified the operating procedures, behavioral guidelines, and disciplinary and grievance systems for violations in the plan for prevention of unethical behavior and implemented them, and regularly reviewed and revised the plan?	V		(III) The Company has formulated its "Ethical Corporate Management Behavior Guidelines", and regularly reviews and amends it by reference to the latest revised "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	No significant difference.
II. Fulfill Ethical Operations (I) Does the company assess the integrity records of its counterparties and specify the integrity terms in the contracts it enters into with them?	V		(I) The Company's regulations stipulate that ethical records of business partners shall be first assessed before conducting the transaction, in order to avoid transactions with partners that have unethical behavioral records. If business transactions or business partners are found out to have unethical behavior, it shall be listed as a dishonored company, and the	No significant difference.

Items	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Description	
			Company shall immediately stop business transactions with the business partner.	
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical operations, and regularly (at least once a year) reported its integrity operation policy, plan to prevent unethical behavior, and supervision of the implementation to the Board of Directors?		V	(II) The Company is planning on setting up a dedicated ethical corporate management unit.	The setup is being planned.
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(III) If the employee finds a conflict of interest when conducting the Company's business, the situation shall be reported directly to the immediate manager, and appropriate guidance shall be provided by the immediate manager.	No significant difference.
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical operation, and authorized the internal audit unit to, according to the assessment results of the risk of unethical behavior, draw up the relevant audit plans, and audit the compliance with the plan accordingly to prevent unethical behavior? Or an accountant is commissioned to carry out the audit?	V		(IV) The audit unit has drawn up an audit plan according to the results of risk assessment and carried out an internal audit, issued an audit report after the audit, and regularly reported the implementation status to the Audit Committee.	No significant difference.
(V) Does the company regularly hold internal and external educational training on operational integrity?	V		(V) The Company has established the “Ethical Corporate Management Best Practice Principles”, and actively advocated the spirit of ethical corporate management in the Board of Directors and management meetings.	No significant difference.
III. Operation of the integrity channel (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (II) Has the company established the standard operating procedures for investigation of reported matters, follow-up	V V		When the Company discovers or receives accusations of an employee's unethical behavior, it shall immediately ascertain the relevant facts. If it is confirmed to violate the relevant laws or ethical corporate management policies and regulations, the Company shall immediately request the offender to stop their relevant behaviors, take	No significant difference. No significant difference.

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>measures to be taken after investigation, and relevant confidentiality mechanisms?
(III) Does the company provide proper whistleblower protection?</td><td>V</td><td></td><td>appropriate remedies, and claim for damages through legal proceedings, when necessary, in order to safeguard the reputation and interests of the Company.</td><td>No significant difference.</td></tr>
<tr><td>IV. Enhanced information disclosure
(I) Does the company disclose the content and the promotion effects of its ethical corporate management best practice principles on its website and MOPS?</td><td>V</td><td></td><td>The Company has disclosed the “Ethical Corporate Management Best Practice Principles” on the Investors Centre of the Company website and MOPS.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">V. If the company has its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe the variation between its operation and the regulations:
The Company has formulated its "Ethical Corporate Management Best Practice Principles" and requests its business team to follow the "Ethical Corporate Management Behavior Guidelines" in order to implement and promote the ethical corporate management best practice principles. There is no significant variance.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (matters such as review and revision of regulations):
The Company has reviewed and revised its "Ethical Corporate Management Best Practice Principles" in 2020 in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, and submitted it to the shareholders' meeting.</td></tr>
</table>

(VII) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched: Please refer to the Company website (http://www.patec-intl.com) → Investor Centre → Corporate Governance.

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: None.

(IX) Internal Control System Execution Status:

1. Statement of Internal Control System:

Statement of Internal Control System

Date: March 14, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023:

I. The Company's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system, and have already established it. Its purpose is to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), the reliability, timeliness, transparency of the report, and to be in compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each key component is comprised of several items. Please refer to the Regulations for provisions of the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company's annual report for the year 2023 and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

VII. This statement was passed by the board of directors in their meeting held on March 14, 2024, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Patec Precision Industry Co., Ltd.

Chairman: Wee Liang Kiang

General Manager: Wee Hong Jie

2. If the CPA was engaged to conduct a Special Audit of the Internal Control System, its Audit Report shall be provided: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements.: None.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year and up to the date of publication of the annual report:

<table>
<tr><th>Date</th><th>Meeting Name</th><th>Important Resolutions</th><th>Implementation Status</th></tr>
<tr><td>2023.06.15</td><td>Shareholders' Meeting</td><td>1. Adoption of the Fiscal 2022 Business Report and Consolidated Financial Statement.
2. Adoption of the Proposal for Distribution of 2022 Earnings.
3. Discussion of the proposal to amend the Memorandum and Articles of Association of the Company.
4. Amend the “Rules of Procedure for Shareholders Meetings”.
5. Amend the “Endorsements Management”.
6. Issue 2023 Restricted Stock Awards.
7. Re-elected 2 director seats (including 1 independent director).
8. Release the prohibition on directors from participation in competitive business.</td><td>1. Item 1&3~6&8 were adopted by resolution.
2. Item 2 was adopted by resolution, and the dividend payment completed in 2024.01.10.
3.The election is as follows:<table>
<tr><th>Title</th><th>Name</th><th>Number of electoral rights</th></tr>
<tr><td>Director</td><td>Yang Hui Chen</td><td>28,046,740 rights</td></tr>
<tr><td>Independent Director</td><td>Tan Heok Ting</td><td>27,848,772 rights</td></tr>
</table></td></tr>
</table>

Date	Meeting Name	Important Resolutions	Implementation Status
2023.03.23	Board of Directors' Meeting	1. Business Report and Consolidated Financial Statements for the year of 2022. 2. Issuance of Company's 2022 Internal Control Declaration is submitted for resolution. 3. Discussed the accounting firm PwC Taiwan's audit service for 2023Q4. 4. Amended the "Endorsements Management". 5. Discussed the Twelfth Amended and Restated Memorandum and Articles of Association of the Company. 6. Discussed the period for by electing the members on the board of directors and accepting the nomination of director candidates, the quota of directors to be elected, the place designated for accepting the roster of director candidates nominated. 7. Accepted matters related to shareholder proposals. 8. Convening and Holding of the General Shareholders' Meeting of the Company of the year 2023. 9. Discussed the 2022 compensation of directors and employee bonus sharing (including managers). 10. Discussed 2022 manager's performance bonus. 11. Appointed the Accounting Manager. 12. Appointed the litigation and non-litigation agent of the Company. 13. Appointed the deputy spokesman. 14. Discussed an endorsement and guarantee for the Singapore subsidiary.	Item 1~14 were adopted by resolution.
2023.05.04	Board of Directors' Meeting	1. Discussed the Fiscal 2022 earnings distribution. 2. Amended the "Rules of Procedure for Shareholders Meetings". 3. Nomination and review of director (including independent director) candidates by the board of directors. 4. Released the Directors' non-compete restriction. 5. Issued 2023 Restricted Stock Awards. 6. Convening and Holding of the General Shareholders' Meeting of the Company of the year 2023. (Add new matter) 7. Discussed an endorsement and guarantee for the Singapore subsidiary. 8. Discussed the CPA compensation. 9. Discussed capital injection and issued the 2nd tranche Domestic Unsecured Corporate Bonds.	Item 1~9 were adopted by resolution.

Date	Meeting Name	Important Resolutions	Implementation Status
2023.06.15	Board of Directors' Meeting	1. Discussed an endorsement and guarantee for the Singapore subsidiary. 2. Revised the allocation list of 2022 issuance Restricted Stock Awards. 3. Appointed of the company's corporate governance officer. 4. Engaged the registered office agent.	Item 1~4 were adopted by resolution.
2023.08.24	Board of Directors' Meeting	1. Discussed the first half of 2023 Consolidated Financial Statements. 2. Discussed the Company's "Employee Stock Subscription Measures". 3. Discussed the managers stock subscription allocation list of capital injection. 4. Authorized Wee Hong Jie, the Director and General Manager of the Company, to be the representative for signing contracts with banks. 5. Discussed an endorsement and guarantee for the Singapore subsidiary. 6. Apply for a credit line from banks.	Item 1~6 were adopted by resolution.
2023.11.13	Board of Directors' Meeting	1. Discussed the audit plan for 2024. 2. Discussed an endorsement and guarantee for the Singapore and Indonesia subsidiaries. 3. Discussed the issues related to ex-dividend in the 2022 earnings distribution. 4. Appointed of the Company's information security officer. 5. Discussed the capital injection to Patec Pte. Ltd. 6. Discussed the replacement of the CPA. 7. Discussed the first half of 2023 earnings distribution.	1.Item 1~6 were adopted by resolution. 2.Item 7 the board of directors has decided not to distribute dividends in the first half of 2023.
2023.11.22	Board of Directors' Meeting	1. Discussed the Group's Budget for 2024. 2. Discussed the replacement of accounting firm Deloitte Taiwan's audit service for 2023Q4. 3. Discussed the replacement of accounting firm Deloitte Taiwan's audit service for 2024.	Item 1~3 were adopted by resolution.

Date	Meeting Name	Important Resolutions	Implementation Status
2024.03.14	Board of Directors' Meeting	1. Business Report and Consolidated Financial Statements for the year of 2023. 2. Issuance of Company's 2023 Internal Control Declaration is submitted for resolution. 3. Discussed the implementation status of the 2nd tranche Domestic Unsecured Corporate Bonds. 4. Amend the "Rules of Procedure for Board of Directors Meetings" and "Codes of Ethical Conduct". 5. Adoption of the Thirteenth Amended and Restated Memorandum and Articles of Association of the Company. 6. Amend the "Procedures for Election of Directors" and "Management of Acquisition and Disposal of Assets". 7. Discussed the period for by electing the members on the board of directors and accepting the nomination of director candidates, the quota of directors to be elected, the place designated for accepting the roster of director candidates nominated. 8. Accepted matters related to shareholder proposals. 9. Released the Directors' non-compete restriction. 10. Convening and Holding of the General Shareholders' Meeting of the Company of the year 2024. 11. Discussed an endorsement and guarantee for the Singapore subsidiary. 12. Discussed the 2023 compensation of directors and employee bonus sharing (including managers). 13. Discussed 2023 manager's performance bonus.	Item 1~13 were adopted by resolution.
2024.05.13	Board of Directors' Meeting	1. Discussed the 1st quarter consolidated Financial Statements for the year 2024. 2. Discussed the Fiscal 2023 earnings distribution. 3. Discussed a new share issue through capitalization of earnings. 4. Convening and Holding of the General Shareholders' Meeting of the Company of the year 2024. (Add new matter) 5. Amend the "Management of Acquisition and Disposal of Assets". 6. Nomination and review of director (including independent director) candidates by the board of directors. 7. Discussed an endorsement and guarantee for the Singapore subsidiary. 8. Discussed an endorsement and guarantee for the Singapore sub-subsidiary	Item 1~8 were adopted by resolution.

(XII) Important resolutions made by the board of directors' meeting during the current fiscal year and up to the date of printing of the annual report: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year and up to the date of publication of the annual report, of the company's chairman, general manager, accounting manager, financial manager, chief internal auditor, and research and development manager:

Summary of Resignations and Dismissals of Key Personnel of the Company

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Litigious and non-litigious agent within the R.O.C.	Jack Liu	2016.08.12	2024.03.31	position adjustment
CFO	Sean Hsu	2013.11.29	2024.03.31	position adjustment

IV. INFORMATION ON CPA PROFESSIONAL FEES

Information on replacement of certified public accountant in 2023:

INFORMATION ON CPA PROFESSIONAL FEES

Unit: NTD thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit Fee	Non-audit Fee	Total	Remarks
PwC Taiwan	Yi-Fan Lin	2023.01.01~2023.09.30	3,428	352	3,780	Note 2
	Chin-Chang Chen / Fu-Ming Liao (Note 1)					
Deloitte & Touche	Kuan-Hao Li	2023.10.01~2023.12.31	1,772	85	1,857	Note 3
	Yi-Chi Chein					

Note 1: Cooperate with the internal organizational adjustment of PwC Taiwan.
Note 2: Non-audited public funds: capital injection and issued the new shares, issued the 2nd tranche Domestic Unsecured Corporate Bonds, and issued of the 2022 Restricted Stock Awards.
Note 3: Non-audit public expense: capital injection and issued the new shares.

(I) When the securities firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: Not applicable.

(II) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: Not applicable.

V. Information on replacement of certified public accountant:

(I) Information regarding the former CPAs.

<table>
<tr><td>Date of replacement</td><td colspan="3">From the third quarter of 2023</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">(1) For the maintenance of CPA’s independence, and due to internal rotation of the CPA firm.
(2) In cooperation with the internal rotation of PwC Taiwan, from the 3rd quarter of 2023, the CPA Yi-Fan Lin and Chin-Chang Chen was replaced by CPA Yi-Fan Lin and CPA Fu-Ming Liao.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated, or the CPAs terminated or did not accept the engagement</td><td>Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td>Terminated the engagement</td><td>-</td><td>-</td></tr>
<tr><td>No longer accepted (discontinued) the engagement</td><td>-</td><td>-</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="3">None</td></tr>
</table>

<table>
<tr><td rowspan="7">Differences with the company</td><td rowspan="5">Yes</td><td>-</td><td>Accounting principles or practices</td></tr>
<tr><td>-</td><td>Disclosure of financial reports</td></tr>
<tr><td>-</td><td>Audit scope or steps</td></tr>
<tr><td>-</td><td>Other</td></tr>
<tr><td>-</td><td></td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td>Explanation</td><td colspan="2">-</td></tr>
<tr><td>Other Revealed Matters (Disclosures Specified in Article 10.6.1.4~7 of the Regulations)</td><td colspan="3">None</td></tr>
</table>

<table>
<tr><td>Date of replacement</td><td colspan="3">From the fourth quarter of 2023</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">In response to the company's long-term strategic development and internal management needs</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated, or the CPAs terminated or did not accept the engagement</td><td>Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td>Terminated the engagement</td><td>-</td><td>V</td></tr>
<tr><td>No longer accepted (discontinued) the engagement</td><td>-</td><td>-</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Differences with the company</td><td rowspan="5">Yes</td><td>-</td><td>Accounting principles or practices</td></tr>
<tr><td>-</td><td>Disclosure of financial reports</td></tr>
<tr><td>-</td><td>Audit scope or steps</td></tr>
<tr><td>-</td><td>Other</td></tr>
<tr><td>-</td><td></td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td>Explanation</td><td colspan="2">-</td></tr>
<tr><td>Other Revealed Matters (Disclosures Specified in Article 10.6.1.4~7 of the Regulations)</td><td colspan="3">None</td></tr>
</table>

(II) Information Regarding the Successor CPAs

Name of accounting firm	PwC Taiwan
Names of CPAs	CPA Yi-Fan Lin and CPA Fu-Ming Liao
Date of engagement	Appointed by the Board of Directors on November 13, 2023, he has been the certified public accountant of the Company with effect from the third quarter of 2023.
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

Name of accounting firm	Deloitte & Touche Taiwan
Names of CPAs	CPA Kuan-Hao Li and CPA Yi-Chi Chein
Date of engagement	Appointed by the Board of Directors on November 22, 2023, he has been the certified public accountant of the Company with effect from the fourth quarter of 2023.
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

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

VI. Where the securities firm's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its auditing CPAs or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

VII. Evaluation of CPA’s independence:

Based on the following matters, the independence of the CPA and accounting firm is evaluated annually by the Audit Committee, and assessment results are reported to the Board of Directors.

Independence	Yes	No	Remarks
Is the CPA not a director or independent director of the Company or its affiliates?	V		
Is the CPA not a shareholder of the Company or its affiliates?	V		
Has the CPA not been paid wages by the Company or any of its affiliates?	V		
Has the Company been appointing the auditor for less than 7 consecutive years?	V		
Has the CPA ensured that the accounting firm has already abide by regulations related to independence.	V		
Have CPAs of the joint CPA firm not been designated as a director, manager or a position that has a significant impact on the audit case within one year after the CPA is relieved from office?	V		
Whether during the financial reporting period, the non-audit service fees and details of services provided by joint accounting firm of the CPA does not violate the CPA's independence.	V		

VIII. ANY TRANSFER OF EQUITY INTERESTS AND/OR PLEDGE OF OR CHANGE IN EQUITY INTERESTS BY A DIRECTOR, SUPERVISOR, MANAGERIAL OFFICER OR SHAREHODER WITH A SHARE OF MORE THAN 10 PERCENT IN THE MOST RECENT FISCAL YEAR AND UP TO THE DATE OF PUBLICATION OF THE ANNUAL REPORT

(I) Changes of directors, supervisors, managers, or major shareholders in the company

Unit: Share

Title	Name	2023		Current year to Apr 27, 2024	
		Shareholding Increase / Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase / Decrease	Pledged Shares Increase/ Decrease
Chairman	Wee Liang Kiang	-	-	-	-
Director and GM and held over 10% shares major shareholder	Wee Hong Jie	403,733 (2,000,000)	-	-	-
Director (Note 1)	Yang Hui Chen	-	-	-	-
Director, CFO and Chief Accounting Officer (Note 2)	Sean Hsu	-	-	-	-
Director (Note 3)	Jack Liu	-	-	-	-
Independent Director	Yen Chun Te	-	-	-	-
Independent Director	Chin Chih Yung	-	-	-	-
Independent Director	Kate Chen	-	-	-	-
Independent Director (Note 4)	Tan Heok Ting	-	-	-	-
COO and Indonesia GM	Ong Boon Hock	234,734	-	-	-
Internal Audit Manager	Jennifer Lee	9,453 (13,000)	-	- (5,000)	-
General Manager Special Assistant (Note 5)	Eliza Chien	-	-	-	-

Title	Name	2023		Current year to Apr 27, 2024	
		Shareholding Increase / Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase / Decrease	Pledged Shares Increase/ Decrease
Accounting Manager and Corporate Governance Officer (Note 6)	Evelyn Wang	8,000	-	-	-

Note 1: Directors took office on 2023.06.15.
Note 2: The Chief accounting officer was leaved on 2023.04.01; Director was leaved on 2023.06.15; The CFO was leaved on 2023.06.17.
Note 3: The Director was leaved on 2023.06.15.
Note 4: The independent directors took office on 2023.06.15.
Note 5: General Manager Special Assistant took office on 2023.04.01.
Note 6: The Accounting Manager took office on 2023.04.01; The Corporate Governance Officer took office on 2023.06.19.

(II) Information on equity transfer by directors, supervisors, managers or major shareholders for counterparties that are related parties: None.

(III) Information on equity pledge by directors, supervisors, managers or major shareholders for counterparties that are related parties: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

April 22, 2023; Unit: Share

Name	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Relationships among the top ten shareholders, anyone who is a related party, spouse, or second-degree kinship of another: Name and relation		Remarks
	Shares	Percentage %	Shares	Percentage %	Shares	Percentage %	Name	Relation	
Y I D A I N V E S T M E N T S P T E · L T D · Representative：Wee Hong Jie	18,801,904	37.31%	–	–	–	–	Wee Hong Jie	The trust account is 100% held by GM Wee Hong Jie using YIDA INVESTMENTS PTE. LTD.	–
The SKBC hosting WEE HONG JIE investment account Representative：Wee Hong Jie	7,505,324	14.89%	–	–	–	–	Wee Hong Jie	The investment account is 100% held by GM Wee Hong Jie	–
Cathay Bank Trust Phillip Securities (Hong Kong) Company Investment Account	1,775,975	3.52%	–	–	–	–	–	–	–
Investment account of JP Morgan Stanley Investment Fund managed by HSBC	1,620,373	3.22%	–	–	–	–	–	–	–
Chen Junrong	767,000	1.52%	–	–	–	–	–	–	–
Chen Biru	589,000	1.17%	–	–	–	–	–	–	–
Weng Jieyuan	526,000	1.04%	–	–	–	–	–	–	–
CTBC Bank Co., Ltd. hosting Overseas Foreign Employees Collective Investment account for the sale, subscription, and allotment	507,081	1.01%	–	–	–	–	–	–	–
Zhang Jing'an	435,912	0.87%	–	–	–	–	–	–	–
Kong Fanxuan	380,000	0.75%	–	–	–	–	–	–	–

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company:

March 31, 2024; Unit: Share

Reinvested entities	Investment by the Company		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises		Total investment	
	Shares	Percentage shareholding (%)	Shares	Percentage shareholding (%)	Shares	Percentage shareholding (%)
Patec Pte. Ltd.	36,841	100.00	-	-	31,287	100.00
Press Automation Technology Pte. Ltd.	6,247	100.00	-	-	6,247	100.00
Patec Jingxin Precision Machinery (Wuxi) Co., Ltd.	Note	100.00	-	-	Note	100.00
Patec Precision Kft	Note	100.00	-	-	Note	100.00
Pt Patec Presisi Engineering	6,200	100.00	-	-	6,200	100.00
Wuxi Patec Precision Machining Co., Ltd.	Note	100.00	-	-	Note	100.00
Pt API Precision	1,483	88.77	-	-	1,483	88.77
Pt PDF Presisi Engineering	1,210	88.97	-	-	1,210	88.97
Kabam Pte. Ltd.	14,333	69.20	-	-	14,333	69.20
Cognicept Systems Pte. Ltd.	12,047	100.00			12,047	100.00
Wuxi Kabam Intelligent Technology Co., Ltd.	Note	100.00	-	-	Note	100.00
Patec Intelligent Equipment (Wuxi) Co., Ltd.	Note	80.00	-	-	Note	80.00

Note: The Company is a limited company with no shares issued, and hence have no par value and number of shares.

Four. Capital Raising Activities

I. CAPITAL AND SHARES

(I) Source of capital stock

1. The formation of capital

April 27, 2024; Unit: Share / NTD

Year / month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Share payments offset by assets other than cash	Others
2011.06	10	1	10	1	10	Capital of the Company's establishment	None	-
2011.07	10	2	20	2	20	Capital increase by cash	None	Note 1
2011.11	10	100,000,000	1,000,000,000	28,081,162	280,811,620	Conversion of equity	None	Note 2
2011.12	40	100,000,000	1,000,000,000	28,567,039	285,670,390	Capital increase by cash	None	Note 3
2014.04	40	100,000,000	1,000,000,000	30,067,039	300,670,390	Capital increase by cash	None	Note 4
2015.06	39	100,000,000	1,000,000,000	33,867,039	338,670,390	Capital increase by cash	None	Note 5
2016.07	25.67	100,000,000	1,000,000,000	33,906,039	339,060,390	Conversion of employee share subscription warrants	None	Note 6
2016.08	25.67	100,000,000	1,000,000,000	34,040,039	340,400,390	Conversion of employee share subscription warrants	None	Note 6
2016.09	25.67	100,000,000	1,000,000,000	34,126,039	341,260,390	Conversion of employee share subscription warrants	None	Note 6
2016.12	10	100,000,000	1,000,000,000	37,512,743	375,127,430	Capital increase by earnings	None	Note 7
2017.03	22.99	100,000,000	1,000,000,000	37,562,743	375,627,430	Conversion of employee share subscription warrants	None	Note 8
2017.04	22.99	100,000,000	1,000,000,000	37,658,743	376,587,430	Conversion of employee share subscription warrants	None	Note 9

Year / month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Share payments offset by assets other than cash	Others
2017.06	59.3	100,000,000	1,000,000,000	37,812,196	378,121,960	Conversion of corporate bonds	None	Note 9
2017.07	22.99	100,000,000	1,000,000,000	37,919,196	379,191,960	Conversion of employee share subscription warrants	None	Note 10
2017.08	22.99	100,000,000	1,000,000,000	38,239,196	382,391,960	Conversion of employee share subscription warrants	None	Note 10
2017.09	21.03	100,000,000	1,000,000,000	38,244,196	382,441,960	Conversion of employee share subscription warrants	None	Note 10
2017.11	21.03	100,000,000	1,000,000,000	38,272,196	382,721,960	Conversion of employee share subscription warrants	None	Note 11
2017.12	21.03	100,000,000	1,000,000,000	38,307,196	383,071,960	Conversion of employee share subscription warrants	None	Note 11
2018.02	21.03	100,000,000	1,000,000,000	38,729,196	387,291,960	Conversion of employee share subscription warrants	None	Note 12
2018.03		100,000,000	1,000,000,000	38,229,196	382,291,960	Cancellation of treasury shares	None	Note 12
2018.09	10	100,000,000	1,000,000,000	41,096,386	410,963,860	Capital increase by earnings	None	Note 13
2019.09	10	100,000,000	1,000,000,000	44,826,766	448,267,660	Capital increase by earnings	None	Note 14
2020.11		100,000,000	1,000,000,000	44,190,766	441,907,660	Cancellation of treasury shares	None	Note 15
2020.12	10	100,000,000	1,000,000,000	45,759,703	457,597,030	Capital increase by earnings	None	Note 16
2023.10	58	100,000,000	1,000,000,000	48,759,703	487,597,030	Capital increase by cash	None	Note 17
2023.10	-	100,000,000	1,000,000,000	49,353,370	493,533,700	Restricted Stock Awards	None	Note 18

Year / month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Share payments offset by assets other than cash	Others
2023.11	64.9	100,000,000	1,000,000,000	49,430,411	494,304,110	Conversion of corporate bonds	None	Note 19
2024.01	64.9	100,000,000	1,000,000,000	49.843,415	498,434,150	Conversion of corporate bonds	None	Note 19
2024.04	64.9	100,000,000	1,000,000,000	50,391,249	503,912,490	Conversion of corporate bonds	None	Note 19

Note 1: Capital increase by cash by resolution of the board of directors on July 20, 2011.
Note 2: Increase of approved capital by resolution of the shareholders' meeting on November 18, 2011.
Note 3: Capital increase by cash by resolution of the board of directors on December 16, 2011.
Note 4: Capital increase by cash by resolution of the board of directors on April 17, 2014.
Note 5: Capital increase by cash by resolution of the board of directors on March 27, 2015.
Note 6: Approved by Taiwan Stock Exchange Corporation on Oct 27, 2016.
Note 7: Approved by Taiwan Stock Exchange Corporation on Dec 21, 2016.
Note 8: Approved by Taiwan Stock Exchange Corporation on Apr 11, 2017.
Note 9: Approved by Taiwan Stock Exchange Corporation on Aug 18, 2017.
Note 10: Approved by Taiwan Stock Exchange Corporation on Oct 5, 2017.
Note 11: Approved by Taiwan Stock Exchange Corporation on Jan 10, 2018.
Note 12: Approved by Taiwan Stock Exchange Corporation on Apr 12, 2018.
Note 13: Approved by Taiwan Stock Exchange Corporation on Oct 1, 2018.
Note 14: Approved by Taiwan Stock Exchange Corporation on Oct 1, 2019.
Note 15: Approved by Taiwan Stock Exchange Corporation on Nov 19, 2020.
Note 16: Approved by Taiwan Stock Exchange Corporation on Dec 16, 2020.
Note 17: Approved by Taiwan Stock Exchange Corporation on October 11, 2023.
Note 18: Approved by Taiwan Stock Exchange Corporation on October 24, 2023.
Note 19: Approved by Taiwan Stock Exchange Corporation on November 20, 2023.

