StockCode：4581

World Known MFG (Cayman) Limited

2023 Annual Report

This annual report is available at http://mops.twse.com.tw

Company Websites ： http://www.wkgroup.com

Printed on May 27, 2024

1.Spokesperson and acting spokesperson

Spokesperson Name：Yu, Shen Fen
Title：Chief Financial Officer
Tel ：886-4-2567-7958
E-mail：wkg4581@wkgroup.com

Acting spokesperson Name：Chen,Wei-Cheng
Title：Taiwan Subsidiary General Manger
Tel ：886-4-2567-7958
E-mail：wkg4581@wkgroup.com

2.Contact information of the head office, branch offices andfactories

(1)Head office
Name ：World Known MFG (Cayman) Limited
Adress：The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands
Tel：886-4-2567-7958

(2)CHINA Subsidiary
Name：World Known Precision Industry (Fuzhou) Co., Ltd.
Adress：No. 161, North Hu-Wen Rd., Wen Wu Sha Town, Chang-Le Dist., Fuzhou, Fujian Prov., China
Tel ：86-591-28780988

(3)TAIWAN Subsidiary
Name：World Known Precision Industry Co., Ltd.
Adress：No,470,Sec3,Ya-Tan Rd.,Daya Dist., Taichung City Taiwan.
Tel：886-4-2567-7958

(4)SAMOA Subsidiary
Name：Honour Glory International Ltd.
Adress：Offshore Chambers, P.O.Box 217 , Apia, Samoa
Tel：886-4-25677958

(5)AMERICAN Subsidiary
Name：WKP HITECH USA, INC.
Adress：1955 Brookfield Court, Columbus, IN, USA
Tel：886-4-25677958

3.Stock Transfer Agency (Name, Address, Website and Telephonenumber)

Name：Fubon Securities Co., Ltd.
Adress：11th Floor, No. 17, Xuchang Street, Zhongzheng District, Taipei City, Taiwan (R.O.C.)
Website：http://www.fubon.com
Tel：02-2361-1300

4.Contact Information of the certified public accountant (CPA) for the latest financial repor

Name：Tsu-Hsin Chang, Yen-Hui Chen
Firm ：KPMG
Adress： 68F, No.7, Sec. 5, Xinyi Road, Xinyi District, Taipei City
Website：http://www.kpmg.com.tw
Tel：02-8101-6666

5.Name of the stock exchange where company's listed overseas securities are traded and the access to information on such listed overseas securities:N/A.

6.Company Website：http://www.wkgroup.com

7.Responsible person for litigation and non-litigation (name, title and contact information):

Name：Lu,Huang-Fu
Tel：886-4-2567-7958
Title：Chairman
E-mail：wkg4581@wkgroup.com

8.Directors

Title	Name	Nationality	Education/Qualifications
Chairman	Lu, Huang-Fu	R.O.C	1.The College of Law, Tunghai University 2.School of Management Development, Feng Chia University 3.Vice President of World Known Mfg. Co., Ltd.
Director	Lu, Chung-Wen	R.O.C	1.Ming-Der Vocational School 2.Director of Board, Lucky Bank, Inc. 3.Officer of Taichung Credit Union
Director	Chang, Wu-Lung	R.O.C	1.Department of Mechanical Engineering, Provincial Taipei Vocational School of Industry 2.Singer Taiwan Limited. 3.President of World Know Precision Industry (Fuzhou) Co., Ltd.
Director	Sheng, Chien-Chih	R.O.C	1.MBA, Peter F. Drucker and Masatoshi Ito Graduate School of Management 2.Director of Board, Hota Industrial MFG. Co., Ltd. 3.Manager of Tong-An Investment Co., Ltd.
Director	Lin, Yen-Huey	R.O.C	1.Department of Business Administration, Pacific Western University 2.Vice President of Hota Industrial MFG. Co., Ltd.
Independent Director	Wang, Wei	R.O.C	1.PhD, Master Program of Agricultural Economics and Marketing, National Chung HsingUniveristy 2.Dean of College of Business, Feng Chia University 3. President of Feng Chia University 4.Diector of Taiwan Economic Association 5.Committee member of Internationtal Trade Commission Ministry of Economic Affairs
Independent Director	Hon, Jau-Shin	R.O.C	1.Phd, Department of Management science, National Chiao Tung University 2.Chair / Associate Professor of Department of Industrial Engineering and Enterprise Information, Tunghai University 3.CEO of School of Exterrsion, Tunghai University
Independent Director	Hsu, Fu-Hsiung	R.O.C	1.Master of Department of Financial & Economic Law, Chung Yuan Christian University 2.Lin,Zih-Ying Law Firm 3.Chen,Yi-Cheng Law Firm 4.DingLui Law Firm

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Appendix 1. Consolidated financial Report and CPA audit report of the most recent year

Appendix 2. Explanation of the significant difference between the company's articles of association and ROC's shareholder rights protection regulation

I.Letter to Shareholders

A.Overview of business in 2023

(I)Performance of the business plan

The company's net revenue in 2023 was NT$1,197,391,000, an increase of NT$174,557,000 (approximately 17.1%) over 2022, and the net profit after tax was NT$203,267,000, an increase of NT$90,059,000 (approximately 79.55%) over 2022. The overall revenue increased by 17.1% due to the continued stability of market demand in Europe and the United States, the mass production of new customers and new development parts, and the increase in the demand for natural gas heavy trucks and commercial vehicles in the mainland market, and the gross profit margin also increased compared with 2022 due to the comprehensive factors of product mix and cost control, coupled with the depreciation of RMB against the US dollar, resulting in net foreign exchange benefits, and the increase in interest income from US dollar fixed deposits, the overall profit increased by 79.55%.

(II)Execution of budget

Pursuant to the current regulations, the Company has not disclosed the forecast of 2023 finance and thus is not applicable.

(III)Analysis of financial incomes and profitability

Unit: NT$ thousand

Item		2023	2022	Difference%
Net amount of operating revenue		1,197,391	1,022,834	17.07
Operating margin		389,568	258,467	50.72
Operating profit		220,586	109,401	101.63
After-tax net profit		203,267	113,208	79.55
Financial structure	Liability to asset ratio %	39.34	41.56	(5.34)
	Long-term fund to fixed asset ratio %	262.68	260.55	0.82
Solvency	Current ratio %	213.63	235.69	(9.36)
	Quick ratio %	157.89	168.90	(6.52)
Profitability	Return on assets	12.27%	7.75%	58.32
	Return on shareholder's equity	20.14%	12.33%	63.34
	Net profit margin	16.98%	11.07%	53.39
	Earnings per share (NT$)	6.00	3.34	79.64

(IV) Research and development status

The company keeps abreast of the pulse of industrial market and technology trends, conducts research and planning on the nature, strength and reliability of various products, and conducts innovative research and development for advanced processes, materials and architectures, participates in the initial design of customer development, shortens customer development time and cost optimization.

Obtained 2 invention patents and 19 utility model patents of the company in 2023，and the main research

and development status is described as follows:

1. Hydraulic filtration system adapter centering positioning processing fixture.
2. The internal gas heating structure of the natural gas pressure reducing valve body for vehicles.
3. Special-shaped pipe fittings can be rotated positioning mechanism.
4. Exhaust pipe seal cone detection device for engine turbochargers.
5. Automatic detection equipment and method for the sealing of the cavity in the double-channel inner cavity of the engine regulating valve seat.

B.Summary of the 2024 Business Plan

(I)Guidelines of operations

1. Seize opportunities for global supply chain restructuring, develop new sources of customers and new markets (Australia, European markets) for similar products, and continue to expand customer groups and industries to increase turnover and diversify industry risks .
2. Aluminum alloy material orders have gradually increased, through relevant trade association to referral to non-cast iron processing cooperatives, Strengthening the non-cast iron supply chain to enable smooth mass production of development orders, and cultivate talents with relevant capabilities and continue to invest in automated production line equipment, invest in special aluminum parts for recasting, die casting automation equipment, expand production efficiency ,improve production efficiency and ensure stable processing quality.
3. Drive lean production and digital transformation continues, combined with information system improvement, use OEE data to expand, reduce the seven major wastes, improve the production process and reduce the loss of line change and die change.

(II)Expected sales volume and the basis

The Company expect the shipment volume in 2024 to grow continuously, with the stable orders to the existing products from the major clients, combining with the mass production of new products. The estimated shipment volume is based on the long-term demand forecasts provided by the clients, the progress of new product development and the plan of capacities.

(III) Important production and marketing policies

1. Continue to steadily expand production capacity and consolidate and widen the competitive gap with peers. Strengthen existing customer relationships, expand cooperation with major manufacturers in related industries, and grasp market trends; actively expand new research and development fields and follow cutting-edge automotive, green energy and other industrial braking technologies.
2. Improve the efficiency of supply chain management, flexible production, meet the needs of customers in small batches and varieties, integrate the supply of blanks such as casting and forging to heat treatment, surface treatment, assembly and other processes, and expand the scope of services to various metal materials and different processes Process field.
3. Implement the IATF16949 quality certification system, focus on close contact with customers, and improve customer satisfaction. Continue to follow the ISO 14001 and ISO 45001 environmental safety and health certification systems, improve workplace safety and health, and implement ESG's corporate social responsibility.

C.Strategies of Future Development

1. Continuously monitor the development of commercial vehicles sector，seeking aluminum electric motor housing business opportunity from renown electric vehicle manufacturers；In response to the trend of energy saving, carbon reduction and light weight, Actively develop non-cast iron products, develop aluminum alloy chassis parts in cooperation with existing clients; Cut into the issue of energy saving, carbon reduction and emission control regulations , expand supply of aluminum alloy EGR parts; Participate in the development of electric-mechanical brake system parts that meets higher safety regulations to satisfy client's diverse demands.
2. To enhance the R&D capability of the Company; and continuing the development parts for new car models.
3. Strengthen digital marketing capability. tap and dig into potential customers to develop and categorize their requirements efficiently and systematically, and ultimately transform them into clients with real business needs. accelerate the drive to new types of business.
4. Expand the development of automated and intelligent mechanical production lines, accelerate the flow of information and speed up decision making, promotion of smart logistic ;continuously improve production automation to build smart manufacturing infrastructure and to weather labor shortage risk; Promote equipment and information visualization management thus to advance manufacturing management system efficiency. Speed up progress tracking and abnormality disposal process. Speed up decision-making process to reduce waste.

D.Under the influences of external competitions, regulations, and macro- operational environment

With the safety regulations upgrade in various countries、 Taiwan's "Climate Change Response Act" and international concerns about sustainability issues concern. the trends of being smart, electrical or with new energies, as well as the rapid evolving macro environment, in the regards of industry and market, the Company will follow the trends of clients'markets, by expanding the precise processing technologies of multiple materials (cast iron, aluminum and steel), to provide the one-stop procurement to the clients, for the purpose of enhancing the Company's competitiveness and growth momentum, and cooperate with the resources provided by the government and academic institutions, introduce carbon emission inventory operations and information platform utilization, implement process improvement, and seek improvement opportunities for energy saving and carbon reduction. At the same time, examine the various risks faced by the company, establish corresponding countermeasures, strengthen the information security protection mechanism, and strive to maximize the value of the company's shareholders and fulfill corporate social responsibilities.,

Finally, we'd like to express our appreciations for the supports and encouragements from our shareholders. We thank you sincerely and wish you all the best and healthy.

Chairman: LU, HUANG-FU Manager: HUANG, YU-TING

Head of Accounting:
HSU, CHING-YUAN

II. Company Profile

A. Foundation Date: November 19, 2015

B. Company History

Year	Key events
2004	World Known Precision Industry (Fuzhou) Co., Ltd. (hereinafter referred to as "WKPF") was established. The major product is the brake disk (drum) provided for the after-sales market in the U.S.
2005	Passed the quality review by "C" Company in Germany in March, to supply the parts of adjustment valves for gas recycling in an engine.
2006	Certified by Siemens VDO of Germany to develop the advanced diesel engine parts, system of recycling emission (EBV), and emission circular filtering cooler (EGR-Cooler), collaboratively.
2007	WKPF was certified with ISO 14001:2004.
2009	Contracted with "A" Company (hereinafter referred to as the "A Company") for parts of engine and parts for energy-saving and emission-reduction system.
2010	1. Certified by a Swedish manufacturer for braking system parts, E Company, to supply the parts of ADB system at the vehicle chassis. 2. WKPF was certified with ISO/TS 16949.
2011	WKPF was certified with the third version of ISO/TS 16949:2009.
2012	1. Passed the quality review of F Company in the U.S., to supply parts of engines in May. 2. In November, an expert workstation was established with Fuzhou University in Fujian, to research and develop the turbocharger for diesel engines together.
2013	1. Certified by Axle Tech in the U.S. and MahleBher in Germany, to supply the parts of chassis and engines, respectively. 2. WKPF was certified with OHSAS 18000:2007.
2014	1. In February, the Well-Known Trademark of Fuzhou City certificate and the High-Tech Enterprise Certification were obtained. 2. In August, passed the quality review of the client MAHLE (Germany), to produce the filter caps of the screening program for ships.
2015	1. Established the joint lab of turbocharger design and test with Fuzhou University in March. 2. In November, became the supplier of Navistar in the U.S., and developed the Navistar EGR component project with the Chinese listed company, Zhejiang Yinlun Machinery Co., Ltd. 3. In November, the World Known MFG (Cayman) Limited (hereinafter referred to as "WKM" or "the Company") was established in Cayman Islands for listing in Taiwan.
2016	1. Passed the quality review of client G Company, to supply aluminum recast emission parts of engines in March. 2. In November, World Known Precision Industry Co., Ltd. (hereafter "WKPT") was established.
2017	1. Acquired 100% stake of Honour Glory International Ltd. (hereinafter referred to as "Honour") through cash acquisition and share exchange. 2. Added the production lines for aluminum recast and expanded the operation scope, to produce high-end aluminum cast parts for energy-saving and carbon reduction, as well as the precision processing

	of these parts. 3. WKPF obtained the certification of Requirements of System Fused with Informatization and Industrialization (Trial)
2018	1. WKPT obtained IATF 16949 certification and ISO 9001:2015 certification 2. Client G's EGR valve seat of diesel engine for Stage Five Emission started mass production, and prototype of EGR for Stage Six Emission were developed and sampled. 3. WKPT introduced the first smart automated processing line.
2019	1. The application for the initial public offering was reviewed and approved by Securities Listing Review Committee of Taiwan Stock Exchange Corporation in October
2020	1. In March, the Company's shares went listed in TWSE. 2. In November, WKPT obtained ISO 14001:2015 certification and ISO 45001:2018 certification. 3. WKPT won the 19th Taichung City Golden Hand Award. 4. WKPT obtained Orsted's offshore wind power supplier guidance fund.
2021	1. WKPF won the Intellectual Property Advantage Enterprise of Fujian Province. 2. WKPF obtained the certification of GB/T 23001-2017 requirements for the integration of information technology and industrialization management system. 3. WKPF won the title of Fujian Science and Technology Little Giant Enterprise. 4. WKPT won the 6th Potential Backbone Enterprise Award.
2022	1. WKPT won the first place in the "Lean Promotion Program" organized by the Industrial Development Bureau. 2. WKPF won the P customer best quality supplier award. 3. Fujian Province included WKPF in the list of industrial strategic emerging industry enterprises.
2023	1. The Company increased capital by USD 1.8 million for WKP USA. 2. WKPF was awarded the title of Fujian Province's Specialized, Refined, and New Small and Medium-sized Enterprise.

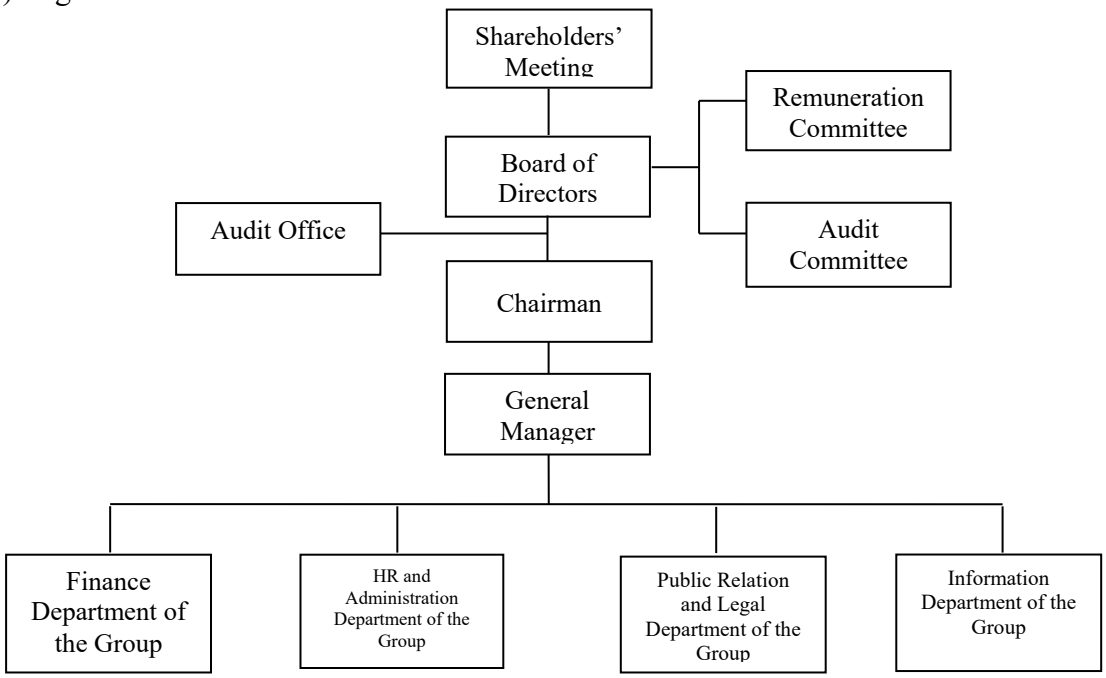
With respect to the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, including information on the following: merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity.

None.

III.Corporate Governance Report

A. Organizational System

(I) Organizational Structure



(II) Functions of the Major Departments

Department	Functions
Board of Directors	Implement the resolutions
Audit Committee	Supervising the business and financial status of the Group, the fair presentation of financial statements, and the effective implementation of the internal controls.
Remuneration Committee	Establishing the policies, systems, standards and structures of the performance evaluations and remuneration for directors and managers, with regular reviews; regularly evaluating and deciding the remunerations to directors and managers.
Audit Office	Establishing various audits and internal controls of the Group, assessing, implementing, and supervising such implementation, while providing improvement recommendations and tracking progress.
Finance Department of the Group	In charge of accounting affairs, formulating and implementing the accounting policy and system, while supervising the financial position of each subsidiary.
HR and Administration Department of the Group	1. In charge of supervising and managing the human resources, administration and general affairs, environmental and occupational safety, as well as the occupational health. 2. Planning and implementing the affairs of the Board of Directors meetings, shareholders' meeting, and shareholder services. 3. Assisting the evaluation and plan for the policies and operating guidelines of the Group and formulating and promoting the system.
Public Relations and Legal Department of the Group	In charge of the planning and management of public relations, ethical management, legal affairs within the Group.

Department	Functions
Information Department of the Group	In charge of establishing the framework of information security risk management, information security policies and overseeing and managing the information/communication security for the Group

B.Information on the company's directors, supervisors, general manager, deputy general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branchunits

(I) Information on the company's directors and supervisors:

1. Directors

As of April 23,2024 Unit: 1,000share

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse&Minor Shareholding		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			note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Lu, Huang-Fu	Male 41-50	2021.8.5	3years	2015.11.19	1,352	3.99%	2,402	7.09%	—	—	2,730 (Note2)	8.05% (Note2)	1.The College of Law, Tunghai University 2.School of Management Development, Feng Chia University 3. Vice President of World Known Mfg. Co., Ltd.	1.Chairman of World Known Precision Industry Co., Ltd. 2. Chairman of WKP USA. 3.Chairman of World Known Precision (Fuzhou) Industry Co., Ltd. 4. Chairman of Lavender Hill Limited	Director	Lu, Chung-Wen	Parent-child	Note 4
Director	R.O.C	Lu, Chung-Wen	Male 71-80	2021.8.5	3years	2015.11.19	894	2.64%	1,154	3.25%	1,050	3.10%	5,101 (Note3)	15.05% (Note3)	1. Ming-Der Vocational Schoo 2. Director of Board, Lucky Bank, Inc. 3. Officer of Taichung Credit Union	1. Director of World Known MFG Co., Ltd. 2. Chairman of Ancient Enterprise Corp. 3.Director os Germander Group Limited 4. Chairman of Chung Yin Investment Development Co., Ltd. 5.Director of Fu-Ying Co., Ltd	Chairman	Lu, Huang-Fu	Parent-child	—
Director	R.O.C	Chang, Wu-Lung	Male 71-80	2021.8.5	3years	2015.11.19	666	1.96%	828	2.44%	235	0.69%	—	—	1. Department of Mechanical Engineering, Provincial Taipei Vocational School of Industry 2.Engineer of Singer Taiwan Limited. 3. President of World Know Precision Industry (Fuzhou) Co., Ltd.	1. Chairman of World Known MFG Co., Ltd. 2.Director&General Manager of Ancient Enterprise Corp	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse&Minor Shareholding		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			note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Lin, Yen-Huey	Male 61-70	2021.8.5	3years	2015.11.19	—	—	30	0.08%	—	—	—	—	1. Department of Business Administration, Pacific Western University 2. Vice President of Hota Industrial MFG. Co., Ltd.	1.Director of Hota Industrial MFG Co., Ltd. 2.Chairman(legal epresentative) of Kao Fong Machinery Co., Ltd.	—	—	—	—
Director	R.O.C	Sheng, Chien-Chih	Female 41-50	2021.8.5	3years	2018.10.19	—	—	—	—	—	—	—	—	1. MBA, Peter F. Drucker and Masatoshi Ito Graduate School of Management 2. Manager of Tong-An Investment Co., Ltd. 3.CEO of Hota Industrial MFG Co., Ltd. 4.Director (legal epresentative), Hota Industrial MFG. Co., Ltd. 5.Independent director of Orange Electronic Co., Ltd.	1. Director of Kao Fong Machinery Co., Ltd. 2.Director(legal epresentative) of Hota Industrial MFG Co., Ltd. 3.Independent director of Orange Electronic Co., Ltd. 4.Independent director of Tan De Technology Co., Ltd. 5.CEO of Hota Industrial MFG Co., Ltd.	—	—	—	—
Independent Director	R.O.C	Wang, Wei	Female 51-60	2021.8.5	3year	2018.10.19	—	—	—	—	—	—	—	—	1.PhD, Master Program of Agricultural Economics and Marketing, National Chung HsingUniveristy 2. Dean of College of Business, Feng Chia University 3. Diector of Taiwan Economic Association 4. Committee member of Internationtal Trade Commission Ministry of Economic Affairs	1. President of Feng Chia University 2.Professor of department of economics, Feng Chia University	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse&Minor Shareholding		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			note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Hon, Jau-Shin	Male 61-70	2021.8.5	3years	2018.10.19	—	—	—	—	—	—	—	—	1. Phd, Department of Management science, National Chiao Tung University 2. Chair / Associate Professor of Department of Industrial Engineering and Enterprise Information, Tunghai University 3. CEO of School of Exterrsion, Tunghai University	1. Associate Professor of Department of Industrial Engineering and Enterprise Information, Tunghai University 2. Director of Giantplus' Independent	—	—	—	—
Independent Director	R.O.C	Hsu, Fu-Hsiung	Male 41-50	2021.8.5	3years	2018.10.19	—	—	—	—	—	—	—	—	1.Master of Department of Financial & Economic Law, Chung Yuan Christian University 2.Lin,Zih-Ying Law Firm 3.Chen,Yi-Cheng Law Firm 4.DingLui Law Firm	DAU,SHIUAN Joint Law Firm Co-Counsel	—	—	—	—

Note 1: For representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders, and complete the following form.

Note 2: Lu, Huang-Fu owns 100% stake of Lavender Hill Limited; and Lavender Hill Limited owns 2,730,000 shares of the Company, so the percentage of shareholdings is 8.05%.

Note 3: Lu, Chung-Wen owns 60.13% stake of Germander Group Limited, and Germander Group Limited owns 4,230,000 shares of the Company, so the percentage of shareholdings is 12.48%. He also owns 100% stake of Chung-Ying Investment and Development Limited, and Chung-Ying Investment and Development Limited owns 871,000 shares of the Company, so the percentage of shareholdings is 2.57%. As a total, 5,101,000 shares of the Company are held under others' names, or 15.05% as the shareholding.

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2. Supervisor:
N/A. The Company has established the Audit Committee.

3. Major shareholders of institutional shareholders: N/A.

4. Professional qualifications and independence analysis of directors andsupervisors

Criteria / Name	Professional Qualifications and Experience	Independent Directors' Independence Status	Number of independent directors of other public companies
Lu, Huang-Fu	1. Director's professional qualifications and experience please refer to this report p.8~p.10. 2. None of the directors falls under any of the circumstances of Article 30 of the Company Law	N/A	0
Lu, Chung-Wen		N/A	0
Chang, Wu-Lung		N/A	0
Lin, Yen-Huey		N/A	0
Sheng, Chien-Chih		N/A	2
Wang, Wei		They are independent directors, all meet the following conditions: 1. Including but not limited to the person, spouse, relatives within the second degree who do not serve as directors, supervisors or employees of the company or its affiliated companies. 2. Not holding the shares of the Company. 3. Not serving as a director, supervisor or employee of a company that has a specific relationship with the company. 4. The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years. 5. There is no one of the circumstances of Article 30 of the Company Law.	0
Hon, Jau-Shin			1
Hsu, Fu-Hsiung			0

5. Board Diversity and Independence

(1) Diversity of the board of directors:

According to the provisions of Article 20 of the Company's 「Rule of Corporate Governance」, the composition of the board of directors should consider diversity. Except that directors who also serve as managers of the company should not exceed one-third of the number of directors, they should also consider their own operations, business models and development needs. In order to formulate an appropriate diversity policy, it should include, but not be limited to, the following two standards:

a. Basic conditions and values: gender, age, nationality and culture, etc.

b. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and

industry experience, etc.

The members of the board of directors shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors as a whole should have the following capabilities:

a. Operational judgment ability.
b. Accounting and financial analysis ability.
c. Operation and management ability.
d. Crisis handling capability.
e. Industrial knowledge.
f. the international market view.
g. Leadership.
h, decision-making ability.

The current board of directors of the company consists of nine directors, including three independent directors. The members have extensive experience and expertise in the fields of finance, management and law. In addition, the company also pays attention to gender equality in the composition of the board of directors. Currently, two directors are women. The relevant diversification implementation situation is as follows:

Core Competencies / Name	Basic components										Professional background and ability					
	Nationality	Gender	Part-time employee of our company	Age				Independent director tenure			Management	Leadership decision-making,	financial accounting,	legal practice	industry knowledge and operational judgment	crisis management and international market outlook
				41-50	51-60	61-70	71-80	below3 years	3-9 years	over 9years						
Lu, Huang-Fu	R.O.C.	Male	No	✓							✓	✓	✓		✓	✓
Lu, Chung-Wen	R.O.C.	Male	No				✓				✓	✓	✓		✓	✓
Chang, Wu-Lung	R.O.C.	Male	No				✓				✓	✓	✓		✓	✓
Lin, Yen-Huey	R.O.C.	Male	No			✓					✓	✓	✓		✓	✓
Sheng, Chien-Chih	R.O.C.	Female	No	✓							✓	✓	✓		✓	✓
Wang, Wei	R.O.C.	Female	No		✓				✓		✓	✓	✓		✓	✓
Hon, Jau-Shin	R.O.C.	Male	No			✓			✓		✓	✓	✓		✓	✓
Hsu, Fu-Hsiung	R.O.C.	Male	No	✓					✓		✓	✓	✓	✓	✓	✓

Specific management objectives and achievement of the board diversity policy

Management goals	Achievement
Among the directors, the number of employees who are employees of the Group is less than one-third of the number of directors	Achieved
Independent directors in the board of directors have not been re-elected for more than three terms	Achieved
At least one female director seat	Achieved (two female directors)

(2) Independence of the Board of Directors:

a. The current board of directors of the company consists of 8 directors, including 3 independent directors, with independent directors accounting for three-eighths of the directors' seats.

b. The current director does not concurrently serve as the manager of the company.

c. There should be more than half of the seats among the directors, and there should be no kinship within the spouses and second-degree relatives. Currently, only the second-seat directors have the kinship within the spouses and second-degree relatives.

In view of the foregoing, the Board of Directors of the Company is independent.

(II)Management Team

As of April 23,2024 Unit: 1,000share

Title	Nation ality	Name	Gender	Inauguration date	Shareholding		Spouse&Minor Shareholding		Shareholding in the name of others		Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager of World Known MFG(Cayman) Limited and World Known Precision (Fuzhou) Industry Co.,	R.O.C	Huang, Yu-Ting	Male	2009.05.01	331	0.98%	—	—	—	—	Department of Industrial Engineering and Systems Management, Feng Chia University Special Assistant of President, World Known MFG. Co., Ltd.	—	—	—	—	—
Chief Financial officer of World Known MFG(Cayman) Limited	R.O.C	Yu Shen-Fen	Female	2017.01.01	150	0.44%	—	—	—	—	Department of Accounting, Tamkang University Assistant Manager , Deloitte Touche Tohmatsu Limited Finance Manager of World Known MFG. Co., Ltd.	—	—	—	—	—
Chief Audit Executive of World Known MFG(Cayman) Limited	R.O.C	Lai, Yi-Ling	Female	2017.01.01	8	0.02%	—	—	—	—	Department of Accounting, Tunghai University KPMG International Cooperative Audit Manager of Jourdeness International Group Co., Ltd.	—	—	—	—	—
Chief Accountant of World Known MFG(Cayman) Limited	R.O.C	Hsu, Ching-Yu an	Male	2022.04.01	—	—	—	—	—	—	Department of Accounting, National Cheng Kung University KPMG International Cooperative	—	—	—	—	—
QA Director, World Known Precision (Fuzhou) Industry Co., Ltd.	R.O.C	Huang, Mao-Yuan	Male	2012.3.15	—	—	—	—	—	—	Department of Industrial Engineering and Management Technology, Nan-Tai Institute of Technology Production Section Manager, Tyn-Jian International Co., Ltd. Yen Sun Technology Corp.	—	—	—	—	—
General Manager of World Known Precision Industry Co., Ltd.	R.O.C	Chen,Wei -Cheng	Male	2022.02.01	—	—	—	—	—	—	Department of Industrial Engineering Management, Nan-Tai Junior College of Engineering General Manager, World Known MFG. Co., Ltd.	—	—	—	—	—
Production / R&D Director, World Known Precision Industry Co., Ltd.	R.O.C	Lin, Kuo-Hsiu ng	Male	2017.01.01	31	0.09%	—	—	—	—	Department of Machinery Engineering, Chin-Yi Junior College of Engineering Production Director, World Known MFG. Co., Ltd.	—	—	—	—	—

C.Remuneration paid during the most recent fiscal year to directors, supervisors, general manager and deputy generalmanager

(I)Remuneration paid to Directors (including IndependentDirectors)

Unit: NT$ 1,000/1,000 shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		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	Lu, Huang-Fu	—	—	—	—	4,529	4,529	160	160	4,689 2.39%	4,689 2.39%	2,678	4,916	—	—	—	—	—	—	7,369 3.62%	9,605 4.72%	None
Director	Lu, Chung-Wen																					
Director	Chang, Wu-Lung																					
Director	Lin, Yen-Huey																					
Director	Sheng, Chien-Chih																					
Director	AmTrust Investment Consulting Corp (Director Dismissed on 12th May 2023)																					
	Representative：Ho,Jung-Shu and Chen, Ming-Chieh																					
Independent Director	Wang, Wei	1,080	1,080	—	—	—	—	138	138	1,218 0.60%	1,218 0.60%	—	—	—	—	—	—	—	—	1,218 0.60%	1,218 0.60%	None
Independent Director	Hon, Jau-Shin																					
Independent Director	Hsu, Fu-Hsiung																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:：The company currently has three independent directors, whose remuneration is in accordance with the company's 「Directors' Remuneration Management Regulations」. The company pays independent directors a fixed monthly salary, and independent directors do not participate in the company's earnings distribution.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services,such as being independent contractors.：None

Range of Remunerations

Range of remunerations paid to Directors	Name of Directors			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report
Under NT$ 1,000,000	Lu, Huang-Fu、Lu, Chung-Wen、Chang, Wu-Lung、Lin, Yen-Huey、AmTrust Investment Consulting Corp、Wang, Wei、Hon, Jau-Shin、Hsu, Fu-Hsiung、Sheng, Chien-Chih	Lu, Huang-Fu、Lu, Chung-Wen、Chang, Wu-Lung、Lin, Yen-Huey、AmTrust Investment Consulting Corp、Wang, Wei、Hon, Jau-Shin、Hsu, Fu-Hsiung、Sheng, Chien-Chih	Chang, Wu-Lung、Lin, Yen-Huey、Wang, Wei、AmTrust Investment Consulting Corp、Hon, Jau-Shin、Hsu, Fu-Hsiung、Sheng, Chien-Chih	Chang, Wu-Lung、Lin, Yen-Huey、Wang, Wei、Hon, Jau-Shin、AmTrust Investment Consulting Corp、Hsu, Fu-Hsiung、Sheng, Chien-Chih
NT$1,000,000 (included)～NT$ 2,000,000 (excluded)	–	–	Lu, Chung-Wen	Lu, Chung-Wen
NT$2,000,000 (included)～NT$ 3,500,000 (excluded)	–	–	–	–
NT$3,500,000 (included)～NT$ 5,000,000 (excluded)	–	–	Lu, Huang-Fu	–
NT$5,000,000 (included)～NT$10,000,000 (excluded)	–	–	–	Lu, Huang-Fu
NT$10,000,000 (included)～NT$15,000,000 (excluded)	–	–	–	–
NT$15,000,000 (included)～NT$30,000,000 (excluded)	–	–	–	–
NT$30,000,000 (included)～NT$50,000,000 (excluded)	–	–	–	–
NT$50,000,000 (included)～NT$100,000,000 (excluded)	–	–	–	–
Over NT$100,000,000	–	–	–	–
Total	9	9	9	9

(II)Remunerations paid to Supervisors: N/A. The Company has established the Audit Committee.

(III)Remuneration paid during the most recent fiscal year general manager and deputy generalmanager

Unit: NT$ 1,000/1,000 shares

Title	Name	Sslary(A)		Severance Pay and Pensions (B)		Bonus and Allowances (C)		Employees' Profit Sharing Bonus(D)				Ratio of total compensation (A+B+C+D)tonetincome(%)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company	All companies in the consolidated financial report	The Company		All companies in the consolidated financial report		The Company	All companies in the consolidated financial report	
								Cash	Stock	Cash	Stock			
General Manager of World Known Precision (Fuzhou) Industry Co., Ltd.	Huang, Yu-Ting	1,534	6,189	60	168	661	4,113	186	—	262	—	2,441 1.20%	10,732 5.28%	None
Chief Financial officer of World Known MFG(Cayman) Limited	Yu Shen-Fen													
General Manager of World Known Precision Industry Co., Ltd.	Chen,Wei-Cheng													

Range of Remunerations

Range of remunerations paid to general manager and deputy general manager	Name of general manager and deputy general manager	
	The Company	All companies in the consolidated financial report
Under NT$ 1,000,000	Huang, Yu-Ting	—
NT$1,000,000 (included)～NT$ 2,000,000 (excluded)	Yu Shen-Fen	—
NT$2,000,000 (included)～NT$ 3,500,000 (excluded)	—	Chen,Wei-Cheng、Yu Shen-Fen
NT$3,500,000 (included)～NT$ 5,000,000 (excluded)	—	Huang, Yu-Ting
NT$5,000,000 (included)～NT$10,000,000 (excluded)	—	—
NT$10,000,000 (included)～NT$15,000,000 (excluded)	—	—
NT$15,000,000 (included)～NT$30,000,000 (excluded)	—	—
NT$30,000,000 (included)NT$50,000,000 (excluded)	—	—
NT$50,000,000 (included)～NT$100,000,000 (excluded)	—	—
Over NT$100,000,000	—	—
Total	Two person	Three person

(IV)Employees' Profit Sharing Bonus Paid to ManagementTeam

Unit: NT$ 1,000

	Title	Name	Stock	Cash	Total	Employees' Profit Sharing Bonus Paid to Management Team as % of 2022 Net Income
Manager	Chairman & General Manager of World Known MFG(Cayman) Limited and World Known Precision (Fuzhou) Industry Co., Ltd.	Huang, Yu-Ting	—	512	512	0.25%
	Chief Financial officer of World Known MFG(Cayman) Limited	Yu Shen-Fen				
	Chief Audit Executive of World Known MFG(Cayman) Limited	Lai, Yi-Ling				
	Chief Accountant of World Known MFG(Cayman) Limited	Hsu, Ching-Yuan				
	QA Director,World Known Precision (Fuzhou) Industry Co., Ltd.	Huang, Mao-Yuan				
	General Manager of World Known Precision Industry Co., Ltd.	Chen, Wei-Cheng				
	Production / R&D Director, World Known Precision Industry Co., Ltd.	Lin, Kuo-Hsiung				

(V)Analysis and explanation of the total compensation paid to the Company's directors, supervisors, general manager, and deputy general managers as a proportion of after-tax net profit for the past two years, including the compensation policy, standards and composition, procedures for setting compensation, and its relationship with operational performance:

1. Comparison between the ratio of the total remuneration paid to directors, supervisors, general managers and deputy general managers by the Company and all companies in the consolidated financial statement to net income in individual financial statements in the past two years

Unit: NT$ 1,000

Year / Item	Ratio of the total remuneration paid to net income(%)			
	2022		2023	
	The Company	Consolidated financial report	The Company	Consolidated financial report
Directors total remuneration paid	8,141	9,696	8,587	10,823
Ratio of the total remuneration paid to the directors net income(%)	7.19	8.57	4.22	5.32
General Manager and Deputy General Manage total remuneration paid	2,042	8,081	2,441	10,732
Ratio of the total remuneration paid to General Manager and Deputy General Manager net income(%)	1.80	7.14	1.20	5.28

2. Remuneration policies, standards and packages, the procedure to determine remuneration, and the linkage to operating performance and future risk exposure.

(1) Remuneration policies, standards and packages:

a. Director's Remuneration: According to Article 70 of the company's bylaws, the remuneration for directors performing their duties shall be determined annually by the Board of Directors, taking into account the following factors: (a) their level of involvement in the company's operations; (b) their contribution to the company's value; (c) consideration of industry norms; and (d) other relevant factors. Additionally, if the company generates profits in the current year, a provision not exceeding 5% of such profits shall be allocated as director remuneration, with independent directors not participating in the distribution of remuneration as stipulated in the "Director Remuneration Regulations."

b. Executive's Remuneration: In accordance with the "Executive Salary and Remuneration Management Regulations," the remuneration for company executives consists of fixed salary and variable components. The fixed salary is determined based on years of experience and job value, with reference to industry standards for determining reasonable salaries. The

variable components include performance bonuses, year-end bonuses, employee incentives, and other special contribution bonuses, which are linked to performance indicators such as financial performance, talent development, quality, and risk. The performance assessment is conducted annually based on revenue profitability, achievement of budget targets, staff retention rate, and compliance with laws and regulations, among other factors, to calculate the bonuses. Additionally, if the company generates profits in the current year, a provision of 1%-8% shall be allocated as employee incentives as stipulated in Article 100(2) of the company's bylaws.

c. Composition of Remuneration: The composition of remuneration is determined in accordance with the regulations of the Remuneration Committee, which includes cash compensation, stock options, profit sharing, retirement benefits or severance payments, various allowances, and other substantial reward measures. The scope aligns with the disclosure requirements for directors' and executives' remuneration as stated in the guidelines for annual reports of publicly traded companies.

(2) Procedures for establishing remuneration:

In accordance with Article 7 of the company's "Remuneration Committee Organization Regulations," the evaluation of directors' and executives' performance standards, as well as individual remuneration content and amounts, is conducted annually. The actual disbursement of director and executive remuneration for the year 2023 was deliberated by the Remuneration Committee and approved by the Board of Directors.

(3) Relationship with business performance and future risks:

Based on an analysis of historical remuneration payouts, performance-based remuneration accounts for approximately 25% to 40% of the total remuneration, demonstrating a high correlation with business performance. Furthermore, executive bonuses are linked to quality and risk management to ensure effective control of risks within their areas of responsibility.

D.Corporate GovernanceImplementation

(I)Board of Directors MeetingStatus

Six meetings were held in fiscal years 2023. The Directors' attendance status is as follow

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Note
Chairman	Lu, Huang-Fu	6	—	100%	—
Director	Lu, Chung-Wen	6	—	100%	—
Director	Chang, Wu-Lung	6	—	100%	—
Director	Lin, Yen-Huey	6	—	100%	—
Director	Sheng, Chien-Chih	6	—	100%	—
Independent Director	Wang, Wei	6	—	100%	—
Independent Director	Hon, Jau-Shin	6	—	100%	—
Independent Director	Hsu, Fu-Hsiung	6	—	100%	—

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.：The Securities and Exchange Act §14-3 is not be applicable because the Company has established the Audit Committee. For relevant information, please refer to the "Audit Committee Meeting Status" in this Annual Report.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.：None。
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:：

Date of Board of Directors Meeting/ Intake	Name of Director	Description of Proposal	Reason of recusal	Status of participation to voting
2023.3.24 10th meeting 3rd intake	Lu, Huang-Fu、Lu, Chung-Wen、Chang, Wu-Lung、Lin, Yen-Huey、Sheng, Chien-Chih、AmTrust	● The Company's 2022 director's remuneration distribution project	The directors listed on the left have interests in this case.	Individual recusal was adopted, and the recused directors left at the time of voting, and the remaining directors present passed without

	Investment Consulting Corp			objection.
2023.12.13 15th meeting 3rd intake	Lu, Huang-Fu	● The current salary review process for the Chairman of the Board and executives	The Chairman is concurring the general manager, due to his own interest.	He recused himself when voting. Other attending directors passed without dissent.
	Lu, Huang-Fu	● Proposal of the amount to be distributed to managers as the year-end bonus for 2023	The Chairman is concurring the general manager, due to his own interest.	He recused himself when voting. Other attending directors passed without dissent.

3.The frequency, period, scope, method, content, and other relevant information for self evaluation or peer evaluation of the Board of Directors:

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
The internal performance evaluation should be conducted once a year.	2023/1/1~ 2023/12/31	The Board of Directors overall, individual directors and the functional committees.	The self-evaluation of the Board of Directors and members, peer evaluation, engaging external independent institution or experts or other proper manner.	(1) Performance evaluation of the Board of Directors: the participations to the Company's operation; the quality of the Board of Directors' decision-making; composition and structure of the Board of Directors; selection and continuing educations of directors; and internal controls. (2) Performance evaluation of individual director: understanding to the Company's goals and tasks; awareness to the duties of directors; participations to the Company's operation; management of internal relationships and communication; expertise and continuing educations of directors; and internal controls. (3) Performance evaluation of functional committees: participation in the Company's operation;

				awareness of the duties of functional committees; composition and member selection of functional committees; and internal controls.

The Company has completed the self-assessment of the Board of Directors' performance for the year 2023. The evaluation results have been submitted as part of the first-quarter Board report for 2024, serving as a basis for review and improvement. The overall self-assessment of the Board of Directors' performance received an A grade (81-100 is considered an A grade), indicating that the Board is operating effectively. Individual directors' self-assessment also received an overall A grade, demonstrating their strong performance. The self-assessment results of the Audit Committee and Remuneration Committee indicate that all committee members are fully satisfied with the various assessment criteria.

4. Measures taken to strengthen the functionality of the board:
(1)The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.
(2) The chairman of the company does not concurrently serve as the company manager.
(3) The company has formulated the "Director Nomination Measures", which specifies the relevant procedures and standards for the nomination, qualification and evaluation of director candidates.

(II) Audit Committee

Six meetings were held in fiscal years 2023.

The attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent director	Wang, Wei	6	—	100%	—
Independent director	Hon, Jau-Shin	6	—	100%	—
Independent director	Hsu, Fu-Hsiung	6	—	100%	—

Other mentionable items:

1.If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.：

Date of Meeting/ Intake	Description of Proposal
2023.3.24 10th meeting, 2nd Intake	● The Company's internal control system statement from January 1, 2022 to December 31, 2022 ● Proposal to amend the Company's memorandum and articles of association ● The company's 2022 financial statements and business report

	● Proposal for the distribution of the Company's 2022 earnings ● To align with the business adjustments of KPMG, we plan to replace the certifying accountant. ● Appointment of the CPA.
2023.5.10 11th meeting, 2nd Intake	● WKPT intends to apply to a financial institution for a predetermined credit line ● The company plans to increase the capital of WKP HITECH USA, INC., by USD 1.8 million
2023.6.15 12th meeting, 2nd Intake	● WKP HITECH USA, INC., plans to purchase real estate. ● The Company plans to apply for a predetermined credit line from a financial institution.
2023.8.16 13th meeting, 2nd Intake	● The Company's financial statements for the first half of 2023. ● WKPF plans a presale within the limit of USD 2.5 million.
2023.11.8 14th meeting, 2nd Intake	● WKPF plans to participate in the land auction conducted by the Changle District government. ● Amendment to the "Procedures for Handling Material Inside Information and Preventing Insider Trading." ● Amendment to the "Procedures for Transactions with Group Enterprises, Specific Companies, and Related Parties."
2023.12.13 15th meeting, 2nd Intake	● The company's audit plan for 2024. ● Amendment to the "Procedures for Handling Material Inside Information and Preventing Insider Trading." ● Amendment to the "Approval Authority Table." ● The 2024 business plan, including the consolidated budget and capital expenditure budget. ● Evaluation and review of the CPA's professionalism and independence. ● The remuneration of the CPA.

Objections, reservations or major recommendations of independent directors: None.

The results of the audit committee's resolutions and the company's handling of the audit committee's opinions:

The members of the Audit Committee unanimously approved all proposals, and the Board of Directors approved all proposals in accordance with the recommendations of the Audit Committee.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.：None。

2.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None。

3.Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)：

(1) In addition to receiving audit reports on a monthly basis, the company's independent directors are briefed by the head of the audit department on the audit findings before each audit committee meeting. These briefings occur without the presence of regular directors or management.

(2) The head of the audit department reports the annual audit plan and the quarterly audit execution status to the independent directors during audit committee and board meetings.

(3) Before the audit committee meetings, the accountant holds separate individual meetings with the independent directors to report and explain the results of the audit or review of the financial statements

(4)The independent directors may, as needed, maintain regular communication with the audit manager and accountant to facilitate thorough communication.