2. Type of Stock

April 27, 2024; Unit: Share

Type of Stock	Authorized capital stock				Remarks
	Issued shares	Treasury shares	Un-issued shares	Total	
Registered common stock	50,391,249	-	49,608,751	100,000,000	–

3. General information about the reporting system: None.

(II) Shareholder structure:

April 27, 2024

Shareholder Structure/ Quantity	Government Institutions	Financial Institutions	Other Juridical Persons	Foreign Institutions and Foreign Persons	Natural Persons	Treasury Stock	Total
Number of Shareholders	-	1	19	29	3,241	-	3,290
Shareholding	-	190,000	301,674	32,017,034	17,882,541	-	50,391,249
Percentage shareholding (%)	0.00%	0.38%	0.60%	63.53%	35.49%	0.00%	100.00%

Note: According to Article 3 of the "Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan", for any individual, juristic person, organization, or other institution of China or any company it invests in any third area, the total combined shareholding shall be 0.21%.

(III) Diffusion of ownership:

1. Diffusion of common stock ownership

April 27, 2024

Class of Shareholding	Number of Shareholders	Shareholding (share)	Percentage (%)
1~999	779	117,582	0.23%
1,000~5,000	1,942	3,702,483	7.35%
5,001~10,000	283	2,224,029	4.37%
10,001~15,000	79	980,130	1.95%
15,001~20,000	41	755,632	1.50%
20,001~30,000	55	1,396,123	2.77%
30,001~40,000	28	988,536	1.96%
40,001~50,000	16	723,607	1.44%
50,001~100,000	33	2,376,178	4.72%
100,001~200,000	15	2,089,492	4.15%
200,001~400,000	10	2,582,888	5.02%
400,001~600,000	4	2,507,993	4.08%
600,001~800,000	1	767,000	1.52%
800,001~1,000,000	-	-	-
Over 1,000,001 Classified under specific circumstances	4	29,703,576	58.94%
Total	3,290	50,391,249	100.00%

2. Preferred Share: None.

(IV) Major Shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list:

Unit: Share

Name of Major Shareholders	Shareholding (share)	Percentage (%)
ＹＩＤＡ　ＩＮＶＥＳＴＭＥＮＴＳ　ＰＴＥ·　ＬＴＤ·	18,801,904	37.31%
The SKBC hosting WEE HONG JIE investment account	7,505,324	14.89%
Cathay Bank Trust Phillip Securities (Hong Kong) Company Investment Account	1,775,975	3.52%
Investment account of JP Morgan Stanley Investment Fund managed by HSBC	1,620,373	3.22%
Chen Junrong	767,000	1.52%
Chen Biru	589,000	1.17%
Weng Jieyuan	526,000	1.04%
CTBC Bank Co., Ltd. hosting Overseas Foreign Employees Collective Investment account for the sale, subscription, and allotment	507,081	1.01%
Zhang Jing'an	435,912	0.87%
Kong Fanxuan	380,000	0.75%

(V) Share prices for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NTD

Item		Year	2022	2023	Current year to March 31, 2024 (Note 8)
Market Price Per Unit (Note 1)	Highest		28.85	86.40	87.80
	Lowest		19.85	25.70	61.10
	Average		23.78	57.31	69.24
Net Worth Per Share (Note 2)	Before distribution		24.82	30.69	32.18
	After distribution		24.82	(Note 9)	-
Earnings Per Share	Weighted average shares (Thousand shares)		45,760	46,595	49,843
	Earnings per share (Note 3)	Before adjustment	1.64	0.27	0.27
		After adjustment	1.63	-	-
Dividend	Cash Dividend		0.28	0.5	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from capital surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	P/E ratio (Note 5)		14.50	19.17	-
	Price-dividend ratio (Note 6)		84.92	114.62	-
	Cash dividend yield (Note 7)		1.18%	0.87%	-

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

Note 1: State the highest and lowest market price of each year, and calculate the average market price for each year by the annual turnover and volume.

Note 2: Based on the number of shares that have been issued at the end of the year and the allocation according to resolution of the shareholders' meeting in the next fiscal year.

Note 3: If there are retrospective adjustments due to matters such stock dividend distributions, the earnings per share before and after the adjustment shall disclosed.

Note 4: If the conditions attaching to equity issuance includes payment of dividends to make up for not having distributed a dividend in years in which it did not post a profit, the accumulated unpaid dividends of each fiscal year shall be disclosed.

Note 5: P/E ratio = current year average closing price per share /earnings per share.

Note 6: Price-dividend ratio = current year average closing price per share / cash dividend per share.

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

Note 8: Net value per share and earnings per share refers to the amount in the financial report of the most recent quarter up to the date of publication of the annual report, audited and certified or reviewed by a CPA. Whereas other values refer to the amount in the most recent fiscal year up to the date of publication of the annual report.

Note 9: The 2023 earnings distribution has been approved by the board of directors' meeting on May 13, 2024, and submitted for resolution by the shareholders' meeting.

(VI) The Company's dividend policy and implementation thereof:

1. Dividend Policy provided in the Articles of Incorporation

According to Article 99 of the Company's Articles of Incorporation, the Company is currently in growth stage, and hence dividends can be distributed by cash/stock to shareholders in consideration of the Company's capital expenditures, business expansion plans, financial planning and other plans for sustainable development. During the listing period, except for laws and regulations in Cayman Islands, provisions for TWSE/TPEx listed companies or the Articles of Incorporation, or the rights in the shares, the Company's distribute dividends in accordance with the distribution policy in Article 99(1). If there is a surplus at the end of the fiscal year, it shall first be allocated for tax payments and make up for previous losses (including the losses of the previous fiscal year), then retained for special reserves (if any), and the remaining surplus (hereinafter referred to as "distributable surplus") can be distributed according to resolution of the annual shareholders' meeting in the following manner:

(1) Directors' remuneration shall not be higher than 3% of pre-tax profit,
(2) Employees' compensation shall not be lower than 0.1% of pre-tax profit, and
(3) Shareholders' dividends shall not be lower than 5% of the distributable earnings, of which cash dividends shall account for at least 3% of the total dividends.

2. Distribution of stock dividends at the Shareholders' Meeting

The Company's 2023 earnings distribution was resolved by the board of directors on May 13, 2024, with the proposed cash dividend is NTD 0.50 per share, and stock dividend of NTD 0.22 per share. After the resolution of the shareholders' meeting on June 25, 2024, the Board shall fix a date for the distribution of stock and cash dividends, and shall have full authority to handle the affect of change in outstanding shares on the dividend payout ratio.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(VIII) Compensation to employees, directors, and supervisors:

1. Ratio or scope of compensation to employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:
   Please refer to: (VI) The Company's dividend policy and implementation thereof.
2. The basis for the estimated compensation to employees, directors, and supervisors for the current period, the basis for calculating the number of shares to be distributed, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:
   If there is discrepancy between the actual distributed amount and the estimated figure, it will be regarded as a change in accounting estimate and recorded as profit/loss for 2024.
3. Information on distribution of compensation to employees as approved by the Board of Directors:
   The Company's 2023 earnings distribution has been approved by the Board of Directors on March 14,2024. Information on the distribution of compensation to employees and directors are as follows:
   (1) The employees' compensation of NTD 250,000 distributed in cash and directors' remuneration of NTD 616,666 as resolved at the shareholders' meeting.
   (2) Employees' compensation of NTD 0 is distributed in stock, which accounted for 0% of the sum of the current after-tax net income and total employee compensation.
4. The actual distribution of compensation to employees, directors, and supervisors for the previous fiscal year (with an indication of the number of shares, monetary

amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized amount, additionally specify the amount of the discrepancy, the cause, and how it is treated: No difference.

(IX) Buyback of Treasury Stock: Not applicable.

II. Corporate Bonds (including overseas corporate bonds):

Type of corporate bond		2nd Issue of Domestic (ROC) Unsecured Convertible Bonds (22362 Patec II KY)
Issue (Transaction) Date		August 18, 2023
Face Value		NT$ 100,000 each
Place of issue and trading		Taipei Exchange
Issue price		100% par value
Issue amount		NT$ 200,000 thousand
Coupon rate		0%
Term		3years；Maturity date：August 18, 2026
Guarantor		None
Trustee		Taishin International Bank
Underwriter		Taishin Securities Co., Ltd.
Attesting lawyer		Alston Chen from Jheding International Law Offices
Attesting CPA		CPA Yi-Fan Lin and Chin-Chang Chen from PwC Taiwan
Redemption method		The Company will make one-time repayment in cash based on par value of bond at maturity of this bond.
Unredeemed balance		NT 132,700 thousand
Conditions for redemption or early redemption		Please refer to the issuance and conversion procedures.
Restrictive covenants		None
Name of rating agency, date and result of rating		不適用
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	NT 67,300 thousand
	The issuance and conversion, exchange, or subscription rules	Please refer to the issuance and conversion procedures.

The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.	According to the current conversion price of NT$ 64.80, 2,047,839 shares need to be issued if all shares are to be converted to common shares. The impact on shareholders' equity is limited so far.
Name of the custodian institution of the exchangeable underlying	N/A

Convertible bond data

Unit: NTD

Corporate bond type		22362 2nd Issue of Domestic (ROC) Unsecured Convertible Bonds	
Item / Year		2023	Current year until annual report publication date
Market price of convertible bonds	Highest	127.00	133.50
	Lowest	105.00	104.00
	Average	113.46	117.18
Conversion price		64.80	64.80
Issue (offer) date and conversion price on issue date		2023/8/18 66.00	2023/8/18 66.00
Conversion method		Issuance of new shares	Issuance of new shares

III. Issuance of Preferred Stocks: None

IV. Issuance of Global Depository Receipts: None

V. Issuance of Employee Stock Options: None

VI. Issuance of New Restricted Employee Share:

(1) The implementation status of restricted employee shares for which the vesting conditions have not yet been met：

Type of new restricted employee shares	2022 the 1st of new restricted employee shares	2023 the 1st of new restricted employee shares
Effective registration date and total number of shares	October 26, 2022 593,667 shares	May 21, 2024 593,000 shares
Issue date	October 26, 2023	Not yet issued
Number of new restricted employee shares issued	593,667 shares	Not yet issued

Type of new restricted employee shares	2022 the 1st of new restricted employee shares	2023 the 1st of new restricted employee shares
Number of new restricted employee shares still available for issuance	0 share	Not yet issued
Issue price	None	None
Ratio of the number of new restricted employee shares issued to the total number of issued shares	1.18%	Not yet issued
Vesting conditions of the new restricted employee shares	If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows: i. first anniversary of the grant: 30% ii. second anniversary of the grant: 30% iii. third anniversary of the grant: 40%	If an employee, after having been granted a restricted stock award, who remains on the job on the vesting date, is determined by the Company as having not violated the employment contract, employee handbook, non-competition and non-disclosure agreement of the Company or any other agreement with the Company, and has fulfilled the individual performance goals and the Company's operational goals set by the Company, proportions of the vesting shares to be granted for such employee on the vesting date each year is as follows: i. first anniversary of the grant: 60% ii. second anniversary of the grant: 40%
Restrictions on rights in the new restricted employee shares	a. The employee shall not, except for inheritance, sell, hypothecate, assign, give to others as a present, pledge, or dispose in any other way until such RS have vested. b. The employee will have rights to attend, submit proposals, make a speech, vote at any meeting of shareholders according to an applicable trust or custodian agreement. c. For the new shares with restricted employee rights allocated to employees in accordance with these measures, before the vesting conditions are met, other rights including but not limited to dividends, bonuses, rights to allocation of capital reserves, stock options for cash capital increase, etc. shall be the same as the ordinary shares issued by the Company.	a. The employee shall not, except for inheritance, sell, hypothecate, assign, give to others as a present, pledge, or dispose in any other way until such RS have vested. b. The employee will have rights to attend, submit proposals, make a speech, vote at any meeting of shareholders according to an applicable trust or custodian agreement. c. For the new shares with restricted employee rights allocated to employees in accordance with these measures, before the vesting conditions are met, other rights including but not limited to dividends, bonuses, rights to allocation of capital reserves, stock options for cash capital increase, etc. shall be the same as the ordinary shares issued by the Company.
Custody of the new restricted employee shares	After the issuance of new shares with limited rights of employees, they must be directly delivered to the institution designated by the company for trust and custody, and the company or a person designated by the company shall sign a trust contract with the stock trust custodian institution on behalf of the employees.	After the issuance of new shares with limited rights of employees, they must be directly delivered to the institution designated by the company for trust and custody, and the company or a person designated by the company shall sign a trust contract with the stock trust custodian institution on behalf of the employees.

Type of new restricted employee shares	2022 the 1st of new restricted employee shares	2023 the 1st of new restricted employee shares
Treatment of the new restricted shares for which the grantee fails to meet the vesting conditions after receiving or subscribing to the shares	The company will take back their shares free of charge from employees and cancel them in accordance with the issuance regulations.	The company will take back their shares free of charge from employees and cancel them in accordance with the issuance regulations.
Number of new restricted employee shares that have been retired or bought back	0 share	Not yet issued
Number of new restricted shares that have vested	0 share	Not yet issued
Number of unvested new restricted shares	593,667share	Not yet issued
The ratio of the number of unvested new restricted shares to the total number of issued shares (%)	1.18	Not yet issued
The effect on shareholders' equity	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.	The potential dilution of the Company's EPS is minimal; therefore, there is no material impact on shareholders' interest.

(2) Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted Employee Shares and the Top Ten Employees：

	Title	Name	Number of new restricted employee shares granted	Ratio of the number of new restricted employee shares granted to the total number of issued shares	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares	Issue price	Total purchase price	Ratio of the number of vested restricted shares to the total number of issued shares	Number of unvested shares	Issue price	Total purchase price	Ratio of the number of unvested restricted shares to the total number of issued shares
Managerial officers and Employees	Group GM	Wee Hong Jie	593,667	1.18%	0	0	0	0	593,667	0	0	1.18%
	Group COO & Indonesia General Manager	Ong Boon Hock										
	China Vice President	Lydia Ho										
	Special Assistant to GM	Ong Jian Ming, Gary										
	Project Manager	Wee Shi Han										

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

VIII. Implementation of the Company's Capital Allocation Plans:

The Company does not have issues that were completed in the most recent 3 years but have not yet fully yielded the planned benefits.

Five. Operational Summary

I. BUSINESS ACTIVITIES

(I) Scope of business:

1. Business content: The main business items of the Group is producing the press components for automobile and motorcycle and producing press production line machine
2. Percentage out of the entire company business

December 31, 2023

Major Products	2022		2023	
	Amount	%	Amount	%
Machinery and equipment and maintenance services	66,600	4.69%	213,407	11.74%
Auto parts	1,233,687	86.88%	1,400,111	77.05%
Locomotive components	93,601	6.59%	101,423	5.58%
Robot rental and sales	25,668	1.81%	102,248	5.63%
Software development	354	0.03%	-	-
Total	1,419,910	100.00%	1,817,189	100.00%

3. Current products (services) of the Company

Product category	Service
Press production line machine	According to the market demand and characteristic requirement, selling press production line equipment to customers and provide differentiated services, such as the service for in-situ installation and instruction and the logistics technical support service for the repair, maintenance, and spare parts supply.
Automotive and motorcycle components	The Company provides a wide range of product specifications and categories, mainly for motorcycle components and automobile safety system components, such as: door lock parts, seat parts, brake disc shock absorber, flange, exhaust system hook and so on.
Robot rental and sales	Rental and sales business of security service robots.

4. The new products planned to be developed: Service Robot Industry Overview

(II) Industry Status and Development

1. Current status and development of the industry

(1) Automotive industry overview

A. Global automobile industry

The automobile industry is a technology- and capital-intensive industry. Its industrial chain is quite large and affects a wide range of related industries. An automobile is composed of more than 30,000 parts, covering steel, plastics, rubber, glass, machinery, motors, electronics, services and other different industries, and related professional talents include R&D, manufacturing, procurement, marketing, management, warranty and other skills, thus integrating a complete automotive industry, so the automotive industry is known as the “locomotive industry”. The upstream of the automotive industry is mainly related component manufacturers, the midstream is the center of vehicle manufacturing, assembly, repair and technical services, and the downstream is brand manufacturers and sales and service bases.

In 2022, due to the impact of the COVID-19 lockdown in China on sales and the supply of automotive components within China, as well as the impact of the Russia-Ukraine war on the global automotive supply chain, global automotive sales was 79.63 million units, a decrease of 3.7% compared to 2021. In addition, EV sales grow rapidly compared with the overall car market, with a growth rate of over 30%, driven by the international trend of net zero carbon emissions, and reached 15 million units in 2022, increasing the global proportion of EV by nearly 20%. Among them, pure electric vehicles accounted for 52.1% of total sales, surpassing hybrid electric vehicles for the first time, while hybrid electric vehicles accounted for about 32.6% of total sales. Looking forward to 2023, since the pandemic is over, global automotive sales will reach 84.32 million units due to the pandemic, with a growth rate of over 5%.

China is the largest automobile market worldwide. The sales volume in China in 2022 was 26.83 million units, an annual increase of 2.1%, slightly lower than the 5% growth rate estimated by the China Association of Automobile Manufacturers. This is mainly affected by the COVID-19 lockdown. The China passenger vehicle market has experienced ups and downs, and the retail seasonal patterns have been disrupted. Looking forward to 2023, the sales volume of automobiles will reach about 27.6 million, a small increase compared with 2022. It is mainly because the halving of the purchase tax on internal combustion engine vehicle (ICEV) implemented by China in 2023 has led to some purchase in advance. It is becoming more difficult to stimulate a new wave of vehicle purchase, and more incentive policies are needed to have substantive effects. However, in terms of the electric vehicle market, in 2018, China became the first place in the sales of global new energy vehicles (NEVs). And since 2021, the annual sales volume of NEVs have exceeded 3.5 million, accounting for 43.6% of global sales volume in 2022. Based on the total sales volume of electric vehicles of 15.33 million units, China's EV sales volume in 2022 have reached 6.68 million units, and it is expected to reach 8 million units in 2023, indicating that China's NEV market has shifted from policy-driven to demand-driven.

According to Wards Intelligence data, as the world's second largest automobile market, automotive sales in the United States decreased by 8% 2022 to 13.7 million units, the lowest since 2011. The main reason is that the high interest rate policy has brought about a loan burden and economic recession concerns, turning out that the consumers are less willing to purchase new cars. According to research institutes, the ASP of new cars in the U.S. was US$32,169 in 2018 but increased to US$45,600 in October 2022. Although prices may tend to decline in the future due to the gradual stabilization of raw material supply such as chips, the sales situation is still full of uncertainty. However, according to Research and Markets, the sales of NEV in the US market were about 880,000 units in 2022, accounting for nearly 6% of the total vehicle sales volume in the U.S., and an increase of over 60% compared to the sales volume of electric vehicles in 2021. It is expected to reach 1.15 million units by 2023.

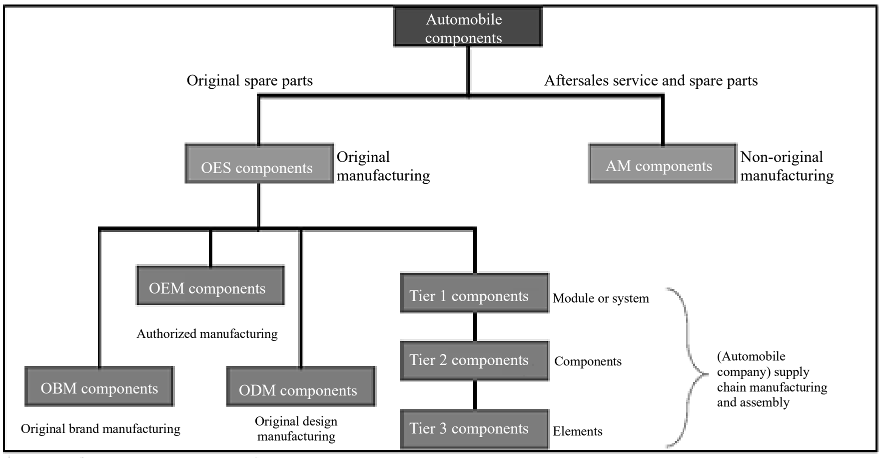
Indonesia is the largest auto market among ASEAN countries, and seventeenth largest auto market worldwide. In 2022, Indonesia's annual sales volume reached 1.05 million units, ranking second only to India in terms of growth rate among countries with global vehicle sales of over one million units. Indonesia has a population of 264 million people, and its huge population has boosted domestic demand, bringing its consumption to 55% of GDP. The Association of Indonesia Automotive Industries (GAIKINDO)'s sales forecast for 2023 is 980,000 units. Not based on actual sales in 2022 but based on the overall domestic demand market situation analysis, there is still a considerable possibility of growth in 2023 .
In the part of NEV policy, the local government has implemented low-carbon policies, such as full exemption on the luxury goods sales tax for EVs, hybrid electric vehicles (HEVs), and new energy vehicles (NEVs). In addition, 25% tax cut is provided for fuel consumption of 20~28 km/L, and 50% tax cut is provided for 28 km/L. Indonesia’s Financial Services Authority (OJK) has eased lending rules for car buyers who purchase electric vehicles in the country and proposed financial incentives related to manufacturing businesses, so as to boost investment in the automotive industry. However, due to the high price of EVs for Indonesia's overall income, future development remains to be observed

B. Global automotive component industry

There are many upstream parts of the automotive industry, mainly the production of components, including casting, stamping, forging, machining and heat treatment and other procedures. Products include car lights, tires, sheet metal, aluminum alloy steel rims, hoods, bumpers, etc. The internal relevance and influence level are very large. Due to the complexity of automobile manufacturing and assembly processes, more than 30,000 parts are required. After the components have passed the quality inspection, they are sent to the central factory for assembly. Therefore, the component manufacturers and the vehicle central factory are formed the central satellite factory system has a long-term and stable cooperative relationship, and each vehicle central factory will be vertically integrated with varying degrees of upwards, middle and downstream.

The middle reaches of the automotive industry are the central assembly plant. The process of assembling cars in the central plant includes body welding, painting, pre-assembly of some parts and components, and finally the assembly of the entire vehicle. The automaker outsources the parts and components to the first-class satellite factory, and the first-class satellite factory subcontracts the detailed parts to the second and third-class satellite factories to form a multi-level division of labor structure. The central factory integrates long-term cooperation upstream component manufacturers and satellites the factory immediately provides the complete vehicles, parts and technical services required by the downstream sales end, so that the downstream sales companies can reduce the related costs of self-prepared inventory and reduce operating risks. An automobile must pass the inspection and test standards in various conditions before leaving the factory. Only after being confirmed as qualified, can a safe and reliable automobile be considered as completion. The downstream of the automotive industry is vehicle sales and after-sales services.

The automobile industry is a technology- and capital-intensive industry. Its industrial chain is quite large and affects a wide range of related industries. An automobile is composed of more than 30,000 parts, covering steel, plastics, petrochemical, electronics and other different industries, while the automobile production has also driven up the growth of peripheral industries, so the automotive industry is known as the “locomotive industry”. The upstream auto parts manufacturing has become the main driver for automotive development. According to the Ministry of Economic Affairs' survey on the dynamics of industrial production, sales and inventory, the output value of the auto parts manufacturing industry has surpassed the automobile manufacturing industry for the first time since 2016, and the output value in recent years has been the first in the overall automobile industry, which is an important driving force for the development of the automobile industry.



Source: TTR

(2) Motorcycle industry overview

General motorcycle industry refers to the manufacture of motorcycle and parts. According to the definition of Standard Industrial Classification prepared by Directorate-General of Budget, Accounting and Statistics, Executive Yuan, it is the industry which manufactures two-wheel, three-wheel motorcycle, engine, motorcycle ‘s sidecar and motorcycle specialized parts. The industrial production is classified into the motorcycle industry and motorcycle component industry. The motorcycle categories are shown in the following table:

	Type	Product category
Motorcycle industry	Motorcycle industry	Light weight locomotives, ordinary heavy-duty locomotives, large heavy-duty locomotives, general electric locomotives, and small electric locomotives
	Motorcycle components industry	Gearbox, engine, starter motor, cylinder head including valve guides, cylinder block, piston rod member, ignition coil, chains, front fork, clutch, transmission assembly, axle box body, carburetor, exhaust pipes, other components, and electric locomotive parts

Motorcycle originated in Europe, America and other places. Before World War II, leading manufacturers in the motorcycle industry are mainly European and American brands, including BMW, PIAGGIO, DUCATI, TRIUMPH, HARLEY- DAVIDSON, INDIAN and so on. After World War II, Japanese motorcycle manufacturers emerged at the historic moment, and with the characteristics of use, it is suitable to use in developing countries. HONDA, YAMAHA, SUZUKI and KAWASAKI gradually become global leaders.