Date/Nature	Communication between independent director and audit manager	Opinion of independent director
2023.3.24 Pre-audit committee meeting	Conducting a self-assessment of the internal control system and issuing an "Internal Control Statement" for 2022	None
	Audit report for January to February 2023	None
2023.5.10 Pre-audit committee meeting	Audit report for March 2023	None
2023.6.8 Pre-audit committee meeting	Audit report for April to May 2023	None
2023.8.16 Pre-audit committee meeting	Audit report for June to July 2023	None
2023.11.8 Pre-audit committee meeting	Audit report for August to September 2023	None
2023.12.13 Pre-audit committee meeting	Audit report for October to November 2023	None
	Audit plan for 2024	None

Date/Nature	Communication between independent director and CPA	Opinion of independent director
2023.3.24 Pre-audit committee meeting	Independence	None
	The responsibility of auditors for auditing the financial statements	None
	Scope of audit	None
	Key audit matters	None
	Significant regulatory updates	None

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

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
1.Does the Company follow the "Corporate Governance Best Practice Principles for TWSE/TPExListed Companies" to establish and disclose itscorporategovernance practices?	V		The Company has established the "Corporate Governance Practices".	No Significant Difference
2.Shareholding Structure & Shareholders'Rights				
(1)Does Company have Internal Operation Procedures for handling shareholders' suggestions,concerns, disputes and litigation matters.If yes, hasthese procedures been implemented accordingly?	V		(1)The Company has established the "Rules of Procedure for Shareholders' Meetings" and designated staff responsible to handle shareholder suggestions, concerns or disputes and facilitate coordination among relevant departments。	No Significant Difference
(2)Does Company possess a list of major shareholdersof controlling companies and beneficial owners of these major shareholders?	V		(2) The Company owns the list of major shareholders of controlling companies and beneficial owners of these major shareholders and regularly track and monitorchanges.	No Significant Difference
(3)Has the Company built and executed a risk managementsystem and "firewall" between the Company and its affiliates?	V		(3)Every affiliated corporation's assets and financial situation has been managed independently and complied with the Company's internal control system to ensure its implementation of risk management andfirewalls.	No Significant Difference
(4)Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4)The Company has established the "Guidelines Governing Handling Internal Material Information and Prevention of Insider Trading," prohibiting insiders of the Company from trading exchangeable securities with information not yet disclosed to the market, in order to protect investors and the Company's interests.	No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
3.CompositioandResponsibilities of the Board ofDirectors				
(1) HastheCompany establishedadiversificationpolicy for thecomposition of its Board of Directors andhasitbeen implemented accordingly?	V		(1)The Company has the "Guidelines of Director Elections" in place, requiring diversification for the composition of the members, as well as their knowledge, skills and experience for fulfilling their duties, for the implementation. Please refer to Table 1 for the details of the implementation of the diversified policy on board members.	No Significant Difference
(2) Otherthanthe RemunerationCommitteeandthe Audit Committee, which are required by law, does the Company plan to set up other Boardcommittees?	V		(2)In addition to Remuneration Committee and Audit Committee, the Company has not set up any other functional committee. The Company may establish other functional committees depending on actual operations and legal requirements.	It may be established in the future, depending on the operations。
(3) HastheCompanyestablishedmethodologyforevaluatingtheperformance of its Board of Directors, on an annualbasis?	V		(3)The Company has established the "Guidelines Governing Performance Evaluation for the Board of Directors and Functional Committee" and the "Guidelines Governing Remunerations to Directors."	No Significant Difference
(4) Does the Company regularly evaluate its externalauditor's independence?	V		(4)The Company's Finance Department assesses the independence of attesting accountant every year and submits such assessment to the Audit Committee and the Board of Directors for review and approval. The outcomes of independence assessment were submitted to the Board of Directors for review and approval on December 13, 2023. The major items of independence assessment are listed as the following:	No Significant Difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>YES</th><th>NO</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Evaluation Item</th><th>Independence</th></tr>
<tr><td>Does any external auditor have direct financial interests ormaterial indirect financial interests in the Company?</td><td>YES</td></tr>
<tr><td>In there any close commercial or potential employment relationship between the external auditor and the Company?</td><td>YES</td></tr>
<tr><td>Has any external auditor or any member of the external audit team currently acted as a Director, manager or any other role, which may have material impact in the auditing process or its results? Or did any of them acted as one of such roles in the mostrecent two years?</td><td>YES</td></tr>
<tr><td>Has any external auditor provided non-auditing service to the Company, which may directly influence auditing process and itsresults?</td><td>YES</td></tr>
<tr><td>Is any external audit a relative of the Company’s Director(s),manager(s) or other person(s) who may have material impact on auditing?</td><td>YES</td></tr>
<tr><td>Has any external auditor act as a stockbroker for the Company'sstock or other securities?</td><td>YES</td></tr>
</table>
In terms of audit quality indicators, no inadequacies were found through dimensions such as auditors' and audit team's</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
			experience, quality control reviews, external inspections, and deficiencies. The assessment results for the latest fiscal year were reported to and approved by the Audit Committee and the Board of Directors on March 20, 2024.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
4.Has the Company appointed a sufficient number of qualified corporate governance personnel and designating a Corporate Governance Officer responsible for corporate governance matters. (including but not limited to provision of information required by directors and supervisors for business execution, by laws for matters relating to board meetings andshareholders' meetings, and information on corporate registration and amendment registration, as well as record minutes of board meetings and shareholders meetings,etc.)?	V		The Company is responsible for corporate overnance-related matters by the Group's HR and Administration Department ,include shareholders' meetings and board meetings as well as facilitating suchmeeting. The company, as resolved by the board on May 10, 2023, has appointed Vice President and Chief Financial Officer Sheng fen,Yu as the Corporate Governance Officer to safeguard shareholder rights and strengthen the functions of the board. Sheng fen,Yu, the Vice President and Chief Financial Officer, has over three years of experience in managing financial, procedural, or shareholder affairs in publicly traded companies. Corporate governance-related matters should include, at minimum, the following: 1. Handling matters related to board and shareholder meetings in accordance with the law. 2. Preparation of minutes for board and shareholder meetings. 3. Assisting directors in their appointment and continuing education. 4. Providing information necessary for directors to carry out their duties. 5. Assisting directors in compliance with laws and regulations. 6. Reporting to the board on the examination results of the eligibility of independent directors during nomination, appointment, and tenure, in accordance with relevant laws and regulations. 7. Handling matters related to changes in the board of directors. 8. Other matters stipulated in the company's articles of incorporation or contracts.	No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
5.Has the Company established a means of communicating with its Stakeholders(including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on itsCompany website? Does the Companyrespond to stakeholders'questionsoncorporate responsibilities?	V		The Company has established communication channels for employees and investors, and created a Stakeholders Section on the Company's website, Stakeholders may express the issues of their concerns sufficiently through this channel.	No Significant Difference
6.Hasthe Companyappointed a professional registrar foritsShareholders' Meetings?	V		The Company has appointed the "Department of Transfer Agency Service, Fubon Securities Co., Ltd " to handle matters relating to Shareholders' Meetings.	No Significant Difference
7.InformationDisclosure (1)Has the Company established acorporate website to discloseinformation regarding its financials, business and corporate governancestatus? (2)Does the Company use otherinformation disclosurechannels (e.g.maintainingan English-language website,designating stafftohandleinformationcollection and disclosure,appointing spokespersons,webcastinginvestorsconference etc.)? (3)Does the company announce and report annualfinancial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V V V		(1) The Company has established its website to disclose relevant information. As theCompany goes public, its information on financials, businesses and corporate governance status is available on the Market Observation Post System. (2) The Companyhas has appointed a unit to be responsible for information collection and disclosure. The Company follows applicable regulations to appoint a spokesperson and an actingspokesperson. (3) Currently, the Company handles the affairs pursuant to the Securities and Exchange Act (within three months after the close of each fiscal year, publicly announce and register with the annual financial reports; within 45 days after the end of the first, second and third quarters of each fiscal year publicly announce and register with the financial reports; and within the first ten days of each calendar month publicly announce and register the operating status for the preceding month), the schedule of announcement may be adjusted as required in the future.	No Significant Difference No Significant Difference No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
8.Has the Company disclosed other information tofacilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations,supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(1) Employees' interests: The Company has a harmonious labor relation. The employees' interests are protected pursuant to the local labor regulations of the locations where the operations are. There have been no material labor disputes in the Company and the Company has not been punished due to any material labor problems or violation of the labor laws by the competent authorities.	No Significant Difference
			(2) For a caring workplace: the Company organizes well-designed training programs and provides employees with reasonable compensation and benefit.	No Significant Difference
			(3) Investor relations: The Company has established the official website and spokesperson system. The related information of financial and business and material information is announced on the MOPS at the required time, to protect investors' interests.	No Significant Difference
			(4) For supplier relations: The Company maintains a good relationship with suppliers through reciprocal cooperation and win-win partnership.	No Significant Difference
			(5) For stakeholders' rights: The Company always ensures a smooth communication for stakeholders and act in good faith to publish information to public to maintain investor relations and protect stakeholders' rights.	No Significant Difference
			(6) Continuing education of directors and supervisors: The Company's directors have taken courses of studying security regulations and corporate governance, pursuant to	No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Illustration	
			the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." Please refer to Table 1 for the details of the continuing education of directors for 2023.	
			(7) Implementation of risk management and the standards for measuring risks: The Company has established various internal regulations and conducts various risk managements and evaluations.	No Significant Difference
			(8) Implementation of customer policies: The Company endeavors to provide the best services and products to clients and appoints dedicated personnel to handle client issues.	No Significant Difference
			(9) Liability insurance purchased for directors and supervisors: The Company has set for the regulations related to the directors' liability insurance in the "Corporate Social Responsibility Best Practice Principles," and liability insurance is bought for each director.	No Significant Difference

9.Please explain the improvement based on outcomes the Corporate Governance Evaluation published in the most recent years by the Corporate Governance Center of TWSE, and the issues and measures for the unimproved items:

The Company has strengthened the improvement of items that were not scored in the corporate governance assessment, and plans to put forward improvement proposals and review with the supervisor in order to strengthen the company's corporate governance and make information more transparent. In addition, the company will give priority to strengthening the disclosure requirements of various indicators on the company's website.

Table 1：Training courses for Directors in 2023

Title	Name	Training Date	Organizer	Course	Hours
Cahairman	Lu, Huang-Fu	2023/11/23	Taiwan Corporate Governance Association	Under the global carbon trading mechanism, briefly discuss carbon taxes, carbon credits, and carbon asset management	3
		2023/11/23	Taiwan Corporate Governance Association	Corporate Governance 3.0 and the Trend of ESG Development	3
Director	Lu, Chung-Wen	2023/11/23	Taiwan Corporate Governance Association	Under the global carbon trading mechanism, briefly discuss carbon taxes, carbon credits, and carbon asset management	3
		2023/11/23	Taiwan Corporate Governance Association	Corporate Governance 3.0 and the Trend of ESG Development	3
Director	Chang, Wu-Lung	2023/11/23	Taiwan Corporate Governance Association	Under the global carbon trading mechanism, briefly discuss carbon taxes, carbon credits, and carbon asset management	3
		2023/11/23	Taiwan Corporate Governance Association	Corporate Governance 3.0 and the Trend of ESG Development	3
Director	Lin, Yen-Huey	2023/11/09	The Allied Association For Science Park Industries	Introduction to Hostile Takeover Practices	3
		2023/11/09	The Allied Association For Science Park Industries	Challenges of Controlled Foreign Corporation (CFC) Regulations	3
Director	Sheng, Chien-Chih	2023/09/08	Institute of Taiwan Project Management	Training Courses for Directors and Supervisors of Listed Companies - Financial Statement Analysis and Trends in Financial Accounting	3
		2023/11/09	The Allied Association For Science Park Industries	Introduction to Hostile Takeover Practices	3
		2023/11/09	The Allied Association For Science Park Industries	Challenges of Controlled Foreign Corporation (CFC) Regulations	3
Independent Director	Wang, Wei	2023/11/23	Taiwan Corporate Governance Association	Under the global carbon trading mechanism, briefly discuss carbon taxes, carbon credits, and carbon asset management	3
		2023/11/23	Taiwan Corporate Governance Association	Corporate Governance 3.0 and the Trend of ESG Development	3
Independent Director	Hon, Jau-Shin	2023/11/23	Taiwan Corporate Governance Association	Under the global carbon trading mechanism, briefly discuss carbon taxes, carbon credits, and carbon asset management	3
		2023/11/23	Taiwan Corporate Governance Association	Corporate Governance 3.0 and the Trend of ESG Development	3
Independent Director	Hsu, Fu-Hsiung	2023/11/23	Taiwan Corporate Governance Association	Under the global carbon trading mechanism, briefly discuss carbon taxes, carbon credits, and carbon asset management	3
		2023/11/23	Taiwan Corporate Governance Association	Corporate Governance 3.0 and the Trend of ESG Development	3

(IV) If the company has a Remuneration Committee in place, members, duties, and operation of the Remuneration Committee shall bedisclosed.

1. Information on members of the RemunerationCommittee

Title	Criteria / NAme	Professional qualifications and experience and independence	Number of members who are concurrently members of the compensation and remuneration committees of other public offering companies
Independent Director/Convenor	Hon, Jau-Shin	Please refer to pages 8 to 11 for information on directors	1
Independent Director	Wang, Wei		—
Independent Director	Hsu, Fu-Hsiung		—

2. Remuneration Committee MeetingStatus

(1) There are three members in total in the Company's RemunerationCommittee. ◦

(2) The term of the Remuneration Committee members: August 18 2021 to August 4 2024. The Remuneration Committee held two meetings in the most recent year ,The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Hon, Jau-Shin	2	0	100%	—
Committee Member	Wang, Wei	2	0	100%	—
Committee Member	Hsu, Fu-Hsiung	2	0	100%	—

Other mentionable items:

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 (eg., 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) Promoting Sustainable Development Implementation from the " Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Explanation	
1. Does the company have a governance structure to promote sustainable development, and has a special (part-time) unit to promote sustainable development, with the board of directors authorizing senior management to handle it, and the board of directors supervising the situation?	V		The company has revised the " Sustainable Development Best Practice Principles" . The Company's public relations and legal department and the management department of each subsidiary are responsible for promoting sustainable development related work, and are responsible for formulating and reviewing sustainable development policies, systems or related management guidelines and reporting to the board of directors on a regular basis.	No Significant Difference
2. Does the company conduct risk assessment of environmental, social and corporate governance issues related to the company's operations and establish relevant risk management policies or strategies in accordance with the materiality principle?	V		The Company has appointed Public Relations and Legal Department of the Group to promote the CSR affairs and report to the Board of Directors. On December 13, 2023, the Company's Board of Directors received a report from the management team on risk assessment, including the implemented risk control measures and the operation of risk management. The Board has provided timely recommendations.	No Significant Difference
3. Environmental issues (1)Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The company has obtained ISO 14001 certification, establishing comprehensive standards for environmental management.	No Significant Difference
(2)Does the company strive to improve energy efficiency and use recycled materials that have a low impact on the environment?	V		(2)The Company strives to save paper, promotes ERP electronic forms and approval, while increasing the efficiency of each resource utilization.	No Significant Difference
(3)Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant countermeasures	V		(3) The company consistently focuses on energy conservation and carbon reduction. We use LED lighting for all illumination and prioritize energy-efficient equipment in our procurement process. These measures aim to reduce carbon emissions and save electricity in both office and production	No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Explanation	
(4)Does the company keep statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and establish policies for greenhouse gas reduction, water use reduction or other waste management?	V		units.. (4)The Company has counted the greenhouse gases emission, water usage, and total weight of wastes in the past two years, and established the policies for energy-saving and carbon reduction, reduction of greenhouse gases emission, and other waste management.	No Significant Difference
4.Social issues (1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) In order to implement human rights protection and abide by the labor-related laws and regulations of all global operating locations, and protect the legitimate rights and interests of employees, the company follows the International Human Rights Code, the International Labour Organization - Declaration on Fundamental Principles and Rights at Work, and the United Nations Global The Ten Principles of the Covenant and other internationally recognized human rights standards, fully embody the responsibility to respect and protect human rights, treat and respect all employees, contracts and interns of the company and its subsidiaries with dignity, and formulate rules applicable to the company and its subsidiaries. Human Rights Policy to prevent human rights violations and violations. Human Rights Concerns and Implementation Guidelines: 1. Provide a safe and healthy working environment. 2. Eliminate unlawful discrimination and ensure equal job opportunities. 3. Child labor is prohibited. 4. Forced labor is prohibited. Fifth, create an environment that is willing to	No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Explanation	
			communicate and establish an open management model. 6. Assist employees to maintain physical and mental health and work-life balance. 7. Regularly review and evaluate relevant systems and actions.	
(2)Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) Except handling insurance and physical checks pursuant to the local laws, the Company also provides the benefits such as gift vouchers for holidays and subsidies for wedding/funeral/celebrations, while reflecting the operating performance on the compensations of employees.	No Significant Difference
(3)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		(3) The Company has clearly indicated the fire-fighting and safe exit routes at all operating venues, while inspecting the fire-fighting facilities periodically. The general medical and first aid supplies are provided and the safety and health issues are promoted from time to time.Regularly convene "Occupational Safety and Health Committee Meetings" to discuss the promotion of occupational safety and health management, prevent industrial safety accidents from occurring, and implement the Company's occupational safety and health policies In2023,the Company had zero employee ouucpational accidents and zero fire incidents. The company has obtained ISO 45001 certification (the certification period for the Taiwan subsidiary is from November 17, 2023, to November 16, 2026; and for the Mainland China subsidiary from February 25, 2022, to February 24, 2025). For detailed protection measures and their implementation, please refer to "Protection Measures for Employees' Work Environment and Personal Safety and Their Implementation."	No Significant Difference
(4)Does the company provide its employees with career development and training sessions?	V		(4) The Company provides effective functional trainings to employees, with external trainings from time to time, to	No Significant Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Abstract Explanation	
			supplement their job skills.	
(5) Does the company comply with relevant regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and has it established relevant policies and complaint procedures to protect the rights of consumers or customers?	V		(5) For the marketing and labeling of products and services, the Company handles such affairs pursuant to the related regulations and international standards. The Company also provides the service platform, such as telephone and internet, so that consumers may communicate the related problems through such platforms and thus the transparent and effective client complaint handling procedures are provided.	No Significant Difference
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) The Company regulates the suppliers via the environment agreement, CSR policies and declaration of commitment, and requires supplier to return the signed agreement.	No Significant Difference
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate sustainable development reports? Do the reports above obtain assurance from a third party verification unit?		V	The Company has not yet prepared any report disclosing the non-financial information, such as the Corporate Social Responsibility Report; such reports may be prepared in accordance with the regulations in the future.	The Company has not yet prepared the Corporate Social Responsibility Report.
6. Describe the difference, if any, between actual practice and the corporate sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The Company has established the "Sustainable Development Best Practice Principles" pursuant to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," and there is no major variance.				
7. Other key information helpful to understand the operation of corporate social responsibility: the Company not only values to compliance to protect all stakeholders, but also takes a rigorous approaches to these the corporate social responsibilities concerned by the general public. Except deepening the good corporate culture of the Company, the corporate image is also improved and thus the goal of sustainable development is achieved.				

(VI) Climate-related information for listed companies

1 Implementation of climate-related information

Item	Implementation
(1)Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company's board of directors serves as the highest governance unit. The Chairman and CEO, along with the Group Public Relations and Legal Affairs Department and the management departments of each subsidiary, report climate-related risks and opportunities to the board. The board oversees the actions and implementation taken by the Company in response to climate change and reviews operational risks that may arise from climate-related risks.
(2)Explain how identified climate risks and opportunities affect the Company's business, strategy, and finances (short-term, medium-term, and long-term).	<u>Short-term</u> -Risks:Customer demands for renewable energy and related regulations are uncertain, and the imposition of carbon fees/taxes by the government increases operational costs. -Opportunities:By improving internal processes, enhancing product development and innovation, and expanding low-carbon product and service offerings, the company can strengthen its image and gain a competitive edge in securing customer orders. <u>Medium to Long-term</u> -Risks:The trend towards carbon neutrality and increased use of renewable energy will result in higher operational costs and investment requirements. The company will need to invest more in process improvements and renewable energy systems. Failure to meet customer or government net-zero requirements could fundamentally impact the company's ability to continue operations. -Opportunities:Developing low-carbon products, optimizing processes to improve equipment efficiency, acquiring

	energy-saving equipment, and using renewable energy will increase customer procurement willingness. This not only expands market share but also creates an intangible competitive advantage.
(3) Explain the financial impact of extreme climate events and transition actions.	Impact of Extreme Weather on Finance Extreme changes such as floods and droughts pose potential risks to production or transportation stages. Floods caused by heavy rainfall may result in operational site shutdowns and equipment damage, leading to temporary inability to ship goods. On the other hand, droughts and water shortages may affect the normal operation of production lines, increasing water usage costs and consequently raising operational expenses. Impact of Transition Actions on Finance Company transition actions, including projects such as installing solar panels in factories and replacing energy-consuming equipment with energy-efficient alternatives, will increase company costs. However, considering factors such as future savings on carbon fees/taxes, the financial impact of transition actions is relatively low.
(4)Describing how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The Chairman and CEO of the Company consistently monitor climate-related issues, collaborating with the Group's Public Relations and Legal Affairs Department and the management departments of each subsidiary to regularly review climate risks and devise corresponding strategies. Through the establishment of risk management procedures, steps such as risk identification, assessment, management, recovery, and adaptation are institutionalized. Major risks are addressed through the formulation of management decisions and response strategies.
(5)If using scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and primary financial impacts should be described.	The Company has not yet employed scenario analysis to assess resilience to climate change risks. We will consider incorporating it into our evaluation criteria as deemed necessary in the future.
(6)If there is a transformation plan to address and manage climate-related risks, describe the content of the plan, as well as the indicators and objectives used to identify and manage physical and	The Company currently does not have a transformation plan in place to address climate-related risks.

transitional risks.	
(7)If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	The Company currently does not have internal carbon pricing planning in place.
(8)If climate-related goals are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning timeline, progress achieved annually, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, details should be provided on the source and quantity of carbon offsets or the number of RECs exchanged.	The Company currently has not set any climate-related goals. The Company also does not utilize carbon offsetting or Renewable Energy Certificates (RECs) to achieve any related objectives.
(9)Greenhouse gas inventory and verification status, reduction targets, strategies, and specific action plans.	Please detail 1-1 and 1-2。

1-1 Greenhouse gas inventory and verification status for the past two years

1-1-1 Greenhouse gas inventory information

State the greenhouse gas emissions for the past two years (in metric tons CO2e), intensity (metric tons CO2e per million dollars), and the scope of the data coverage.
According to the "Sustainable Development Roadmap for Listed Companies" released by the Financial Supervisory Commission in March 2022, the Company, with a paid-in capital of less than 5 billion NTD, must complete its greenhouse gas inventory by 2026 and verification by 2028 at the entity level (i.e., the parent company). Subsidiaries within the group are required to complete their greenhouse gas inventory by 2027 and verification by 2029. The Company will adhere to the guidelines and relevant regulations issued by the competent authorities, continuously monitoring and managing the completion status of the greenhouse gas inventory and verification disclosure schedule.

1-1-2 Greenhouse gas verification information

State the verification status for the past two years as of the annual report printing date, including the scope of verification, verification body, verification standards, and verification opinions.
The Company currently has no verification achievements.

1-2 Greenhouse gas reduction targets, strategies, and specific action plans

State of greenhouse gas reduction baseline year and data, reduction targets, strategies, specific action plans, and achievement of reduction goals.
The Company currently does not have reduction targets, strategies, or specific action plans for greenhouse gas emissions.

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

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reason
	YES	NO	Abstract Illustration	
1. Establishment of Corporate Ethics Principles and Implementation Programs				
(1) Does the Company have its regulations and publicly availabledocuments addressing its corporate ethics principles and programs, and the commitment regarding implementation of such programs from the Board of Directors and the managementteam?	V		(1) The Company has established the "Corporate Ethics Principles" and the "Procedure of Implementing Corporate Ethics and Guidelines for Conduct" passed by Board of directors and put it into practice, and then ensure strict compliance in of internal management and external commercialactivities.	No Significant Difference
(2) Does the company establish relevant programs, which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such programs?	V		(2) The Code of Ethics sets forth anti-bribery, corruption and illegal political contributions.	No Significant Difference
(3) Does the company establish appropriate preventive measures for the business activities prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for	V		(3) In the "Procedures for Ethical Management and Guidelines for Conduct," the Company has specified the handling procedure, and	No Significant Difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reason
	YES	NO	Abstract Illustration	
TWSE/TPExListed Companies" or any other such activities associated with high risk of unethicalconduct?			procedures for reward/penalty, appealing and records of disciplinary actions. If there is any bribery acceptance or anti-bribery incident, the heads may report the penalty or reward immediately. Related systems are implemented thoroughly.	
2. Ethic Management Practice (1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(1) Before starting any business relationship, the Company makes all possible efforts to collect the information regarding the counterparties' credit status and reputation in the industry, to prevent any possible unethical business behavior.	No Significant Difference
(2) Does the company set up a unit which is dedicated to or tasked with promoting the company's ethical standards and reports directly to the Board of Directors with periodical updates on relevant matters?	V		(2)The company uses the Group Public Relations and Legal Department as a full-time unit to promote corporate integrity management. The full-time unit will report its implementation to the board of directors on 2023/12/13: a.The directors, senior management and employees of the company and its subsidiaries have signed the Integrity Statement. b.This year's integrity management education and training has been completed at the monthly mobilization meeting in November 2023. The directors and managers will handle the "Common Cases of Insiders Violating the Securities and Exchange Law", "Insider Trading Regulations and Prevention" in writing or by email. Practice" and related laws and regulations, and participated in the online "112 Annual Prevention of Insider Trading Promotion Conference" held by the Exchange. c.After checking the information on employee rewards and punishments in 2023, the company and its subsidiaries have not violated business integrity.	No Significant Difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reason
	YES	NO	Abstract Illustration	
(3) Does the company establish policies to prevent conflict of interests,provide appropriate communication and complaint channels and implement such policies properly	V		(3) In the "Procedures for Ethical Management and Guidelines for Conduct," the Company sets forth the regulations related to the interest recusal, to prevent the decision-making not conforming to the ethical management principles. If there is any violation, before the official disciplinary action is decided, the investigation unit and the chief making the decision would give a chance to the involved parties for sufficient statement.	No Significant Difference
(4) To implement relevant policies on ethical conducts, does the companyestablish effective accounting and internal control systems that are audited by internal auditors or CPA periodically?	V		(4) For activities with high risk of unethical conduct, the Company has built an effective accounting system, internal control system and auditing system. These systems are required to be reviewed and revised from time to time to ensure effectiveness of such systems and their implementation. In addition, internal auditors conduct regular auditing activities to assess compliance performance and submit auditing reports to the Board ofDirectors.	No Significant Difference
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(5) The Company has included ethics in the corporate slogans and fully implement the ethical management in daily operation. In the future, the internal and external trainings of ethical management will be conducted from time to time.	No Significant Difference
3. Implementation of Complaint Procedures (1) Does the company establish specific complaint and reward procedures,set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaintreceived	V		(1) The company has formulated a "reporting system", which clearly defines the special acceptance unit, reporting channel, acceptance process and reward method.	No Significant Difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reason
	YES	NO	Abstract Illustration	
(2) Does the company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidentialmanner?	V		(2) Article 6 of the company's whistle-blowing system specifies the procedures for acceptance, filing, reporting, investigation, and reporting; Article 7 specifies that the responsible personnel should keep the information related to the reported case strictly confidential; Article 9 specifies the maintenance and preservation of files All investigation files are ordered to be included in confidential management and encrypted protection.	No Significant Difference
(3) Does the company adopt proper measures to prevent a complainant fromretaliation for his/her ling a complaint?	V		(3) The company's whistle-blower system is clear: the company promises to protect the whistleblower from being improperly dealt with because of the whistleblower.	No Significant Difference
4. Information Disclosure (1)Does the company disclose its corporate ethics principles as well as information on implementation of such principles on its website and MarketObservation Post System ("MOPS")?		V	The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct;" both are disclosed on the Company's website and on the MOPS sufficiently.	No Significant Difference
5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:None.				
6.Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies):None.				

(VIII) If the company has adopted corporate governance best practice principles or related bylaws, the access of relevant information should be disclosed to thepublic:

1. The Company has established a number of regulations, for example “Corporate Governance Practices”, “Code of Ethical Conduct”,“Corporate Social Responsibility Best Practice Principles”, “Rules Governing the Scope of Powers of Independent Directors”, “Corporate Ethics Principles”, “Procedure of Implementing Corporate Ethics and Guidelines for Conduct”, “Rules of Procedure for Shareholders Meetings”, “Rules of Procedure for Meetings of the Board of Directors”, “Organization Regulations of the Audit Committee” and “Election Regulations of Directors”. The Company has carried out these regulations relating to corporate governance based on spirit of corporate governance.
2. Its information on corporate governance status is available on it official website.

   http://www.wkgroup.com

(IX) Other important information to facilitate better understanding of the company’s implementation of corporate governance can be disclosed:None

(X) Internal control system execution status

1. Statement of Internal Control System：

World Known MFG (Cayman) Limited

內部控制制度聲明書

日期：2024年3月20日

本公司2023年度之內部控制制度，依據自行評估的結果，謹聲明如下：

一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標的達成，提供合理的確保。

二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。

三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊與溝通，及5.監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。

四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。

五、本公司基於前項評估結果，認為本公司於2023年12月31日的內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。

六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。

七、本聲明書業經本公司2024年3月20日董事會通過，出席董事9人中無人持反對意見，均同意本聲明書之內容，併此聲明。

World Known MFG (Cayman) Limited

董事長：　　簽章

總經理：　　簽章

(XI) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, any sanctions imposed in accordance with applicable laws upon the Company or its internal staff, any sanctions imposed by the Company upon its internal staff for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements need to be disclosed:None。

(XII) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, major resolutions of shareholders' meetings and board meetings are as follows:

1. Shareholders'Meeting

Date of Meeting	Key Resolutions	Implementation
2023.6.16	Proposal of 2020 Consolidated Financial Reports and Business Report.	Resolved to pass.
	Proposal of the Earnings Distribution for 2022	Resolved to pass. The company will distribute a cash dividend of NT$2.5 per share in 2022, totaling NT$84,747,500. The chairman has been authorized by the resolution of the shareholders' meeting to decide that the ex-dividend base date is July 25, 2023, and the dividend distribution date is August 29, 2023, which has been announced on MOPS.
	Revised the Company's "Organizational Memorandum and Articles"	In compliance with the Taiwan Stock Exchange's announcement No. 1111704301 on January 9, 2023, revising the "Checklist for Protection of Shareholder Rights in the Jurisdiction of Foreign Issuers," our company has amended its Articles of Association. Upon approval of the resolution, the revised Articles of Association will be implemented accordingly.

2. Board Meetings

Date of Meeting	Key Resolutions
10th meeting, 3rd Intake 2023.3.24	1. Approved the Internal Control System Statement for the period from January 1, 2022, to December 31, 2022. 2. Approved the revision of the "Memorandum and Articles of Association" of the Company. 3. Approved the financial statements and business report for the year 2022 of the Company. 4. Approved the profit distribution plan for the year 2022 of the Company. 5. Approved the director and employee compensation plan for the year 2022 of the Company.

Date of Meeting	Key Resolutions
	6. Approved the proposal for the subsidiary, WKPF to distribute a cash dividend of USD 3.5 million for the current year. 7. Approved the proposal for the subsidiary, WKPT not to distribute cash dividends for the current year. 8. Approved the review of the policy, system, standards, and structure of director and managerial performance evaluation and compensation of the company. 9. Approved to cooperate with the business adjustment of KPMG, intending to change the signing accountant. 10. Approved the appointment of the CPA. 11. Approved the convocation of the Annual General Meeting of Shareholders of the company for the year 2023.
11th meeting, 3rd Intake 2023.5.10	1. Approved the first quarter consolidated financial report for the year 2023 of the company. 2. Approved the subsidiary WKPT to apply for a predetermined credit line from financial institutions. 3. Approved the proposal for the company to increase capital for its subsidiary, WKP HITECH USA, INC., by USD 1.8 million. 4. Approved the establishment of the "Corporate Governance Officer" position within the Company.
12th meeting, 3rd Intake 2023.6.16	1. Approved the proposal for the subsidiary WKPF to increase the cash dividend to USD 5.5 million for the current year. 2. Approved the proposal for the company's subsidiary, WKP HITECH USA, INC., to purchase real estate. 3. Approved the proposal for the Company to apply for a predetermined credit line from financial institutions.
13th meeting, 3rd Intake 2023.8.16	1. Approved the financial statements for the first half of the year 2023 of the company. 2. Approved the proposal for the subsidiary WKPF to pre-sell within the limit of USD 2.5 million. 3. Approved the proposal for the subsidiary WKPT to obtain a new loan facility of NTD 35 million under the "Post-pandemic Revitalization Project for Small and Medium-sized Enterprises" from Chang Hwa Commercial Bank. 4. Approved the appointment of the General Manager of WKP USA, a subsidiary company.
14th meeting, 3rd Intake 2023.11.8	1. Approved the third quarter consolidated financial report for the year 2023 of the company. 2. Approved the proposal for the subsidiary WKPF to participate in the land auction organized by Changle District Government.

Date of Meeting	Key Resolutions
	3. Approved the revision of the "Internal Handling of Significant Information and Prevention of Insider Trading Management Regulations" of the company. 4. Approved the revision of the "Operating Procedures for Group Enterprises, Specific Companies, and Related Party Transactions" of the company. 5. Approved the establishment of the Information Security Officer position within theCompany.
15th meeting, 3rd Intake 2023.12.13	1. Approved the audit plan for the year 2024 of the Company. 2. Approved the operational plan, consolidated budget, and capital expenditure budget for the year 2024. 3. Approved the review of the professional competence and independence of the CPA. 4. Approved the remuneration of the CPA. 5. Approved the proposed revision of the "Managerial Compensation Management Regulations" of the company. 6. Approved the current salary review for the Chairman and executives of the company. 7. Approved the distribution of year-end bonuses for executives and employee compensation for the year 2023 of the Company.

(XIII)Any Director or Supervisor had a Recorded or Otherwise Written Dissenting OpinononMajor Resolutions made by the Board of Directors in the Most Recent Year and as of the Date of Publication of the Annual Report:None

(XIV)Resignation or Dismissal of Chairman, General Manager, and heads of Accounting, Finance, Internal Audit and R&D in the Most Recent Year and as of the Date of Publication of the AnnualReport:None.

E.Information Regarding the Company's Audit Fee and Independence

(I)Accountant Fees

Unit: NTD1,000

Accounting Firm	Name of CPA		CPA's Audit Period	Audit fee	Non-audit fee(note)	Total	Remark
KPMG	Tsu-Hsin Chang	Yen-Hui Chen	2023.01.01-2023.12.31	3,060	387	3,447	–

Note: The main business and commercial boarding and other use.

(II)The audit public fee paid for the replacement of the accounting firm and the replacement year is higher than the audit public fee for the previous year. Reducers should disclose the amount of audited public fees before and after replacement and the reasons:：Not applicable。

(III)If the audit public fee is reduced by more than 10% compared with the previous year, the audit public fee reduction shall be disclosed about the less money, ratio and reason: Not applicable.

F.Information on Replacement of CPAs:

(I) Former Accountant

<table>
<tr><td>Replacement Date</td><td colspan="4">March 24, 2023 (Approved by the board of directors)</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">Due to KPMG's internal rotation, the signing accountants have been changed. Starting from the first quarter of 2023, the auditors and reviewers of the financial statements will be changed from Accountant Chang-Hsieh Chen and Accountant Tsu-Hsin Chang to Accountant Tsu-Hsin Chang and Accountant Yen-hui Chen.</td></tr>
<tr><td rowspan="3">Company termination or the CPA did not accept the appointment</td><td colspan="2">Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">NA</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences with the Company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td>Remark</td><td colspan="3">NA</td></tr>
<tr><td>Other revealed matters</td><td colspan="4">None</td></tr>
</table>

(II) Successor Accountant

Name of Accountant Firm	KPMG
Name of CPA	Accountant Tsu-Hsin Chang and Accountant Yen-Hui Chen
Date of appointment	March 24, 2023 (Approved by the board of directors)
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to engagement	NA
Succeeding CPA's written opinion of disagreement toward the former CPA	NA

(III) The reply from the former CPA on items 1 and 2-3 of Article 10, subparagraph 6 of Regulations Governing Information to be Published in Annual Reports of Public Companies: ：NA.

G. TheCompany’s Chairman, General Manager, Managers in Charge of its Finance and Accounting Operations did not hold any positions within the Company’s Independent Audit Firm or Its Affiliates in the PastYear: None.

H. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, and ten-percent shareholders, and the number of shares transferred or pledged

(I)directors, supervisors, and ten-percent shareholders, and the number of shares transferred or pledged.

Unit：Shares

Title	Name	2023		Current year to April 23 2024	
		Net Change in Shareholding	Net Changein EquityPledge	Net Change in Shareholdin g	Net Changein EquityPledge
Chairman & General Manager(Note1)	Lu, Huang-Fu	—	—	—	—
Director	Lu, Chung-Wen	—	—	8,000	—
Director	Chang, Wu-Lung	8,000	—	—	—
Director	Lin, Yen-Huey	—	—	—	—
Director	Sheng, Chien-Chih	—	—	—	—
Independent Director	Wang, Wei	—	—	—	—
Independent Director	Hon, Jau-Shin	—	—	—	—
Independent Director	Hsu, Fu-Hsiung	—	—	—	—
Chief Financial officer of World Known MFG(Cayman) Limited	Yu Shen-Fen	—	—	—	—
Chief Audit Executive of World Known MFG(Cayman) Limited	Lai, Yi-Ling	—	—	—	—
Chief Accountant of World Known MFG(Cayman) Limited (Note2)	Hsu, Ching-Yuan	(1,000)	—	—	—

Title	Name	2023		Current year to April 23 2024	
		Net Change in Shareholding	Net Changein EquityPledge	Net Change in Shareholdin g	Net Changein EquityPledge
General Manager of World Known MFG(Cayman) Limited and World Known Precision (Fuzhou) Industry Co., Ltd.(Note1)	Huang, Yu-Ting	—	—	—	—
QA Director,World Known Precision (Fuzhou) Industry Co., Ltd.	Huang, Mao-Yuan	(10,591)	—	—	—
General Manager of World Known Precision Industry Co., Ltd.(Note4)	Chen,Wei-Cheng	—	—	—	—
Production / R&D Director, World Known Precision Industry Co., Ltd.	Lin, Kuo-Hsiung	—	—	—	—
ten-percent shareholders	Germander Group Limited	—	—	—	—

(II)Shares Trading with Related Parties:None.

(III)Shares Pledge with Related Partie:None.

I.Information about any one of the top 10 shareholders who is the interested party to, orhas marriage relationship with and is a relative within the second degree of kinship ofanother

As of April 23,2024 Unit：thousand shares,%

Name	Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Any one of the top 10 shareholders who is the interested party to, or has marriage relationship with and is a relative within the second degree of kinship of another		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Germander Group Limited Representative：Lu, Chung-Wen	4,230	12.48%	—	—	—	—	—	—	note
	1,154	3.40%	1,050	3.1%	5,101	15.05%	Lu Huang, Ching-Ling Lu Chung-Ming Lu, Huang-Fu	Husband-Wife Brother Parent-Child	—
Lavender Hill Limited Representative：Lu, Huang-Fu	2,730	8.05%	—	—	—	—	—	—	—
	2,402	7.09%	—	—	2,730	8.05%	Lu, Chung-Wen Lu Huang, Ching-Ling	Parent-Child	—
Lu, Huang-Fu	2,402	7.09%	—	—	2,730	8.05%	Lu, Chung-Wen Lu Huang, Ching-Ling	Parent-Child	—
Lin Chen-Yao	1,473	4.35%	—	—	—	—	—	—	—
E.SUN Venture Capital	1,443	4.26%	—	—	—	—	—	—	—

Name	Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Any one of the top 10 shareholders who is the interested party to, or has marriage relationship with and is a relative within the second degree of kinship of another		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Representative：Chen Mao-Chin	—	—	—	—	—	—			
Cathay Venture Inc.	1,413	4.17%	—	—	—	—			
Representative：Chang Jen-Ho	—	—	—	—	—	—			
Lu, Chung-Wen	1,154	3.40%	1,050	3.1%	5,101	15.05 %	Lu Huang, Ching-Ling Lu Chung-Ming Lu, Huang-Fu	Husband-Wife Brother Parent-Child	—
Lu Huang, Ching-Ling	1,050	3.10%	1,154	3.40%	—	—	Lu, Chung-Wen Lu, Huang-Fu	Husband-Wife Parent-Child	—
E. SUN Commercial Bank, LTD. in custody for GREATER MATRIX Limited	1,000	2.95%	—	—	—	—	—	—	—
Representative：Lai Hsin-Yuan	—	—	—	—	—	—	—	—	—
Lu Chung-Ming	932	2.75%	—	—	—	—	Lu, Chung-Wen	Brother	—

Note:Germander shares is jointly heldby Lu, Chung-Wen andLu, Huang-Fu, holding shares respectively 60.13% and 39.87%.

J.The shares of the same re-invested enterprise held respectively by the Company, its Directors and Supervisors, managers, and any companies controlled directly or indirectly by the Company, and the combined percentage of shares held by such entities and persons.

Unit: 1,000 shares /%; December 31 2023

Re-invested Enterprise (Note 1)	Ownership		Ownership by Directors, Managers and Directly/Indirectly Owned Companies		Total Ownership	
	Shares	%	Shares	%	Shares	%
Honour Glory International Ltd	6,521	100%	—	—	6,521	100%
World Known Precision Industry (Fuzhou) Co., Ltd	Note2	100%	—	—	Note2	100%
World Known Precision Industry Co., Ltd.	16,000	100%	—	—	16,000	100%
WKP HITECH USA, INC.	1,890	96.92%	—	—	1,890	96.92%

Note 1:The Company uses equity method to make investment
Note 2: No shares due to the limited company

IV.Capital Raising

A.Capital andShares

(I) Source ofCapital

1. Capitalization

Unit：NTS$；shares

Date	Issuing Price (NT$)	Approved Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Capital Increased by Assets Other than Cash	Others
2015.11	NTD$10	40,000,000	400,000,000	1	10	Founding Capital	—	none
2017.01	NTD$10	40,000,000	400,000,000	25,000,000	250,000,000	Capital Increase 20,770 thousand shares	—	
						Share Exchange 4,230 thousand shares	note1	
2017.05	NTD$34	40,000,000	400,000,000	30,000,000	300,000,000	Capital Increase 5,000 thousand shares	—	
2020.03	NTD$10	40,000,000	400,000,000	33,899,000	338,990,000	Capital Increase 3,899 thousand shares	—	note2
2020.06	NTD$10	60,000,000	600,000,000	33,899,000	338,990,000	2020.06.17 Shareholders' meeting approved the increase in share capital	—	

Note 1:The Company issued new shares for NT$42,300,000 for 4,230,000 shares on March 1, 2017; and through share exchange, the Company acquired 11.6% stake of Honour from its shareholders, Germander Group Limited. The face value of Honour's shares is US$1 per share and a total of 756,000 shares were acquired. The share exchange ratio was about 5.59:1.

Note 2:With the Letter Tai-Zheng-Shang-Er-Zhi No. 10900024462 by Taiwan Stock Exchange Corporation, dated March 3, 2020, the listing in Taiwan was approved.

2. Type of Stock

As of April.30,2024;Unit:Share

Kinds of Share	Approved Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Stock	33,899,000	26,101,000	60,000,000	Listed Shares

3. Information about the omnibus reporting system: N/A.

(II) Composition ofShareholders

As of April 23,2024;Unit:person,;Share

Quantity \ Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Foreigners	Total
Number of Shareholders	—	—	19	1,748	14	1781
Shareholding	—	—	5,928,000	19,699,675	8,271,325	33,899,000
Holding Percentage (%)	—	—	17.49%	58.11%	24.40%	100.00%

Note：Chinese shareholdings：None.

(III) Shareholding Distribution Status

1. Distribution Profile of ShareOwnership：

As of April 23,2024;Unit:person,;Share

Shareholder Ownership (Unit: Share)	Number of Shareholders	Ownership	Ownership Percentage
1 ~ 999	290	21,324	0.06%
1,000 ~ 5,000	1,118	2,127,964	6.28%
5,001 ~ 10,000	163	1,309,523	3.86%
10,001 ~ 15,000	47	610,000	1.80%
15,001 ~ 20,000	36	654,000	1.93%
20,001 ~ 30,000	40	1,068,000	3.15%
30,001 ~ 40,000	17	593,009	1.75%
40,001 ~ 50,000	12	553,000	1.63%
50,001 ~ 100,000	23	1,564,180	4.61%
100,001 ~ 200,000	11	1,597,000	4.71%
200,001 ~ 400,000	10	2,886,000	8.52%
400,001 ~ 600,000	1	528,000	1.56%
600,001 ~ 800,000	0	0	0.00%
800,001 ~ 1,000,000	5	4,492,000	13.25%
1,000,001 and above	8	15,895,000	46.89%
total	1781	33,899,000	100.00%

2. Preferred Shares：None。

(IV) Major Shareholders

Name, number of shares and ownership percentage of shareholders with more than 5% of shares, or the top ten shareholders

As of April 23,2024;Unit:person,;Share

Shares / Name of Major Shareholders	Shareholding shares	Shareholding percentage
Germander Group Limited	4,230,000	12.48%
Lavender Hill Limited	2,730,000	8.05%
Lu, Huang-Fu	2,402,000	7.09%
Lin,Chen-Yao	1,473,000	4.35%
E.Sun Venture Capital	1,443,000	4.26%
Cathay Venture Inc.	1,413,000	4.17%
Lu, Chung-Wen	1,154,000	3.40%
Lu Huang, Ching-Ling	1,050,000	3.10%
E. SUN Commercial Bank, LTD. in custody for GREATER MATRIX Limited	1,000,000	2.95%
Lu, Chung-Ming	932,000	2.75%

(V)Market Price, Net Worth, Earnings and Dividends Per Share and related information in the past twoyears

Unit：NT$；Thousand Shares

Item \ Year			2022	2023	As of Mar 31,2024
Market Price Per Share	Highest Market Price		36.45	82.50	70.60
	Lowest Market Price		29.75	33.30	62.60
	Average Market Price		33.08	60.21	65.97
NetWorth Per Share	Before Distribution		28.20	31.34	33.06
	After Distribution		25.70	Note	Note
Earnings Per Share	Weighted AverageShares		33,226	33,899	33,899
	Earnings Per Share		3.34	6.00	1.22
Dividends Per Share	Cash Dividends		2.50	3.60	None
	Bonus Shares	Bonus Shares	—	—	
		Bonus Sharesout of CapitalReserve	—	—	
	Bonus Shares		—	—	
Return on Investmen	Price/Earnings Ratio		9.90	10.04	
	Price/Dividend Ratio		13.23	16.73	
	Cash Dividend Yield		7.56	5.98	

Note: The proposal for 2023 profit distribution is subject to approval of the shareholders meeting.

(VI) Company's dividend policy and itimplementation

1. Dividend Policy is set out in the Articles ofIncorporation

The dividends policy of the listing period set forth in Article 100 of the Company’s Articles of Incorporation is listed as follows:

Currently the Company is in the growing stage. The dividends/bonuses may be distributed to shareholders in cash and/or shares. The distribution of the dividends/bonuses shall take the capital expenditures, plans for future business expansion, financial plans and other plans required for the sustainable development into account.

Unless the laws of Cayman Islands, the regulations of public listing in TWSE or TPEx, or the Articles of Incorporation stipulates otherwise, whenever there are any earnings after the end of each fiscal year, after the Company has covered its losses (including the losses from previous years and the adjustments of the undistributed earnings, if any) and all taxes have been paid, the legal reserves shall be provided pursuant to the regulations of public listing in TWSE or TPEx (not applicable if the total legal reserves reached the total amount of paid-in capital), and then the special reserves shall be made (if any). For the remaining amount (reversed special reserves included), through the general resolution of the AGM, no less than 10% of such distributable earnings, plus all or partially accumulated undistributed earnings from previous years decided through the general resolution of the AGM, may be distributed to shareholders as dividends or bonuses. The amount of cash dividends or bonuses shall not be lower than 10% of the total amount of the dividends or bonuses to be distributed.

2. The dividends distribution proposed to the AGM:

On March 20, 2024, the Board of Directors approve the proposal to distribute cash dividends of NT$122,036,400 (or NT$3.6 per share); however, this proposal needs to be resolved by the AGM 2024.

3. Any material changes expected to the dividends policy: N/A.

(VII)Effect upon business performance and earnings per share of any dividends distribution proposed or adopted at the shareholders' meeting: N/A

(VIII)Remunerations to employees, directors and supervisors

1. The percentage or scope of the remunerations to employees, directors, and supervisors specified in the Articles of Incorporation:

   Unless the laws of Cayman Islands, the regulations of public listing in TWSE or TPEx or the Articles of Incorporation stipulates otherwise, shall there be any profit in the year, 1% to 8% shall be provided as the remunerations to employees, distributed in shares and/or cash, with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and no more than 5% shall be provided as the remunerations to directors with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors. However, if there is any accumulated loss (adjustments of the undistributed earnings included), the amount to offset such loss shall be set aside in advance, and the remaining amount is used to provide the remunerations to employees and directors at the aforementioned percentage. The distribution of remunerations to employees and directors shall be reported to the shareholders meeting. Unless the regulations of public listing in TWSE or TPEx, stipulates otherwise, the remunerations to directors shall not be paid in the manner of issuing new shares. The "profit" referred in the paragraph, means the pre-tax profit before deduction the distribution as remunerations to employees and directors.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   Pursuant to the Articles of Incorporation, the remuneration of employee, director, and supervisor are estimated based on the pre-tax profit before deduction the distribution as remunerations to employees and directors. If there is any discrepancy between the actual distributed amount and the estimated figure, it is deemed as the changes to the accounting estimation and adjustment is accounted in the year of the shareholders' meeting.

3. Information on any approval by the board of directors of distribution of remunerations:

   (1) Amount of distributed remunerations to employees, directors, and supervisors in cash or shares. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause and the status of treatment shall be disclosed: on March 20, 2024, the Board of Director approved to distribute the employee remuneration of NT$4,529,165 and director remuneration of NT$4,529,165, all in cash. There is no discrepancy from the estimated figure.

   (2) The amount of any employee remunerations distributed in shares, and the size of that amount as a percentage of the sum of the after-tax net income stated in financial reports for the current period and total employee remunerations: N/A.

4. The actual distribution of employee, director, and supervisor remunerations for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor remunerations, additionally the discrepancy, cause and how it is treated.

   The proposal of remunerations distributed to employees and directors was reported in the shareholders' meeting on June 16, 2023. The employee remuneration of NT$3,889,328 and director remuneration of NT$3,889,328 were to be distributed, and not different from the amounts proposed by the Board of Directors.

(IX) Repurchase of Common Stock：None。

B.Issuance of CorporateBonds

None.

C.PreferredShares

None.

D.Overseas Depositary Receipts

None.

E.Employee Stock Options

None.

F.Employee Restricted Stock

None.

G.New Share Issuance in Connection with Mergers and Acquisitions

None.

H.Implementation plan offunding

None.

V.Overview of Operations

A.Description of Operations

(I)Scope of Operations

1. The major businesses

The major products of the Groups are the automobile parts and green-energy parts. The final products to be sold include the energy-saving and carbon-reducing parts of commercial vehicle engine, ADB calipers, rear panels of brake pad, bend pipes and accessories of turbocharger, cases of flywheel, cases of swing arms, exhaust manifolds, braces, core shafts, parts for braking system of wind power generator and processed products of machinery parts for various industries.

2. Operating weights of major products

Unit: Thousand NT$; %

Year / Service item	2022		2023	
	Revenue	Weight	Revenue	Weight
Automobile parts	755,101	73.82	945,027	78.92
Green-energy parts	26,868	2.63	12,460	1.04
Others	240,865	23.55	239,904	20.04
Total	1,022,834	100.00	1,197,391	100.00

3. Current products (services) of the Company

Category of products	Description of products	Area of application
Automobile parts	Energy-saving and carbon-reducing parts of commercial vehicle engine, ADB calipers, rear panels of brake pad, bend pipes and accessories of turbocharger, cases of flywheel, cases of swing arms, exhaust manifolds, braces, and core shaft.	Transmission systems for cars and trucks, engine systems, and chassis system.
Green-energy parts	Parts of braking systems	Brakes of large-size power generators (MW grade)

4. New products (services) planned to be developed

The new products and services planned to be developed are as follows: (1) Application of aluminum alloy, such as light-weight parts of engine, light-weight parts of chassis; (2) Adopting high-precision equipment specifically designed for large-scale grinding to ensure the stability of product accuracy. (3) Utilizing specialized equipment and fixtures for processing aluminum alloy and large parts.