(3) Machine tool industry overview

The top three major manufacturers of machine tools in the world are China, Japan, and Germany, while Taiwan is the seventh largest manufacturer. In terms of the global trend, we can find that the production base of machine tools has gradually shifted from Europe to Asia. In particular, China has made rapid progress in recent years because of its huge domestic demand market. Also, according to GTA (Global Trade Atlas), the top five major consumer countries of global machine tools are China, the U.S., Germany, India, and Italy.

Since 2009, China leaps to the world's largest producer. Strong domestic demand gives rise to create China to be the world's largest country of consumption of machine tools, which makes its machine tools become the world's largest machine tool consumer and importer for many years. On the other hand, the current market for machine tools in China is still dominated by domestic demand, and the value of exports is relatively small. In the last one or two years, as the independence of machine tool in China has gradually become effective, some of the low-end machine tools produced by China have been exported to emerging markets in Southeast Asia, so the export value of China has gradually increased.

The overall machine tool market fluctuated sharply in 2023. The market condition in the first half of 2023 continues from 2021. Countries benefit from the economic restart after the pandemic. Production and investment activities are booming in the manufacturing industry, driving demand for machine tools. However, in the second half of 2023, affected by factors such as the continued COVID-19 lockdown in China and the prolonged Russia-Ukraine war, the price of international raw material was also constantly rising, and countries were faced with inflation risks. Europe even had energy issues to solve, which also led to many companies postponing investment plans or reducing capital expenditures. This also limited the growth rate of global machine tool market demand in 2023.

Looking ahead to 2023, the global economy will still be affected by the political turmoil, austerity policies, energy crisis, and other variables, which will slow the growth of major economies such as the United States, the Euro area, and China. It is estimated that the global output value of machine tools in 2023 will be US$84.1 billion, and the global consumption of machine tools will be US$79.4 billion, a slight decrease of 3% to 6% compared to 2022.

(4) Service Robot Industry Overview

Professional service robots

- Factory maintenance robots
- Milking robots
- Collaborative robots for mining
- Space robots
- Inspection and maintenance robots
- Robots for sewer line repair
- Robots for rescue and safety applications
- Fire-fighting and disaster response robots
- Military robots
- Robots for maintenance of the public sewer system
- Smart transport robots
- Surgical robots
- Deep sea robots

Personal/ household robots

- Professional cleaning robots (including sweeping, weeding, pool cleaning, or window cleaning robots)
- Robots for exterior wall cleaning
- Surveillance/ security robots
- Civilian sewer cleaning robots
- Powered robotic exoskeleton
- Robots for loading and unloading personal service
- Rehabilitation robots
- Robotic wheelchairs
- Medical robots
- Personal aids and assistive devices
- Home security and surveillance robots
- Other domestic care robots

Entertainment and leisure robots

- Unmanned ground vehicle robots
- Universal mobile platform robots
- Restaurant robots
- Healing ally robots
- Robot butlers
- Robot dog walker
- Ping pong robots
- Robots for advanced chess puzzles
- Educational robots
- Robots for learning and control
- Tour guide robots
- Sales robots
- Multimedia robots

Fig. Types of service robots and functions

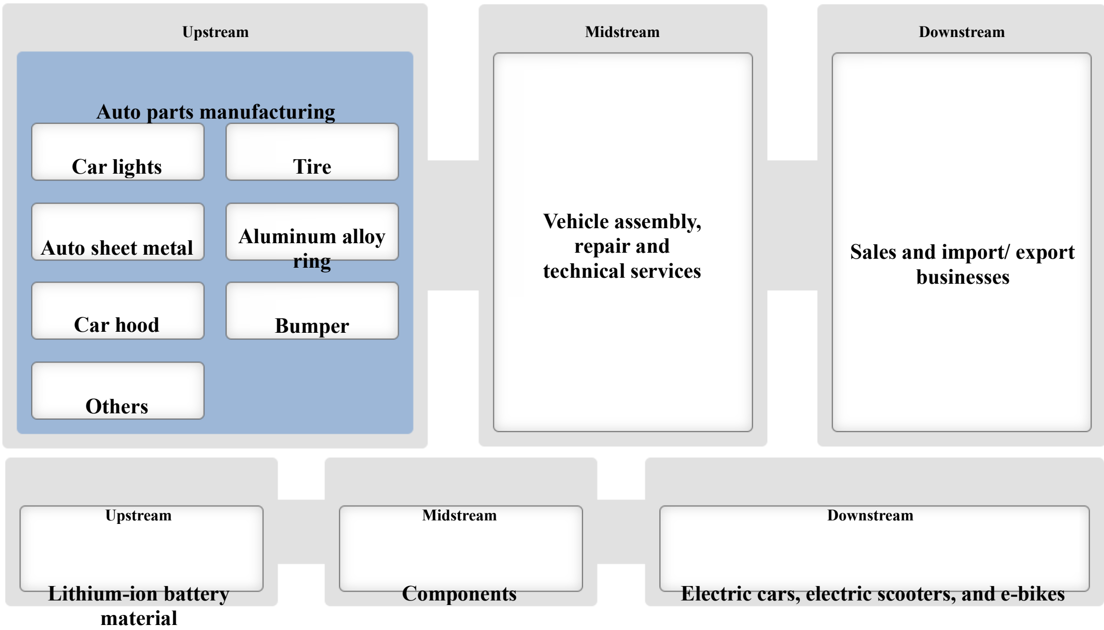
International Federation of Robotics (IFR) defines a "service robot" as "the robot that performs actions contributing directly towards improvement in the quality of life of humans by combining the mobile platform with a robotic arm, equipped with associated controller device, in order to become semi-automatic or fully automatic. Service robots encompass a broad field of applications, and based on this definition, industrial robots can also be considered service robots if they perform nonmanufacturing work". Compared with industrial robots, service robots have increased applications and diversified technologies for the manufacturing, agriculture, mining, construction, logistics and warehousing, accommodation and catering, public administration and national defense industries.

Currently, there are over 700 global service robot manufacturers, with Europe accounting for half, followed by North America and Asia. Globally, the number of service robot manufacturers in the U.S. ranks first in the world; Germany and France are the main developing countries in the European region. In Asia, China and Japan have the majority of service robot manufacturers. The main product type of professional service robots in North America is logistics system robots; North America is also a pioneer in the development of medical robots, such as remote medical robots that can assist in postoperative care for patients, chronic disease management, or home monitoring for elderly people.

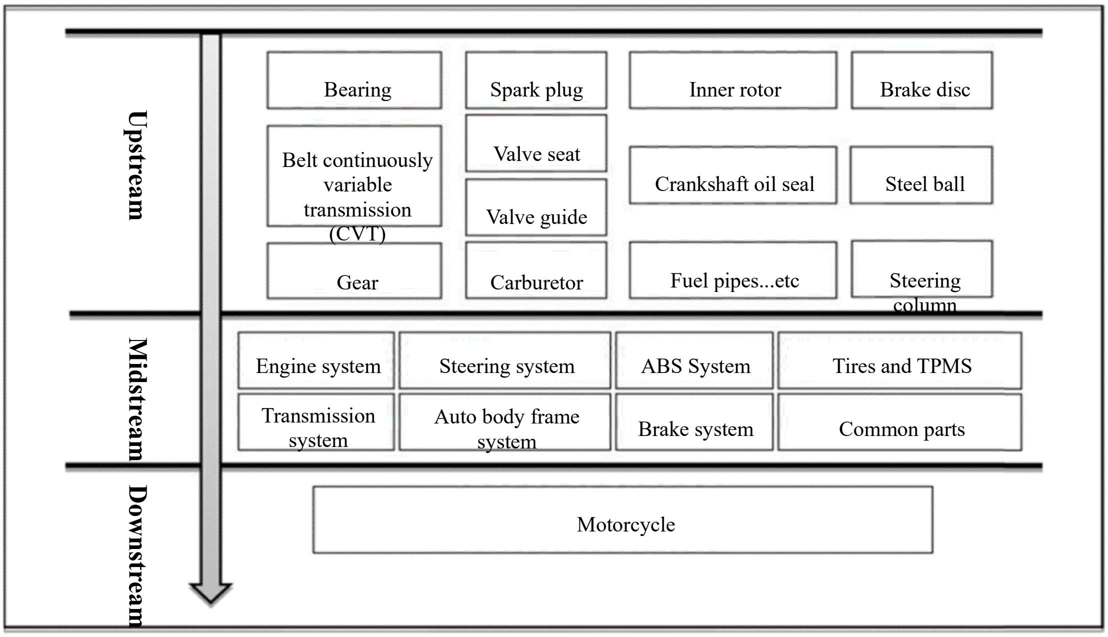
According to data from multiple institutions such as IFR, including industries such as robotics, industrial control, and intelligent automation, it is estimated that this is a global market where the global annual output value will surpass PC and NB, approaching $7.5 trillion. In addition, market research firm Mordor Intelligence estimates that the robot market alone will rapidly grow from over US$23.6 billion in 2020 to US$74 billion in 2026, with a growth rate of 2.1 times over 5 years.

2. Relations with industries upstream, downstream and at the same level

(1) Automobile components

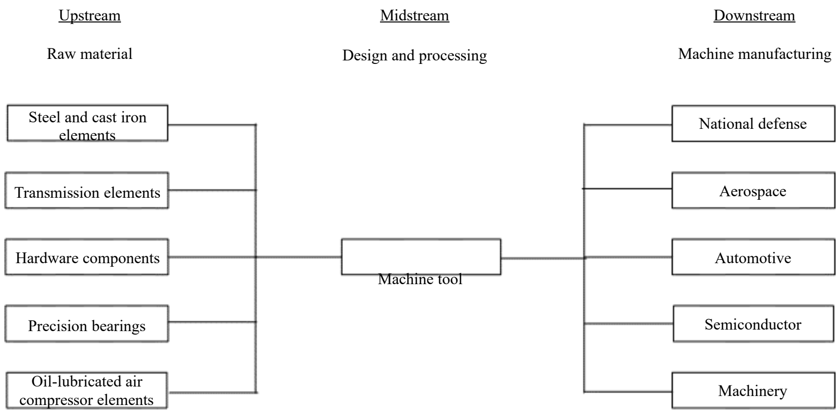


(2) Motorcycle components



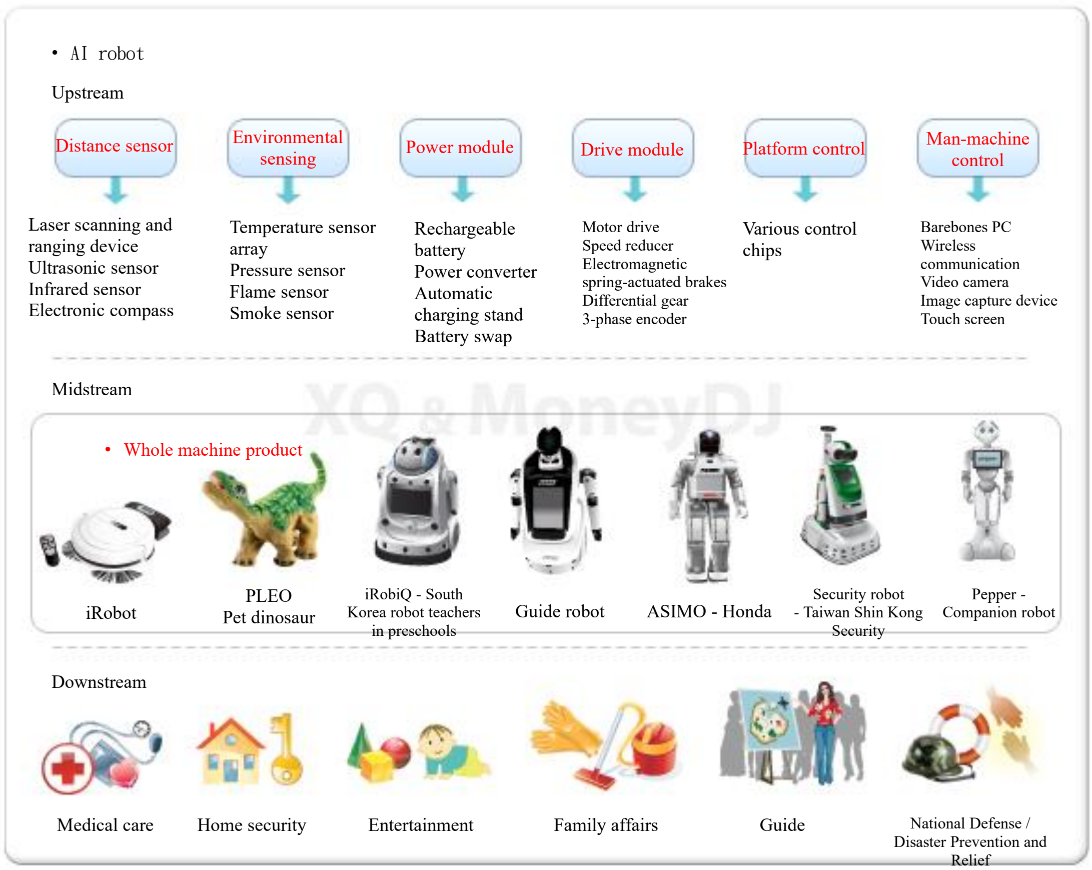
Source: Industrial Technology Research Institute, IEK (2013).

(3) Machine tool equipment



(4) Service robot supply chain

■ Robotics supply chain

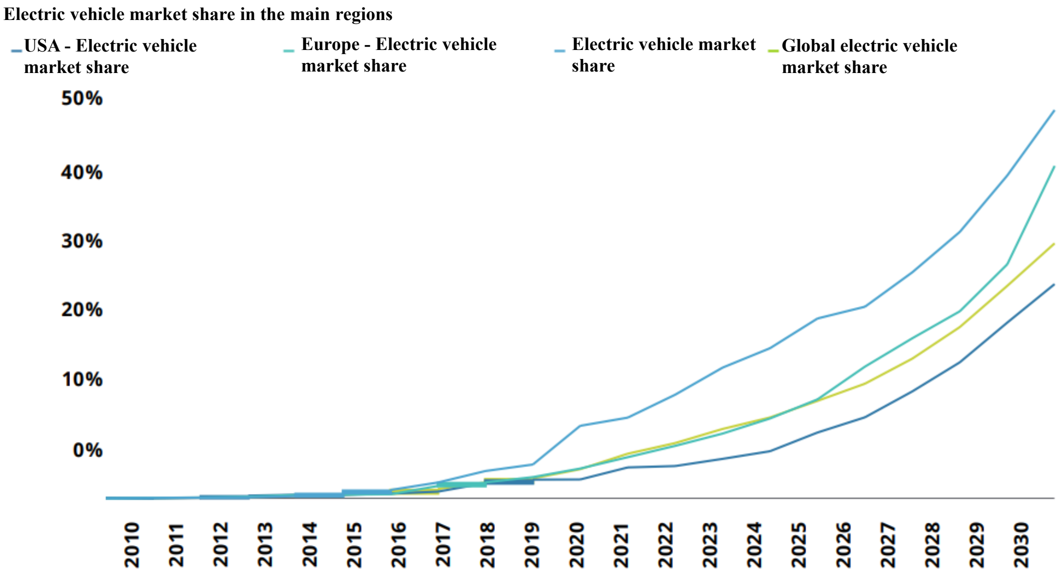


3. various trends of product development

(1) Automobile components

In recent years, with the growth of environmental awareness, many automotive manufacturers have also invested in the R&D of EVs, and the governments also banned or restricted the sale of fossil fuel vehicles, and provided subsidies for EV purchasers, in order to promote the development of electric vehicles. The European Commission proposed in 2021 to achieve the goal of reducing carbon emissions by 55% by 2030, which is much higher than the current 37.5% reduction. At the same time, the goal had been extended to 2035 to reduce 100% carbon dioxide emissions. Under this goal, 27 EU countries will be unable to sell any vehicles using fossil fuels, including gasoline, diesel, and various forms of hybrid electric vehicles, by 2035, marking the end of the era of ICE. And in November 2020, the UK also announced that a ban in the UK on selling diesel and petrol cars would be brought forward from 2040 to 2030.

According to the latest data statistics, the proportion of global NEV sales in 2022 had reached 19.3%, and it is expected to increase year by year in the future. The development of automotive components will also gradually shift from ICE-focused components to electric vehicles.



Source: Deloitte analysis, HIS Markit, EV-Volumes.com[19]

The great boom for electric vehicles has also brought new business opportunities to auto parts supply, and the auto parts manufacturers are actively deploying in the electric vehicle market, gradually tapping into the R&D of EV batteries, LED headlights, panels and other EV accessories. In addition, to reduce the occurrence of traffic accidents and traffic congestion, we see rising market demand for smart vehicles in recent years, and major automakers have started on the R&D of advanced driver assistance systems and launched self-driving cars. On the other hand, the IoT function is also one of the key development trends in the auto market in recent years. IoV technology provides important data and services related to driving, and driver assistance on more accurate navigation, with effective data integration, data analysis and other tools to achieve safe and convenient driving, and improve the traffic environment. Under the smart vehicle trend, the auto parts manufacturers are motivated to focus on developing smart car parts and automotive electronic components. Instead of traditional auto parts, the auto parts manufacturers will also conduct R&D of functional car parts to meet the rising demands for customized auto parts in the smart vehicle and IoV markets.

Currently, the major international automakers attach great importance to IoV technology, which has driven the development trend of intelligence vehicle. Vehicle-related information can be transmitted to the remote management platform by wireless communication, turning cars into big data centers by integrating navigation, entertainment, information security, and network communication to improve car functions, so that Taiwanese automakers can seize business opportunities in the future. In the future, we forecast digital transformation in the automotive supply chain. With the rise of the sharing economy, and rapid development of the IoVs, smart cars and smart manufacturing, traffic safety, autonomous driving, and smart transportation, we expect that automobiles and components industry will move towards mass production and customized services.

According to MarkLines' recent statistics, the world's top 10 first class component manufacturers include Bosch (Germany), Denso (Japan), Magna (Canada), (Continental) Germany, ZF (Germany), (Aisin) Japan, (Hyundai) Korea, Lear (USA), Valeo (France) and Faurecia (France). In terms of deployment and development direction, the first-class auto parts manufacturers will mainly focus on: (1) fuel cells and related components; (2) development of long-range lidar sensors for autonomous vehicles; automotive IoT technology; and (3) new generation drive motor. Therefore, we see that the four core aspects of automobile development in the future include: "Connectivity (IoV)", "Autonomous (autonomous vehicle technology)", "Shared (shared mobility)" and "Electrified (electric vehicles)".

(2) Motorcycle components

EV motorbike development policies in major two-wheeler producing countries: The government's plan to ban sales of fossil-fuel vehicles towards zero emissions and announced to promote electric cars and EV motorbikes in the next 20 years, accelerating global transition to electric vehicles. According to the ITRI's research report related to engine efficiency and exhaust gas treatment capacity, a 50cc locomotive emits 2.7 times more carbon monoxide compared to a 2000cc locomotive, and thus it is important and essential for the promotion of EV motorbikes.

According to statistics, there are currently 200 million EV motorbikes in China. In 2019, the production of motorcycles reached 15.43 million units, and sales volume reached 15.194 million units. To increase the use of electric scooters, China's Motorcycle Ban and implementation of new national standards for EV motorbikes and electric bicycles in 2019 have successfully reduced illegal driving, improved road safety, cut vehicle emissions and smoothed traffic flow. According to the Global Market Insights Survey, the EV motorbikes market in China is expected to grow at a compound annual growth rate (CAGR) of 8.4% in 2018-2024, while its annual growth rate has stood above 5% since 2016.

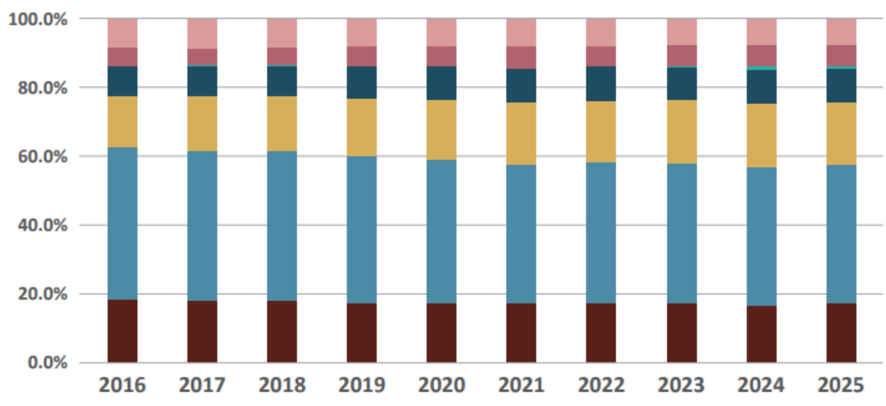
Globally, Indonesia is the third-largest motorcycle market after India and China. The Indonesian government has set the target of mass-producing electric vehicle (EV), both for cars and motorcycles. By 2025, the goal is to have 2.1 million electric motorbikes on the road. The Indonesian government has launched EV motorbike rental services in urban areas. However, as the regulations related to EV motorbikes is not yet complete, the government may still face difficulties in making EV motorbikes street legal.

According to the Industrial Research Institute, France is the leading market among the European countries in terms of EV motorbike sales volume, followed by Spain and Germany. For EV motorbike purchasers, the French government offers maximum grant of EUR$900, or not exceeding 27% of the vehicle's purchase price, depending on the horsepower. In Spain, the purchasers of EV motorbike may enjoy tax cuts, and are subsidized with maximum grant of EUR$750. In 2019, Germany invested EUR$3.5 billion to build 50,000 charging (battery exchange) stations, and aims to have up to 1 million charging (battery exchange) stations on German roads by 2030. As Germany aims to completely ban the sale of diesel locomotives by 2024, the electric locomotives are exempted from commodity tax, while cities like Munich are committed to roll out incentives of up to EUR$1,000 for electric locomotives.

(3) Machine tool equipment

According to the International Organization for Standardization (ISO) and North America's largest manufacturing trade show, the International Manufacturing Technology Show (IMTS), machine tools are defined as follows: “Machines that are powered by power and cannot be carried by humans can be defined as machine tools that use a combination of physical, chemical, or other methods such as cutting and impact to achieve the purpose of processing materials”. It refers to the power machinery manufacturing device, which is usually used for precision cutting of metal to produce other machines or processed metal parts. The complete machine tool includes equipment for turning, milling, grinding, drilling, boring, bending, shearing, electrical discharge machining (EDM), and laser processing.

According to GIA’s survey, machine tool applications U.S. are mainly used in the automotive component manufacturing industry, followed by aerospace and defense component manufacturing industry, and electronic or electrical devices manufacturing, while there are also applications in the petroleum industry and medical supply industry.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other application industries	8.7%	8.5%	8.4%	8.3%	8.2%	8.1%	8.0%	7.9%	7.8%	7.8%
Electronics and electrical equipment manufacturing	5.1%	5.2%	5.4%	5.5%	5.8%	6.2%	6.1%	6.2%	6.2%	6.3%
Medical device manufacturing	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	1.0%	0.1%
Precision engineering and manufacturing	8.7%	8.9%	9.0%	9.1%	9.4%	10%	9.7%	9.8%	9.8%	9.9%
Marine, aerospace and defense manufacturing	15.2%	15.5%	16.1%	16.6%	17.4%	17.6%	17.8%	18.0%	17.9%	18.2%
Industrial machinery manufacturing	43.7%	43.6%	43.1%	42.7%	41.5%	40.4%	40.8%	40.7%	40.2%	40.5%
Automotive manufacturing	18.5%	18.2%	18.0%	17.8%	17.7%	17.5%	17.4%	17.3%	17.0%	17.1%

Note: Estimated values for 2020, and forecasts for 2021-2025

China has been engaging in the economic structure adjustment and the transformation of the development direction. Because of the development of key areas such as aviation, ships, automobiles, energy and other aspects, there is huge need for high-end CNC, high efficiency cutting tool and precision measuring machine. On the other hand, the rise of intelligent manufacturing also provides a new path for the development of machine tool industry. In the next five years, the development demand of tool machine industry in China will further shift to the high-end.

The global machine tool market is constantly in the competition of pursuing high efficiency and low energy consumption. Meanwhile, emerging fields and emerging materials also put forward new requirements for the machine tool market. Consequently, machine tool suppliers should not only pursue in-depth development in traditional fields, but also make their products catch up with the pace of emerging fields to maintain competitiveness and their position.

(4) Development trend of service robots

In recent years, various new types of service robots have been gradually launched by use of AI, IoT and remote technologies. In the 2020 U.S. Consumer Electronics Show (CES), Samsung’s design of BellaBot subverted people’s imagination, as this spherical robot will always provide users with various nursing care and housekeeping services. Meanwhile, P&G’s Rollbot solves the dilemma of running out of toilet paper, while the Sarcos Robotics Guardian XO full-body powered exoskeleton helps lessen physical burdens. In addition, Groove X’s robot LOVOT, shaped like a cute penguin, can perform tasks like baby monitoring or watching over the house.

Currently, there are more than 800 companies around the world which manufactures service robots, of which 25% are new startups no older than 6 years, mainly in the U.S., France, Germany, Japan and China. Thanks to continuous technological innovation and breakthrough, coupled with increasing user acceptance of service robots, we see an increase in the number of service robots and applications in various industries, improving the quality of human life.

Robots are taking over jobs that either can’t be filled or aren’t desirable or safe for humans. In addition, big data, AI, high-speed computing chips or hardware have come a long way, while service robots will be used in different industries, and it has become clear that we can walk alongside service robots in the future.

4. Competition status

In recent years, the world's major manufacturers covet the Chinese huge automobile market and ASEAN area’s motorcycle market. Furthermore, as the cost of production can't effectively reduce the pressure, the products are gradually made by other national foundry production or nearby local procurement. With the economic rise of mainland China and the continuous growth of ASEAN market economy in recent years, the average income of the Chinese people has been increasing steadily and the consumer spending also rose. As a result, local demand for automobile and motorcycle has grown steadily and the China and ASEAN markets have benefited. With the continuous increase in the production of automobile and motorcycle components, the demand for press production line equipment for the production of related components also increases. For this purpose, in addition to actively improving the production efficiency and reducing the production cost of automobile components, the Group also strengthens the sales market of press production line equipment and fights for more sales orders for machine equipment.

In general, for the reason that the wide use of industrial products, the current competitive trend is not as fierce as that of electronic products. Nevertheless, as the use of industrial products is wider, the future market will be valued, which means that the competition will be more obvious in the future.

(III) Technology and research & development summary

1. Technological arrangement in business operations, research & development

What customers appreciate the Group is always being ahead of the same industry with the speed of research and development. Along with the Group based on years of experience in metal processing and the ability to develop module itself, the key factor is that the Group can adjust the machine instantly to meet the requirements of customers with different product specifications. With the ability to develop samples quickly, effectively improve customer product design and process integration, the Group has been maintaining good relations with customers, and more willing to attract international customers to cooperate.

The Group's main technical capabilities of product manufacturing process include press forming, assembly, automatic production and detecting. By designing, homemade automatic production and measuring equipment, it reaches 100% of manufacturing and quality inspection and also meets the special requirements of high precision specification and quality assurance. Through the new product quality planning process, it continues to promote the establishment of innovative precision technology.

2. Personnel involved in research & development and their educational background and employment history

Year / Education	2022	2023	2024 As of March 31,
Above Masters	0	0	0
Bachelor's Degree	13	13	14
Senior High School	20	21	18
Total	33	34	32

3. R&D expenses invested in latest five years

Unit: NTD thousands

Item / Year	R&D expenses	Consolidated net operating revenue	%
2023	48,016	1,817,189	2.64
2022	39,085	1,419,910	2.75
2021	28,018	1,368,325	2.05
2020	35,333	1,181,611	2.99
2019	52,964	1,795,565	2.95

4. Technology and products developed successfully in the last five years

As of March 31, 2023

No.	Items	Description
1	Cold press compound die automatic discharge device	It can improve production efficiency and production safety, especially suitable for large press parts compound discharge device.
2	Floating die set device	It is high precision and small gap blanking die, which can improve the precision of the die.
3	Thick plate blanking die	It can improve production efficiency and production safety, especially suitable for pressing parts with thick plates.
4	Reel stretch press automatic discharge device	It can improve production safety and meet the requirements of mass production as well as improve the working stability and the efficiency of parts discharge.
5	Press riveting and flattening die	It can reduce unnecessary procedures, effectively improve work efficiency, and reduce manufacturing costs.
6	Cold die automatic discharge device	It can make die discharge smoothly and simply, make the waste materials in the mold fall down smoothly, and greatly improve the production efficiency and production safety.
7	Fixture device on pierce punch forming	It can be processed coaxial parts and larger cylindrical, improve the processing efficiency.
8	Curl press die	It is an innovation of engineering, and effectively reduce the process.
9	Ironing burring press engineering	It can improve the engineering and work efficiency to meet the needs of mass production.
10	Emboss mold for plate workpiece	Completing the design and optimization of the emboss mold for plate workpiece, which increases working stability and efficiency.
11	Pre-punching hole of die for plate workpiece	Through the use of pressure spring, increase the working stability and efficiency
12	Burring mold for plate workpiece	It can improve quality of burring end surface and the working efficiency
13	Solid rod upsetting mold	It can improve engineering and work efficiency and mold stability.
14	Compound mold for blank stretching	It improves the engineering, effectively reduce the process and processing costs, and improve the machining precision and quality of components.
15	Device for material discharge automatically	It can separate the press part from the material belt automatically and improve the production efficiency and safety.
16	Clod hobbing	It can improve the engineering, effectively reduce the processing cost and improve the precision and quality of components.
17	Aluminum material embossing fixture	It can improve the precision and quality processing of components.
18	Stainless steel flanged dimpling die	It can increase the strength of the female die, and do mirror buffing for female die insert and pierce.

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

The Group draws up various long-term and short-term plans to plan the future business direction of the Group in order to cope with the trend of future industrial development and overall economic environment and enhance its competitiveness. The brief description of the Group's long-term and short-term plans

1. Short-term development strategy and plan

(1) Marketing strategy

A. Strengthening the good relationship with customers, keep abreast of the latest market information, reasonably estimate the future demand planning of customers for products.

B. Continuous participating in customer project plan, suggesting and assist to evaluating equipment requirement, configuration, cost, delivery and other supporting solutions.

C. Active participation in international exhibitions of related industries, increasing market visibility and enhancing brand image of the Group by participating in the exhibition, so as to win orders of machines and equipment from international big factories and obtain higher profits.

(2) Procurement strategy

Maintain good interaction with suppliers, understand new product development plan and price trend, and provide customers' idea of the product or future demand.

(3) Operational management and financial support

A. In response to operational development, through sound financial planning and operation management, the Group resources will be allocated to maximize the overall benefits of the Group resources.

B. Making the best of the advantage of capital market to establish sound and diversified financing channels and establishing close and mutually beneficial relationships with financial institutions in response to working capital required for business growth and development.

C. The introduction of enterprise resource planning system (ERP), which is the integration of front-end and back-end information, provides more timely financial information as the basis for management decision-making.

D. Organizing internal staff education and training on a regular or ad hoc basis to enhance technical research and development, business and management capabilities. Moreover, encouraging employees to give the comments for improvement within the Group and strengthen the communication bridge between the Group and employees in order to reduce the risk of labor disputes.

2. Long-term plan

(1) Marketing strategy

A. Continuing to strengthen the customer base, increase operational flexibility, reduce operational risks, so that the operation will not have a significant impact on single customer, regional market, individual industries, and so on, and continuing to maintain the competitiveness of the Group.

B. Seeking strategic partners can not only reach new markets, customers and sales networks, but expand the product range, enhance economic efficiency and competitiveness, thereby expanding the economic scale and become the momentum for future growth.

C. Setting up overseas machine and equipment sales market, increasing the revenue of machine and equipment sales, and increasing the contribution of revenue and profit.

D. Cultivating professional talents, collecting information on future development trends, grasping the market highlights of competitors and new entrants, and expanding the European sales market.

(2) Procurement strategy

A. Expanding the source of suppliers can not only strengthen the stable supply of goods, ensure the reliability of delivery, but also obtain competitive purchasing price and maintain the competitive advantage of purchasing cost.

B. Seeking strategic partners can not only reach new markets, customers and sales networks, but expand the product range, enhance economic efficiency and competitiveness, thereby expanding the economic scale and become the momentum for future growth.

(3) Operational management and financial support

A. Establishing sound internal control management system, implementing corporate governance and management philosophy, shaping excellent corporate culture, and realizing the vision of sustainable business operation.

B. Through the diversification of capital market financing channels, strengthen the financial structure for long-term development strength; Cooperating with the group operation scale growth, so as to enrich the management team and enhance the group's popularity and image.

C. Promoting the concept of global competition and lifelong learning for employees, aiming at multinational enterprise groups.

II. MARKET AND SALES OVERVIEW

(I) Market Analysis

1. Sales (Provide) Region of Main Products (Service)

Unit: NTD thousands; %

Year / Area	2022		2023	
	Amount	%	Amount	%
China	372,078	26.20	500,966	27.57
Southeast Asia region	555,785	39.14	738,943	40.66
Europe	326,130	22.97	396,059	21.80
Others	165,916	11.69	181,221	9.97
Total	1,419,909	100.00	1,817,189	100.00

2. Market share:

The Group is as a professional manufacturer of precision metal components. Because most of the Group product components are automobile components, it is hard to calculate its market share. Since its establishment, the Group has been adhering to the concept of serving customers and has become a supplier of MQB (Modularer Querbaukasten) platform of Volkswagen Group. Therefore, the Group’s market share of products should also be significantly increased.

Accordingly, the goal of the Group's market share is continued increasing the Group's performance growth. With the steady growth of global automotive market demand, it is expected that the demand for automobile components will continue to grow in the future. There is still great room for growth in the Group's revenue.

3. Future Supply and Demand Situation and Growth Potential of the Market

(1) Future supply and demand situation of the market

The automotive component industry is a highly monopolistic market. In order to ensure the stability of the component supply chain, most major automotive and motorcycle manufacturers do not easily replace their existing suppliers. In addition, automobiles and motorcycles are industries that highly emphasize safety performance, and the requirements for precision and reliability of key components are relatively higher than other industries, so downstream system manufacturers often have strict certification mechanisms for component suppliers. Therefore, it has also caused a high entry threshold for the automotive and motorcycle component industry. Moreover, in order to control quality, once system manufacturers indicate qualified suppliers, they are less likely to easily change partners, forming a relatively closed supply chain relationship. Our company specializes in stamping parts processing and has provided stable parts supply services to the primary supply chain of the original factory for many years. We hereby analyze the growth of our industry market as follows:

A. Automobile components

Due to the advent of the era of globalization, multinational automobile manufacturers of well-known brands have established new international division of labor models and actively intervened in the automotive industry and market operations of emerging countries such as China. This not only strengthens the dependence of local automobile component suppliers on multinational automobile manufacturers, but also, thanks to the huge market demands in the emerging countries, attracts more automobile manufacturers to invest, building a more complete supply chain for the automotive industry. In terms of the sales volume of automobiles, due to the fact that the automobile demand in developed countries is close to saturation, there is no room for explosive growth. However, due to the economic rise of emerging countries and the increase in people's income, there is a growing demand for the automotive market, which ensures stable growth space for the automotive market in the medium to long term.

Since 2020, the COVID-19 pandemic has caused a sharp decline in global automobile sales. In 2021 and 2022, due to the shortage of automobile chips, the rising cost of raw materials, the COVID-19 lockdown in China, and the global interest rate rise, the doubts about economic recession arose, which led to a downward trend in automotive sales. It is expected that as raw material prices continue to stabilize and get rid of the interference of the pandemic, the automotive industry is expected to gradually recover starting in the second half of 2023. Looking forward to 2024, more significant growth is anticipated.

Currently, our company's main operating markets in auto parts are China and Indonesia. Among them, China has become the region with the largest global automotive sales. Overall, the increasing demand brought about by the improvement of people's consumption power, coupled with policy goals, has led to the rapid development of domestic NEV brands such as BYD, and the overall EV market has a growth trend higher than the global market. It is expected that the overall automobile sales in China will continue to show an annual growth trend after 2024, and our company will also enter the BYD hybrid supply chain system, which should enhance the overall operational profitability in the future.

And our company's another key development market is Indonesia, where there are almost no 100% Indonesian manufacturers invested OEM parts industry, mostly domestic and foreign joint ventures or factories invested by Japanese, Taiwanese, or Korean companies. In the past, most precision parts needed to be imported, but in recent years, a considerable number of automobile related industries have entered, with Japanese companies accounting for a relatively high proportion. Indonesia has domestic market potential and natural resources, coupled with the implementation of the ASEAN Free Trade Area, which has lifted the 5% import tariff on automobiles and components between six ASEAN founding countries, including Thailand, Malaysia, Singapore, Brunei, Philippines, and Indonesia. Therefore, exporting vehicles and automobile parts from Indonesia to Southeast Asian countries is relatively cost-effective. The market for automobile parts in Indonesia is huge, but the Japanese automobile factory system is quite closed. The main automotive parts are mostly monopolized by their agents or joint venture manufacturers, and it is also difficult for OEM suppliers of Japanese automotive original parts produced in foreign countries to enter their supply chain. Our company was originally a parts supplier for Honda and others, and in 2023, we received a supply contract from Toyota system's first tier supplier, AISIN. In the long run, we should be able to grow steadily in the Indonesian market.

B. Motorcycle components

Due to its convenient use, wide applicability to road surfaces, cargo carrying capacity, and space saving characteristics, motorcycles have become an important tool for commuting and cargo carrying in emerging countries. Unlike developed countries that consider motorcycles for leisure and competitive purposes, emerging countries have a wider range of applications for motorcycles. The Asian region has always been the core region for global motorcycle sales, with India, China, and Indonesia as the top three markets. In 2022, the COVID-19 pandemic continues to ravage the world, and major motorcycle markets in Asia, such as India, Indonesia, and Vietnam, are still under lockdown due to the severity of the pandemic. Low mobile demand will have a significant impact on motorcycle sales in Asia.

Based on the development analysis of the global motorcycle market, trends such as increasing population and increasing urbanization will still drive the overall growth of the global motorcycle market. However, due to the impact of low oil prices and the gradual economic recovery in many countries, motorcycles are still a temporary means of transportation, and cars are still the vehicle type that consumers prefer to purchase, which will flatten the growth of global motorcycles in the future.

According to Indonesian Motorcycle Industry Association, the data is shown in the following table

Table 3: Indonesia motorcycle sales and export statistics during 2014 and 2023

Unit: Volume

Year	Sales	Exports
2015	6,480,155	228,229
2016	5,931,285	284,065
2017	5,886,103	434,691
2018	6,383,108	627,421
2019	6,487,460	810,433
2020	3,660,616	700,392
2021	5,507,516	803,931
2022	5,221,470	743,551
2023	6,236,992	570,004

Source: Indonesian Motorcycle Industry Association and AISI website

Indonesia is the third largest motorcycle market in the world. Like other Southeast Asian countries, Indonesia, due to its high population density, lack of road infrastructure and public transportation, motorcycles that are convenient and affordable have become the first choice for people to purchase. 82% of private vehicles are motorcycles, with annual sales exceeding 6 million units, and the number has grown year after year. Motorcycles are not only the most important means of transportation for the people. The diverse styles of motorcycles have also become a unique scene in the city. Our main supply market for local operations in Indonesia is motorcycle parts, and we look forward to growing with the development of the Indonesian market in 2024.

C. Machine tool equipment

Since 2009, China has become the world's largest producer of machine tools. The strong domestic demand market has made China the world's largest consumer and importer of machine tools for many consecutive years. However, the current market for machine tools in China is mainly focused on domestic demand, with relatively small export volumes. However, in the past one or two years, due to the gradual maturity of China's autonomy of machine tools, some of its low-end machine tools have begun to be exported to emerging markets in Southeast Asia. Therefore, China's export volumes are gradually increasing.

① China's continuous development of the large commercial flight and general aviation market will bring new demand to the aerospace machine tool market. China is continuously developing high-end rail transportation equipment and actively entering the international market, forming another large-scale market for high-end machine tools. The China government actively encourages manufacturers to localize high-end machine tools, with favorable market demand, it will motivate machine tool manufacturers in China to continue developing high-end models.

② China is actively promoting the application of smart manufacturing and forming a complementary and cooperative relationship with German in terms of market and technology in Industry 4.0. Although the current demand for smart machine tools in the Chinese market is not obvious, facing the pressure of labor shortage caused by sub-replacement fertility and the need to strength the overall competitiveness of the country through manufacturing transformation, many machine tool manufacturers in China have invested in smart tool development and increased the revenue ratio of manufacturing services.

③ Many enterprises in China have accumulated many legacy machine tools in the past 30 years. In order to improve production performance, processing quality, and reduce energy consumption, enterprises have gradually raised the trend of machine tool modification and reproduction, bringing new business opportunities for machine tool manufacturers in China.

4. Competitive niche

(1) Relationship with customers

The Group maintains long-term and good partnership with major customers and provides advice and demand for market intelligence and product development to jointly expand the market. Through the past many years of hard work, it has become an important supplier of international large factories. In the international automobile manufacturers' supply chain system, the main supplier is not easy to be changed and replaced because international automobile manufacturers' procurement and certification system is complicated and strict, plus a long time to prepare, and what they care is its high quality, stable supply and R&D efficiency. As the cost price is not the most important factor, what international automobile manufacturers care about the potential risk and cost is due to changing the suppliers too often, which causes intangible loss and time cost.

(2) Continuous investment in research and development and technology upgrading

The Group has put lots of effort on the investment of research and development. Recently, so as to shorten the development process, show the determination and efforts in product development speed, technology improvement and cost control the personnel and equipment investment are growing.

(3) Competitive price:

For the sake of gradually achieving the market demand of cost reduction, the Group should adopt the international procurement layout, in response to rising costs and carry out precise production management to drive the management improvement by technology improvement.

(4) International Organization for Standardization:

It has obtained ISO9002, QS9000 and ISO/TS16949 certification of international quality, and the quality management system is in line with international standards. To meet the strict requirements on the quality of suppliers, major international automobile manufacturers have developed QS 9000, the certification system of quality. Only when the supplier meets the certification qualification will it be the qualified supplier. In accordance with the increasingly strict requirements and specifications of international plants, the Group has passed the ISO/TS16949 quality certification, and ensures that the Group has met the basic requirements of international plants Therefore, through this certification, it not only can improve the Group's product image, but also contribute to increase international competitiveness.

(5) Precision testing instrument

The Group’s detecting instruments is a testing equipment that has been equipped with international standards. The product yield is nearly 100%.

(6) Professional technical ability and stable quality:

Since the Group established, it has been continuously inventing and developing. It builds up its own professional and technical capabilities, has the ability to customize products to meet customers’ special needs and enhance customers' competitiveness. The products with stable quality are also recognized by customers.

5. Positive/negative factors of long-term development, and the countermeasures thereof:

(1) <u>Positive factors</u>

A. China market that flourishes has brought the market opportunity

Although China has become the country that has the highest sale volume of cars around the world, its car ownership per thousand is still low, which is less than half the global average and less than a tenth of that in developed countries. With the continuous economic development in China, the automobile market in China is still in a stage of high demand. This huge business opportunity will attract manufacturers in automotive industry to invest in China, which will help automobile component manufacturers to compete in the China market.

B. Due to having been dedicating product technology and market for many years, it has cultivated stable cooperation mode with customers.

Since the Group has been working with Faurecia group, it has become one of its main qualified suppliers. Participating in research and development and design which is based on technical cooperation has raised the Group’s adding value. It can be seen that after years of mutual trust and cooperation and repeated certification, the quality and price of the Group's products have been recognized.

C. Component plants in Europe, America and Japanese are eager to establish regional production bases:

As the rise in the Asia-pacific area market, the international automobile manufacturers have been into Asia and southeast Asia region. Considering the cost and nearby customer service, component plants in Europe, America and Japanese are eager to establish regional production bases. With the Group’s excellent manufacturing management and quality management ability, it can enter the supply chain of international automobile manufacturing market.

(2) Negative factors

A. International raw material prices fluctuate greatly, which makes raw material inventory management and cost control more challenging. The main raw material of the group is steel. With the continuous growth of turnover, the use of raw material has increased significantly. Moreover, the Group has not signed long-term purchase contracts with suppliers, and the huge fluctuation of raw material prices makes it difficult to grasp the cost and delivery date.

Countermeasures:

Through direct interaction with customers, the Group understands the customers' needs, timely adjusts and arranges production resources, actively allocates and improves self-production and capacity, produces products in line with customer needs, and increases the competitiveness of products by providing high-quality products, reasonable prices and quality services. The Group also keeps abreast of the price fluctuations in the raw material market and purchases the most beneficial raw materials at the appropriate time. In addition, it also reduces production costs by means of economies of scale and improved manufacturing process to maintain profitability.

B. Wages are rising in China and Indonesia, which raise production costs

Countermeasures:

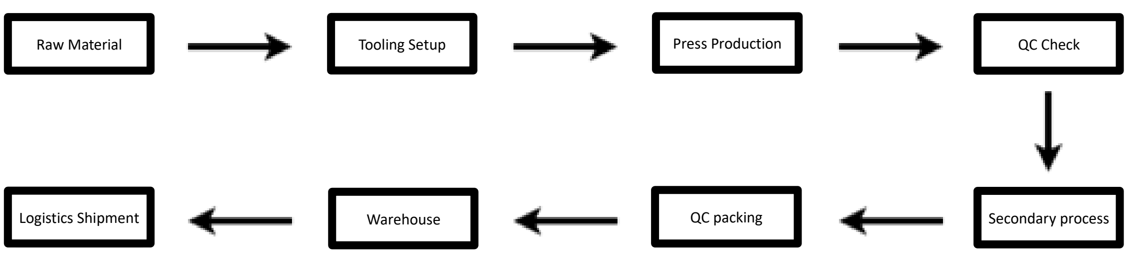
The Group not only improving production process to reduce the waste of raw materials in production and shorten labor hours, so that it can improve the production efficiency and reduce the cost simultaneously. The Group has also gradually increased the ratio of automated production and introduced automatic production machinery to replace part of the labor to stabilize product quality and reduce labor costs.

(II) Major Use and Production Procedures of Main Products

1. Major Use of Main Products

The Group mainly provides customers different type of precision processing of metal materials and professional manufacture of automotive and motorcycle components. Automobile components are mainly used in automobile door lock system, seat system, brake system, exhaust system, clutch and other related automobile safety systems. Motorcycle components are mainly used in motorcycle starter gear, brake system and clutch and other related motorcycle safety systems.

2. Production Procedures:



Supply Status of Main Materials

Major Raw Materials	Source of Supply	Supply Situation
Carbon steel	Shanghai Bimet, Brycote Corporation (the agent of products for China Steel Corporation), Hyundai	Fine
Stainless Steel	Jiangsu Daming, Wuxi Puxin	Fine
Stainless Iron	Jiangsu Daming	Fine

(III) Major Suppliers and Customers in the last two years:

1. A list of major suppliers accounting for 10% or more of the Company's order volume in either of the two most recent fiscal years and 2024 Q1, and the explanation of the reasons for increase or decrease:

Units: NTD thousands

2022				2023				2024 Q1			
Company	Amount	Ratio to annual net purchase (%)	Relation with the issuer	Company	Amount	Ratio to annual net purchase (%)	Relation with the issuer	Company	Amount	Ratio to annual net purchase (%)	Relation with the issuer
Jiangsu Daming	146,479	16.55	None	Jiangsu Daming	159,848	14.14	None	Jiangsu Daming	42,405	14.58	None
Shanghai Bimet	104,216	11.77	None	Shanghai Bimet	84,450	7.47	None	Shanghai Bimet	21,377	7.35	None
Others	634,447	71.68	None	Others	886,095	78.39	None	Others	227,155	78.07	None
Total	885,142	100.00	−	Total	1,130,393	100.00	−	Total	290,937	100.00	−

The reason for increase or decrease: The main reason that the change of purchase amount for the abovementioned suppliers is based on the change of product demand of the suppliers. The change is reasonable.

2. A list of any clients accounting for 10% or more of the Company's total sales amount in either of the two most recent fiscal years and 2024 Q1, and the explanation of the reasons for increase or decrease:

Units: NTD thousands

2022				2023				2024 Q1			
Company	Amount	Ratio to annual net revenue (%)	Relation with the issuer	Company	Amount	Ratio to annual net revenue (%)	Relation with the issuer	Company	Amount	Ratio to annual net revenue (%)	Relation with the issuer
Faurecia	445,404	31.37	None	Faurecia	517,290	28.47	None	Faurecia	141,368	35.21	None
Customer A	195,641	13.78	None	Customer A	182,395	10.04	None	Customer A	37,593	9.36	None
Others	778,864	54.85	None	Others	1,117,504	61.49	None	Others	222,524	55.43	None
Total	1,419,910	100.00	−	Total	1,817,189	100.00	−	Total	401,485	100.00	−

The reason for increase or decrease: The main reason that the change of sales amount for the abovementioned customer is based on the change of business demand of the customers. The change is reasonable.

(V) Production in the last two years

Unit: Units, Set, NTD thousands

Year / Production Major Products	2022			2023		
	Capacity (Note)	Quantity	Amount	Capacity (Note)	Quantity	Amount
Automobile components	15,000,000	10,214,144	67,348	15,000,000	9,320,254	77,073
Motorcycle components	135,000,000	97,735,583	819,662	135,000,000	98,473,570	1,069,397
Press production line machine	30	1	269	30	10	157,899
Robot rental and sales revenue	-	7	25,663	-	69	84,311
Total	150,000,030	107,949,735	912,942	150,000,030	107,793,903	1,388,680

Note: Capacity refers to the quantity that the company can produce with existing manufacturing equipment under normal operation after measuring the factors such as halt in production and holiday.

(VI) Sales value for the last two years

Unit: Units, Set, NTD thousands

Year/ Sales & Sales value Major Products	2022		2023	
	Sales	Sales value	Sales	Sales value
Automobile components	95,989,496	1,233,687	94,065,316	1,400,111
Motorcycle components	10,224,950	93,601	9,349,517	101,423
Press production line equipment and maintenance service (Note)	4	66,600	10	213,407
Software development	-	354	-	-
Robot rental and sales revenue	8	25,668	69	102,248
Total	106,214,458	1,419,910	103,414,912	1,817,189

III. In the last two years and the number of employees up to the printing date of this annual report

Unit: person

Year		2022	2023	Up to the printing date of this annual report in 2024
Staffs	Managers	43	52	46
	Administration Assistants	285	299	308
	Technicians	470	456	444
	Total	798	807	798
Average age		35.50	36.65	35.58
Average years of service		5.13	6.60	6.47
Academy Ratio	Doctor	1	1	1
	Master	10	10	9
	Bachelor’s Degree	106	117	105
	Below Senior High School	681	679	685

IV. DISBURSEMENTS FOR ENVIRONMENTAL PROTECTION

(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

The Group’s China plant (Wuxi Jingxin) has obtained the drainage license certificate (certificate no.: 2019-317) in September 2019, which allows the local urban drainage facilities to drain water within the scope of application.