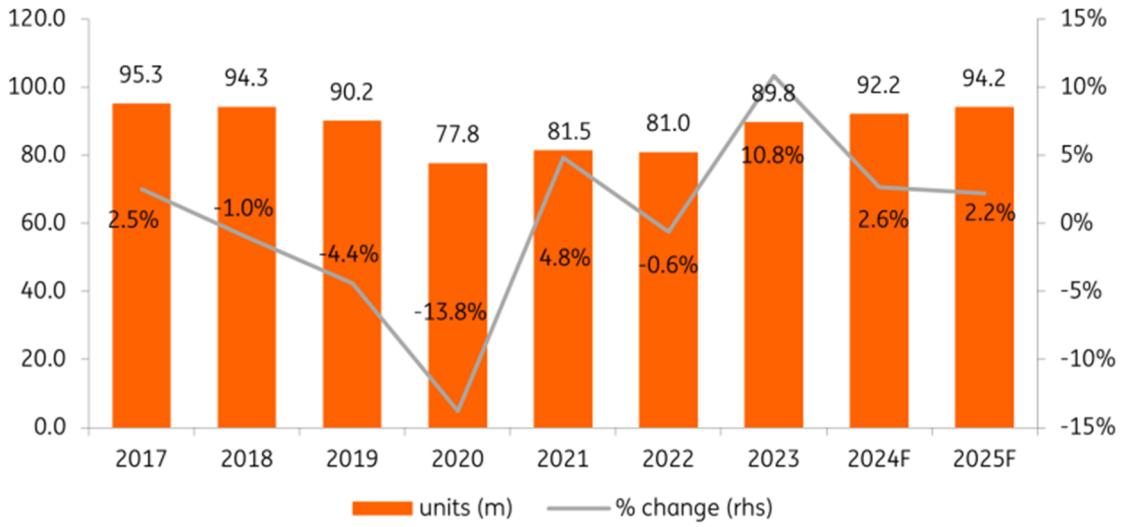
(II)Overview of Industry

1. The current status and development of the industry

The global automobile market has seen significant sales growth recently, primarily because the automotive supply chain has gradually stabilized after experiencing the COVID-19 pandemic, chip shortages, and logistics challenges. Additionally, the post-pandemic economic recovery has boosted consumer confidence and purchasing power.

Furthermore, many countries have implemented incentives and subsidies for purchasing electric vehicles, which has also contributed to the notable increase in automobile sales.

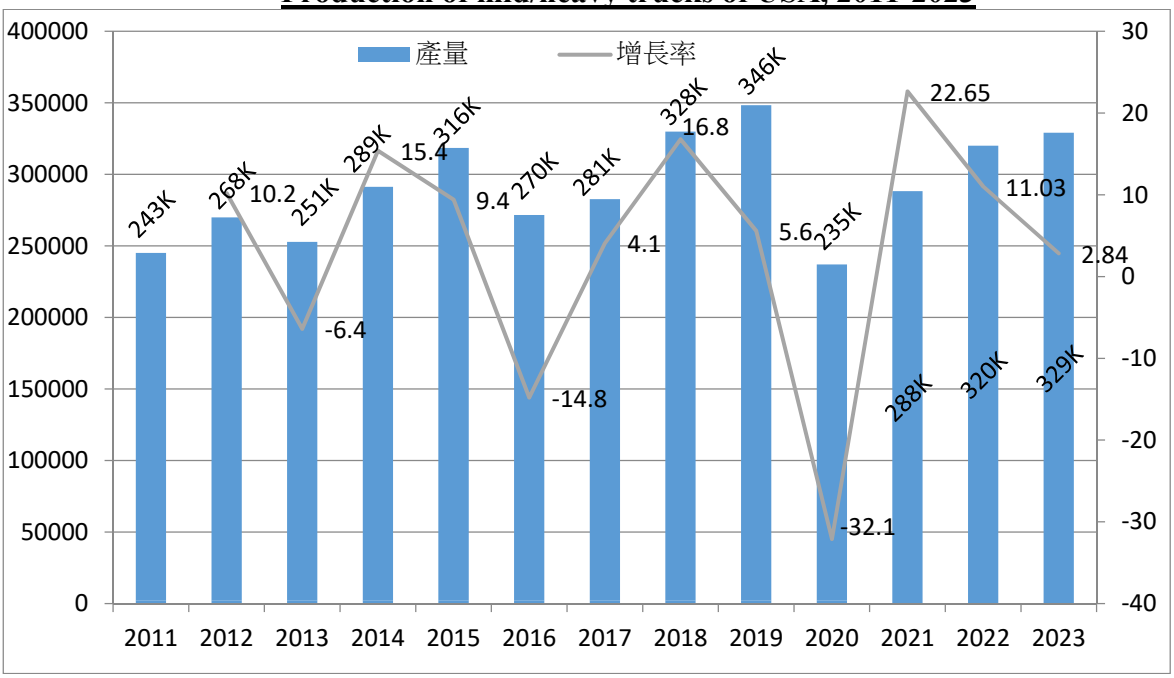
Changes in global auto market sales



Source: Moody's, ING Research

The vast territory of USA drives the necessary demand of heavy trucks for agriculture, mining, architecture and cargo transportation in USA for its geographical conditions. Demand of heavy truck not only lowers the transporation cost, but also increase the market demand of commercial vehicles in USA and lift empolyment rate higher. Local residents used to save cargo cost by truck transporation, so the demand of heavy truck is always there. In recent years, the demand of commercial vehicles for architecture and mining has increased. Heavy trucks are expected to have more loading and higher efficiency, plus the high dependency for these two industries, driving a higher demand of commercial vehicles. The demand and supply of commercial vehicles has growing tendancy in USA and provides a potential growing momentum in heavy truck market. USA market has seen a gradual alleviation of the global chip supply shortage, stabilizing manufacturers' supply capacities. As a result, the overall production of heavy-duty trucks in USA slightly increased in 2023 compared to 2022, as detailed in the chart below.

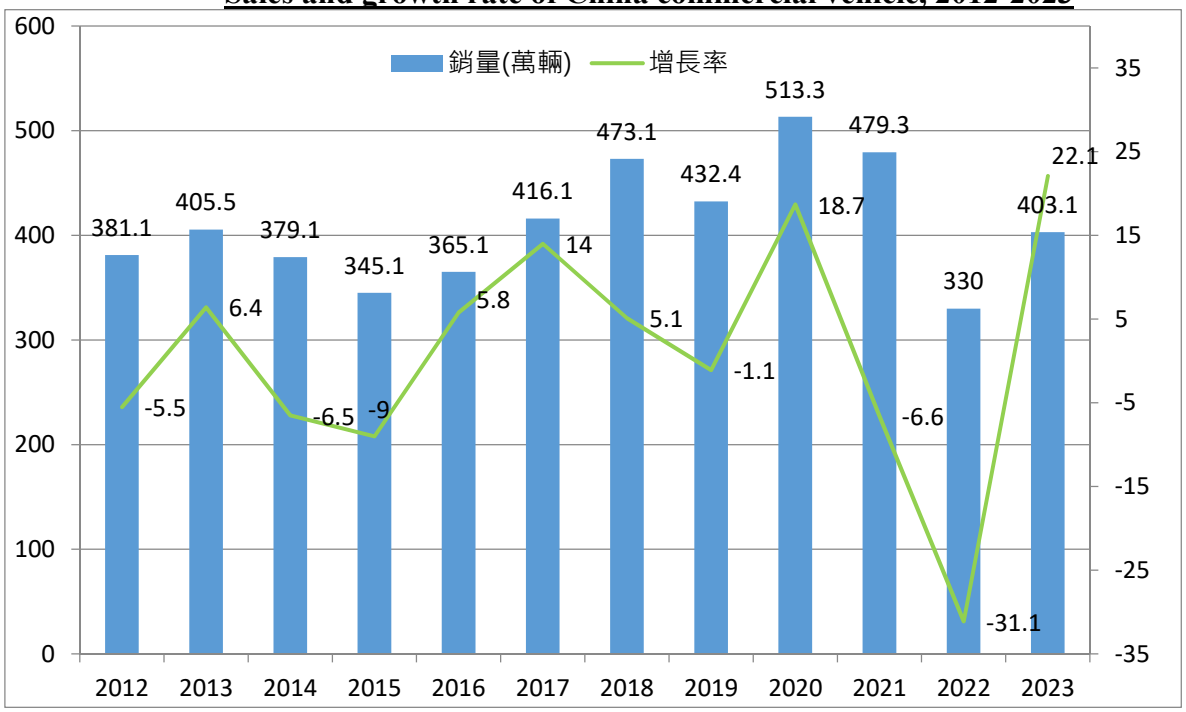
Production of mid/heavy trucks of USA, 2011-2023



Source: OICA, WKG

The commercial vehicle market in China is primarily used for transporting raw materials and other goods. Therefore, its sales are influenced by China's economic growth and changes in domestic infrastructure demand. The demand for commercial vehicles has slowed due to several factors: pre-existing demand was overstretched by earlier environmental and overload control policies, the pandemic limited production and daily life, and high oil prices. In the long term, the policy benefits that have supported the growth of commercial vehicles in China in recent years have gradually weakened. As a result, the commercial vehicle market will enter an adjustment period in the future.

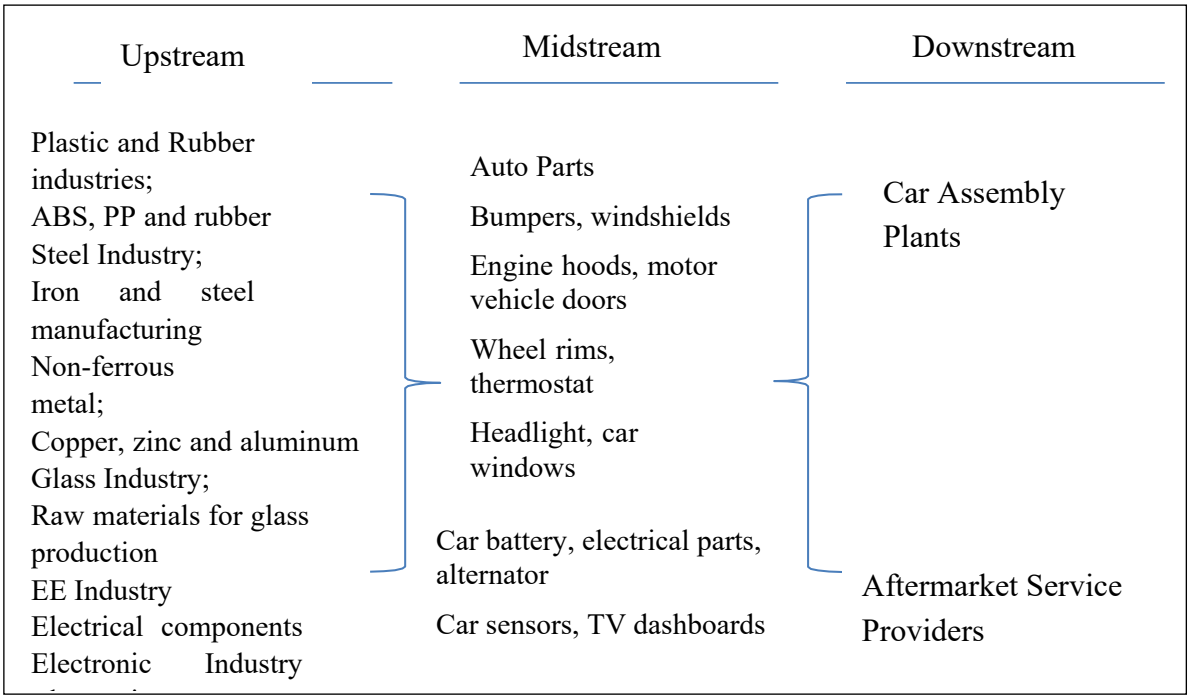
Sales and growth rate of China commercial vehicle, 2012-2023



Source: China Association of Automotive Manufacturers, WKG

2. Relations of Upstream, Midstream and Downstream Companies

The automotive supply chain are among the most complex in the word – from design andprovision of raw materials in the upstream to automotive assembly plants and aftermarket services in the downstream. The automotive supply chain companies form a cross-industry network with other partners in related industries. The roles of auto parts in the automotive supply chain are illustrated in the diagram below.



Source: Taiwan Industry Economics Services

The Company mainly operates in the precision metal processing and production. At the upstream, iron or aluminum is applied as the major material; through high-temperature melting and forging or even casting, the forms are made. At the mid-stream, the parts are made through the machinery processing. The finished products are applied in the automobile industry, wind power industry, agricultural machinery and construction machinery.

3. Development trends and competition of products.

(1) Development trends

The automobile industry is at the key node shifting from conventional internal combustion engines to the drivers with new energies. Meanwhile, technologies, such as 5G communication technology, AI technology and IoT, will even have greater influence to the commercial vehicles than the new energy technologies and the whole logistic ecosystem may be changed. From short term to long term, there are several development trends for the accessories to commercial vehicles:

(a) Upgrade of environmental technologies

Comparing to passenger vehicles, commercial vehicles needs more time to get rid of the dependence on the fossil energies. But the overall approach of clean energy will not be changed. The standards for gas emission will be only stricter and stricter, until the zero emission of hazardous substance is achieved. Therefore, the hybrid power technologies, electrical and hydrogen fuel driver will replace the conventional internal combustion engines gradually, but the replacement cycle would be longer than passenger vehicles.

(b) Unmanned driving:

Not like the unmanned driving of passenger vehicles, the purpose of commercial transportation vehicles is to transport goods and thus the demands to realize unmanned driving is even greater. The first application of unmanned driving for commercial vehicles is the technology of "one-man fleet," *i.e.,* the transportation is conducted with a fleet, but only the first truck is driven by a driver and the other trucks are unmanned. Currently, trials are conducted in Europe and the U.S. The two major basic technologies of unmanned driving are the AI and 5G communications. Their applications are getting mature, and the future design for the whole commercial vehicle will be innovated greatly. To lower costs, there will be no driver's cockpit and the reduced weight may be occupied by more goods. The most expensive part of shipping expense, costs of driver, is also saved. The logistic network will be expanded to the unprecedented depth and width due to reduced costs. The demands to transportation vehicles will increase and diversify more, the landscape of the logistics market will be turned over.

(2) Competition of products

The major operations of the Company are in Fuzhou, China and Taiwan, with both R&D and production. The peers of automobile products in Taiwan and China are listed as the follows:

Description	of Company's products
The Company	Mainly engaging the business of precision metal processed products; the application of their products include the parts of commercial vehicles, green-energy parts, parts of agricultural machinery, and parts of construction machinery
Tsang-You	1. Cars: parts of automatic transmission are mainly applied to the transmission and gear shifting devices of cars; parts of torque convert are mainly applied to the liquid torque converters between engines and automatic transmission. 2. Heavy trucks: mainly applied to clutches of heavy trucks. 3. Industrial machinery: transmission system modules for agricultural machinery, excavators, and snowmobiles.
Yung-Hsin - KY	The main products include the brake master cylinders, brake wheel cylinders, clutch master cylinders, clutch wheel cylinders, brake calipers, boosters, brake pads and other related automobile parts. The major function is the application to the automobile braking system and the major target is the automobile parts AM market.
Yu-Long	Mainly produce the precision metal parts for automobile engine systems, steering systems, transmission systems, chassis systems, medical injectors, as well as connectors for aerospace and industrial communication applications, sensors, temperature control equipment, compressors for refrigeration and air conditioning, and optical products.

Description	of Company's products
Feilong Auto Components Co., Ltd.	The major products include the water pumps for automobiles, exhaust manifolds, case of turbocharger, electrical water pumps, and motor oil pumps.
Guangdong Hongtu Technology (Holdings) Co., Ltd	1. Pressed and forged precision aluminum alloy parts. 2. Proprietary vehicles. 3. External and internal automobile decorative parts. 4. Investment.

The Company mainly engages business of precision metal processing, and the end applications include the parts of commercial vehicle chassis, parts of braking system for wind power generators, and parts of machinery equipment industries. Also the Company provides services customization and small variety with large quantity, based on demands of clients, and provides the precision processing production, sales, and R&D For the Taiwanese and China competitors listed above, their major business is the production of automobile parts for passenger vehicles, or the parts of passenger vehicle AM market. In the market, there are not many famous vendors supplying the same parts of commercial vehicles. In addition, the application areas of the Company's products are extensive, with diversified markets. Currently, the Company has reached the green-energy industry and industrial machinery. The Company also provides service of product customization, which increases the dependence of the clients to the Company indirectly. With the experience accumulated from long term cooperation with clients, the Company has better competitiveness than peers.

(III)Overview of technologies and R&D

1. The technology level and the R&D of the business operated

The Group mainly engages business of precision parts processing, including various precision automobile parts, parts of wind power generation and hydraulic parts. The major technologies are derived from the accumulations and legacy of long term blank forming and processing experience, with the self-developed and designed fixtures, jigs, and gauges, to provide excellent products to clients. Currently, the Company provides manufacturing and sales services of precision parts to many industries. Except sending employees to the technical trainings provided by the domestic an overseas institutes or equipment suppliers, and actively participating major international exhibitions of tools and machines, the Company also have technical interactions and engineering discussion with clients, to effectively grasp the technology sources and improve technical capabilities.

Furthermore, to enhance the levels of various development and production, the Company engages scholars with expertise in the discipline and professionals with practical experience to the Company as instructors. Except for the breakthrough of the high-level metal forming and processing key technologies, the advanced production technologies, including reversal engineering application, 3D printings and precision machinery process are introduced, to greatly improve the development speed and quality of new products. The Company also cultivate talents in school on project basis, to conduct the development and testing through the talents and resources in the professional disciplines and develop the talents needed for R&D from schools.

Up to now, the Group's R&D outcomes are the improvement of technologies. The patents are applied in China, in 2023, the Company obtained 2 invention patents and 19 utility model

patents.. However, the Company has no payment as technology compensation or royalty.

2. R&D expenses input in the most recent year up to the printing date of the annual report

Unit: Thousand NT$

Item \ Year	2023	January to March, 2024
R&D expenses (A)	24,465	6,767
Operating revenue (B)	1,197,391	280,995
(A)/(B)	2.04%	2.41%

3. Technologies or products successfully developed in the most recent years and up to the printing date of the annual report.

Year	R&D outcomes	Description of R&D outcomes' effects
2019	Automation of the dedicate production line of processing core shafts for automobile gear shifting devices (auto measurement included)	To cope with the massive production lines planned, the automation is increased to lower the demand to workforce, and enhance the production efficiency. Introducing robot arms to handle the material taking and placing and auto measuring, as replacement of massive labors, and controls over the quality by auto measuring.
	Supporter (the first mass production of lost-wax casting products)	To accommodate the clients' demands, the lost-wax casting products have the first mass production. With the heat treating refining process and surface treatment of electroplating process, a one-stop service is provided to clients.
2020	Electrical disk braking parts.	The electrical disk braking parts are developed to accommodate clients. The parts are mainly applied to the electrical buses, commercial vehicles with new energies. The prototype has been made and road trial has been conducted.
	Moisture separator (stainless steel)	Application of multi-material production process and by accommodating client's development of parts, to increase the optimization of internal parameters of production process and integral application of machinery processing technologies.
	Inorganic zinc primer painting stainless steel	The advanced painting production process service. To accommodate wind-power clients' demands for the assembly and rust-proof protection for processed surfaces, the inorganic zinc primer was developed.
	Package production of parts for industrial brakes	Based on the requests of clients, the parameters of the forging materials (low-temperature shock resisting) are optimized, with the integral application of machinery processing technologies. The surface painting and shielding is provided after process, to add values for products.
2021	Seat spreader (aerospace component)	Aluminum forging 7075-T6 processing application. Improve in-house aluminum full engraving processing parameter optimization, machining integration and CATIA CAD/CAM software skills.
	Aluminum alloy case (medical equipment)	Aluminum block 6061-T6 processing application. Improve in-house aluminum full engraving processing parameter optimization, and machining integration. Advance surface treatment (anodizing and hard

Year	R&D outcomes	Description of R&D outcomes' effects
		anodizing). To make value-add products by surface treatment andshade after processing.
	Sliding table	Gravity casting aluminum AC4C-T6 processing application. Improve in-house gravity casting processing parameter optimization, and machining integration.
	Electric-drive disc brake	Develop related components with electric-drive brake major brand D customer, which mainly applied in electric bus and commercial vehicles. Sample test and road test are done at this moment.
2022	Manual Butterfly Valve Sealing Block (Parts for Semiconductor Industry)	The application of the aluminum block 6061-T6 material processing process increases the optimization of the process conditions and parameters of the full engraving process of aluminum materials and the integrated application of machining technology in the factory. Advanced surface treatment (anodic) provides surface treatment after processing to increase the added value of the product.
	Nozzle Side Structural Parts & Line Horse Side Structural Parts (Semiconductor Industry-Wafer Cutting Equipment Parts)	The application of the aluminum block 7075-T6 material processing process increases the optimization of the process conditions and parameters of the full engraving process of aluminum materials and the integrated application of machining technology in the factory. Advanced surface treatment (anode), surface treatment is provided after processing to increase the added value of the product.
2023	Slant plate seat	The slant plate seat of the hydraulic pump requires high machining precision. The machining process can easily cause deformation, so the manufacturing method optimizes the in-house conditions and parameters for high-precision machining processes and integrates machining technologies. During this process, we collaborate with tool manufacturers to develop specialized tools, enhancing process capabilities. Post-machining heat treatment (soft nitriding) involves infusing nitrogen (N) and a combination of nitrogen and carbon (N + C) into the surface of the workpiece. This increases its surface hardness and wear resistance, thereby extending its service life.
	Buffer tube	The machining process application of aluminum extrusion material 7075-T6 involves optimizing process conditions and parameters for aluminum material and integrating machining technologies. Surface treatment (hard anodizing) is implemented after machining. This process forms an oxide film on the surface of the workpiece, providing corrosion resistance, wear resistance, and aesthetic enhancement, thus adding value to the product.
2024	Slant plate seat	Molybdenum disulfide, when applied after machining, offers excellent lubrication, compression resistance, and wear resistance. It

Year	R&D outcomes	Description of R&D outcomes' effects
		serves as a solid lubricant, suitable for equipment operating under conditions such as high speed, heavy loads, high temperature, high vacuum, and chemical corrosion.
	Valve body	The machining process application of aluminum block material 6061-T6 involves enhancing the utilization of machining technology on deep-hole machines to remove burrs inside the holes. Advanced surface treatment (anodizing) is performed after machining to provide additional value to the product.

(IV)Long and short-term business development plans

1. Short-term business development plans

(1) Expand lightweight commercial vehicle parts with existing and potential commercial vehicle customers, adopt new technologies and new materials and other products to replace and upgrade solutions (such as iron-to-aluminum, steel-to-cast iron, etc.), from single-part delivery to assembly welding assembly to realize value for customers

(2) Through leveraging our technological integration advantage, we offer rapid prototype services to Client P. We utilize 3D sand mold printing technology to swiftly manufacture aluminum casting samples, meeting the deadlines for testing new emissions standards for diesel engines. Some components have already been mass-produced and delivered, while new parts are gradually undergoing testing for mass production integration.

(3) It will be our development priority to design and produce EGR component for diesel engines under "CHINA VI" regulation, which will be the most strict regulation executed from July 1st, 2021 in China.

(4) Due to emissions upgrades and cost advantages in energy consumption, both China and North America are actively promoting the replacement of some traditional diesel engines with natural gas engines. Our products have fully entered the natural gas engine field, positioning us to accelerate market share expansion.

2. Long-term business development plans

(1) Expand production capacity gradually and widen the competitive gap between competitors.

(2) Stay on top of the market trend by cooperating with supply chain. Expand new development field and follow new automotive technoloy aggressively.

(3) Elevate corporate core competence by hiring professional workers with global prospective.

(4) Keep sales growth by expanding products and seeking potential customers.

(5) Continuous investment in emerging casting processes such as low-pressure casting, high-pressure casting, and semi-solid die casting research and development is ongoing.

(6) We aim to secure the development of assembly components by utilizing in-house upgraded processes such as precision machining, heat treatment, high-frequency welding, painting, assembly, and bench testing. This assistance helps customers reduce development and testing lead times and costs.

B.Overview of Market, Production, and Sales

(I)Market Analysis

1. Major area for product sales

Unit: Thousand NT$

Year / Sales Region	2022		2023	
	Amount of sales	Percentage (%)	Amount of sales	Percentage (%)
Americas	388,862	38.02	461,693	38.56
Asia	464,580	45.42	543,976	45.43
Others	169,392	16.56	191,722	16.01
Total	1,022,834	100.00	1,197,391	100.00

2. Market shares

In the commercial vehicle component sector, according to statistics from Dynamic Pro Research Insights, the global automotive parts sales reached $2,325.16 billion USD (approximately NT$72.4922 trillion) in 2023. Our company's automotive component sales revenue in 2023 was NT$945,027 thousand, accounting for only 0.001% of the market share. This is primarily due to the relatively small proportion of the commercial vehicle market within the overall automotive industry. According to statistics from the International Organization of Motor Vehicle Manufacturers (OICA), the total global vehicle production in 2023, including both commercial and passenger vehicles, amounted to 93,546 thousand units. The global production of heavy-duty commercial vehicles was 3,774 thousand units, accounting for only 4.03% of the total global vehicle production.

3. Future demand-supply conditions and growth of the market.

According to TrendForce statistics, global automobile sales reached 85.03 million units in 2023. It is projected that by 2027, global total automobile sales will reach around 95.77 million units, with a compound annual growth rate of approximately 3% during the period from 2023 to 2027.

In the Chinese commercial vehicle market, factors such as the continuous recovery of relevant industry GDP, strengthened policy effects, stable natural gas prices, and stimulation of demand upgrades by new products from enterprises are expected to further extend the recovery trend. According to forecasts from the China Association of Automobile Manufacturers, the cumulative sales of commercial vehicles in China are expected to reach approximately 4.2 million units in 2024, representing a 5% growth compared to the same period in 2023.

As for the commercial vehicle markets in the United States and Europe, continuous improvements in the supply chain and the promotion of e-commerce are expected to drive market growth in 2024. Particularly in the field of electric commercial vehicles, advancements in technology, market demand, and government emphasis on sustainable development will propel market expansion.

4. Competitive niche

(1) Concentrating on the niche market

Through long-term development, the Group has formulated the operation strategies focusing on commercial vehicles and industrial sectors. We provide the customized, multi-items and small batch products and services. Comparing the operating method adopted by peers that seeks scale benefit to lower costs and realize profit, the Group seeks to avoid the fierce price competition through differentiation. By developing the niche market with minimum overlapped competing business and adopting the operations of light-asset and heavy external collaboration, the Group satisfies the demands of the client as much as possible, while maintaining the higher profitability.

(2) Flexible production operation

The Group values the development of external collaborative vendors. With the philosophy of light assets, the Group quickly satisfies the demands of clients with the edges of these external collaborative vendors (precision processing, surface treatment, proxy procurement, assembly, testing, logistic and storage). From the view of clients' demands, we provide the maximum convenience of procurement to clients, to enhance their dependence to the Company.

(3) Forward looking product strategy

The positioning of the Group's products goes along with the development trends in the automobile industry. Currently the major products of the Group are:

a. Diesel engine and chassis components, including multi-material such as iron, aluminum and steel, etc. We are the long-term stragetic partner with global brand such as A company and F company based on excellent lead time and quality.

b. EGR diesel and natural gas engine exhaust gas recirculation parts, China has implemented China VI emission upgrades, and will ban the sale of vehicles below China VI emission standards after August 2021. Commercial vehicle diesel and natural gas engines must be equipped with EGR functional components. will gradually expand. The Company cooperates with Chinese first-order EGR system suppliers such as G Company to provide them with cast iron and cast aluminum parts in the EGR system.

c. ADB air disc brake component. ADB has replaced drum brake gradully in China, USA and Europe market after new safety regulation became effective. There is a big growing potential in truck and trailer market respectively in North America and Europe.

d. Light-weight aluminum alloy component. We prodive light-weight cases, tubes and body parts by existing gravity casting and upcoming low-pressure casting business.

e. Enter the passenger car electric vehicle supply chain by providing battery pack box die-casting aluminum alloy components for the first-tier manufacturers of automobile battery manufacturers in China.

5. Positive and negative factors for future development, and the company's response to such factors

(1) Positive factors

By reviewing the history of human development, the trends of economic activities are influenced by the growth of populations and advancement of technologies. Although small fluctuations occurred during the history, the long term trend is always upward. The desires of seeking a better material life levels by human beings will never change and the demands to material goods and related services always go upwards. As it promotes the expansion of logistic networks, logistics frequencies and upgrades of services, the demands to logistics services and commercial vehicles also have secular growth. With the advanced technologies, driving technologies with better performance, and cleaner energies will be applied to the commercial vehicles. The stricter safety regulations will be enforced. The new product demands, such as electrical driving technologies, hydrogen energy technologies, post-treatment technologies for the wasted gas of internal combustion engines, disk brake, electrical brake and lightweight chassis will be expanded continuously and grow into new markets.

(2) Negative factors

a. Advanced technologies are a double edged sword with. When breeding new markets with new demands, the sustainability of current products and business is affected. The introduction of new energy technology to the commercial vehicle area, will not generate any adverse impact on the Company's business in the near future. However, whether or not the Company is able to maintain the competitiveness, depends on if the Company is

able to develop products meeting the market needs timely by following the market trends. If the Company fails to meet the market needs timely, the potential adverse impacts may be generated to the Company's business.

Response: for many years, the Company has focused on the processing production and sales of various precision metal parts. With the long term experience in the industry, the Company may provide the blank forming are designing solutions at the initial stage of product design, or the optimized product design to lower the cost of production. With the flexible production capability, the demands for small-quantity and various items and one-stop procurement of the commercial vehicle clients are satisfied. Providing customized products and developing products with clients based on their individual needs, are the major competitive niches of the Company. Thus the inter-dependence with clients is increased and the stable long term partnership is achieved. As the safety regulations of each country upgrade, with the technical development trends of intellectualization and motorization, and the new energies, the Company attempts to join the product materials and production process improving solutions at the R&D stages of the clients' new products, with the R&D energies resulting from the long-term experience of production and manufacturing. It is sought to obtain the opportunities of orders during the introduction and trial production of the new products. For instance, in the recent years, the commercial vehicle makers in Mainland China and the U.S. have been shifting to air disc brakes (ADB) from the drum braking system gradually. To accommodate the application of brand new generation of electro-mechanical brakes (EMB) to the new energy commercial vehicles, the Company develops the parts simultaneously to obtain orders from clients. In the future, the Company will expand the precision processing technologies for multiple materials (cast-iron, aluminum, and steel), to meet the one-stop procurement demands of clients, and enforce the competitiveness and growth momentum.

b. Impact from the U.S.-China trade war and the COVID-19 pandemic

In March 2018, the President of the U.S. at that time, Donald Trump announced To levy duties on imported goods from China pursuant to Section 301 of the 1974 Trade Act for "punishing China for stealing the business secrets of intellectual properties of the U.S. China took countermeasures afterwards and levied 128 imported goods from the U.S. and thus the trade disputes started. After many tariff increases and negotiations, both parties signed the trade agreement of the first stage on January 15, 2020 and the trade dispute was suspended temporarily. However, the U.S. still reserves the tariffs levied on imported goods from China, and there are still uncertainty remaining for the future development. In December 2020, the new U.S. President, Joe Biden stated that he would not cancel the above-mentioned tariff policy and trade agreement. If the disputes are not be terminated in the near future, the economic environment of Asia or even the whole world will be impacted and thus the mid- and long term operations of the Company.

Also the global outbreak of COVID-19 in 2020, in response to the need for epidemic prevention, countries have also issued travel warnings and restrictions on entry or isolation requirements for people in affected areas in response to the development of the epidemic, which will affect the overall economic demand and supply. The automobile market was also hit hard, and it is estimated that it will take 1~2 years to recover in the future

Response: one of the major entities of the Company is located in Fuzhou, China. Other than some domestic sales in China, the major sales area is North America. Therefore, the products are listed in the US-China trade sanctions. However, other than two export clients, the transaction terms of other export clients

specify that the tariffs shall be borne by the clients. Since the beginning of the trade war, the Company has negotiated with major U.S. clients, to share the operating costs resulting from the increased tariffs. Also the Company expands the awareness as the precision metal processing manufacturer for commercial vehicles in China. Therefore, the domestic sales share in the consolidated operating revenues increased from 5% in 2015 to 14.5% in 2020. This may decrease the uncertainties of macroeconomics due to the China-US trade sanctions and the increased operating costs.

For the mid- and long term, the long term operating strategies of globalization is considered. The Company will evaluate the feasibilities to establish production based in Southeastern Asia, such as Vietnam or in the Americas, such as Mexico, for the purpose of positioning the future market with global operating presence and satisfying the demands of clients from various regions. Or, by moving some products produced in the operating entity in China to the operating entity in Taiwan, to diversify the uncertainties resulting from the China-US trade disputes, and the possible operating risks caused by the COVID-19 pandemic.

(II)Major Usage and Production Process of Key Products

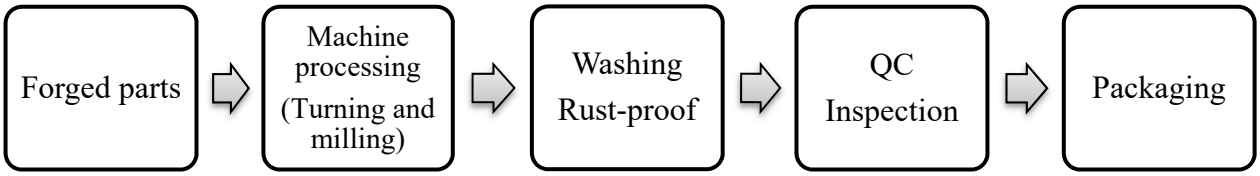
1. Major usage of key products

The Company's products are mainly applied to the chassis and engine of commercial vehicles, braking system for large-size wind power generators, hydraulic pressure system and engine of construction machinery, as well as transmission system of agricultural machinery.

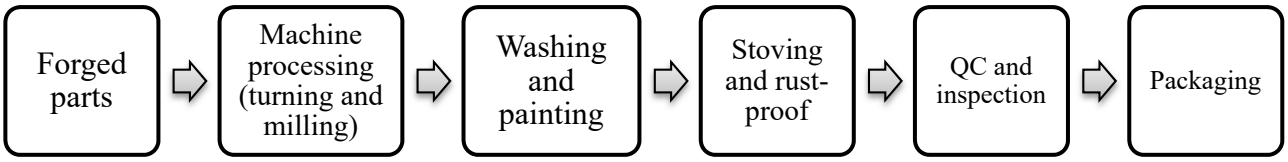
2. Production process of key products

The general process of the Group's craftsmanship is as follows: (other specific production processes may be added depending on the products)

a. Automobile parts



b. Green-energy industries



(III)Supplies of the major materials

The Company has established good long-term relationship with suppliers; meanwhile, the Company also monitors the market conditions to stabilize the procurement prices for key raw materials and establishes vendors with long term strategic partnership. The sources of supplies are stable.

Major materials	Supplier	Supplying status
Cast iron blanks	WKM, Shandong Huiyu Auto Parts Co., Ltd, supplier A, supplier B	Good

(IV) List of major suppliersand Clint

1. Major Suppliers in the Last Two Calendar Years

Unit: NT$ 1,000; %

Item	2022				2023			
	Name	Amount	% of total annual net purchases	Relation with issuer	Name	Amount	% of total annual net purchases	Relation with issuer
1	World Known MFG Co.,Ltd	75,838	12.98	other relationship	World Known MFG Co.,Ltd	69,038	14.25	other relation ship
2	Sichuan Weisikate	54,321	11.44	none	Shandong Huiyu Auto Parts Co., Ltd	58,687	12.12	none
3	Shandong Huiyu Auto Parts Co., Ltd	45,327	9.55	none	A supplier	56,328	11.63	none
4	B supplier	41,521	8.75	none	B supplier	54,429	11.24	none
5	others	257,685	57.28		others	245,853	50.76	
	Total	474,692	100.00		Total	484,335	100.00	

Change Explanation: The group's raw material procurement is based on production needs and sourced from suppliers. The main suppliers mentioned above remain among the top ten suppliers. The changes observed are considered reasonable.

2. Major Clients in the Last Two Calendar Years

Unit: NT$ 1,000; %

2022				2023			
Name	Amount	% of total annual net sales	Relation with issuer	Name	Amount	% of total annual net sales	Relation with issuer
ACompany	348,333	34.06	none	A Company	403,643	33.71	none
others	674,501	65.94		Others	793,748	66.29	
Total	1,022,834	100.00		Total	1,197,391	100.00	

There has been no material changes in major clients in the most recent two years.

(V) Production in the most recent two years

Unit:NT$/PCS

Year / Main Product	2022			2023		
	Capacity	Output	Amount	Capacity	Output	Amount
Automotive parts	1,289,001	827,469	347,706	1,524,471	945,524	342,104
Green- energy parts		12,155	27,924		9,874	18,619
Others		133,032	163,077		123,121	149,596
Total	1,289,001	972,656	538,707	1,524,471	1,078,519	510,319

Note: The production equipment of the Company is not product specific and is adaptive depending on the items to be produced; therefore, the capacities are calculated as a whole.

(VI) Sales in the most recent two years

Unit:NT$/PCS

Year / Main Product	2022				2023			
	domestic sales		export sales		domestic sales		export sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Automotive parts	455,490	105,930	2,298,823	649,170	843,979	185,428	2,414,664	759,599
Green- energy parts	15,060	26,868	–	–	10,730	12,460	–	–
Others	145,665	48,170	253,962	192,696	118,121	41,077	204,070	198,827
Total	616,215	180,968	2,552,785	841,866	972,830	238,965	2,618,734	958,426

C.The Number of Employees in the Most Recent Two Years and As of the Date of Publication of the AnnualReport

Unit: person; %

Item / Year		2022	2023	As of March 31 ,2024
Staff (persons)	Manager	7	7	7
	Production Linie Worker	119	119	120
	General Employee	115	110	113
	Total	241	236	240
Average Age		37	41	41
Average Employee Tenure (Year)		3	7	7
Distribution of Education Attainment (%)	Master (and above)	3.32%	2.12%	2.08%
	Bachelor	29.46%	32.20%	33.33%
	Senior High School	51.04%	49.15%	47.50%
	Below Senior High School	16.18%	16.53%	17.09%

D.Environmental ProtectionExpenses

Disbursements for environmental protection: total losses (including damage awards) and fines for environmental pollution for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, and an explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is notpossible).

In the most recent year and as of the date of publication of the annual report, no loss or fine incurred to the Group as s result of environment pollution.

E.LaborRelation

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

1. Employee benefit plans and implementation:

The employee benefit plans are handled based on the related local regulations of the locations where the operations are, including social (employee/health) insurance and physical checks. Each subsidiary also plans and handles employee benefit plans, including birthday bonus, gift vouchers for holidays, and subsidies for wedding/funeral/celebrations, meal party from time to time, group recreational activities, among other things.

2. Employee continuing education and training

To enable employees to understand functions, operating objectives and related administrative processes of each department and familiarize them with the workplace and relevant regulations and systems, the Company conducts orientations for all new employees. Appraisals and reviews are conducted continuously for the purpose of enhancing employees' performance and expertise. The Company also cultivates the technical and managerial trainees at different levels, with internal and external training provided, to enrich the competitiveness with favorable human resources.

3. Retirement systems and implementation

The subsidiaries in China join the pension insurance, pursuant to the local labor regulations, with monthly contributions while paying for the social insurance for employees to the local social security bureaus. Once employees reach the retirement age, they may claim pensions from the social security bureaus. All pensions of the current and retired employees are coordinated and arranged by the local governments.

According to WKPF's "Employee Retirement Management Regulations," the retirement conditions are as follows:

For employees covered by the company's insurance:

- Males must be 60 years old.

- Females:

  - Ordinary employees with urban household registration must be 50 years old.

  - Ordinary employees with rural household registration must be 55 years old.

  - Management and position employees must be 55 years old.

For the subsidiaries in Taiwan, the Labor Standard Act is applied. Employees under the new system, pensions as 6% of their monthly salary are contributed to their personal labor pension accounts, as a protection for their rights. Employees may opt to contribute 0-6% of their monthly salary are contributed to their personal pension accounts at their will. Once employees reach the statutory age stipulated by the government, they may claim the pension from the government, paid monthly or at once. In 2023, an allocation of NT$1,829,000 was made.

According to WKPT's "Employee Retirement Management Regulations," the retirement conditions are as follows:

6.1 Voluntary Retirement: According to Article 53 of the Labor Standards Act, employees who meet one of the following conditions may apply for voluntary retirement:

6.1.1 Employees who have worked for over 15 years and are at least 55 years old.

6.1.2 Employees who have worked for over 25 years.

6.1.3 Employees who have worked for over 10 years and are at least 60 years old.

6.2 Mandatory Retirement: According to Article 54 of the Labor Standards Act, unless employees meet one of the following conditions, the company cannot force them to retire:

6.2.1 Employees who are at least 65 years old.

6.2.2 Employees who are physically or mentally unable to perform their duties. For employees engaged in hazardous or physically demanding work, the age specified in the first item of this section may be adjusted by the company upon approval from the central competent authority, but it cannot be less than 55 years old.

In 2023, three employees from the China subsidiary applied for retirement, while one employee from the Taiwan subsidiary applied for retirement.Other companies under the Group

also handle retirement pursuant to their local regulations.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

Employees of subsidiaries of the Company are protected pursuant to the local labor and contractual regulations and other related regulations of the locations where they operate. Also at the monthly mobilization meeting, the agenda of "I have something to say" is arranged, for employees to express their opinions timely. Up to now, there has been no labor disputes for negotiation.

5. Working environment and safety protection guidelines of employee and its implementation

We are devoted in creating environment protection, as well as safety and healthy working environment for employee, in order to take social responsibility and corporate sustainability while corporate growing. Not only follow authority regulations, but also our subsidiary company in Fuzhou and Taiwan were both certified with ISO 45001 occupational health and safety certification and ISO 14001 environmental management certification. Related measures, programs and training are as follows.

Item	Content
Access control	1. Plant safety protection by safety guards 24/7. 2.Access control system and surveillance system.
Equipment maintenance	1. Public safety check every two year based on Regulations for inspecting and reporting buildings public security. 2. Fire safety check every year based on Fire Services Act. 3.Maintain and check high-voltage, low-voltage eletrical equipment, emergency lift and fire safety equipment regularly.
Disaster prevention and response	1. Fire drill executed annually based on "Emergency response guideline", which defines responsibility of related department, reposonse, reporting procedure and other task contents. 2. AED in plant.
Regular working environment monitoring	Working environment monitoring implemented regularly. Check oil fog left, noise, illuminance within working environment every six month to prevent from physical and chemical hazard factor. Provide a healthy safety working environment for employee and keep them safety from occupational injury.
Regular safety and health education training	1. Safety and health education for every new employee. 2. Safety and health education training one hour per month for in-service employee. 3. Get technical license legally. (emergency, crance operator, forklift driver)
Regular health examination and maintenance	1.Health examination for in-service employee. 2.Health maintenance based on article 15 in "The Law of Occupational Safety and Hygiene" to protect employee safety.
Others	Implement "human factors engineering hazard prevention", "prevention plan for abnormal work loading", "Female protection plan" and "occupational infringement", etc for

Item	Content
	employee in need when facing long working hour, maternity, bullying or sexual harrassment in working place.

(II)List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes 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 have valued the labor relations. In the most recent fiscal year and up to the annual report publication date, no loss suffered due to labor disputes.

F. Information security management

(I)State the information security risk management framework, the information security policy, the specific management plan, and the resources invested in the information security management, etc.

1. Datacom security risk management framework

(1) The company has established a group information department, which is responsible for information and communication security. This department has an information supervisor and professional information personnel, who are responsible for formulating group information and communication security policies, planning and implementing information and communication security operations, and information communication security policies. Promote and implement.

(2) The Group Audit Office of the company is an information and communication security supervision unit. This office has a supervisor of audit, who is responsible for supervising the implementation of internal information security. If any defects are found during the audit, the audited unit can be requested to propose relevant improvement plans. And regularly track improvement results to reduce internal information security risks.

2. Information Security Policy

(1) To ensure that the company's information operations can be accurate, complete and available for continuous operation.

(2) nsure the confidentiality of the company's important information, implement data access control, and access information must be approved by authorized personnel, and must not be overstepped.

3. The specific management plan and the resources invested in the security management of information communication

(1) All information policies of the company must comply with local government regulations.

(2) Establish a dedicated information security officer to establish and promote relevant information security systems.

(3) Effectively manage information assets and continuously assess corresponding risks.

(4) Establish an independent information system room and environmental safety protection measures, and make regular maintenance and maintenance plans.

(5) Assess various natural and man-made disaster risks, and formulate a core information system

restoration and exercise plan to ensure that the core information system can be restored and operate normally when it is damaged due to various conditions.

(6) Regularly implement information security publicity, education and training and related implementation regulations.

(7) Clearly regulate the use authority of the information system to ensure that only authorized users can access the information system.

(8) Implement the management of outsourced manufacturers to ensure the safety of information services.

(9) Formulate an internal audit plan for the information security management system, regularly review the use of all personnel and equipment within the scope of the information security management system, and formulate and implement corrective and preventive measures according to the audit report.

4. Invest resources in the information security management

The company is presided over by senior executives and related departments such as information and other relevant departments regularly review and update information security management risk assessments and perform security inspections and information security incident drills. The effectiveness of the implementation of the internal control system for information operations.

(II) List any losses, potential impacts, and response measures due to major information security incidents in the most recent fiscal year and up to the date of the annual report's publication. If a reasonable

G.Important Contracts

Nature of contract	Contracted parties	The starting and end dates of the contract	Major content	Restrictive clauses
Lease contract	Party A: WKM Party B: WKPT	2019.03.01~ 2029.02.28	Lease of plants	None
Credit Facility Contract	Debtor: WKPF Creditor: Xiamen Bank	2022.07.24~ 2025.07.21	Xiamen Bank provides WKPF with a line of credit of RMB 10 million, with interest paid monthly	None
Credit Facility Contract	Debtor: WKPT Creditor: E.Sun Bank	2023.07.17~ 2024.07.17	E.Sun Bank provided WKPT with a credit line of NT$30 million (including comprehensive line and exposure limit), with interest paid on a monthly basis.	None
Credit Facility Contract	Debtor: WKPT Creditor: Chang Hwa Bank	2024.04.30~ 2025.04.30	Chang Hwa Bank provides a credit line of NTD 30 million to WKPT, and the interest is paid on a monthly basis.	None
Credit Facility Contract	Debtor: WKPT Creditor: Cathay United Bank	2023.06.24~ 2024.06.24	Cathay United Bank provides a credit line of NT$60 million for WKPT. The loan period is one year after the first use, and the interest is paid monthly.	None

Nature of contract	Contracted parties	The starting and end dates of the contract	Major content	Restrictive clauses
Mortgage contract	Mortgagor: WKPT Debtor: WKPT Creditor: E.Sun Bank	2022.08.16~ 2028.08.16	E.Sun Bank provided WKPT medium-term guaranteed loan line of credit of NT$199.6 million, and a line of credit of NT$154 million under the Action Plan for Taiwanese Investment to Return to Taiwan, with real estate as collateral. The long-term guarantee of NTD 199.6 million has been utilized. After the utilization, the principal of NTD 2.1 million will be amortized over one year, with monthly interest payments.	None
Mortgage contract	Mortgagor: WKPT Debtor: WKPT Creditor: Cathay United Bank	2022.07.26~ 2029.07.25	Cathay United Bank provided a credit line of NT$154.4 million for WKPT under the Action Plan for Taiwanese Investment to Return to Taiwan, with machinery and equipment as collateral. NTD 8,316,000 has been utilized, and monthly interest payments will be made on the amount.	None
Credit Facility Contract	Debtor: WKPT Creditor: Chang Hwa Bank	2023.11.30 2029.01.31	Chang Hwa Bank provides WKPT with a post-pandemic revitalization subsidy loan amounting to NT$35 million. The loan repayment period starts one year after the first drawdown, with the principal being repaid over this period and interest paid monthly.	None

VI.Overview of Company Financial Status

A.The Consolidated Financial Statements and Information for the Recent Five Fiscal Year

(I) Condensed Balance Sheet and Condensed Statement of ComprehensiveIncome

1. Condensed BalanceSheet

Unit：NT$1,000

Item \ Year		Financial Information in the Last Five Years					2024.03.31 Financial Information
		2019	2020	2021	2022	2023	
Current Assets		743,390	711,791	784,813	1,091,162	1,045,259	1,064,716
Property, Plant and Equipment		316,550	269,694	237,013	450,379	480,537	479,821
Intangible Assets		6,513	10,265	7,579	5,491	3,770	3,436
Other Assets		81,898	337,584	338,869	89,417	221,983	242,188
Total Assets		1,148,351	1,329,334	1,368,274	1,636,449	1,751,549	1,790,161
Current Liabilities	Before Distribution	349,695	411,050	449,094	462,966	489,279	452,409
	After Distribution	247,998	343,252	398,245	378,218	Note	Note
Non-current Liabilities		53,984	44,472	39,586	217,077	199,803	215,039
Total Liabilities	Before Distribution	403,679	455,522	488,680	680,043	689,082	667,448
	After Distribution	301,982	387,724	437,831	595,295	Note	Note
Equity Attributable to Shareholders of the Parent		744,377	873,533	879,323	956,104	1,060,658	1,120,842
Capital Stock		300,000	338,990	338,990	338,990	338,990	338,990
Capital Surplus		216,423	334,365	334,365	334,365	334,354	334,354
Retained Earnings	Before Distribution	255,975	222,844	235,815	298,174	416,732	458,194
	Before Distribution	154,278	155,046	184,966	213,426	Note	Note
Other Equity Interest		(28,021)	(22,666)	(29,847)	(15,425)	(29,418)	(10,696)
Treasury Stock		—	—	—	—	—	—
Equity attributable to predecessorsedinterests under common control		—	—	—	—	—	—
Non-controlling Interests		295	279	271	302	1,809	1,871
Total Equity	Before Distribution	744,672	873,812	879,594	956,406	1,062,467	1,122,713
	Before Distribution	642,975	806,014	828,745	871,658	Note	Note

Source: The consolidated financial statement signed and audited by CPAs, is prepared in accordance with the International Financial Reporting Standards

Note : The proposal of earning distribution for 2023 has been approved by the Board of Directs, but the resolution of the shareholders' meeting is required.