(II) Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None

(III) Describing the process undertaken by the company on environmental pollution improvement for the last two years and up to the printing date of this annual report. If there had been any pollution dispute, its handling process shall also be described: There are no pollution dispute happened for the last two years and up to the printing date of this annual report.

(IV) Explain the losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

(V) Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming two years: The Group has obtained legal and complete environment operation licenses in the last two years and up to the printing date of this annual report. Each environmental protection work has been carried out effectively and there is no major environmental pollution.

V. LABOR RELATIONS

(I) List of employee benefits, in-service training, internal training, retirement system and implementation status, as well as employer-employee agreements, and protection measures for employees’ right:

1. Employee benefits

   The Group has always valued the employee benefits. Apart from establishing employee outings, marriage, funeral and other events, the Group also hold group insurance for employees and annual meetup, provide lunch and other events. In the meantime, the Group distributes compensation for employees on the basis of percentage regulated in the Article of Incorporation. Employee benefits and employees’ right are fully considered.

2. The status of in-service training and internal training

   For the quality of human resources, in addition to the strict appointment conditions, during the appointment period, the personnel department will formulate an annual education and training plan, including internal training and external courses, according to the needs of the employees' position and expertise, so as to improve the employees' themselves learning ability.

3. Retirement system and execution

   The Group’s retirement plans are governed by the relevant local related retirement system and regulations in each major operation location.

4. Employer-employee agreements, and protection measures for employees' right:

The Group has always valued the employees' right and the voice of employees. To maintain the good relations, the employees can communicate with personnel management department or proper senior managers through open communicate. So far, no major labor disputes have happened.

(II) Explain the losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Group has always valued the labor-management relation. There have been no losses resulting from labor disputes in the last two years and up to the printing date of this annual report.

VI. CYBER SECURITY MANAGEMENT

1. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

(1) Cyber security risk management framework

The Information Department is responsible for coordinating the formulation, implementation, risk management and compliance of information security and protection related policies. The department implements corporate information security policies, advocates information security information, enhances employee information security awareness, ensures internal compliance with relevant information security standards, procedures and regulations, and implements the effectiveness of information security management measures.

(2) Cyber security policies

Establish a secure and reliable computerized operating environment to ensure the security of the company's data, systems, equipment, and security and prevent unauthorized modification or use of data and systems, and protect the sustainable operation of the company and customers' rights and interests.

(3) Concrete management programs

A. Computer equipment security management

① Each application server and other equipment is set up in a dedicated computer room and cloud host.

② The physical computer room is equipped with independent air conditioning to maintain the operation of computer equipment in an appropriate temperature environment; And place a chemical fire extinguisher, which can be applied to fires caused by general or electrical appliances.

③ The main computer room is equipped with uninterruptible power equipment to avoid system downtime caused by instantaneous power failure, and to ensure that the operation of the computer application system will not be interrupted during temporary power failure.

B. Network security management

① Set up firewalls and set connection rules to prevent hackers from breaking in.

② If you need to log in to the company's intranet to access information, you must apply for a VPN account through the information service application form, and you can log in and use it through the VPN security method.

③ Set up online behavior management and filtering, block access to harmful or policy-permissible network addresses and content, strengthen network security, and prevent improper use of bandwidth resources.

C. Virus protection and management

Use anti-virus software and automatically update patterns to reduce the chance of virus infection.

D. Data access control

① Computer equipment should be kept by a special person, and account numbers and passwords should be set.

② On the day of resignation, delete each system account and reinstall the computer operating system.

③ Before the device is scrapped, confirm that the hard disk data has been erased, and when the hard disk is not in use, the hard disk platters will be physically destroyed.

E. Change resiliency mechanism

① Build an off-site backup system, adopt a daily backup mechanism, and store one backup data in each remote computer room to ensure the security of the system and data.

② Regularly implement system restoration drills to ensure the correctness of backup data.

(4) Investments in resources for cyber security management

A. Replace firewall devices from time to time.

B. Prepare to import international certification-related jobs.

(5) Information security risks and countermeasures

The Company has established relevant measures in its network and computers but cannot guarantee that it will completely avoid any third-party cyber-attacks.

In the event of a serious cyber-attack, the company's system may lose important information of the company, and the production line may be affected. The Corporate Information Department continuously reviews and evaluates its information security rules and procedures to ensure their appropriateness and effectiveness but cannot guarantee that it will not be affected by emerging risks and attacks in the face of rapidly changing information security threats.

In order to prevent and reduce incidents, we will continue to promote and improve relevant measures to strengthen network firewalls and network controls to prevent the spread of computer viruses across factories.

2. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: N/A.

VII. IMPORTANT CONTRACTS

Type of Contract	Counter Party	Contract Period	Highlights of Provisions	Covenant
Lease Agreement	Lessor: RBC Investor Lessee: Patec SG	2022.04-2025.03	Rent the office located at 03748P, Singapore (8,601 ft2)	None
Lease Agreement	Lessor: Wuxi Foretell Technology Co., Ltd. Lessee: Wuxi Jingxin and Wuxi Patec	2009.08-2024.07	Rent the land, building and equipment located at stage 5, shuofang industrial park, new district, Wuxi city	None
Lease Agreement	Lessor: Wuxi Foretell Technology Co., Ltd. Lessee: Wuxi Jingxin and Wuxi Patec	2017.01-2024.12	Rent the land, building and equipment located at stage 5, shuofang industrial park, new district, Wuxi city	None
Lease Agreement	Lessor: Realys Ingatlan Kft Lessee: Patec Kft	2018.04-2038.04	Rent land and building which the property registered land serial no. is 12995/4 (5,225 m^2)	None
General Agreement for Omnibus Credit Lines	Lender: Resona Borrower: Patec SG Guarantor: Patec Precision	2020.11.25-2025.11.24	1. Total credit amount: SGD 3 million 2. Collateral conditions: The Company has signed the guarantee that the maximum amount is SGD 3 million and bear jointly and severally responsibility for guarantee.	None
General Agreement for Omnibus Credit Lines	Lender: HSBC Borrower: Patec SG Guarantor: Patec Precision	2020.11.25-2025.11.25	1. Total credit amount: SGD 2 million 2. Collateral conditions: The Company has signed the guarantee that the maximum amount is SGD 2 million and bear jointly and severally responsibility for guarantee.	None
General Agreement for Omnibus Credit Lines	Lender: HSBC Borrower: Patec SG Guarantor: Patec Precision	2021.07.15-2026.07.15	1. Total credit amount: SGD 1 million 2. Collateral conditions: The Company has signed the guarantee that the maximum amount is SGD 1 million and bear jointly and severally responsibility for guarantee.	None
General Agreement for Omnibus Credit Lines	Lender: Budapest Borrower: Patec Kft	2020.11.19-2026.11.18	Total credit amount: EUR 0.5 million	None
General Agreement for Omnibus Credit Lines	Lender: CTBC Borrower: Patec SG Guarantor: Patec Precision	2023.01.27-2025.01.27	1. Total credit amount: USD 2 million 2. Collateral conditions: The Company has signed the guarantee that the maximum amount is USD 2 million and bear jointly and severally responsibility for guarantee.	None

Six. AN OVERVIEW OF THE COMPANY'S FINANCIAL STATUS

I. Condensed financial information for the Last 5 Years

(I) Condensed Balance Sheets and Income Statements

1. Condensed Balance Sheets – Based on IFRS

Units: NTD thousands

Item \ Year		Financial Summary for The Last Five Years					
		2019	2020	2021	2022	2023	As of March 31,
Current assets		1,716,011	1,693,943	1,608,360	1,487,274	1,935,725	1,978,613
Property, Plant and Equipment		249,421	266,663	254,197	236,599	215,404	215,567
Right-of-use assets		305,338	260,831	255,299	238,089	243,830	241,011
Intangible assets		4,961	4,701	6,055	13,659	28,071	25,673
Other assets		41,555	37,724	32,830	56,079	71,181	70,265
Total assets		2,317,286	2,263,862	2,156,741	2,031,700	2,494,211	2,531,129
Current liabilities	Before distribution	721,683	591,238	558,955	529,401	504,605	510,557
	After distribution	724,373	608,086	696,234	533,977	529,801	510,557
Non-current liabilities		266,796	373,861	368,877	365,091	411,388	359,768
Total liabilities	Before distribution	988,479	965,099	927,832	894,492	915,993	870,325
	After distribution	991,169	981,947	1,065,111	899,068	941,189	870,325
Equity Attributable to Shareholders of the Parent		1,143,092	1,137,064	1,145,367	1,135,742	1,529,539	1,621,679
Capital stock		448,268	457,597	457,597	457,597	498,434	503,912
Capital surplus		372,244	342,507	358,335	390,335	623,110	650,961
Retained Earnings	Before distribution	492,743	500,030	478,271	409,892	545,860	559,217
	After distribution	474,364	483,182	340,992	405,316	509,578	559,217
Others equity		(134,066)	(163,070)	(148,836)	(122,082)	(137,865)	(92,411)
Treasury stock		(36,097)	-	-	-	-	-
Non-controlling interest		185,715	161,699	83,542	1,466	48,679	39,125
Total equity	Before distribution	1,328,807	1,298,763	1,228,909	1,137,208	1,578,218	1,660,804
	After distribution	1,326,117	1,281,915	1,091,630	1,132,632	1,553,022	1,660,804

Source: The annual financial report that has been audited or reviewed by CPAs is based on IFRS.

Note: The distribution of the 2023 retained earnings was approved by the Board of Directors on May 13, 2024, but which has not been approved by the Annual General Shareholders' Meeting yet.

2. Condensed Statement of Comprehensive Income– Based on IFRS

Units: NTD thousands

Item \ Year	Financial Summary for The Last Five Years					
	2019	2020	2021	2022	2023	As of March 31,
Operating Revenue	1,795,565	1,181,611	1,368,325	1,419,910	1,817,189	401,485
Operating margin	437,621	293,338	356,356	394,246	578,948	114,536
Operating profit	113,020	54,481	89,743	113,068	180,775	(3,600)
Non-operating income and expenses	(1,148)	(1,370)	20,576	8,748	(170)	16,489
Profit before income tax	111,872	53,111	110,319	121,816	180,605	12,889
Net profit from continuing operations	111,872	53,111	110,319	121,816	180,605	12,889
Net loss from discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	52,296	27,288	70,421	71,580	126,652	2,953
Other comprehensive income (income after tax)	(57,404)	(46,933)	10,404	39,135	(10,795)	44,326
Total comprehensive income for the year	(5,108)	(19,645)	80,825	110,715	115,857	47,279
Net income attributable to Shareholders of the parent	38,797	31,528	67,300	74,862	139,249	13,357
Net income attributable to non-controlling interests	13,499	(4,240)	3,121	(3,282)	(12,597)	(10,404)
Total comprehensive income attributable to owners of the parent	(14,360)	(3,338)	77,871	112,494	128,458	56,833
Total comprehensive income attributable to non-controlling interest	9,252	(16,307)	2,954	(1,779)	(12,601)	(9,554)
Earnings per share	0.85	0.69	1.47	1.64	2.99	0.27

Source: The annual financial report that has been audited or reviewed by CPAs is based on IFRS.

(II) The name of the CPAs and their auditor's opinions for the most recent five years:

Year	CPA	Name of CPA	Audit Opinion	Remarks
2018	Chin-Chang Chen Yi-Fan Lin	PwC Taiwan	Unqualified opinion	–
2019	Chin-Chang Chen Yi-Fan Lin	PwC Taiwan	Unqualified opinion	–
2020	Chin-Chang Chen Yi-Fan Lin	PwC Taiwan	Unqualified opinion	–
2021	Chin-Chang Chen Yi-Fan Lin	PwC Taiwan	Unqualified opinion	–
2022	Yi-Fan Lin Chin-Chang Chen	PwC Taiwan	Unqualified opinion	–
2023	Kuan-Hao, Li Yi-Chi Chein	Deloitte & Touche	Unqualified opinion	–

II. FINANCIAL ANALYSIS FOR THE PAST 5 FISCAL YEARS

(I) Financial Ratio Analysis – Based on IFRS

Units: NTD thousand

Item	Year	2019	2020	2021	2022	2023	As of March 31,
		FINANCIAL ANALYSIS FOR THE PAST 5 FISCAL YEARS					
Financial structure (%)	Debt Ratio	42.66	42.63	43.02	44.03	36.72	34.38
	Ratio of long-term capital to property, plant and equipment	624.74	599.41	603.56	616.41	904.74	918.81
Solvency (%)	Current ratio	237.78	286.51	287.74	280.94	383.61	387.54
	Quick ratio	168.11	222.29	202.89	175.88	281.15	278.31
	Interest coverage ratio	9.88	7.07	11.65	12.08	11.36	4.18
Operating performance	Accounts receivable turnover (times)	2.84	2.51	3.41	3.35	3.42	2.69
	Average collection days	128.52	145.42	106.41	108.95	106.72	135.68
	Inventory Turnover (Times)	2.67	2.12	2.49	2.05	2.30	2.14
	Accounts payable turnover (times)	6.81	5.52	5.90	5.95	7.28	5.81
	Average days in sales	136.70	172.17	146.58	178.04	158.69	170.56
	Property, plant and equipment turnover (times)	6.41	4.58	5.25	5.79	8.04	7.45
	Total assets turnover (times)	0.80	0.52	0.62	0.68	0.80	0.64
Profitability	Return on Total Assets (%)	2.74	1.47	3.52	3.80	6.15	0.93
	Return on stockholders' equity (%)	3.90	2.08	5.57	6.05	9.33	0.73
	Pre-tax income to paid-in capital (%)	24.96	11.61	24.11	26.62	36.23	10.23
	Net Margin (%)	2.91	2.31	5.15	5.04	6.97	0.74
	Earnings per share (NTD)	0.88	0.69	1.47	1.64	2.99	0.27
Cash Flow	Cash flow ratio (%)	55.61	35.25	22.95	(2.91)	17.09	6.38
	Cash flow adequacy ratio (%)	188.31	284.05	271.91	170.66	241.21	100.60
	Cash reinvestment ratio (%)	22.19	10.01	1.86	(8.71)	3.31	1.22
Leverage	Operating leverage	6.65	7.10	6.38	5.35	5.12	(8.85)
	Financial leverage	1.13	1.19	1.13	1.11	1.11	0.47

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

(1) Ratio of long-term capital to property, plant and equipment: Long- term funds were higher because of the completion of cash capital increase and the issuing of 3-year convertible corporate bonds.

(2) Current ratio and Quick ratio: Mainly due to the increase in cash and cash equivalents.

(3) Accounts payable turnover (times): The increase in material reserves is mainly due to operating growth, and the payment term is shorter.

(4) Property, plant and equipment turnover (times): Mainly due to the overall operating growth.

(5) Profitability: Due to the considerable growth of the overall operating income, coupled with the effective cost control, the overall profit has been significantly improved.

(6) Cash Flow: In the past two years, the business has grown year by year, and both have generated a net cash inflow from the operation, which has made the company's working capital abundant.

Source: The annual financial report that has been audited or reviewed by CPAs is based on IFRS.

Note 1: No information on the net cash flow of operating activities for the latest five years is available for calculation.

Note 2: The computation formula of financial analysis.

1. Financial structure
   (1) Debt Ratio= Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment= (Total equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio= Current assets / Current liabilities
   (2) Quick ratio= (Current assets – Inventory – Prepaid expenses) / Current liabilities
   (3) Interest coverage ratio= Income before income tax and interest expenses / Current interest expenses
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business operations) turnover= Net sales / Average accounts receivable (including accounts receivable and notes receivable arising from business operations)
   (2) Average collection days= 365/ Accounts receivable turnover
   (3) Inventory turnover= Cost of sales / Average inventory
   (4) Accounts payable (including accounts payable and notes payable arising from business operations) turnover= Cost of sales / Average accounts payable (including accounts payable and notes payable arising from business operations)
   (5) Average days in sales= 365/ Inventory turnover
   (6) Property, plant and equipment turnover= Net Sales / Average net property, plant and equipment
   (7) Total assets turnover= Net Sales / Average total assets
4. Profitability
   (1) Return on total asset= (Net income (loss) + Interest expenses x (1 -Tax rate)) / Average total assets
   (2) Return on stockholders' equity= Net income (loss) / Average total equity
   (3) Profit ratio= Net income (loss)/ Net sales
   (4) Earnings per share= (Net income (loss) attributable to owners of the parent – Preferred Shares) / Weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio= Net cash from operating activities / Current liability
   (2) Cash flow adequacy ratio = Five-year sum of net cash from operating activities / Five-year sum of capital expenditures, Increase in inventory and Cash dividend)
   (3) Cash reinvestment ratio= (Net cash from operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other asset + Working capital)
6. Leverage:
   (1) Operating leverage= (Net sales - Variable cost) / Operating income
   (2) Financial leverage= Operating income / (Operating Income – Interest expenses)

III. SUPERVISORS' OR AUDIT COMMITTEE'S REPORT FOR THE MOST RECENT YEAR'S FINANCIAL STATEMENT

Patec Precision Industry Co., Ltd.
2023 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPAs of Deloitte & Touche, Mr. Kuan-Hao, Li and Mr. Yi-Chi, Chein were retained to audit PATEC's Financial Statements and have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Patec Precision Industry Co., Ltd.

Chairman of the Audit Committee

Yen Chun-Teck

14th March 2024

IV. FINANCIAL STATEMENT FOR THE MOST RECENT FISCAL YEAR

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Patec Precision Industry Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter in the audit of the Group's consolidated financial statements is stated below:

Authenticity of Sales Revenue

Since some single customers contributed more to the Group's operating revenue in 2023 and there was material change on the amount of operating revenue as compared with the same period last year, the occurrence of the operating revenue from the abovementioned customers was identified as a key audit matter. Refer to Note 4 to the Group's financial statements for the accounting policy of revenue recognition.
Our audit procedures for the aforementioned key audit matter are described as follows:

1. Understand and test the design and implementation of internal controls related to the sales revenue recognition.

2. Sample the revenue details, review the relevant supporting documents, test the receipt, and verified the consistency of the sales counterparties and the recipients to confirm the authenticity of sales transactions.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2022 has been audited by other auditors who expressed an unmodified opinion on those statements on March 23, 2023.

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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 and supervisors, 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao, Li and Yi-Chi, Chein.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 695,346	28	$ 365,309	18
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	387	-	-	-
Financial assets at amortized cost - current (Notes 4, 8 and 30)	83,373	3	100,519	5
Notes receivable, net (Notes 4, 9 and 30)	30,770	1	13,554	1
Accounts receivable, net (Notes 4 and 9)	573,511	23	436,935	22
Finance lease receivables - current (Notes 4 and 10)	10,570	1	8,572	-
Other receivables (Note 4)	24,752	1	6,227	-
Inventories (Notes 4 and 11)	454,940	18	516,581	25
Prepayments	62,076	3	39,577	2
Total current assets	1,935,725	78	1,487,274	73
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 13 and 30)	215,404	9	236,599	12
Right-of-use assets (Notes 4, 14 and 30)	243,830	10	238,089	12
Intangible assets (Note 4)	28,071	1	13,659	1
Finance lease receivables - non-current (Notes 4 and 10)	8,698	-	13,777	1
Deferred tax assets (Notes 4 and 22)	24,306	1	12,698	-
Other non-current assets	38,177	1	29,604	1
Total non-current assets	558,486	22	544,426	27
TOTAL ASSETS	$ 2,494,211	100	$ 2,031,700	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 30)	$ 85,171	3	$ 103,257	5
Contract liabilities - current (Note 20)	30,362	1	33,129	2
Notes payable	23,911	1	7,538	-
Accounts payable	160,306	7	148,375	7
Other payables (Note 17)	73,481	3	91,255	4
Current tax liabilities (Note 4)	31,059	1	31,875	2
Current lease liabilities (Notes 4 and 14)	25,391	1	25,831	1
Long-term liabilities, current potion (Notes 15 and 30)	65,720	3	76,493	4
Other current liabilities	9,204	-	11,648	1
Total current liabilities	504,605	20	529,401	26
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 16)	157,389	6	-	-
Long-term borrowings (Notes 15 and 30)	45,043	2	160,562	8
Deferred tax liabilities (Notes 4 and 22)	8,873	1	5,344	-
Lease liabilities - non-current (Notes 4 and 14)	168,188	7	160,660	8
Other non-current liabilities (Notes 4 and 18)	31,895	1	38,525	2
Total non-current liabilities	411,388	17	365,091	18
Total liabilities	915,993	37	894,492	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 19)				
Share capital	498,434	20	457,597	23
Capital surplus	623,110	25	390,335	19
Retained earnings				
Special reserve	163,070	7	163,070	8
Unappropriated retained earnings	382,790	15	246,822	12
Total retained earnings	545,860	22	409,892	20
Other equity	(137,865)	(6)	(122,082)	(6)
Total equity attributable to owners of the parent	1,529,539	61	1,135,742	56
NON-CONTROLLING INTEREST (Notes 19 and 25)	48,679	2	1,466	-
Total equity	1,578,218	63	1,137,208	56
TOTAL LIABILITIES AND EQUITY	$ 2,494,211	100	$ 2,031,700	100

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

PATEC PRECISION INDUSTRY 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 Amounts)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 20)	$ 1,817,189	100	$ 1,419,910	100
OPERATING COSTS (Notes 11 and 21)	1,238,241	68	1,025,664	72
GROSS PROFIT	578,948	32	394,246	28
OPERATING EXPENSES (Notes 9 and 21)				
Selling and marketing expenses	95,910	5	63,381	4
General and administrative expenses	249,846	14	183,686	13
Research and development expenses	48,016	3	39,085	3
Expected credit loss (gain)	4,401	-	(4,974)	-
Total operating expenses	398,173	22	281,178	20
OPERATING PROFIT	180,775	10	113,068	8
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	12,673	1	3,476	1
Other income	18,171	1	13,302	1
Other gains and losses	(13,580)	(1)	2,969	-
Finance costs	(17,434)	(1)	(10,999)	(1)
Total non-operating income and expenses	(170)	-	8,748	1
INCOME BEFORE INCOME TAX	180,605	10	121,816	9
INCOME TAX EXPENSE (Notes 4 and 22)	53,953	3	50,236	4
NET PROFIT FOR THE YEAR	126,652	7	71,580	5
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurement of defined benefit plans (Notes 4 and 18)	1,660	-	2,917	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 22)	(365)	-	(642)	-

(Continued)

PATEC PRECISION INDUSTRY 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 Amounts)

	2023		2022	
	Amount	%	Amount	%
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation (Notes 4 and 19)	$ (12,090)	(1)	$ 37,057	3
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 4 and 22)	-	-	(197)	-
Total other comprehensive income	(10,795)	(1)	39,135	3
TOTAL COMPREHENSIVE INCOME	$ 115,857	6	$ 110,715	8
PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Parent	$ 139,249	8	$ 74,862	5
Non-controlling interests	(12,597)	(1)	(3,282)	-
	$ 126,652	7	$ 71,580	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 128,458	7	$ 112,494	8
Non-controlling interests	(12,601)	(1)	(1,779)	-
	$ 115,857	6	$ 110,715	8
EARNINGS PER SHARE (Note 23)				
Basic earnings per share	$ 2.99		$ 1.64	
Diluted earnings per share	$ 2.93		$ 1.63	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

PATEC PRECISION INDUSTRY 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)

	Equity Attributable to Owners of the Parent								
			Retained Earnings		Other Equity				
	Share Capital	Capital Surplus	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Stock-based Employee Compensation	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 457,597	$ 358,335	$ 163,070	$ 315,201	$ (148,836)	$ -	$ 1,145,367	$ 83,542	$ 1,228,909
Net profit	-	-	-	74,862	-	-	74,862	(3,282)	71,580
Other comprehensive income (loss) for the year, net of income tax	-	-	-	2,275	35,357	-	37,632	1,503	39,135
Total comprehensive income	-	-	-	77,137	35,357	-	112,494	(1,779)	110,715
Appropriations of 2021 earnings Cash dividends	-	-	-	(137,279)	-	-	(137,279)	-	(137,279)
Appropriations of first half of 2022 earnings Cash dividends	-	-	-	(8,237)	-	-	(8,237)	-	(8,237)
Changes in ownership interests in subsidiaries	-	22,754	-	-	-	-	22,754	(80,297)	(57,543)
Share-based payment	-	9,246	-	-	-	(8,603)	643	-	643
BALANCE AT DECEMBER 31, 2022	457,597	390,335	163,070	246,822	(113,479)	(8,603)	1,135,742	1,466	1,137,208
Net profit	-	-	-	139,249	-	-	139,249	(12,597)	126,652
Other comprehensive income/(loss) for the year, net of income tax	-	-	-	1,295	(12,086)	-	(10,791)	(4)	(10,795)
Total comprehensive income (loss)	-	-	-	140,544	(12,086)	-	128,458	(12,601)	115,857
Appropriations of 2023 earnings Cash dividends	-	-	-	(4,576)	-	-	(4,576)	-	(4,576)
Issuance of ordinary shares for cash	30,000	144,000	-	-	-	-	174,000	-	174,000
From share of changes in equities of subsidiaries	-	37,842	-	-	-	-	37,842	59,814	97,656
Share-based payment	5,937	8,258	-	-	-	(3,697)	10,498	-	10,498
Equity component of convertible bonds issued by the Company	-	18,001	-	-	-	-	18,001	-	18,001
Convertible bonds converted to ordinary shares	4,900	24,674	-	-	-	-	29,574	-	29,574
BALANCE AT DECEMBER 31, 2023	$ 498,434	$ 623,110	$ 163,070	$ 382,790	$ (125,565)	$ (12,300)	$ 1,529,539	$ 48,679	$ 1,578,218