2. Condensed Statement of ComprehensiveIncome

Unit：NT$1,000

Item \ Year	Financial Information in the Last Five Years					2024.3.31
	2019	2020	2021	2022	2023	
Operating Revenue	1,035,899	863,749	1,004,262	1,022,834	1,197,391	280,995
Operating Margin	267,301	201,800	246,590	258,467	389,568	87,226
Operating Net Profit	111,008	78,839	97,970	109,401	168,982	47,225
Non-operating Income andExpenses	14,482	7,970	4,559	35,737	29,887	7,392
Net profit before tax	125,490	86,809	102,529	145,138	250,473	54,617
Net Income of Continuing Business Unit for this fiscal year	93,071	68,565	80,769	113,208	203,267	41,448
discontinued operation income	—	—	—	—	—	—
Net Income	93,071	68,565	80,769	113,208	203,267	41,448
Other Comprehensive IncomeNet of Tax	(21,526)	5,340	(7,189)	14,453	(14,060)	18,798
Total Comprehensive Income	71,545	73,905	73,580	127,661	189,207	60,246
Net Income	92,821	68,566	80,769	113,208	203,306	41,462
Equity attributable to predecessors' interests under common control	—	—	—	—	—	—
Net income attributable to non-controlling interests	250	(1)	—	—	(39)	(14)
Total comprehensive income attributable to stockholders of the parent	71,511	73,920	73,588	127,630	189,313	60,184
Equity attributable to predecessors' interests under common control	—	—	—	—	—	—
Total comprehensive income attributable to non-controllinginterests	34	(15)	(8)	31	(106)	62
Earnings Per Share(NT$)	3.09	2.06	2.38	3.34	6.00	1.22

Source: The consolidated financial statement signed and audited by CPAs, is prepared in accordance with the International Financial Reporting Standards

(II) The names of appointed certified accountants and their audit opinions in the last 5year

1. The names of appointed certified accountants and their audit opinions in the last 5year

Year	Accounting Firm	Name of CPA	Audit Opinion
2019	KPMG	Chang-Hsieh Chen, Tsu-Hsin Chang	Unqualified opinion
2020	KPMG	Chang-Hsieh Chen, Tsu-Hsin Chang	Unqualified opinion
2021	KPMG	Chang-Hsieh Chen, Tsu-Hsin Chang	Unqualified opinion
2022	KPMG	Chang-Hsieh Chen, Tsu-Hsin Chang	Unqualified opinion
2023	KPMG	Tsu-Hsin Chang, Yen-Hui Chen	Unqualified opinion

B.Financial Analyses for the Past Five FiscalYeas

Item	Year	Financial Information in the Last Five Years					As of 2024 March 31
		2019	2020	2021	2022	2023	
Financial Structure（%）	Debt to asset ratio	35.15	34.27	35.72	41.56	39.34	37.28
	Long term capital to property, plant and equipment ratio	252.30	340.49	387.82	260.55	262.68	278.80
Solvency	Current ratio（%）	212.58	173.16	174.75	235.69	213.63	235.34
	Quick ratio（%）	145.34	118.80	104.26	168.90	157.89	176.42
	Interest coverage ratio（multiple）	79.87	44.69	44.22	37.14	44.71	32.48
Operating Performance	Receivable turnover rate (times)	6.00	5.62	5.90	5.37	6.04	5.46
	Average cash recovery day	61	65	62	68	60	67
	Inventory turnover rate (times)	2.96	2.65	2.59	2.28	2.56	2.64
	Payable turnover rate (times)	4.32	4.28	4.30	4.12	4.56	4.60
	Days sales outstanding	123	138	141	160	142	138
	Property, plant and equipment turnover rate (times)	3.14	2.95	3.96	2.98	2.57	2.34
	Total asset turnover rate (times)	0.90	0.7	0.74	0.68	0.71	0.16
Profitability	Return on assets (%)	8.05	5.53	6.13	7.75	12.27	9.68
	Return on equity (%)	12.69	8.47	9.21	12.33	20.14	15.17
	Pre-tax net profit to paid-in capital ratio (%)	41.83	25.61	30.25	42.81	73.89	16.11
	Net profit rate (%)	8.96	7.94	8.04	11.07	16.98	14.75
	Earnings per share(NT$)	3.09	2.06	2.38	3.34	6.00	1.22
Cash Flow（%）	Cash flow ratio	46.13	35.94	8.63	44.10	60.42	3.10
	Cash flow adequacy ratio	Note	120.67	97.44	95.29	102.80	97.59
	Cash reinvestment ratio	10.00	3.45	(2.11)	9.17	11.76	0.74
Leverage	Operating leverage	1.66	1.88	1.67	1.56	1.26	1.32
	Financial leverage	1.01	1.03	1.02	1.04	1.03	1.04

Explain changes in financial ratios over the past two fiscal years (analyses of changes less than 20% may be waived)

1. The interest coverage ratio, return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit margin, and earnings per share increased. This was primarily due to stable demand in European and American markets, mass production of newly developed parts for new customers, and increased demand in the Chinese market for natural gas heavy-duty commercial vehicles. These factors, combined with an optimized product mix and effective cost control, resulted in overall improved profitability. Additionally, the depreciation of the Chinese yuan against the US dollar contributed to net foreign exchange gains, and increased interest income from US dollar time deposits further enhanced overall profitability compared to the previous year. .
2. The cash flow ratio increased primarily due to the rise in cash inflows from operating activities in 2023 .
3. The cash reinvestment ratio increased mainly due to the purchase of land in Machouhou, Chiayi in 2022, which led to an increase in real estate, plant, and equipment .

Source: The consolidated financial statement signed and audited by CPAs, is prepared in accordance with the International Financial Reporting Standards

Note: The Company was founded in 2015; therefore, there is no financial information of the most recent five years for calculation.

The formula for financial analysis is as follows:

1. FinancialStructure
   (1) Debt Ratio = Total Liabilities / TotalAssets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / CurrentLiabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / CurrentLiabilities
   (3) Interest coverage ratio = Earnings before Interest and Taxes / InterestExpenses
3. OperatingPerformance
   (1) Receivable Turnover Rate = Net Sales / Average Trade Receivables (including trade receivables and note receivables arising from operatingactivities)
   (2) Average Cash Recovery Day = 365 / Receivable TurnoverRate
   (3) Inventory Turnover Rate = Cost of Sales / AverageInventory
   (4) Payable Turnover Rate = 365 / Average Trade Payables (including trade payables and note payables

arising from operatingactivities)

(5) Days Sales Outstanding = Cost of Sales / Inventory TurnoverRate

(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net V\value of Property, Plant and Equipment

(7) Total Asset Turnover Rate = Net Sales / Average TotalAssets

4. Profitability

(1) Return on Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average TotalEquity

(3) Operating Income to Paid-in Capital Ratio= Operating Income / Paid-inCapital

(4) Pre-tax Net Profit to Paid-in Capital Ratio = Income before Tax / Paid-inCapital

(5) Net Profit Rate = Net Income / NetSales

(6) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of SharesOutstanding

5. CashFlow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / CurrentLiabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operating Activities / Five-year Sum of Capital Expenditures, Inventory Additions, and CashDividend

(3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends)/ (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income fromOperations

(2) Financial Leverage = Income from Operations / (Income from Operations - InterestExpenses)

C.Audit Committee Report

World Known MFG(Cayman) Limited

Audit Committee Report

The Board of Directors has prepared the **2023** Business Report, Consolidated Financial Report and proposal of earning distribution. The Consolidated Financial Report has been audited by Cheng-Hsueh Chen, CPA and Tzu-Hsin Chang, CPA of KPMG Taiwan, with an independent auditor's report with unqualified opinion. The Audit Committee has reviewed the abovementioned reports prepared by the Board of Directors and found them to be in compliance with regulatory requirements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act. The report is thus made and please review.

To

2024 Annual General Meeting

World Known MFG(Cayman) Limited

Convener of Audit Committee:

March 20, 2024

D.The financial statements in the most recent fiscal year, including an auditor's report prepared by CPAs, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices:Please refer to appendix.

E.Standalone financial statements in the most recent fiscal year, certified by a CPA:The Company is a foreign issuer so this is notapplicable.

F.If the company or its affiliates have experienced financial difficulties in the most recentfiscalyear and as of the date of publication of the annual report, the annual report shall explain how such difficulties affect the company's financial situation:None.

VII.Review and Analysis of the Company's Financial Status, Financial Performance, and Risk Management

A.FinancialStatus

Unit：NT$1,000

Item \ Year	2022	2023	Change		Note
			Amount	%	
Current Assets	1,091,162	1,045,259	(45,903)	(4.21)	
Property, Plant and Equipment	450,379	480,537	30,158	6.70	
Intangible Assets	5,491	3,770	(1,721)	(31.34)	
Other Assets	89,417	221,983	132,566	148.26	1
Total Assets	1,636,449	1,751,549	115,100	7.03	
Current Liabilities	462,966	489,279	26,313	5.68	
Non-current Liabilities	217,077	199,803	(17,274)	(7.96)	
Total Liabilities	680,043	689,082	9,039	1.33	
Capital Stock	338,990	338,990	0	0.00	
Capital Surplus	334,365	334,354	(11)	0.00	
Retained Earnings	298,174	416,732	118,558	39.76	2
Non-controlling interests	(15,425)	(29,418)	(13,993)	90.72	
Total Equity	302	1,809	1,507	499.01	
Current Assets	956,406	1,062,467	106,061	11.09	2

Description of change analyses: (amount changed for 10% or more, and such amount reaches 1% of the total assets for the same year)

1. The increase in other assets in 2023 was mainly due to financial assets measured at amortized cost being reclassified from current to non-current.
2. The increase in retained earnings and total equity in 2023 was primarily due to the profits earned during the year.

B.FinancialPerformance

(I)FinancialPerformanc

Unit:NT$1,000

Item \ Year	2022	2023	Change		Note
			Amount	%	
Operating Net Revenue	1,022,834	1,197,391	174,557	17.07	1
Operating Costs	764,367	807,823	43,456	5.69	
Operating Margin	258,467	389,568	131,101	50.72	1
Operating Expenses	149,066	168,982	19,916	13.36	2
Non-operating income and expenses	109,401	220,586	111,185	101.63	1
Net profit before tax	35,737	29,887	(5,850)	(16.37)	
Operating Net Profit	145,138	250,473	105,335	72.58	1
Tax Expenses	31,930	47,206	15,276	47.84	
Net Income	113,208	203,267	90,059	79.55	1

Description of change analyses: (amount changed for 10% or more, and such amount reaches 1% of the total assets for the same year)

1. Net operating revenue, gross profit, operating profit, pre-tax net profit, and net profit for the period increased. This was primarily due to stable demand in European and American markets, mass production of newly developed parts for new customers, and increased demand in the Chinese market for natural gas heavy-duty commercial vehicles. These factors, combined with an optimized product mix and effective cost

Item \ Year	2022	2023	Change		Note
			Amount	%	
control, resulted in overall improved profitability. Additionally, the depreciation of the Chinese yuan against the US dollar contributed to net foreign exchange gains, and increased interest income from US dollar time deposits further enhanced overall profitability compared to the previous year. 2. Operating expenses increased primarily due to higher provisions for the "five social insurances and one housing fund" by the Chinese subsidiary compared to the previous year.					

(II)Sales projection and itsrationale

The Company formulated the achievable sales volume based on the market demands and assessments to the sales of and supplies to the clients. Please refer to the overview of operation for the related research and analysis to markets, as well as the current status and development of the industry.

(IIII)Plans in response to possible impact on the Company's future financial performance

The Company has a robust financial structure, while it keeps on deepening the operations management and reasonable controls over costs and expenses, so the future business growth may be satisfied.

C.CashFlow

(I) Analysis of Cash Flow in the most recent year

Unit:NT$1,000

Cash balance at the beginning of the period	Net cash flow from operating activities for the whole year	Net cash flow from investment activities and fund-raising activities for the whole year	Amount of remaining cash (exchange rate effects included)	Remedies for the insufficient cash amount	
				Investment plans	Wealth management plans
264,515	295,638	(4,159)	550,466	-	-
Analyses of the changes to cash flow for 2023 1. Operating activities: the net cash inflow of NT$295,638,000 is mainly the result of the profit of 2023. 2. Investment activities: the net cash inflow of NT$ 62,992,000 primarily due to the maturity of current time deposits. 3. Fund-raising activities: the net cash outflow of NT$ 67,151,000 is mainly because the company paid cash dividends. 4. Cash inflow increased NT$ 5,528,000 due to the fluctuating exchange rates.					

(II)Improvement plans for insufficient liquidity：

The insufficient liquidity didn't occurred to the Company, so it isN/A.

(III) Analysis for the changes of cash flow in the next year:

The company's consolidated cash balance at the end of 2023 was NT$550,466 thousand. It is anticipated that in 2024, due to sustained profitability, operating activities will continue to generate net cash inflows. This should be able to support cash outflows from investment and financing activities, with no imminent liquidity concerns.

D.The impact of major capital expenditures in the most recent year on financialstatus

The major capital expenditures of the company are mainly the purchase of machinery and equipment and the acquisition of land in the Machohou Industrial Park from the Chiayi County Government through public auction. The funds were mainly from working capital and bank borrowings, and the increase in capital expenditure did not adversely affect the financial and business conditions of the Company.

E.Reinvestment Policy in the Most Recent Year, Reinvestment Results with Reasons and Improvement Plans, and Investment Plan for the UpcomingYear

(I)The re-investment policy of the Company

The re-investment policy of the Company takes the main business as the core, and the approach is to strengthen the vertical integration of up- and downstream. various analyses and measurements of the effects to the Group are conducted for the investment projects, and the internal control system "Investment Cycle" and the "Regulations Governing the Acquisition and Disposal of Assets."

(II)The main reasons of reinvestment performance (profit or loss) in the most recent year and following improvementplants

Unit：NT$1,000

Invested Company	Shareholding (direct and indirect)	Income or Loss from Reinvestment Recognized in 2023	Reasons of Reinvestment Performance	Improvement Plan
Honour Glory International Ltd	100	237,602	Goodbusiness performance	—
World Known Precision Industry (Fuzhou) Co., Ltd	100	236,869	Good business performance	—
World Known Precision Industry Co., Ltd.	100	3,011	Good business performance	Increase orders and enhance competitiveness
WKP HITECH USA, INC.	96.92	(1,027)	In the initial stage of foundation, there has been no operating activities.	Continuous expansion of the North America market, development of new clients and increasing the competitive edges.

(III)Investment Plan for the UpcomingYear

The Company's investment policy is aligned with the operational needs for future growth. We anticipate that the operating conditions of our subsidiaries will remain favorable, leading to stable and consistent profitability. We will carefully assess market trends, group business strategies, and financial conditions to develop new investment plans at the appropriate time.

F.Analysis of Risk Management

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. InterestRate

Uint：NT$1,000

Item \ Year	2022		2023	
	Amt	Ratio of Operating Net Profit	Amt	Ratio of Operating Net Profit
Interest income	12,167	1.19%	20,468	1.71%
Interest expenses	4,016	0.39%	5,730	0.48%

low in the net operating revenue; therefore, the movement of interest rates had no significant impact on the Company's financial and business.

With regard to the funds, the Company always maintains good relationships with banks; not only obtaining sufficient credit facilities, but also seeking the lowest interest rate for borrowing. The Group will raise the required funds by considering the limits of various fund sources and costs. In the future, the movement of interest rates will always be monitored, and the necessary countermeasures will be taken, to mitigate the impact of changed interest rates on the Group.

2. ExchangeRate

The major operating locations of the Groups are China and Taiwan. The procurements are basically made locally. For sales, the export takes about 70%, and gains (loss) of exchange in 2022 and 2023 were NT$19,058 thousand and NT$11,515 thousand, respectively. These gains (losses) are insignificant to the operating revenue. Also, the Group takes rigorous and conservative approach toward the foreign currency fund management, to mitigate any adverse impact from changed exchange rates. Meanwhile, the information of exchange rates is collect, to fully grasp the trend of exchange rates and ensure the profits, and mitigate the impacts of exchange rate fluctuations on incomes.

The Group's countermeasures are:

(1) Closely communicating with financial institutions, to grasp the movement of exchange rates, for the purpose of adjusting asset positions in foreign currency properly and lowering the foreign exchange risks.

(2) Continuously monitoring the movement of USD to grasp the market information, while forecasting the long and short-term movement of exchange rates. If exchange rate fluctuations become wider, the transaction prices may be re-negotiated with clients properly, to mitigate the impacts of exchange rate fluctuations on the revenues and profit of the Company.

(3) In the "Regulations Governing the Acquisition and Disposal of Assets," the regulations to hedge the foreign exchanges are set forth. The products that hedge the risks generated from the Company's operations shall be selected for trading. The Company operates forward foreign exchanges for the receivables in foreign currencies. The supervisors in charge conducts proper hedge operations with strict controls over the hedged position, to lower the foreign exchange risks.

3. Inflation

In the past, the Group has not been significantly affected by inflation. The quotations to clients are mostly floating with market prices. If any inflation results in the increase of procurement costs, the Company will reflect the price changes of the upstream goods to the cost and quotation when appropriate, to lower the impacts of cost changes on the income of the Company.

(II)The company's policy regarding 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 future mitigation measures

1. The Group has been concentrated on the major business and operated the business with a pragmatic approach. The financial policies are rigorous and conservative as a matter of principle. No high-risk and high-leveraged investment is made.
2. The Company has the "Operating Procedures for Loaning Funds to Others," the "Operating Procedures for Endorsements/Guarantees," and the "Regulations Governing the Acquisition and Disposal of Assets" in place. These regulations are adhered to, so the related risks are deemed limited.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and developmentwork

1. Application of aluminum alloy: with the energy-saving and environmental friendly trend, we actively develop the aluminum alloy products, such as light-weighted parts of engine, light-weighted parts of chassis, to achieve the goal of light-weighted vehicles.
2. Participation of the development of parts by clients: to maintain the existing clients, and continue developing the parts required for the new vehicle models, such as E Company and other clients.
3. Participation of the development of parts of EGR by the domestic brands of China: cooperating with Chinese domestic brands to design and develop parts jointly, by integrating the Group's experience of design, R&D, production and manufacture, to provide more complete suggestions to clients, such as G Company.
4. Smart plants:
   (1) Replacing manual materials taking and placing by robot arms, to enhance the production efficiency, and lower the impacts from the continuing increasing costs of labor. With the auto measuring system, the outcomes of measures are fed to CNC lathe automatically to adjust the precision. The measured data may be retained for the capacity analysis of production process, to enhance the production efficiency and accuracy.
   (2) Progresses of production and inspection may be presented in real-time with the visualized electronic bulletin, to accelerate the management and contingency.
5. Introducing the application of quick mold changing, for real-time reaction and adjustment of online production process, so that the mixed line production (simultaneous production of different items) and low-inventory trends are satisfied.
6. Introduce semi-automatic assembly equipment with added optical grid sensors to ensure operators work within a safe area. This setup enables automatic product assembly, can output and display torque curves, and automatically alerts when the torque exceeds or falls below the set pressure.
7. Introduce 3D scanning equipment to detect and analyze the shape and surface data (such as reflectivity) of objects, performing 3D reconstruction calculations to create digital models of real objects. This technology can be applied in reverse engineering modeling, dimensional comparison, and defect detection, thereby improving the efficiency and accuracy of new product development.
8. Estimated investment in research and development expenses: The Company's estimated

investment in research and development expenses in 2024 will account for 2% ~ 5% of operating income.

(IV) Changes of Government Policies and Regulatory Environment and the Effect on the Company's Financial Status as well as mitigationmeasures

The implementation of the Group's business is pursuant to the domestic and overseas key policies, laws and regulations, while the trends of domestic and overseas key policies and changes to laws are monitored always. Should there be any changes, lawyers, accountants and other relevant units will be consulted or engaged to evaluate and plan related countermeasures, to respond to the evolving market environment timely with proper countermeasures.

(V) Changes of Technology and Industry （including information security risks）and the Effect on the Company's Financial Status as well as mitigationmeasures

For the automobile industry, the global development of technologies and the impacts of addressing environmental friendliness and energy-saving, have driven the automobile industry to intellectual and energy-saving approaches. The developments of full electrical driving, automatic driving, electronic detection (such as tire pressure detector), and better energy-saving (such as better fuel utilization efficiency and light-weighted vehicles) have occurred. The Group shall improve the production processes and invest new equipment to meet the demands of car makers.

Countermeasures:

Except for always grasping the trends and impulses of industry market and technology, the Group also research and plan for the nature, strengths and reliability of products. For the advanced production processes, materials and frameworks, the innovative R&D has been conducted, to provide the most competitive products and services and thus the market share is expanded, as the countermeasures for the dynamic environment of the evolving industry, to introduce new technologies to products from time to time.

(VI) Effect of Changes in Corporate Image on the Company's Crisis Management and mitigation measures

The Company stays true to the philosophy of ethical management. Since foundation, the Company has continued to actively strengthen the internal management and improve the capabilities of quality assurance, in order to establish the Company's corporate image, so that the trust of clients to the Company's brand is enhanced. Consequently, there has been no such risk.

(VII) Expected Benefits and Potential Risks Associated with any Merger and Acquisitions, and mitigationmeasures

As of the date of publication of the annual report, the Group has not had any M&A plan. If the Company has any M&A plan in the future, the Company will make a careful assessment and consider synergy to ensure shareholders' interest.

(VIII) Expected Benefits and Potential Risks Associated with Expansion of Plants and mitigation measure

In the most recent years and up to the printing date of the annual report, there has been no expansion of plants.

(IX) Risks Associated with Concentration of Purchases and Sales and mitigationmeasures

1. Risks Associated with Concentration of Purchases and mitigationmeasures

The major procured materials of the Company is cast iron blanks. The largest supplier of the Company is the World Known Manufacturing Co., Ltd. The main reason is that World Known Manufacturing Co., Ltd has been a supplier to the Group for a long time, with stable delivery time, prices and quality. However, in the recent years, to diversify the concentration risk of procurement, the percentage of procurement from this supplier has been gradually on the decline. The Group also has long-term business relationship with many casting plants, to ensure the stable procurement sources. The Group has good relationships with suppliers, with stable procurement sources and there has no disruption of procurement due to materials shortage.

2. Risks Associated with Concentration of Sales and mitigationmeasures

Other than the close cooperation with A Company, the Company has obtained trusts from other major brands through the experience of cooperation with other clients and the technology improvement from the production process R&D. In the future, as the benefits from active expansion of new business sources and development of new client base show a gradual decline, the dependence of the Group on one single client is expected to decline continuously and the risk of higher sales weight will be lowered further.

(X)PotentialImpactandRiskAssociatedwithBulkTransferofSharesOwnedbyDirectors, Supervisors and Major Shareholders with more than 10% shares,

The Company’s Directors, Supervisors and Major Shareholders with more than 10% shares do not transfer significant numbers of their shares of the Company and management levels do not experience significantchanges

(XI) Potential Impact and Risk Associated with Management rights and Company’s mitigation measures

There is no change in the Company’s management rights in the Most Recent Year and as of the date of publication of the annual report.