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

PATEC PRECISION INDUSTRY 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)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 180,605	$ 121,816
Adjustments for:		
Depreciation expense	75,549	73,888
Amortization expense	5,035	2,258
Expected credit loss (gain)	4,401	(4,974)
Gain on financial instruments at fair value through profit or loss	(149)	(94)
Finance costs	17,434	10,999
Interest income	(12,673)	(3,476)
Share-based compensation	10,498	643
Gain on disposal of property, plant and equipment	(1,454)	(3,939)
Write-down of inventories	35,196	17,238
Gain recognized in bargain purchase transaction	-	(5,504)
Changes in operating assets and liabilities		
Notes receivable	(17,216)	(8,614)
Accounts receivable	(140,814)	(67,989)
Other receivables	(5,900)	8,409
Inventories	25,478	(110,551)
Prepayments	(22,499)	11,437
Finance lease receivables	3,224	(7,977)
Contract liabilities	(2,767)	16,237
Notes payable	16,373	(20,045)
Accounts payable	11,931	(12,690)
Other payables	(22,350)	12,924
Other current liabilities	(2,444)	4,553
Other non-current liabilities	(5,335)	(15,341)
Cash generated from operations	152,123	19,208
Interest received	12,673	3,476
Interest paid	(15,736)	(10,999)
Income taxes paid	(62,848)	(27,117)
Net cash generated from (used in) operating activities	86,212	(15,432)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	-	42,272
Acquisitions of financial assets at amortized cost	(52,770)	(57,306)
Proceeds from disposal of financial assets at amortized cost	69,600	27,627
Acquisitions of property, plant and equipment	(21,802)	(14,601)
Proceeds from disposal of property, plant and equipment	3,728	8,382
Acquisitions of intangible assets	(19,217)	(8,940)
Increase in other non-current assets	(8,573)	(15,315)
Net cash used in investing activities	(29,034)	(17,881)

(Continued)

PATEC PRECISION INDUSTRY 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)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	$ 217,385	$ 151,567
Repayments of short-term borrowings	(238,165)	(208,672)
Proceeds from issuance of convertible bonds	203,030	-
Proceeds from long-term bank loans	46,883	83,280
Repayments of long-term bank loans	(175,929)	(92,077)
Repayment of the principal portion of lease liabilities	(31,412)	(28,923)
Cash dividends paid	-	(145,516)
Proceeds from issuance of ordinary shares	174,000	-
Payments for acquisition of equity of non-controlling interests	-	(38,641)
Cash dividends paid to non-controlling shareholders	85,120	-
Net cash generated from (used in) financing activities	280,912	(278,982)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(8,053)	43,922
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	330,037	(268,373)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	365,309	633,682
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 695,346	$ 365,309

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Patec Precision Industry Co., Ltd. (the "Company") was incorporated in the Cayman Islands on June 29, 2011. The Company and its subsidiaries (collectively referred to as the "Group") are primarily engaged in investment holdings, production and sale of press machines and parts for automobiles and motorcycles. Since June 3, 2015, the Company's stocks have been officially listed on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on March 14, 2024.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Tables 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost are translated using the exchange rate at the date of the transaction, and are not retranslated.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of the Group's entire interest in a foreign operation (i.e., a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except for those that may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method with their estimated useful lives. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at least once at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

h. Intangible assets

1) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

Upon being available for use, internally generated intangible assets are amortised on a straight-line basis over their estimated useful life of 5 years.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

The conventional transaction for financial assets is recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income, any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable and other receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

At each balance sheet date, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, accounts receivable and other receivables).

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

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

For internal credit risk management purposes, the Group considers the following situation as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- Internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group entity are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

k. Provisions

The Group's obligation to provide a repair or exchange for faulty products under the standard warranty terms is recognized as a provision.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of press machines, parts for automobiles and motorcycles, and service robots. Sales revenue and accounts receivable are recognized when the customer has full discretion over the manner of distribution and price to sell the products, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

2) Leasing business

The Group manufactures and leases service robots. When the lease terms transfer substantially all risks and rewards incidental to ownership to the lessee, the lease are classified as finance leases. Under finance leases, the amounts due from lessees are recorded as lease receivables and finance income is allocated to accounting periods to reflect a constant periodic rate of return.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related cost for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company’s defined benefit plan.

p. Share-based payment arrangements

The fair value at the grant date of the employee share options and restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At each balance sheet date, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 5	$ 5
Demand deposits	670,249	357,257
Cash equivalents		
Time deposits with original maturities of less than three months	25,092	8,047
	$ 695,346	$ 365,309

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (non-designated hedges)		
Call option of convertible bonds (Note 16)	$ 387	$ -

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Restricted bank deposits	$ 14,161	$ -
Restricted time deposits	38,255	43,080
Time deposits with original maturities of more than 3 months (a)	30,957	57,439
	$ 83,373	$ 100,519

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 5.23% and 3.20%-3.87% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 30 for information relating to pledged as security of investments in financial assets at amortized cost.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
Notes receivable		
Gross carrying amount	$ 30,770	$ 13,554
Less: Allowance for impairment loss	-	-
Notes receivable, net	$ 30,770	$ 13,554
Accounts receivable		
Gross carrying amount	$ 580,360	$ 439,545
Less: Allowance for impairment loss	(6,849)	(2,610)
Accounts receivable, net	$ 573,511	$ 436,935

Notes Receivable and Accounts Receivable

The credit policy of the Group primarily follows contractual provisions, with no interest accrued on account receivable and notes receivable. In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past default records of the customer, the customers and an analysis of current financial position, as well as the forecast ability of Basel Committee on Banking Supervision, the GDP forecasts and industry outlook.

As there are different loss patterns for various customer segments, the Group uses different provision matrixes based on customer segments by geographical region, and the expected credit loss rate is based on the number of past due days of accounts receivable.

The following table details the loss allowance of notes and accounts receivables based on the Group's provision matrix.

	December 31			
	2023		2022	
	Expected Credit Loss Rate (%)	Gross Carrying Amount	Expected Credit Loss Rate (%)	Gross Carrying Amount
Not past due	0.03-1.49	$ 482,882	0.03-4.27	$ 407,037
0 to 30 days	0.03-6.67	62,397	0.03-19.67	27,075
31 to 90 days	0.03-22.44	47,493	0.03-50.63	9,857
91 to 180 days	0.03-49.71	11,084	0.03-96.65	7,534
Over 181 days	6.67-100	7,274	100	1,596
Gross carrying amount		611,130		453,099
Loss allowance (Lifetime ECLs)		(6,849)		(2,610)
Amortized cost		$ 604,281		$ 450,489

Movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 2,610	$ 8,272
Recognition (reversal)	4,564	(6,038)
Effect of foreign currency exchange difference	(325)	376
Balance, ending of year	$ 6,849	$ 2,610

10. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
Undiscounted lease payments		
2023	$ -	$ 9,522
2024	11,578	9,181
2025	7,764	5,705
2026	2,340	799
2027	109	-
	21,791	25,207
Less: Unearned finance income	(1,543)	(1,735)
Less: Allowance for impairment loss	(980)	(1,123)
Net investment in leases presented as finance lease receivables	$ 19,268	$ 22,349
Current	$ 10,570	$ 8,572
Non-current	$ 8,698	$ 13,777

The Group leased various assets including robots, the average terms of the financed lease is from 2 to 5 years.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The movements of the loss allowance of finance lease receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 1,123	$ -
Recognition (reversal)	(163)	1,064
Effect of foreign currency exchange difference	20	59
Balance, ending of year	$ 980	$ 1,123

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 184,937	$ 154,577
Work in progress	118,928	144,998
Finished goods	151,075	217,006
	$ 454,940	$ 516,581

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 1,203,045	$ 1,008,426
Inventory write-downs	35,196	17,238
	$ 1,238,241	$ 1,025,664

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Main Businesses	2023	2022	Note
The Company	PATEC PTE. LTD. (PATEC)	Sales of press machines	100.00	100.00	-
PATEC	Press Automation Technology Pte. Ltd. (PAT)	Production and sales of press machines	100.00	100.00	-
PATEC	Wuxi Jingxin Precision Machining Co., Ltd. (Wuxi Jingxin)	Production and sales of products for automobiles	100.00	100.00	-
PATEC	Patec Precision Kft (KFT)	Production and sales of products for automobiles	100.00	100.00	-
PATEC	Kabam Pte. Ltd. (KABAM)	Sales and lease of service robot	69.20	78.70	Notes 3, 6 and 7
PATEC	Patec Intelligent Equipment (Wuxi) Co., Ltd. (Patec Intelligent)	Production and sales of intelligent equipments	80.00	-	Note 5

(Continued)

Investor	Investee	Main Businesses	Proportion of Ownership (%) December 31 2023	2022	Note
PAT	PT. PATEC PRESISI ENGINEERING (PT. Patec)	Production and sales of products for automobiles and motorcycles	100.00	100.00	Note 1
Wuxi Jingxin	Wuxi Patec Precision Molding Co., Ltd. (Wuxi Patec)	Production and sales of press machines	100.00	100.00	-
Wuxi Jingxin	Wuxi Kabam Intelligent Technology Co., Ltd. (Wuxi Kabam)	Production and sales of robots	100.00	-	Note 4
PT. Patec	PT. PDF Presisi Engineering (PT. PDF)	Production and sales of products for automobiles	88.97	88.97	-
PT. Patec	PT. API Precision (PT. API)	Production and sales of products for automobiles	88.77	88.77	-
KABAM	Cognicept Systems Pte. Ltd. (Cognicept)	Operating system software development	100.00	100.00	Note 2

(Concluded)

Note 1: In January 2022, this group purchased the remaining 30% equity interest in its Indonesian subsidiary, PT. Patec, from its shareholder through its subsidiary, PAT, increasing its ownership from 70% to 100% for a consideration of US$2,050 thousand. The transaction was based on the equity valuation opinion of PT. Patec provided by ADEAL Innovation Financial Advisory Co., Ltd. As of December 31, 2022, there was still an outstanding balance of US$615 thousand, which was recorded as other payables. The balance was settled in February 2023.

Note 2: In March 2022, the Group purchased 100% equity interest in Cognicept through its subsidiary, PATEC, which held a 4.25% equity interest in KABAM. Subsequently, the Group reorganized Cognicept into a subsidiary of KABAM.

Note 3: In November 2022, the Group increased capital in its subsidiary, KABAM, through its subsidiary PATEC, and its ownership percentage decreased to 78.70% from the previous level of control.

Note 4: The board of directors of the Company resolved to invest RMB2,000 thousand through Wuxi Jingxin to incorporate Wuxi Kabam as a wholly owned subsidiary in March 2023. The Company completed the establishment registration and the capital injection were completed in March 2023.

Note 5: The board of directors of the Company resolved to establish Patec Intelligent through a joint investment from the Corporation, in which the Company would own 80% of the equity. The Company completed the establishment registration and injected capital of US$1,600 thousand in December 2023.

Note 6: In June 2023, the Group increased capital of SGD3,500 thousand in its subsidiary, KABAM, through its subsidiary, PATEC, according to the shareholding ratio.

Note 7: KABAM entered into a collaboration agreement with outside investors and resolved to increase capital in October 2023. PATEC did not participate in this subscription, as a consequence its ownership percentage decreased to 69.20% from the previous level of control. After the capital increase, KABAM is still controlled by the Company.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Property Under Construction	Total
Cost								
Balance at January 1, 2023	$ 67,290	$ 684,293	$ 16,769	$ 12,092	$ 13,317	$ 34,481	$ 18,082	$ 846,324
Additions	3,058	3,763	5,073	2,342	-	6,207	1,359	21,802
Disposals	-	(14,581)	(912)	(92)	-	(668)	-	(16,253)
Reclassified	-	18,161	-	(168)	192	234	(18,419)	-
Effects of foreign currency exchange differences	127	(83)	(122)	(63)	38	505	437	839
Balance at December 31, 2023	$ 70,475	$ 691,553	$ 20,808	$ 14,111	$ 13,547	$ 40,759	$ 1,459	$ 852,712
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ 29,771	$ 522,214	$ 12,396	$ 10,311	$ 12,007	$ 23,026	$ -	$ 609,725
Disposals	-	(12,390)	(871)	(28)	-	(601)	-	(13,890)
Depreciation expense	2,612	34,716	1,260	600	953	2,364	-	42,505
Effects of foreign currency exchange differences	37	(1,345)	(54)	(68)	39	359	-	(1,032)
Balance at December 31, 2023	$ 32,420	$ 543,195	$ 12,731	$ 10,815	$ 12,999	$ 25,148	$ -	$ 637,308
Carrying amount at December 31, 2023	$ 38,055	$ 148,358	$ 8,077	$ 3,296	$ 548	$ 15,611	$ 1,459	$ 215,404
Cost								
Balance at January 1, 2022	$ 57,620	$ 650,237	$ 14,908	$ 11,438	$ 12,552	$ 29,343	$ 17,262	$ 793,360
Additions	3,508	3,212	2,685	709	69	3,346	1,072	14,601
Disposals	-	(5,629)	(503)	(370)	-	(99)	-	(6,601)
Reclassified	-	256	436	9	-	339	(1,040)	-
Effects of foreign currency exchange differences	6,162	36,217	(757)	306	696	1,552	788	44,964
Balance at December 31, 2022	$ 67,290	$ 684,293	$ 16,769	$ 12,092	$ 13,317	$ 34,481	$ 18,082	$ 846,324
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ 24,754	$ 462,064	$ 12,725	$ 9,862	$ 9,405	$ 20,353	$ -	$ 539,163
Disposals	-	(1,298)	(438)	(333)	-	(89)	-	(2,158)
Depreciation expense	2,347	36,354	1,023	556	2,028	1,677	-	43,985
Effects of foreign currency exchange differences	2,670	25,094	(914)	226	574	1,085	-	28,735
Balance at December 31, 2022	$ 29,771	$ 522,214	$ 12,396	$ 10,311	$ 12,007	$ 23,026	$ -	$ 609,725
Carrying amount at December 31, 2022	$ 37,519	$ 162,079	$ 4,373	$ 1,781	$ 1,310	$ 11,455	$ 18,082	$ 236,599

Each class of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	25-27 years
Machinery	5-10 years
Transportation equipment	5-10 years
Office equipment	3-10 years
Leasehold improvement	5-10 years
Other equipment	5-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 42,493	$ 43,838
Buildings	195,199	188,643
Machinery	4,396	5,543
Transportation equipment	1,742	65
	$ 243,830	$ 238,089

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 34,340	$ 260
Depreciation charge for right-of-use assets		
Land	$ 1,479	$ 1,417
Buildings	30,233	26,617
Machinery	1,249	1,210
Transportation equipment	83	652
Office equipment	-	7
	$ 33,044	$ 29,903

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 25,391	$ 25,831
Non-current	$ 168,188	$ 160,660

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings		
Office equipment	3.00%	1.20%
Transportation equipment	0.13%-4.40%	0.13%-4.40%
	6.85%	4.48%

c. Material leasing activities and terms

The Group leases various assets including land, buildings, machinery and business vehicles, with lease terms ranging from 1 to 34 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, but leased assets may not be used as security for borrowing purposes.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 14,255	$ 11,852
Total cash outflow for leases	$ (46,924)	$ (41,730)

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Bank loans	$ 49,126	$ 72,023
Unsecured borrowings		
Line of credit borrowings	36,045	31,234
	$ 85,171	$ 103,257

The interest rates on bank loans were 5.43%-5.70% and 0.19%-6.50% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Bank loans	$ 42,878	$ 108,475
Unsecured borrowings		
Bank loans	67,885	128,580
	110,763	237,055
Less: Current portion	(65,720)	(76,493)
	$ 45,043	$ 160,562
Range of interest rate	0.69%-6.25%	0.19%-3.50%

Bank loans are repayable monthly or quarterly. The maturity dates of long-term bank loan are listed below:

	December 31	
	2023	2022
Contract periods	2020.11.19-2026.11.6	2020.11.19-2026.11.6

The Company provides assets to financial institutions as collaterals for long-term loans, please refer to Note 30 for details of the collaterals.

16. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured domestic convertible bonds	$ 157,389	$ -

With the approval of the Financial Supervisory Commission, the Company issued the second unsecured domestic convertible bonds of $200,000 thousand with a zero-coupon interest rate in Taiwan, the duration period is 3 years. Major terms and conditions are as follows:

a. Upon maturity, the Group shall redeem the bonds at par value.

b. If the conditions are fulfilled, the Group may redeem the bonds in cash at the face value of the bonds from 3 months after the issuance date to 40 days before the issuance date.

c. After three months from the date of issuance to the maturity date of the bonds, except for the period when the transfer is suspended by law, the bondholders may request the Company to convert the bonds into shares of the Company's common stock at the then prevailing conversion price at any time. According to the issuance and conversion rules of the Company's bonds, the conversion price is adjusted to NT$64.9 as of October 12, 2023, due to the issuance of cash dividends. As of December 31, 2023, $31,800 thousand of convertible bonds has been converted into 490 thousand ordinary shares.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options, the effective interest rate of the liability component was 2.56% per annum on initial recognition. The embedded call option was dealt with separately because it is not closely related to the economic characteristics and risks of the debt instruments in the main contract and was stated as “financial assets at fair value through profit or loss.”. Liability and equity elements are specified as follows:

Proceeds from issuance (less transaction costs of $4,554 thousand)	$ 203,030
Equity component (less transaction costs of $403 thousand)	(18,001)
Call option	360
Liability component at the date of issue (less transaction costs of $4,151 thousand)	185,389
Interest charged at an effective interest rate	1,698
Convertible bonds converted into ordinary shares	(29,698)
Liability component at December 31, 2023	$ 157,389

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for cash dividends - the owners of the company	$ 4,576	$ -
Payables for investment	-	18,959
Payable for expenses	68,905	72,296
	$ 73,481	$ 91,255

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on a specified percentage of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

Other Group's subsidiaries make monthly contributions to pension and post-retirement funds administered by the government in accordance with local pension regulations.

The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $17,043 thousand and $14,274 thousand, respectively.

b. Defined benefit plans

The Group subsidiaries in Indonesia have a defined benefits pension plan in accordance with the regulations of the Republic of Indonesian government. As of December 31, 2023 and 2022, the net amount of liabilities recognized in the balance sheet was $12,817 thousand and $16,875 thousand, respectively.

The pension cost under the defined benefit pension plans of the Group were $1,330 thousand and $2,168 thousand, and gains on remeasurements of defined benefit plans were $1,660 thousand and $2,997 thousand, for the years ended December 31, 2023 and 2022, respectively.

19. EQUITY

a. Share capital

	December 31	
	2023	2022
Numbers of shares authorized (in thousands)	100,000	100,000
Shares capital authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	49,843	45,760
Shares issued and fully paid	$ 498,434	$ 457,597

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

On June 20, 2022, the Company's stockholders during their meeting resolved to issue restricted employee stock options of $5,937 thousand, with 593,337 ordinary shares as the type of stock issued, and a par value of $10 per share. This was approved by the FSC on October 26, 2022, and the subscription base date was determined by the board of directors to be October 1, 2023.

On May 4, 2023, the Company's board of directors resolved to issue 3,000 thousand ordinary shares with a par value of $10, for a consideration of $58 per share. The subscription base date was determined by the board of directors to be October 12, 2023. The capital was collected and the alternation was registered.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital	$ 480,110	$ 333,962
From convertible bonds	27,537	-
May only be used to offset a deficit		
From share of changes in equities of subsidiaries	76,632	38,790
May not be used for any purpose		
Expired share options	9,879	8,337
Employee restricted shares	13,814	9,246
Options of convertible bonds	15,138	-
	$ 623,110	$ 390,335

c. Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation. The Company may distribute its profit or make up its losses at the end of each half of a fiscal year. The proposal for distribution of profit or making up loss, the business report and the financial statement shall be submitted to the audit committee for inspection, after which it is submitted to the board of directors for approval.

At the end of the accounting year, the profit (including the unappropriated earnings of prior years), shall first be used to pay all taxes and offset prior years' operating losses (including the deficit of prior years) and then set aside special reserve (if any). The residual should be distributed based on the majority vote of the shareholders during their meeting. The ratio of appropriation of retained earnings proposed by the Board of Directors should not be less than 5% of distributable earnings surplus. The dividends should be distributed to shareholders in accordance with their shareholding ratio. The amount of cash dividends should not be less than 3% of total dividend distribution.

As the Company is in the growth stage, the dividend policy is adopted taking into consideration the Company's capital expenditure, future expansion plans, financial plan and other plans for continuous development.

During the listing period, when the Company has no losses and unless otherwise provided by law of the Cayman islands, the shareholder's meeting may pass a special resolution to allocate all or part of the special surplus reserve of the share premium account in the capital reserve or the proceeds received from donations to the capital, issue new shares to shareholders.

Dividends, bonus or other benefits to shareholders should be distributed in New Taiwan dollars.

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.

For the policies on distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 21.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 15, 2023 and June 20, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Cash dividends	$ 4,576	$ 137,279
Cash dividends per share	0.10	3.00

The appropriation of the quarterly earnings in 2023 and 2022, which were resolved by the Company's board of directors, were as follows:

The Board of Directors resolved the following proposal for 2022 half year earnings distribution:

	First half of 2022
Date of Board Resolution	**August 29, 2022**
Cash dividends	$ 8,237
Cash dividends per share	$ 0.18

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (113,479)	$ (148,836)
Recognized for the year		
Exchange differences arising on translating foreign operations	(12,086)	35,554
Income tax relating to exchange differences arising on translating the net assets of foreign operations	-	(197)
Balance at December 31	$ (125,565)	$ (113,479)

2) Unearned employee benefits

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (8,603)	$ -
Issuance of shares	(10,505)	(9,246)
Share-based payment expenses recognized	6,808	643
Balance at December 31	$ (12,300)	$ (8,603)

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,466	$ 83,542
Share in profit for the year	(12,597)	(3,282)
Other comprehensive income/(loss) during the year		
Exchange differences on translating foreign operations	(4)	1,503
Changes in ownership interest in subsidiaries	59,814	(80,297)
Balance at December 31	$ 48,679	$ 1,466

20. REVENUE

a. Contract information

The Group derives revenue from the sales and maintenance of machinery and parts of automobiles and motorcycles, processing goods and services. Refer to Note 34 for related disclosure.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current			
Sale of goods	$ 30,362	$ 33,129	$ 16,892

Revenue in the current year that was recognized from the contract liabilities balance at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Sale of goods	$ 19,267	$ 12,801

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Other incomes and expenses

	For the Year Ended December 31	
	2023	2022
Gain on fair value changes of financial assets at fair value through profit or loss	$ 149	$ 94
Gain recognized from bargain purchase transaction	-	5,504
Gain on disposal of property, plant and equipment	1,454	3,939
Net currency exchange loss	(16,020)	(10,125)
Other gains and losses	837	3,557
	$ (13,580)	$ 2,969

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 14,479	$ 10,044
Interest on lease liabilities	1,257	955
Interest on convertible bonds	1,698	-
	$ 17,434	$ 10,999

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 48,034	$ 51,245
Operating expenses	27,515	22,643
	$ 75,549	$ 73,888
An analysis of amortization by function		
Operating costs	$ 4,630	$ 980
Operating expenses	405	1,278
	$ 5,035	$ 2,258

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Wages and salaries	$ 334,696	$ 276,359
Share-based payments	10,498	643
Insurance expenses	9,517	10,910
Post-employment benefits (see Note 18)		
Defined contribution plan	17,043	14,274
Defined benefit plans	1,330	2,168
Other employee benefits	34,506	39,861
Total employee benefits expense	$ 407,590	$ 344,215
An analysis of employee benefits expense by function		
Operating costs	$ 238,324	$ 208,540
Operating expenses	169,266	135,675
	$ 407,590	$ 344,215

e. Compensation of employees and remuneration of directors

According to the Company's Articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.1% for employees' compensation and shall not be higher than 3% for directors' remuneration.

The compensation of employees and remuneration of directors for the years end December 31, 2023 and 2022, which were approved by the Company's board of directors on March 14, 2024 and March 23, 2023, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 250	$ 250
Remuneration of directors	$ 617	$ 700

If there is a change in the amount after the annual consolidated financial statements are authorized for issue, the difference are recorded as a change in accounting estimate and will be recorded an adjustment in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Income tax expense consisted of the following:

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
In respect of the current year	$ 60,860	$ 46,239
Adjustments for prior year	2,104	10,546
	62,964	56,785
Deferred income tax expense		
In respect of the current year	(9,011)	(6,549)
Adjustments for prior year	-	-
Income tax expense recognized in profit or loss	$ 53,953	$ 50,236

A reconciliation of income before income tax and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 180,605	$ 121,816
Income tax expense calculated at the statutory rate	$ 38,532	$ 20,018
Nondeductible expenses in determining taxable income	1,891	5,055

(Continued)

	For the Year Ended December 31	
	2023	2022
R&D with tax credits	$ (7,080)	$ (5,865)
Deferred tax effect of earnings of subsidiaries	8,851	4,757
Unrecognized loss carryforwards and deductible temporary differences	9,655	15,725
Adjustments for prior year's tax	2,104	10,546
Income tax expense recognized in profit or loss	$ 53,953	$ 50,236

(Concluded)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ -	$ (197)
Remeasurement of defined benefit plans	(365)	(642)
Income tax recognized in other comprehensive income	$ (365)	$ (839)

c. Deferred tax assets and liabilities

The analysis of deferred income tax assets and liabilities was as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Depreciation	$ 708	$ (131)	$ -	$ 10	$ 587
Book-tax difference in the basis of sales revenue	6,519	(672)	-	(145)	5,702
Others	5,471	13,043	(365)	(132)	18,017
	$ 12,698	$ 12,240	$ (365)	$ (267)	$ 24,306
Deferred tax liabilities					
Temporary differences					
Investment income of long-term equity investments	$ 4,827	$ 3,753	$ -	$ 293	$ 8,873
Others	517	(524)	-	7	-
	$ 5,344	$ 3,229	$ -	$ 300	$ 8,873

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 1,525	$ (924)	$ -	$ 107	$ 708
Loss carryforward	1,127	(1,143)	-	16	-
Book-tax difference in the basis of sales revenue	2,404	4,070	-	45	6,519
Others	2,958	2,882	(642)	273	5,471
	$ 8,014	$ 4,885	$ (642)	$ 442	$ 12,698
Deferred tax liabilities					
Temporary differences					
Investment income of long-term equity investments	$ 6,764	$ (2,368)	$ (197)	$ 628	$ 4,827
Others	-	506	-	11	517
	$ 6,764	$ (1,862)	$ (197)	$ 639	$ 5,344

d. Unused loss carryforwards for which no deferred tax assets have been recognized

As of December 31, 2023 and 2022, the loss carryforward for which no deferred tax assets have been recognized amounted to $605,113 thousand and $528,623 thousand, respectively.

e. Unused loss carryforwards information

Loss carryforwards as of December 31, 2023 comprised of:

Declared Amount	Unused Amount	Expiry Year
$661,160	$605,113	-

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 2.99	$ 1.64
Diluted earnings per share	$ 2.93	$ 1.63

The earning and weighted average number of ordinary shares outstanding used in calculating earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earning used in the computation of basic earnings per share	$ 139,249	$ 74,862
Earning used in the computation of diluted earnings per share	$ 140,947	$ 74,862

Ordinary Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	46,595	45,760
Effect of potentially dilutive ordinary shares:		
Domestic convertible bonds	1,186	-
Restricted employee shares	290	14
Compensation of employees	5	15
Weighted average number of ordinary shares used in the computation of diluted earnings per share	48,076	45,789

Since the Group has the discretion to settle the employee' compensation by cash or stock, the Group should presume that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

a. Restricted stocks for employees

For the year ended December 31, 2023, the Group's share-based payment arrangements were as follows:

Type of Arrangement	Grant Date	Quantity Granted (In Thousands)	Contract Period	Vesting Conditions
Restricted stocks to employees (Note 1)	2022.11.3	451	3 years	Achievement of performance conditions (Note 2)
Restricted stocks to employees (Note 1)	2023.6.15	143	3 years	Achievement of performance conditions (Note 2)

Note 1: The restricted stocks issued by the Company to employees cannot be transferred during the vesting period, but the employees have the right to vote and participate in the distribution of dividends. If an employee resigns during the vesting period, they must return the stocks, but they do not need to return the dividends received.

Note 2: If an employee who has been granted restricted stocks remains employed by the Company and achieves the target performance set by the Company after one, two, and three years, they can accumulate up to 30%, 30%, and 40% of the vested shares, respectively.

The fair value of the stock-based payment transaction granted by the Company on June 15, 2023 and November 3, 2022 was NT$53.20 and NT$20.50, respectively.

The compensation cost recognized by the Company for the stock-based payment transaction in 2023 and 2022 was $6,808 thousand and $643 thousand, respectively.

b. Issuance of shares reserved for employees' subscription

The Company's board of directors approved the cash injection on May 4, 2023 and reserved 15% of the new share for subscription by employees according to the Company Act. For fractional shares or stock options renounced by employees for subscription, the chairman is authorized to contact specific individuals to subscribe for the shares. The options were measured by fair value at the grant day. For the year ended December 31, 2023, the Company's cost of employees' share options was $3,690 thousand, which was recognized under capital surplus - employee share options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 188 thousand shares was not exercised, which amounted to $1,542 thousand and was transferred to the Capital surplus-expired employee share option from the Capital surplus-employee share option.

The Company used the Black-Scholes model to evaluate the fair values of option and the inputs used in the valuation model at the date of grant are as follows:

	Employee Share Options
	August 29, 2023
Grant-date share price	$65.6 per share
Exercise price	$58.0 per share
Expected volatility	40.156%
Expected duration	28 days
Expected dividend yield	3.825%
Risk-free interest rate	0.933%

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. Acquisition of additional equity interest in a subsidiary

In January 2022, the Group's subsidiary, PAT, purchased 30% equity interest in its Indonesian subsidiary, PT. Patec, from its shareholder for a consideration of $57,002 thousand, increasing its ownership from 70% to 100%. The non-controlling interests of PT. Patec on the acquisition date had a carrying amount of $80,196 thousand. This transaction reduced non-controlling interests by $80,196 thousand, and increased the equity attributable to the owners of the parent by $23,194 thousand.

b. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

In March 2022, the Group disposed of its 4.25% equity interest in KABAM, held by its subsidiary, PATEC, in exchange for 100% equity interest in Cognicept. Subsequently, the Group reorganized Cognicept under KABAM's subsidiary. The carrying amount of non-controlling interests in KABAM on the disposal date was $(541) thousand. This transaction increased non-controlling interests by $412 thousand and decreased the equity attributable to the owners of the parent by $953 thousand.

26. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

	For the Year Ended December 31, 2023					
	Short-term Borrowings	Lease Liabilities (Note)	Long-term Liabilities (Note)	Dividends Payable	Bonds Payable	Total
At January 1	$ 103,257	$ 186,491	$ 237,055	$ -	$ -	$ 526,803
Cash dividends declared	-	-	-	4,576	-	4,576
Changes in cash flow from financing activities	(20,780)	(31,412)	(129,046)	-	203,030	21,792
Changes in other non-cash items	-	34,340	-	(4,576)	(45,641)	(15,877)
Effect of foreign currency exchange	2,694	4,160	2,754	-	-	9,608
At December 31	$ 85,171	$ 193,579	$ 110,763	$ -	$ 157,389	$ 546,902

	For the Year Ended December 31, 2022				
	Short-term Borrowings	Lease Liabilities (Note)	Long-term Liabilities (Note)	Dividends Payable	Total
At January 1	$ 216,166	$ 206,392	$ 166,470	$ -	$ 589,028
Cash dividends declared	-	-	-	145,516	145,516
Changes in cash flow from financing activities	(57,105)	(28,923)	(8,797)	(145,516)	(240,341)
Changes in other non-cash items	(65,342)	260	65,342	-	260
Effect of foreign currency exchange	9,538	8,762	14,040	-	32,340
At December 31	$ 103,257	$ 186,491	$ 237,055	$ -	$ 526,803

Note: Including current portion.

27. CAPITAL MANAGEMENT

The objective of the Group's capital management is 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. Relevant liability and capital ratios are provided in balance sheets for each period end.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except the following liabilities, the management considers that the carrying amounts of financial assets and financial liabilities not recognized at fair value approximate to their fair values.

	December 31, 2023	
	Carrying Amount	Fair Value
Financial liabilities		
Bonds payable	$ 157,389	$ 183,338

Above information was based on the observable inputs for the asset or liability as fair value which is included in Level 2.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible bonds call options	$ -	$ -	$ 387	$ 387

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTPL

	For the Year Ended December 31, 2023
Balance, beginning of year	$ -
Additions	360
Recognized in profit or loss	149
Conversion of bonds	(122)
Balance, end of year	$ 387

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Related Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Designated as at FVTPL	$ 387	$ -
Financial assets at amortized cost (Note 1)	1,440,706	957,268
	$ 1,441,093	$ 957,268
Financial liabilities		
Financial liabilities at amortized costs (Note 2)	$ 804,600	$ 773,971

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivables, finance lease receivables, other receivables and refundable deposits. Those reclassified to held-for-sale disposal groups are also included.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, accounts payable, notes payable, other payables, bonds payable and lease liabilities. Those reclassified to held-for-sale disposal groups are also included.

d. Financial risk management objective and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price 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.

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 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.

1) Market risk

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

a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. 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.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

b) Interest rate risk

The interest rate risk of the Group is mainly from cash and cash equivalents and borrowings. Cash and cash equivalents held at floating interest rates expose the Group to the cash flow interest rate risk. Part of such risk is offset by loans made at floating rates. Cash and cash equivalents and borrowings with fixed rates which expose the Group to fair value interest rate risk. The policy of the combined company is to dynamically adjust the proportion of instruments of fixed interest rates and those of floating interest rates based on the overall trend of interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial asset	$ 94,304	$ 108,566
Financial liabilities	$ 300,893	$ 383,038
Cash flow interest rate risk		
Financial assets	$ 684,410	$ 357,257
Financial liabilities	$ 88,620	$ 143,765

Sensitivity analysis

The following sensitivity analysis is determined in accordance with interest rate risk of non-derivative instruments at the date of balance sheet. For the floating rate assets and liabilities, the analysis is to assume that the amount of assets and liabilities outstanding at the date of balance sheet is all outstanding for the reporting period.

If the annual interest rate had increased by 1%, with all other variables held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have by decreased by $5,958 thousand and $2,135 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the balance sheet date, the Company's maximum exposure to credit risk that may result in financial losses due to non-performance of counterparties' obligations mainly arises from the carrying amount of financial assets recognized in the combined balance sheets.

In order to minimize credit risk, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment is offered according to the Group's credit policy. Internal risk control assesses the credit quality of the customers, taking into account their credit status, company size, financial position, operating result and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The Group's concentration of credit risk of 62% and 71% of total accounts receivable as of December 31, 2023 and 2022, respectively, were related to the Group's five largest customers.

3) Liquidity risk

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 on any of its borrowing facilities.

Surplus cash held by the operating entities over and above balance required for working capital management are invested in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

Liquidity and interest rate risk tables for non-derivative financial liabilities

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 One Year	1-5 Years	6-10 Years
Non-derivative financial liabilities			
Lease liabilities			
Short-term borrowings	$ 85,171	$ -	$ -
Notes payables and accounts payables	184,217	-	-
Other payables	73,481	-	-
Lease liabilities	28,314	67,857	101,609
Long-term borrowings	65,720	45,043	-

December 31, 2022

	Less than One Year	1-5 Years	6-10 Years
Non-derivative financial liabilities			
Lease liabilities			
Short-term borrowings	$ 103,257	$ -	$ -
Notes payables and accounts payables	155,913	-	-
Other payables	91,255	-	-
Lease liabilities	25,831	52,523	109,189
Long-term borrowings	76,493	160,562	-

e. Transfers of financial assets

The Group discounted a portion of its notes receivable in mainland China. The Group has no payment obligation when the issuers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were deducted directly from notes receivable.

During the years ended December 31, 2023 and 2022, the Group had outstanding discounted notes receivable amounting to$32,595 thousand and $0 thousand, respectively.

29. TRANSACTIONS WITH RELATED PARTIES

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties.

a. Name of related parties and relationship

Related Party Name	Related Party Category
WEE LIANG KIANG	Chairman of the Board of the Company
WEE HONG JIE	Managerial personnel of this Company

b. Endorsements and guarantees provided to related parties

Related Party Name	December 31 2023	December 31 2022
WEE LIANG KIANG, WEE HONG JIE	$ -	$ 60,820
WEE HONG JIE	33,461	35,391
WEE LIANG KIANG	-	27,618
	$ 33,461	$ 123,829

The above pertains to guarantee provided by related parties for the Company's borrowings.

c. Remuneration of key managerial personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 29,820	$ 28,472
Post-employment benefits	416	537
Share-based payments	4,952	614
	$ 35,188	$ 29,623

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, and lease liabilities or the security and guarantee of acceptance bill:

	December 31 2023	December 31 2022
Property, plant and equipment	$ 18,760	$ 37,493
Right-of-use assets	-	43,839
Notes receivables	9,953	13,554
Financial assets at amortised cost	52,416	43,080
	$ 81,129	$ 137,966

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023 and 2022, the total amount of unused letter of credit opened by the Group for the purchase of raw materials was $19,001 thousand and $12,627 thousand.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	For the Year Ended December 31, 2023					
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Amount NTD	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Financial assets						
Monetary items						
EUR:SGD	$ 504	1.4567	$ 17,076	1%	$ 171	$ -
USD:SGD	12,028	1.3196	369,425	1%	3,694	-
EUR:RMB	3,110	7.8345	105,441	1%	1,054	-
USD:RMB	12,750	7.0971	391,599	1%	3,916	-
IDR:USD	35,733,187	0.00007	71,525	1%	715	-
Financial liabilities						
Monetary items						
EUR:SGD	1,872	1.4567	63,472	1%	635	-
HUF:EUR	315,815	0.00261	27,939	1%	279	-
IDR:USD	8,164,678	0.00007	16,343	1%	163	-

	For the Year Ended December 31, 2022					
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Amount NTD	Degree of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Financial assets						
Monetary items						
EUR:SGD	$ 305	1.144	$ 10,044	1%	$ 100	$ -
USD:SGD	4,384	1.34	134,314	1%	1,343	-
EUR:RMB	5,427	7.42	178,435	1%	1,784	-
USD:RMB	4,397	6.91	134,710	1%	1,347	-
IDR:USD	56,547,691	0.00006	111,167	1%	1,112	-
Financial liabilities						
Monetary items						
EUR:NTD	2,690	32.88	88,437	1%	884	-
EUR:SGD	2,026	1.44	66,625	1%	666	-
USD:SGD	1,006	1.34	30,810	1%	308	-
USD:RMB	701	6.91	21,479	1%	215	-
HUF:EUR	353,440	0.00250	29,005	1%	290	-
IDR:USD	20,497,984	0.00006	40,297	1%	403	-

It is impractical to disclose net foreign exchange gains (losses) by cash significant foreign currency due to the varity of the foreign currency transaction. For the realized and unrealized net foreign exchange gains (losses), please refer to Note 21.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (None)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 3)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

34. SEPARATELY DISCLOSED ITEMS

a. General information

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 manufactures and sells customized machinery and equipment and parts of automobiles and motorcycles from a geographic perspective and provides information for the Chief Operating Decision-Maker to review. The areas of sales and order receiving are separated into four major areas which are Singapore, China, Indonesia and Europe. The Company's Chief Operating Decision-Maker also separates into these four areas when managing finance and reviewing operating performance, therefore, Singapore, China, Indonesia and Europe shall be reportable segments.

b. Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of operating segments based on segment revenues and profit or loss after tax.

c. Information about segments and their profit or loss

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the Year Ended December 31, 2023					
	Singapore	**Indonesia**	**China**	**Europe**	**Reconciliation and Elimination**	**Total**
Revenue from external customers						
Machinery and maintenance service	$ 170,357	$ -	$ 42,870	$ -	$ -	$ 213,407
Parts of motorcycles	-	101,423	-	-	-	101,423
Parts of automobiles	-	391,319	820,929	187,863	-	1,400,111
Rental and sales of robot	102,248	-	-	-	-	102,248
	272,605	492,742	863,799	187,863	-	1,817,189
Inter-segment revenue	9,657	467	143,207	-	(153,331)	-
Segment revenue	$ 282,262	$ 493,209	$ 1,007,006	$ 187,863	$ (153,331)	$ 1,817,189
Segment profit (loss)	$ (55,116)	$ 58,900	$ 167,946	$ 1,848	$ (46,926)	$ 126,652

	For the Year Ended December 31, 2022					
	Singapore	Indonesia	China	Europe	Reconcili-ation and Elimination	Total
Revenue from external customers						
Machinery and maintenance service	$ 63,298	$ -	$ 3,302	$ -	$ -	$ 66,600
Parts of motorcycles	-	93,601	-	-	-	93,601
Parts of automobiles	-	387,227	718,346	128,114	-	1,233,687
Software development	354	-	-	-	-	354
Rental and sales of robot	25,668	-	-	-	-	25,668
	89,320	480,828	721,648	128,114	-	1,419,910
Inter-segment revenue	4,508	179	32,934	-	(37,621)	-
Segment revenue	$ 93,828	$ 481,007	$ 754,582	$ 128,114	$ (37,621)	$ 1,419,910
Segment profit (loss)	$ (104,778)	$ 75,866	$ 95,138	$ 2,459	$ 2,895	$ 71,580

d. Reconciliation for segment income (loss)

As the Group's Chief Operating Decision-Maker evaluates segment performance and determines how to allocate resources based on segment revenue and profit or loss, sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4, therefore, no adjustment to operating profit or loss is needed.

e. Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the Year Ended December 31			
	2023		2022	
	Revenue	Segment	Revenue	Segment
Customer A	$ 517,290	China	$ 445,404	China
Customer B	182,395	Indonesia	195,641	Indonesia

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limits (Note)
													Item	Value		
1	PATEC	The Company	Other receivables	Yes	$ 46,459	$ 22,111	$ -	4.5	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 168,454	$ 673,814
		KFT	Other receivables	Yes	39,155	28,984	25,119	4.5	Short-term financing	-	Working capital	-	-	-	168,454	673,814
		KABAM	Other receivables	Yes	69,824	19,783	16,905	4.5	Short-term financing	-	Working capital	-	-	-	168,454	673,814

Note: In accordance with the Company’s endorsement and guarantee procedures, the accumulated endorsement and guarantee amount shall not exceed 40% of the net value of the Company’s latest audited or reviewed financial statements, and the amount of endorsement and guarantee for a single party shall not exceed 10% of the aforementioned net value.

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guarantee During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guarantee by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statement	Aggregate Endorsement/ Guarantee Limited	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China
		Name	Relationship (Note 2)										
0	The Company	PATEC	b.	$ 1,529,539	$ 408,624	$ 408,624	$ 101,345	$ -	26.72%	$ 1,529,539	Y	N	N
		PT. Patec	b.	1,529,539	107,494	92,138	8,289	-	6.02%	1,529,539	Y	N	N
		PT. PDF	b.	305,908	15,356	-	-	-	-	611,816	Y	N	N
		PT. API	b.	305,908	15,356	-	-	-	-	611,816	Y	N	N
		KABAM	b.	305,908	107,494	61,425	30,011	-	4.02%	611,816	Y	N	N
1	PATEC	The Company	c.	336,907	84,759	-	-	-	-	673,814	N	Y	N
		KABAM	b.	336,907	61,425	61,425	30,011	-	3.65%	673,814	N	N	N
2	Wuxi Jingxin	The Company	c.	262,920	84,759	-	-	-	-	876,400	N	Y	N

Note 1: Coding is as follows:

a. The issuer is coded "0".
b. The investee companies are coded consecutively beginning from "1".

Note 2: There are 7 types of relationships between endorser and endorsee, the types can be indicated:

a. The company with business dealings with the Company.
b. The company directly or indirectly held by the Company by more than 50% voting shares.
c. The company directly or indirectly held the Company by more than 50% voting shares.
d. The company directly or indirectly held by the Company by more than 90% voting shares.
e. The company provides mutual guarantees to each other based on the contract for the purpose of contracted engineering projects.
f. The company in which all shareholders, based on their shareholding percentage, provide endorsements and guarantees due to the joint investment relationship.
g. Joint and several guarantees provided by company engaged in pre-sale house contracts and selling in accordance with the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	PATEC	KABAM	3	Accounts receivable	$ 29,031	TT 90-150 days	1.16
2	PT. API	PT. Patec	3	Sales revenue	24,469	TT 90-150 days	1.35
3	Wuxi Patec	PATEC	3	Sales revenue	90,444	TT 90-150 days	4.98
4	Wuxi Kabam	KABAM	3	Sales revenue	38,599	TT 90-150 days	2.12

Note 1: Coding is as follows:

a. The issuer is coded “0”.
b. The investee companies are coded consecutively beginning from “1”.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the materiality principle.

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	%	Carrying Amount			
PATEC	PATEC	Singapore	Sale of press machines	$ 709,809	$ 709,809	31,287	100.00	$ 1,684,536	$ 164,622	$ 164,622	
	PAT	Singapore	Production and sale of press machines	354,175	354,175	6,247	100.00	358,667	62,213	62,395	
	KFT	Hungary	Manufacturing and sale of elements of automobiles	218,933	210,643	-	100.00	33,041	1,848	3,046	
	KABAM	Singapore	Sale lease of service robots	86,624	6,547	14,333	69.20	46,101	(47,153)	(32,630)	Note 3
PAT	PT. Patec	Indonesia	Manufacturing and sale of elements of automobiles and motorcycles	207,536	139,483	6,200	100.00	357,233	58,900	59,088	
PT. Patec	PT. PDF	Indonesia	Manufacturing and sale of elements of automobiles	37,595	37,595	1,210	88.97	33,605	(1,616)	(1,438)	
	PT. API	Indonesia	Manufacturing and sale of elements of automobile	34,314	34,314	1,483	88.77	23,622	1,747	1,551	
KABAM	Cognicept	Singapore	Operating system software development	4,963	4,963	12,047	100.00	4,866	(626)	(626)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

a. The columns of “Investee”, “Location”, “Main business activities”, Initial investment amount’ and “Shares held as at December 31, 2023” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

b. The “Net profit (loss) of the investee for the year ended December 31, 2023” column should fill in amount of net profit (loss) of the investee for this period.

c. The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: KABAM completed the cash injection. Please refer to Note 12.

Note 4: Information on investees in mainland China is detailed in Table 5.

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Wuxi Jingxin	Production and sales of products for automobiles	$ 167,138	b.	$ -	$ -	$ -	$ -	$ 168,749	100	$ 168,105	$ 871,136	$ 1,194,502
Wuxi Patec	Production and sales of press machines	43,275	b.	-	-	-	-	24,021	100	24,141	74,268	66,032
Wuxi Kabam	Assembly and sales of robots	8,655	b.	-	-	-	-	10,570	100	10,570	23,375	-
Patec Intelligent	Production and sales of intelligent equipments	49,232	b.	-	-	-	-	(642)	80	(642)	48,555	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Not applicable	Not applicable	Not applicable

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in Mainland China.
b. Through investing in PATEC PTE. LTD., the subsidiary in Singapore.
c. Others

Note 2: In the “Investment income (loss) recognised by the Company for the year ended December 31, 2023” column, basis for investment income (loss) recognition is the financial statements that were reviewed or audited by investee companies’ CPA for the year ended December 31, 2023.

TABLE 6

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YIDA INVESTMENTS PTE. LTD.	18,801,904	37.72
Taiwan's Shin Kong Commercial Bank, shares held in trust for WEE HONG JIE's investment account	7,505,324	15.05

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater.

V. If the companies and other affiliated companies have incurred any financial difficulties in the latest year and up to the printing date of this annual report, the impact on the financial status of the Company: None.

Seven. A REVIEW AND ANALYSIS OF THE COMPANY'S FINANCIAL POSITION AND FINANCIAL PERFORMANCE, AND A LISTING OF RISKS

I. FINANCIAL POSITION

Units: NTD thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current asset	1,487,274	1,935,725	448,451	30.15 %
Property, plant and equipment	236,599	215,404	(21,195)	(8.96) %
Other assets	307,827	343,082	35,255	11.45%
Total assets	2,031,700	2,494,211	462,511	22.76 %
Current liabilities	529,401	504,605	(24,796)	(4.68) %
Long-term liability	160,562	202,432	41,870	26.08 %
Other liability	204,529	208,956	4,427	2.16 %
Total liabilities	894,492	915,993	21,501	2.40 %
Capital stock	457,597	498,434	40,837	8.92 %
Capital surplus	390,335	623,110	232,775	59.63 %
Retained Earnings	409,892	545,860	135,968	33.17 %
Other Equity	(122,082)	(137,865)	(15,783)	12.93 %
Treasury Stock	-	-	-	-
Non-Controlling Interest	1,466	48.679	47,213	322.05%
Total equity	1,137,208	1,578,218	441,010	38.78 %

Where the difference exceeds 20% and the amount is changed for NTD 10,000,000, the analysis is as follow:

1. Current assets: Mainly due to the cash capital increase and corporate bond raising in 2023 plus cash inflow from operating growth operating activities.
2. Total assets: Mainly due to the increase in cash and the increase in receivables from the growth of operations.
3. Increase in Long-term liability: It is mainly caused by the issuance and conversion of corporate bonds by the company.
4. Capital surplus: Mainly due to the issuance premium of cash capital increase in 2023.
5. Retained earnings: Mainly due to the increase in earnings for the current period with the growth of operating and profit in 2023, which led to the growth of net profit.
6. Total equity: The increase in non-controlling interests was caused by the company's subsidiaries signing agreements with external investors and processing cash capital increases.

Source: The annual financial report that has been audited by CPA is based on IFRS.

II. Financial Performance:

(I) Financial Performance Analysis

Units: NTD thousand

Item \ Year	2022	2023	Amount of Increase (Decrease)	%
Operating Revenue	1,419,910	1,817,189	397,279	27.98 %
Gross Profit	394,246	578,948	184,702	46.85 %
Operating Expenses	281,178	398,173	116,995	41.61 %
Operating Profit	113,068	180,775	67,707	59.88 %
Non-operating income and expenses	8,748	(170)	(8,918)	(101.94) %
Profit before tax from continuing operations	121,816	180,605	58,789	48.26 %
Income Tax Expense	50,236	53,953	3,717	7.40 %
Profit for the year	71,580	126,652	55,072	76.94 %
Other comprehensive income (loss)	39,135	(10,795)	(49,930)	(127.58) %
Total comprehensive income (loss) for the year	110,715	115,857	5,142	4.64 %

Where the difference exceeds 20% and the amount is changed for NTD 10,000,000, the analysis is as follow:

1. Increase in Operating Revenue, Gross Profit, Profit before tax and Profit for the year: This year, due to removing the impact of the COVID-19 epidemic, the automobile market returned to its past prosperity, coupled with the Company's active expansion of new customers and new projects for original customers, and increased its market expansion by selling stamping equipment, as well as the growth of the sales market for robots after years of hard work, increase the overall operating revenue, gross profit, profit before tax and net profit for the period.
2. Operating Expenses: In addition to the growth of operating expenses with the expansion of business scale, operating expenses have also increased due to the need to invest a lot of research and development expenses in the robot business.
3. Other comprehensive income: Mainly due to a decrease in the exchange difference on translation of foreign financial statements of foreign operating institutions in the current period, this was due to the large exchange fluctuations in the RMB, USD, EUR and IDR during the Group’s operations in 2023.

(II) Expected future sales volume and basis

Based on customers' estimated demand, and in viewing of capacity planning and past business experience, the Company set annual shipment target.

(III) The Impact on the Company's future financial business and response plan

The Company is still in the growth stage of the industry, meanwhile, the Company will pay attention to market demand changes all the time, the development of new customers to enhance the Company's profits, continuing to maintain a stable and well financial situation.

III. CASH FLOW

(I) Analysis of liquidity in the coming year

Item / Year	2022	2023	Amount of Increase (Decrease)	%
Net cash flows from operating activities - inflow (outflow)	(15,432)	86,212	101,644	658.66 %
Net cash flows from investing activities - inflow (outflow)	(17,881)	(29,034)	(11,153)	62.37 %
Net cash flows from financing activities - inflow (outflow)	(278,982)	280,912	559,894	200.69 %
The main reason of change in cash flow in the latest year: 1. Increase in cash outflow from business activities: Mainly due to the increase in net profit from operating growth, coupled with the removal of inventory and the effective adjustment of accounts payable, the operating activities were net cash inflow. 2. Reduce in cash outflow from investment activities: Mainly due to the increase in intangible assets invested in R&D. 3. Increase in cash outflow from financing activities: Mainly due to the cash capital increase and conversion of corporate bonds during the year.				

(II) An analysis of the Company's cash liquidity for the coming year

The Company has not yet experienced any shortage of liquidity. As of March 31, 2024, the cash in the Company's account is NTD 768,742 thousand. Based on the 2024 budget estimate, it should be sufficient to pay the cash outflow for the investing and financing activities without an insufficient liquidity problem.

IV. The Impact of Major Capital Expenditure Items on Financial Service for Latest Year

The Company has not made any major equipment purchases in 2023, which will not have a significant impact on its finances.

V. The Company's policy for the most recent year on investments in other companies, the main reasons for profit/losses resulting therefrom, plans for improvement, and investment plans for the coming year.

(I) The Company’s Investment in Other Companies Policy

The Company focuses on what they do best. The policy of investments in other companies takes automobile and motorcycle components and press equipment as the investment target. The relevant executive departments shall follow the internal control system “Investment cycle” and “The Regulation of Acquiring or Disposing of Assets” and other procedures, which have been discussed and approved by the Board of Director or shareholders’ meeting.

(II) The Company's policy for the most recent year on investments in other companies, the main reasons for profit/losses resulting therefrom, plans for improvement.

Units: NTD thousand

The name of investment company	%	Recognized profit (loss) on investment in 2023	The reasons for profit/losses	Plans for improvement
Patec Pte. Ltd.	100.00	164,622	Mainly refers to the investment income that adopts the equity method.	None
Press Automation Technology Pte. Ltd.	100.00	62,395	Mainly refers to the investment income that adopts the equity method.	None
Patec Jingxin Precision Machinery (Wuxi) Co., Ltd.	100.00	168,105	Mainly due to the stable operation of auto parts orders in China.	None
Wuxi Patec Precision Machining Co., Ltd.	100.00	24,141	Mainly due to the growth of stamping equipment orders.	None
Wuxi Kabam Intelligent Technology Co., Ltd.	100.00	10,570	Mainly due to the growth of the robot assembly production business.	None
Patec Intelligent Equipment (Wuxi) Co., Ltd.	80.00	(642)	The company is new and has not yet received official production orders.	In 2024, orders will be shipped to start contributing to profits
Patec Precision Kft	100.00	3,046	Mainly due to the increase in customers' orders for auto parts, the operation gradually generated profits.	None
Kabam Pte. Ltd.	69.20	(32,630)	The main reason is that the high cost of research has prevented profits from being revealed.	Actively expand the market, and currently have a considerable number of planned shipment orders
Cognicept Systems Pte. Ltd.	100.00	(626)	The main reason is an investment in product research and development, so profit has not yet appeared.	Continue to cooperate with KABAM in the development of software to enhance product competitiveness
PT. Patec Presisi Engineering	100.00	59,088	Mainly due to an increase in orders for auto parts in Indonesia.	None
PT. PDF Presisi Engineering	88.97	(1,438)	Mainly due to reduced product profits.	Actively negotiate with customers to adjust prices and actively control costs
PT. API Precision	88.77	1,551	It was active in taking orders and shipments of auto parts from Indonesia stabilized.	None

(III) The investment plan for the coming year

The Company's sales of auto parts have demonstrated a consistent growth trajectory, while stamping equipment have experienced a notable surge in 2023 and will continue to have a market presence in 2024; Furthermore, it has entered the service robot market in recent years and achieved certain results in 2023. In the parts and equipment, the company will increase the investment in new tooling and designs in line with orders and customer needs; In addition to hardware design, the robot business will invest in higher software R&D, with plans to promote robots in various application scenarios and enhance competitiveness.

VI. RISK MATTERS

(I) The impact upon the Company's changes in interest, exchange rates and inflation in the latest year, and the measures the company plans to adopt in response:

1. The impact upon the Company's changes in interest and the measures the company plans to adopt in response:

   To meet operational needs, the Group borrows long-term and short-term loans, and the interest expense mainly comes from bank loans. The Group's interest expense in 2022 and 2023 is 10,044 thousand and 14,479 thousand respectively, accounting for the Profit before income tax ratio (8.25) % and (8.02) % respectively in the current year. Facing risks arising from interest rate fluctuations, the financial department of the Group may take the following measures:

   The financial units of the Group will keep an eye on the trend of interest rates and maintain good relationship with financial institutions to obtain a lower cost of capital and reduce liabilities when the company has abundant capital, so as to reduce the interest rate risk.

2. The impact upon the Company's changes in exchange rates and the measures the company plans to adopt in response:

   The Group is multinational operation, which gives rice to the risk of exchange rate in different currencies, including SGD, USD, IDR and RMB. The relevant risk of exchange rate comes from business transactions, recognized assets and liabilities and the net investment of foreign operations. The Group's exchange loss in 2022 and 2023 is (10,125) thousand and (16,020) thousand respectively, accounting for the operating profit ratio (8.31) % and (8.87) % respectively in the current year. Facing risks arising from exchange rate fluctuations, the financial department of the Group may take the following measures:

   (1) Financial personnel collect real-time foreign exchange information at any time, according to the future trend of exchange rates, maintain appropriate net foreign exchange position and provide business reference for quotation.
   (2) To adjust the position of foreign currency deposits according to the changes in exchange rates, if necessary, to reduce the exchange rate risk by taking buy forward or sell forward exchange agreement and borrowing debts for hedging purposes.
   (3) According to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the "Operating Procedure for Derivatives Transaction" shall be stipulated as the basis for the transaction of derivative commodities, so as to limit the exchange losses of daily operations to a controllable range.

3. The impact upon the Company's changes in inflation and the measures the company plans to adopt in response:

   The Group's past profits and losses have not been significantly affected by inflation. If the inflation leads to higher cost of goods purchased, the Group will adjust the sales price properly in addition, the group will review and compile relevant information for management decision making on a regular or irregular basis by referring to the economic data and reports of the government and research institutions.

(II) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The policy of high-risk investments and highly leveraged investments, the main reasons for the profits/losses, and response measures to be taken in the future:

   The Group focuses on main business operation and has never evolved in other high-risk industries. Moreover, the financial policy is based on the principle of conservatism and does not make high-leverage investment, so the risk is still limited.

2. Regarding the policy of loans to other parties, the main reasons for the profits/losses, and response measures to be taken in the future:

   The Group loans to other parties only toward the affiliated companies or the companies which has business with, and moreover, the Group shall comply with the regulations of "The Regulation for Management of Loans to Others" and handles the operation of financing. It has no impact on the profits or losses of the Group's consolidated financial statements up to the printing date of this annual report. The Company will keep following the regulations when it loans to other parties in the future in order to minimize the risk.

3. Regarding the policy of endorsements and guarantees, the main reasons for the profits/losses, and response measures to be taken in the future:

   The Group carries out endorsements and guarantees only toward the subsidiaries or the companies which has business with, and moreover, the Group shall comply with the regulations of the "endorsements and warranties" of the company and handles the operation of endorsements and guarantees. It has no impact on the profits or losses of the Group's consolidated financial statements up to the printing date of this annual report. The Company will keep following the regulations when it engages in endorsements and guarantees in the future in order to minimize the risk.

4. Regarding the policy of derivatives transactions, the main reasons for the profits/losses, and response measures to be taken in the future:

   The purpose of trading derivatives is hedging the risk of foreign currency assets or debt which is caused by changes in exchange rates. At present, the Group mainly uses forward forex buying (selling) and is in compliance with the Company's "Procedures for Financial Derivatives Transactions" to minimize the risk.

(III) Future research and development projects, and expenditures expected in connection therewith:

Through the internal education and training, experience inheritance and well knowledge management policy, the Group and each subsidiary accumulated research and development team strength and strengthen the planning and R&D innovation ability of raw materials and products. The main scope of our research and development is to develop new products and process improvement. The Company provides customer high quality of products and services by improving current technical ability and manufacturing efficiency, the ability of developing products. In the future, the Company will continue to invest in research and development and process improvement to ensure the company's advantages in the industry.

(IV) The impact upon the Company's financial operations of important policy and legal developments at home and abroad, and the measures the Company plans to adopt in response:

The Group has been closely observing the important change of policy and law in each investment area, and timely consults legal and accounting experts to evaluate, recommend and plan the response measures in order to fully understand and adapt to the changes of market environment. The important change of policy and law in each investment area has no significant impact on the Company's finance and business in the latest year and up to the printing date of this annual report.

(V) The impact of Technological (including Information Security Risk) and Industry Developments on the Company's Finance and Sales and Response Measures:

In addition to collecting and analyzing the market and technical development and changes of various automobile and motorcycle components at any time to reduce the impact of technological changes, the Group also actively engages in the development of new products and the improvement of press process to stabilize and ensure the source of profits. The change of technology, and industry has no significant impact on the Company's finance and business in the latest year and up to the printing date of this annual report.

In terms of information security risk control, the company has established and implemented an information security management system, formulated information security policy documents to standardize enterprise information security, and regularly conducts information security risk assessment and internal information security cycle audit operations every year to ensure the effectiveness of the management system and comply with laws and regulations, so information security risk is not a major operational risk of the company.

(VI) The impact of changes in the Company's image upon its crisis management, and the measures the Company plans to adopt in response

The group has always adhered to the principle of professional, integrity and sustainable management, and values importance to corporate image and risk control. The Group has no major changes in corporate image resulting in crisis management in the last year and up to the printing date of this annual report.

(VII) The expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response:

There is no plan for merger or acquisition in the last year and up to the printing date of prospectus. However, if there is any merger plan in the future, the Company will adhere to the prudent assessment attitude and consider whether or not merger will bring specific benefits to the company to ensure the protection of the Company’s interest and shareholders’ equity.

(VIII) The expected benefits and potential risks of any plant expansion, and measures to be adopted in response:

The Group doesn’t have plan for plant expansion for the coming year.

(IX) The risks associated with any concentration of sales or purchasing operations, and measures to be adopted in response:

1. The risks associated with any concentration of purchasing operations, and measures to be adopted in response

   The Group has more than two suppliers of major raw materials and maintains a good cooperative relationship to ensure the flexibility of procurement and disperse the source of purchase.

2. The risks associated with any concentration of sales operations, and measures to be adopted in response

   The Group mainly produces and sells automobiles and motorcycle components and press production line machine. The majority of customers are international well-known enterprises and their subsidiaries, among which the sales amount to the largest customer of automotive components accounts for more than 30% of the annual net sales. The main reason is that automotive industry is a closed market controlled by minority of companies, and the entry barrier is high. Moreover, in order to control the quality of product, most of automotive enterprises have their long-term stable cooperative suppliers, so it is industry characteristic that the concentration of sales among the world's top automotive components manufacturers. In recent years, however, in addition to strengthening and consolidating the cooperative relationship with the customers, the group has also been actively developing new customers and dispersing its order sources, with a view to expanding the company's operation scale and further reducing the risk of sales concentration.

(X) Effect upon and risk to the Company if a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and measures to be adopted in response: None

(XI) Effect upon and risk to the Company associated with any change in governance personnel or top management, and measures to be adopted in response:

There is no change in governance personnel or top management happened up to the printing date of this annual report. The company has strengthened various corporate governance measures, invited independent directors with financial and legal expertise and set up an audit committee for the sake of enhancing the overall operating efficiency and strengthening the protection of shareholders' equity.

(XII) Litigious and non-litigious matters

1. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the last two years and up to the printing date of this annual report: None.
2. If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the last two years and up to the printing date of this annual report: None

(XIII) Other important risks and measures to be adopted in response:

1 The risk that losing the top management and middle manager:

Since the Group was established, the operation strategy, business experience and industrial contacts accumulated by top management and middle manager have enabled the group to make substantial progress in business expansion. Therefore, the retention of top management and middle manager has a significant impact on the normal operation. The Group is committed to providing a competitive compensation and bonus system, supplemented by employee training, growth and promotion plans, and internal work environment improvement and optimization, to enhance the identification and coherence between top management and middle manager and the company, hence top management and middle manager are rather stable in many years.

2 The protection of shareholders' equity

There are many different regulations in companies between Caymen Islands and R.O.C. There are also many different regulations for companies' operation in both countries. Investors' view of shareholders' equity on investing companies in R.O.C. cannot be used for investing companies in Caymen Islands. Investors should understand and consult with professionals ensuring whether or not there is a risk that an investment in Caymen Islands will not be protected by shareholders' equity. Except the above, the Company's measures to be adopted in response are as follow:

The Company has amended Article of Association in accordance with "Important matters in connection with protection of shareholder' equity of foreign issuer's country of registration checklist" stipulated by Taiwan Stock Exchange and fully disclosed the difference between Article of Association and checklist in the annual report. In the future, if there are major law changes in the Cayman Islands, the Company will also adhere to the principle of full disclosure of information so that investors, creditors and other information users have sufficient and appropriate information to make investment decisions.

3 Information Security

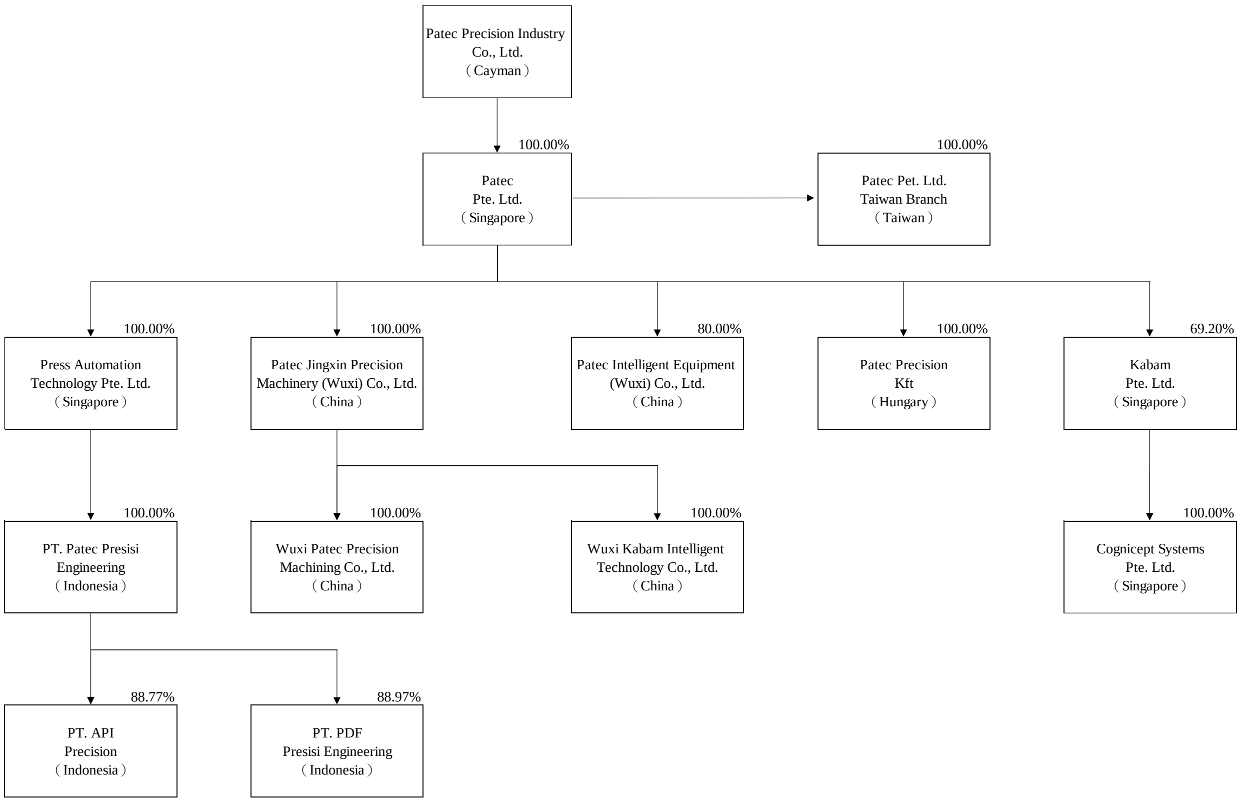
In terms of information security risk control, the Company has established and implemented the information security management system, and formulated information security policy documents to standardize the information security of the Company. The Company also conducts information security risk assessment and internal information security cycle audits on a regular basis every year to ensure the effectiveness of the management system and legal compliance. Therefore, the risk of information security is not a major operational risk of the Company.

VII. Other Major Items: None

Eight. Special Disclosure

I. INFORMATION RELATED TO THE COMPANY'S AFFILIATES

(I) Organizational Chart of Affiliated Companies:



(II) Information on Affiliated Companies

December 31, 2023; Unit: NTD dollar

Company Name	Date of Incorporation	Address	Capital Stock	Main Business Activity
Patec Pte. Ltd.	09/2006	54 Serangoon North Avenue4 #05-01 Cyberhub North Singapore 555854	SGD 41,563,036	Investment holding and selling press machines
Press Automation Technology Pte. Ltd.	09/1992	54 Serangoon North Avenue4 #05-01 Cyberhub North Singapore 555854	SGD 9,397,100	Assembly and selling of equipment
Patec Jingxin Precision Machining (Wuxi) Co., Ltd.	02/2002	No. C21-1, Shuofang Industrial Park Area, Phase 5, Xinwu Dist., Wuxi, China.	USD 4,650,000	Manufacturing and selling of automotive components
Patec Precision Kft Co., Ltd.	07/2008	3534 Miskolc, Muhi u. 2/a Hungary	EUR 678,668.53	Manufacturing and selling of automotive components
Kabam Pte. Ltd.	08/2018	54 Serangoon North Avenue4 #05-01 Cyberhub North Singapore 555854	SGD 7,417,062.2	Sale and lease of service robots

Company Name	Date of Incorporation	Address	Capital Stock	Main Business Activity
PT. Patec Presisi Engineering	08/1997	Jl. Angsana Raya Blok L3-01 Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	USD 6,201,000	Manufacturing and selling of automotive and motorcycle components
Wuxi Patec Precision Machining Co., Ltd.	07/2009	No. C21-1, Shuofang Industrial Park Area, Phase 5, Xinwu Dist., Wuxi, China.	RMB 10,000,000	Assembly and selling of equipment
PT. API Precision	03/2011	Jl. Angsana Raya Blok L3-01 Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	USD 1,670,000	Manufacturing and selling of automotive components
PT. PDF Presisi Engineering	09/2011	Jl. Angsana Raya Blok L3-01 Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	USD 1,360,000	Manufacturing and selling of automotive components
Cognicept Systems Pte. Ltd.	06/2018	54 Serangoon North Avenue4 #05-01 Cyberhub North Singapore 555854	USD 1,330,423	Operating system software development
Wuxi Kabam Intelligent Technology Co., Ltd.	12/2022	23 Shuofang Lihe Road, Xinwu District, Wusaw City, China	RMB 3,000,000	Assembly and sales of intelligent robots
Patec Intelligent Equipment (Wuxi) Co., Ltd.	10/2023	No. 8, Xintai Road, Singapore Industrial Park, Xinwu District, Wuxi City, Jiangsu Province, China	RMB 14,207,440	Manufacturing and selling of intelligent equipment

(III) Shareholders in Common of Patec and Its Subsidiaries with Deemed Control and Subordination: None

(IV) The industries covered by the business operated by the affiliates overall: The industries covered by the affiliates overall include the production, manufacture and sale of automotive and motorcycle parts, stamping equipment, and assembly, sale and lease of service robots.

(V) Directors, Supervisors and Presidents of Affiliated Companies:

As of December 31, 2023; Unit: Shares

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage shareholding (%)
Patec Pte. Ltd.	Director Director	Wee Liang Kiang Wee Hong Jie	– –	– –
Press Automation Technology Pte. Ltd.	Director Director	Wee Liang Kiang Wee Hong Jie	– –	– –
Patec Jingxin Precision Machinery (Wuxi) Co., Ltd.	Director Director Director Commissioner	Wee Liang Kiang Wee Hong Jie Ong Jian Ming, Gary Zhen-Shi Wang	– – – –	– – – –
Patec Precision Kft	Director Director	Wee Liang Kiang Wee Hong Jie	– –	– –
Kabam Pte. Ltd.	Director Director	Wee Hong Jie Aditya Mathur	–	–
PT. Patec Presisi Engineering	President Director Director Director Commissioner	Wee Hong Jie Ong Boon Hock Ong Jian Ming, Gary Wee Liang Kiang	– – – –	– – – –
Wuxi Patec Precision Machining Co., Ltd.	Director Commissioner	Wee Liang Kiang Zhang Ping	–	–
PT. API Precision	President Director Director Director President Commissioner	Wee Hong Jie Ong Boon Hock Ong Jian Ming, Gary Wee Liang Kiang	– – – –	– – – –
PT. PDF Presisi Engineering	President Director Director Director Commissioner	Wee Hong Jie Ong Boon Hock Ong Jian Ming, Gary Wee Liang Kiang	– – – –	– – – –
Cognicept Systems Pte. Ltd.	Director	Sayre Michael Marquet	–	–
Wuxi Kabam Intelligent Technology Co., Ltd.	Executive Director Commissioner	Wee Hong Jie He Xiaocui	– –	– –
Patec Intelligent Equipment (Wuxi) Co., Ltd.	Director Commissioner	Wee Hong Jie Liu Jilong	– –	– –

(VI) The financial position and results of operations of affiliated companies

Unit: NTD thousands

Name	Capital	Total Assets	Total Liabilities	Net Value	Sales	Operating Profit (Loss)	Profit for the year (After income tax)	EPS(Dollar) (After income tax)
Patec Pte. Ltd.	967,370	675,313	140,919	534,394	185,538	(5,573)	164,622	Note
Press Automation Technology Pte. Ltd.	218,715	102,678	382	102,296	-	2,862	62,213	Note
Patec Jingxin Precision Machinery (Wuxi) Co., Ltd.	142,814	958,435	145,322	813,113	821,062	128,855	168,749	Note
Patec Precision Kft Co., Ltd.	23,009	331,467	303,607	27,860	187,863	6,063	1,848	Note
PT. Patec Presisi Engineering	190,450	442,500	69,724	372,776	426,388	65,981	58,900	
Wuxi Patec Precision Machining Co., Ltd.	43,275	90,214	16,064	74,150	150,370	29,241	24,021	Note
PT. API Precision	51,290	34,553	10,314	24,239	69,052	4,524	1,747	Note
PT. PDF Presisi Engineering	41,769	52,624	14,852	37,772	42,232	(1,508)	(1,616)	Note
Kabam Pte. Ltd.	172,630	231,568	138,617	92,951	102,248	(49,164)	(47,153)	
Cognicept Systems Pte. Ltd.	40,861	3,787	99	3,688	-	(530)	(626)	
Wuxi Kabam Intelligent Technology Co., Ltd.	12,982	41,372	17,997	23,375	38,599	11,122	10,570	
Patec Intelligent Equipment (Wuxi) Co., Ltd.	61,483	80,597	19,903	60,694	65	(168)	(642)	Note

Note: Not limited company, so earnings per share cannot be calculated.

(VII) Consolidated Financial Statements on Affiliated Companies: refer to p.105 to page 160

(VIII) Reports on Affiliated Companies: Not applicable.

II. Privately placed securities handling status in the Latest Year and up to the Printing Date of this Annual Report: None.

III. Shares in the Company held or disposed of by subsidiaries in the latest year and up to the printing date of this annual report: None.

IV. Other Necessary Supplementary Notes: None.

V. The description of significant difference in the regulations on the protection of Taiwan's shareholders' equity: None.

Nine. Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that have happened in the Latest Year and up to the Printing Date of this Annual Report: None.