(XII) Risks Associated with Litigious and Non-litigiousMatters

If any final judgment, important ongoing lawsuit, non-litigation matter or administrative litigation matter in relation to the Directors, Supervisors, general managers, de facto responsible persons of the company, and the major shareholders and affiliated companies with more than 10% of the Company’s shares, may have a significant effect on the company's shareholders' equity or securities price, its fact, claim amount, starting date of legal actions, relevant parties and update of its status as of the date of publication of the annual report should be disclosed :None

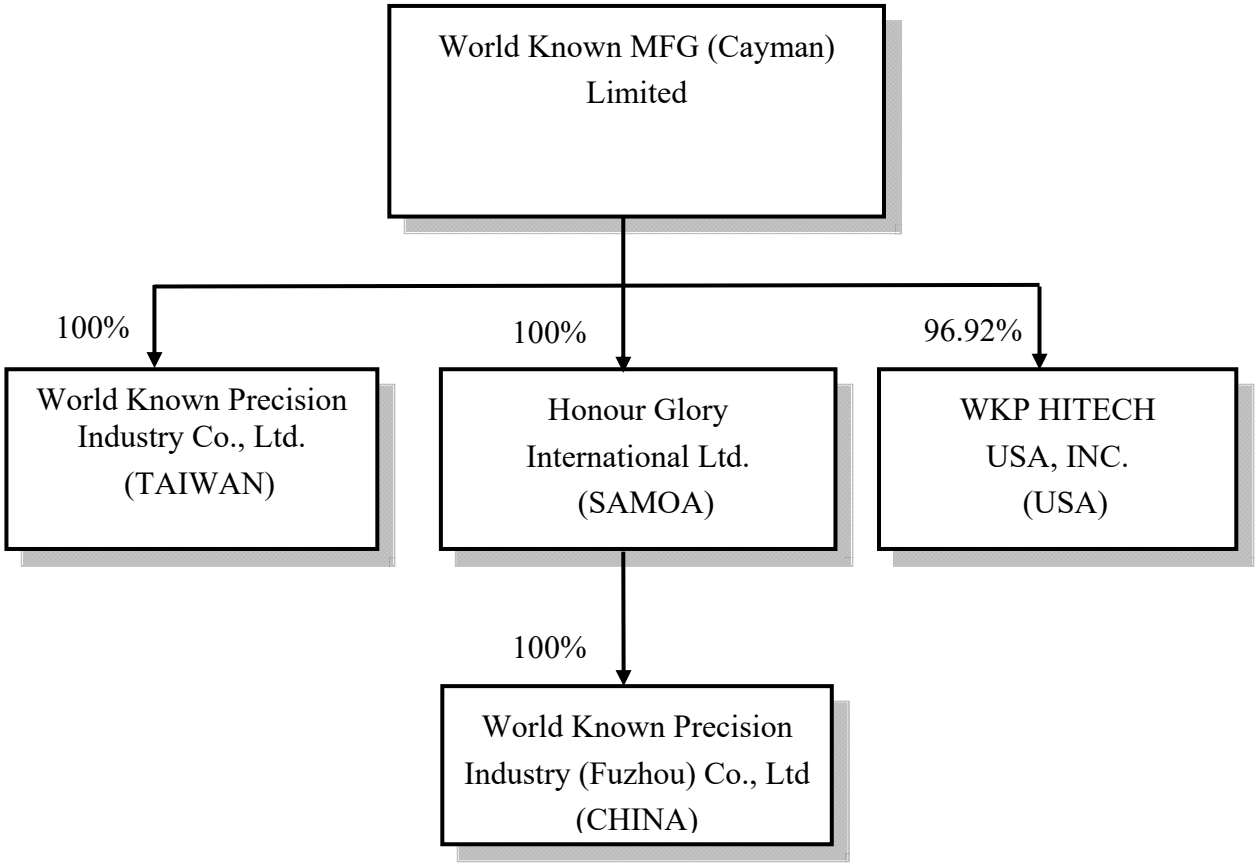
(XIII) Other Important Risks and Mitigation Measures：None.

G.Other important matters：None.

VIII.Special Disclosure

A.Information Related to the Company's Affiliates

(I) Organizational Chart:



(II)Basic Information of Affiliated Companies(As of December 31,2023)

Unit:NT$1,000/US$1,000

Name	Date of Establishment	Address	Paid-in Capital	Main Business or Product Category
World Known Precision Industry Co., Ltd.	2016/11	No. 470,Sec.3,Ya-Tan Rd.,DayaDist.,Taichung City,Taiwan,428	160,000	Precision Metal processing Business
Honour Glory International Ltd.	2003/11	Offshore Chambers, P.O.Box 217 , Apia, Samoa	200,227 (USD 6,521)	General Investment
World Known Precision Industry (Fuzhou) Co., Ltd.	2004/1	No. 161, North Hu-Wen Rd., Wen Wu Sha Town, Chang-Le Dist., Fuzhou, Fujian Prov., China	260,993 (USD 8,500)	Precision Metal processing Business
WKP HITECH USA, INC.	2016/9	1955 Brookfield Court, Columbus, IN, USA	59,875 (USD1,950)	General Investment

Note：The amount of NT dollar paid-in capital of each subsidiary is converted at the exchange rate of 30.705 as of December 31, 2023.

(III)The Company is presumed the existence of controllingand subordinate relation: None。

(IV) Sectors covered by the Group's Business The man businesses for the affiliated companies of the Group include: General investment; Manufacturing and distribution of energy-saving related products for commercial vehicles powertrain systems such as air disc brakes, brake lining backplates, turbocharger housing and elbows, flywheel housings, rocker lever housings, exhaust manifolds, brackets, spindles, brake system components for wind turbines and other components for industry machinery and equipments。

(V) Name of Directors, Supervisors and General Manager in each Affiliated Company and their Shareshereof.

April 30,2024 Unit：1,000shares

Company	Title	Name of Representative(s)	Holding Company	Shareholding	
				Shares	%
World Known Precision Industry Co., Ltd.	Chairman	Lu,Huang-Fu	World Known MFG (Cayman) Limited	16,000	100
	General Manager	Chen,Wei-Cheng			
Honour Glory International Ltd.	Chairman	Hunag,Shih-Hsun	World Known MFG (Cayman) Limited	6,521	100
World Known Precision Industry (Fuzhou) Co., Ltd.	Chairman	Lu,Huang-Fu	Honour Glory International Ltd.	Note	100
	General Manager	Huang,Yu-Ting			
WKP HITECH USA, INC.	Chairman	Lu,Huang-Fu	World Known MFG (Cayman) Limited	1,890	96.92
	General Manager	Huang,Yu-Ting			

Note:These Companies are limited companies without issuance of shares

(VI) Financial Status and Operational Performance of Every Affliated Companies (As of December 31,2023)

Unit:NT$1,000;forigen currency1,000

Company	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Net Profit	Current profit and loss	EPS (NT$)
World Known Precision Industry Co., Ltd.	160,000	512,651	345,795	166,856	294,618	7,725	3,011	0.188
Honour Glory International Ltd.	USD 6,521	USD 27,005	USD 137	USD 26,868	—	—	USD 7,621	USD 1.17
World Known Precision Industry (Fuzhou) Co., Ltd.	USD 8,500	RMB 261,623	RMB 71,155	RMB 190,468	RMB 206,343	RMB 54,150	RMB 53,916	Note
WKP HITECH USA, INC.	USD 1,950	USD 1,916	USD 2	USD 1,914	—	USD (40)	USD (34)	USD (0.017)

Note:These Companies are limited companies without issuance of shares.

(VII) Consolidated Financial Statements

The Foreign Company needn't prepare consolidated financial statements, which are set out in the Chapter Five of the IFRS. For the Company's consolidated financial statement, please refer to Consolidated Financial Statements Independent Auditors' Report。

(VIII) RelationReport：N/A.

B.Transaction about the company’s private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annualreport

None.

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

None.

D.Other matters that require supplementary explanations

None.

E.Any matters listed in Subparagraph2, Paragraph 3, Article 36 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred in the most recent fiscal year and as of the dateofpublication of the annual report, such situations:None.

F. Explanation of the significant difference between the company's articles of association and ROC's shareholder rights protection regulation:Please refer to Appendix 2.

Stock Code:4581

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

World Known MFG (Cayman) Limited and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KYI-1208,Cayman Islands.

Telephone: 886-4-2567-7958

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of World Known MFG (Cayman) Limited:

Opinion

We have audited the consolidated financial statements of World Known MFG (Cayman) Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement 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 material accounting policies.

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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of 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 of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Appropriateness of Revenue Recognition Timing

   Please refer to note 4(m) to the consolidated financial statements for accounting policy of revenue recognition, and note 6(t) for explanation of revenue recognition.

Description of key audit matter:

Revenue is the key performance indicator for evaluating the performance of the financial and operation of the Group. In addition, revenue is recognized when the control in each individual contract with customers is transferred. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the significant risks and rewards of ownership have been transferred. Therefore, the revenue recognition is one of the key audit matters in our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included assessing and testing the Group's internal controls surrounding revenue recognition; conducting customer trend analysis to assess the existence of any significant exception; on a sample basis, inspecting contracts with customers or customers' orders, and assessing whether the accounting treatment of the related contracts is applied appropriately, and performing test of details on sales to assess the existence, accuracy and appropriateness of revenue recognition, and performing sales cut-off test of a period before and after the financial position date by vouching related document of sales transactions to determine whether revenue have been appropriately recognized.

2. Inventory Valuation

Please refer to note 4(h) to the consolidated financial statements for accounting policy of inventory; Note 5 for accounting estimations and assumptions of valuation of inventory, and note 6(e) for explanation of valuation of inventory.

Description of key audit matter:

The Group's belongs to precision machining of castings industry. The Group's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement of technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures, included reasonable assessing the Group' s allowance amount of inventory according to its characteristic; conducting sampling to examine accuracy of inventory aging; examine whether the Group has conduct accounting policy of inventory valuation; compare and examine past allowance method of inventory with current year, to confirm whether the assumption of allowance of inventory method are in appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 members of Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin, Chang and Yen-Hui, Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

World Known MFG (Cayman) Limited and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 550,466	32	264,515	16
1141	Current financial assets at amortized cost (note 6(b))	-	-	286,519	18
1150	Notes receivables, net (note 6(c))	4,294	-	4,886	-
1170	Accounts receivable, net (note 6(c))	190,676	11	190,372	12
1180	Accounts receivable due from related parties, net (note 6(c) and 7)	20	-	35	-
1200	Other receivables (note 6(d))	24,422	1	29,157	2
1210	Other receivables from related parties (note 6(d) and 7)	223	-	138	-
1220	Current tax assets	8	-	5	-
1310	Inventories (note 6(e))	262,456	15	299,748	18
1470	Other current assets (note 6(i))	12,694	1	15,787	1
		1,045,259	60	1,091,162	67
	Non-current assets:				
1541	Non-current financial assets at amortized cost (note 6(b))	151,446	9	22,040	1
1600	Property, plant and equipment (note 6(f) and 8)	480,537	27	450,379	28
1755	Right-of-use assets (note 6(g), 7 and 8)	53,830	3	60,580	4
1780	Intangible assets (note 6(h))	3,770	-	5,491	-
1840	Deferred income tax assets (note 6(q))	3,755	-	4,339	-
1900	Other non-current assets (note 6(i) and 9)	12,952	1	2,458	-
		706,290	40	545,287	33
	Total assets	**$ 1,751,549**	**100**	**1,636,449**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j) and 8)	$ 83,270	5	50,000	3
2130	Current contract liabilities(note 6(t))	1,018	-	6,166	-
2170	Accounts payable	155,565	9	160,500	10
2180	Accounts payable to related parties (note 7)	15,416	1	22,832	1
2200	Other payables (note 6(k) and (p))	152,401	9	130,828	8
2220	Other payable to related parties (note 7)	1,379	-	1,537	-
2230	Current income tax liabilities	35,148	2	43,836	3
2280	Current lease liabilities (note 6(n) and 7)	8,481	-	7,894	-
2300	Other current liabilities (note 6(l))	9,579	-	13,480	1
2313	Deferred revenue (note 6(o))	103	-	-	-
2322	Long-term borrowings, current portion (note 6(m) and 8)	26,919	2	25,893	2
		489,279	28	462,966	28
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(m) and 8)	171,071	9	182,023	11
2580	Non-current lease liabilities (note 6(n) and 7)	28,687	2	35,054	2
2630	Long-term deferred revenue (note 6(o))	45	-	-	-
		199,803	11	217,077	13
	Total liabilities	689,082	39	680,043	41
	Equity attributable to owners of parent: (note 6(r))				
3100	Capital stock	338,990	19	338,990	21
3211	Capital surplus	334,354	19	334,365	21
3300	Retained earnings	416,732	25	298,174	18
3400	Other equity	(29,418)	(2)	(15,425)	(1)
	Total equity attributable to owners of parent:	1,060,658	61	956,104	59
36XX	Non-controlling interests	1,809	-	302	-
	Total equity attributable to owners of parent	1,062,467	61	956,406	59
	Total liabilities and equity	**$ 1,751,549**	**100**	**1,636,449**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

World Known MFG (Cayman) Limited 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 Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (note 6(t) and 7)	$ 1,197,391	100	1,022,834	100
5000	**Operating costs** (note 6(e), (h), (p),and 7)	807,823	67	764,367	75
5900	**Gross profit from operations**	389,568	33	258,467	25
6000	**Operating expenses (note 6(c), (h), (p), (u) and 7):**				
6100	Selling expenses	48,352	4	46,829	4
6200	Administrative expenses	96,165	8	80,058	8
6300	Research and development expenses	24,465	2	22,593	2
6450	Impairment reversal gain determined in accordance with IFRS 9	-	-	(414)	-
		168,982	14	149,066	14
6900	**Net operating income**	220,586	19	109,401	11
7000	**Non-operating income and expenses (note 6(v)) :**				
7100	Interest income	20,468	2	12,167	1
7010	Other income (note 6(o))	3,572	-	8,494	-
7020	Other gains and losses	11,577	1	19,092	2
7050	Finance costs (note 6(n) and 7)	(5,730)	(1)	(4,016)	-
		29,887	2	35,737	3
7900	**Profit before income tax**	250,473	21	145,138	14
7950	Income tax expenses (note 6(q))	47,206	4	31,930	3
	Profit	203,267	17	113,208	11
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8341	Exchange differences on translation of foreign financial statements	(3,251)	-	90,548	9
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(q))	-	-	-	-
		(3,251)	-	90,548	9
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(10,809)	(1)	(76,095)	(8)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(q))	-	-	-	-
		(10,809)	(1)	(76,095)	(8)
8300	**Other comprehensive income (loss) for the period, net of tax**	(14,060)	(1)	14,453	1
8500	**Total comprehensive income for the period**	**$ 189,207**	**16**	**127,661**	**12**
	Profit attributable to:				
8610	Owners of parent	$ 203,306	17	113,208	11
8620	Non-controlling interests	(39)	-	-	-
		$ 203,267	**17**	**113,208**	**11**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 189,313	16	127,630	12
8720	Non-controlling interests	(106)	-	31	-
		$ 189,207	**16**	**127,661**	**12**
	Earnings per share (NT dollars) (note 6(s))				
9750	**Basic earnings per share**	**$ 6.00**		**3.34**	
9850	**Diluted earnings per share**	**$ 5.98**		**3.33**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

World Known MFG (Cayman) Limited 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 parent									
			Retained earnings				Other equity interest			
	Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 338,990	334,365	16,139	22,666	197,010	235,815	(29,847)	879,323	271	879,594
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	8,077	-	(8,077)	-	-	-	-	-
Special reserve	-	-	-	7,181	(7,181)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(50,849)	(50,849)	-	(50,849)	-	(50,849)
	-	-	8,077	7,181	(66,107)	(50,849)	-	(50,849)	-	(50,849)
Profit for the year	-	-	-	-	113,208	113,208	-	113,208	-	113,208
Other comprehensive income for the year	-	-	-	-	-	-	14,422	14,422	31	14,453
Total comprehensive income for the year	-	-	-	-	113,208	113,208	14,422	127,630	31	127,661
Balance at December 31, 2022	**$ 338,990**	**334,365**	**24,216**	**29,847**	**244,111**	**298,174**	**(15,425)**	**956,104**	**302**	**956,406**
Balance at January 1,2023	$ 338,990	334,365	24,216	29,847	244,111	298,174	(15,425)	956,104	302	956,406
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	11,321	-	(11,321)	-	-	-	-	-
Reversal of special reserve	-	-	-	(14,422)	14,422	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(84,748)	(84,748)	-	(84,748)	-	(84,748)
	-	-	11,321	(14,422)	(81,647)	(84,748)	-	(84,748)	-	(84,748)
Profit for the period	-	-	-	-	203,306	203,306	-	203,306	(39)	203,267
Other comprehensive income for the year	-	-	-	-	-	-	(13,993)	(13,993)	(67)	(14,060)
Total comprehensive income for the year	-	-	-	-	203,306	203,306	(13,993)	189,313	(106)	189,207
Other changes in capital surplus:										
The difference in net equity resulting from the subscription of new shares not in proportion	-	(11)	-	-	-	-	-	(11)	11	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	1,602	1,602
Balance at December 31, 2023	**$ 338,990**	**334,354**	**35,537**	**15,425**	**365,770**	**416,732**	**(29,418)**	**1,060,658**	**1,809**	**1,062,467**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

World Known MFG (Cayman) Limited 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 (used in) operating activities:		
Profit from continuing operations before tax	$ 250,473	145,138
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	54,272	57,732
Amortization expense	2,356	3,038
Expected credit losses reversal gains	-	(414)
Interest expense	5,730	4,016
Interest income	(20,468)	(12,167)
Gain on disposal of property, plant and equipment	(62)	(34)
Allowance for inventory valuation and obsolescence (gain on inventory value recoveries) loss	(295)	5,274
Total adjustments to reconcile profit	41,533	57,445
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes recivable	592	1,360
Increase in accounts receivable	(304)	(17,220)
Decrease (increase) in accounts receivable from related parties	15	(25)
Decrease in other receivables	4,448	6,343
Increase in other receivable from related parties	(85)	(21)
Decrease in inventories	37,587	1,875
Decrease in prepayments	4,956	537
Increase in other current assets	(1,863)	(4,849)
Total changes in operating assets	45,346	(12,000)
Changes in operating liabilities:		
(Decrease) increase in current contract liabilities	(5,148)	5,570
(Decrease) increase in accounts payable	(4,935)	5,746
Decrease in accounts payable to related parties	(7,416)	(10,155)
Increase in other payables	20,073	11,519
Decrease in other payables to related parties	(158)	(101)
(Decrease) increase in other current liabilities	(3,901)	8,107
Total changes in operating liabilities	(1,485)	20,686
Total changes in operating assets and liabilities	43,861	8,686
Cash inflow generated from operations	335,867	211,269
Interest received	20,755	11,880
Interest paid	(5,671)	(3,914)
Income taxes paid	(55,313)	(15,066)
Net cash flows from operating activities	295,638	204,169
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(129,810)	(88,160)
Proceeds from disposal of financial assets at fair value through other comprehensive income	281,255	44,080
Acquisition of property, plant and equipment	(77,428)	(212,551)
Proceeds from disposal of property, plant and equipment	287	30
Acquisition of intangible assets	(667)	(848)
Increase in prepayments for equiptment	(1,525)	(223)
Increase in other prepayments	(8,913)	-
(Increase) decrease in refundable deposits	(421)	814
Decrease in non-current assets	214	196
Net cash flows used in investing activities	62,992	(256,662)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	133,933	314,600
Decrease in short-term loans borrowings	(100,000)	(365,399)
Proceeds from long-term borrowings	16,000	207,916
Repayments of long-term borrowings	(25,778)	(478)
Repayments of lease liabilities	(8,160)	(7,833)
Cash dividends paid	(84,748)	(50,849)
Change in non-controlling interests	1,602	-
Net cash flows from (used in) financing activities	(67,151)	97,957
Effect of exchange rate changes on cash and cash equivalents	(5,528)	10,374
Net increase in cash and cash equivalents	285,951	55,838
Cash and cash equivalents at beginning of period	264,515	208,677
Cash and cash equivalents at end of period	**$ 550,466**	**264,515**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

World Known MFG (Cayman) Limited and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

World Known MFG (Cayman) Limited (the "Company") was established in the Cayman Islands in November 2015. The main purpose of the establishment was to restructure its group entities for application to list on Taiwan Stock Exchange ("TWSE") in the Republic of China. The Company become the holding company of Honour Glory International Ltd. ("Honour") by using acquisition of shares for cash and share swaps with previous shareholders of Honour to restructure the group. The Company's shares have been listed and traded on the TWSE since March 9, 2020. The Company and its subsidiaries (together referred to as the "Group") is primarily involved in the manufacturing and selling the energy-saving and carbon-reducing parts of commercial vehicle engine, ADB calipers, rear panels of brake pad, bend pipes and accessories of turbocharger, cases of flywheel, cases of swing arms, exhaust manifolds, braces, core shafts, parts for braking system of wind power generator and processed products of machinery parts for various industries.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 20, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) **Basis of preparation**

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

The Company's functional currency is United States Dollar(USD). However, to be consistent with the Group, which is listed in the stock market in Taiwan, the operation results and the financial information are translated into and presented in NTD at the reporting date according to IAS21. Consolidated balance sheet is translated into the presentation currency at the exchange rates at the reporting date; Consolidated statement of comprehensive income is translated at the average exchange rate for the current year. Capital transactions and other equity items are translated at the exchange rate at the transaction date, from which the exchange differences are recognized in other comprehensive income. The financial information presented in NTD is expressed in thousands of NTD. The exchange rate for USD to NTD on December 31, 2023 and 2022 are 30.705 and 30.71, respectively. The average exchange rate for USD to NTD for the year 2023 and 2022 is 31.1773 and 29.8489, respectively.

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, the accumulated exchange loss arisen from the conversion from USD, the functional currency, to NTD, the presentation currency, are $8,243 thousand and $4,992 thousand.

(c) **Basis of consolidation**

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Share holding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December31, 2023**	**December31, 2022**	**Note**
The Company	Honour Glory International Ltd. (Honour)	Investing and holding	100%	100%	
The Company	World Known Precision Industry Co., Ltd. (WKPT)	Precision Metalworking	100 %	100%	
The Company	WKP HITECH USA, INC. (WKP USA)	Merchandise trading	96.92%	90%	Note 1
Honour	World Known Precision Industry (Fuzhou) Co., Ltd. (WKPF)	Precision Metalworking	100 %	100 %	

Note 1: On May 10, 2023, the Board of Directors further decide to participate in the subsidiary WKP USA capital increase project. The Company subscribed for 1,800 thousand shares, resulting in an investment amount of $1,800 thousand and an increase in the shareholding ratio from 90% to 96.92%.

(iii) Subsidiaries excluded from the consolidation financial statements: None.

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

(d) **Foreign currency**

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only part of its investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

(e) **Classification of current and non-current assets and liabilities**

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) **Financial instruments**

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

On initial recognition, a financial asset is classified as measured at: amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 120 days (the Group from Taiwan) and 180 days (the Group from China) past due or the debtor is unlikely to fully pay its credit obligations to the Group in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data：

- a breach of contract such as a default or being more than 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(Continued)

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instrument

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Continued)

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) **Property, plant and equipment**

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

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The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings and structures	3 ~ 35 years
2)	Machinery and equipment	1 ~ 20 years
3)	Office equipment	3 ~ 10 years
4)	Transportation equipment	1 ~ 10 years
5)	Other equipment	1 ~ 20 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) **Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee; or

– there is a change of its assessment on whether it will exercise an option to purchase the underlying asset; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

– there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) **Intangible assets**

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(Continued)

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The Group's intangible assets is computer software, which shall be recognized in profit or loss on a straight-line basis over the estimated useful lives 1 to 10 years from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(l) **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(m) **Revenue from contracts with customers**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells processed products of machinery parts for various industries. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) **Government grants**

The Group recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) **Employee benefits**

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Pension funds are recognized according to the labor regulations of the People's Republic of China , these obligations should be recognized as expense in the period they occurred.

(Continued)

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) **Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

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(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) **Business combination**

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire' s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

(r) **Earnings per share**

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) **Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) **Cash and cash equivalents**

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	$ 295	192
Demand deposits	133,332	85,263
Check deposits	14,918	23,916
Time deposits	401,921	155,144
Cash and cash equivalents in the consolidated statement of cash flows	**$ 550,466**	**264,515**

Please refer to note 6(w) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) **Financial assets measured at amortized cost**

	December 31, 2023	December 31, 2022
Current		
Certificates of time deposit	**$ -**	**286,519**
Non-current		
Certificates of time deposit	**$ 151,446**	**22,040**

(Continued)

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The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost. For credit risk, please refer to note 6(w).

(c) **Notes and accounts receivable** (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 4,294	4,886
Accounts receivable-measured as amortized cost	193,641	193,391
Accounts receivable from related parties-measured as amortized cost	20	35
Less: Loss allowance	(2,965)	(3,019)
	$ 190,696	190,407

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

(ii) The loss allowance provision in China was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 127,191	1.33%	1,698
1 to 90 days past due	21,949	0.42%	92
91 to 180 days past due	54	40.74%	22
More than 181 days past due	1,044	100%	1,044
	$ 150,238		2,856

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 115,930	0.50%	578
1 to 90 days past due	20,784	3.16%	657
91 to 180 days past due	633	67.61	428
More than 181 days past due	1,247	100%	1,247
	$ 138,594		2,910

(Continued)

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(iii) The loss allowance provision in Taiwan was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 47,546	-%	-
1 to 90 days past due	81	23.46%	19
91 to 120 days past due	90	100.00	90
	$ 47,717		**109**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 57,382	0.08%	44
1 to 90 days past due	2,336	2.78%	65
	$ 59,718		**109**

(iv) The movement in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2023	2022
Balance at January 1	$ 3,019	3,394
Impairment loss reversed	-	(414)
Effect of movements in exchange rates	(54)	39
Balance at December 31	**$ 2,965**	**3,019**

(v) The notes and accounts receivable of the Group had not been pledged as collateral as of December 31, 2023 and 2022.

(vi) For further credit risk and exchange rate risk information, please refer to note 6(w).

(d) **Other receivables**

	December 31, 2023	December 31, 2022
Other receivables	$ 24,422	29,157
Other receivables-Related parties	223	138
	$ 24,645	**29,295**

None of the other receivables of the Group has past due as of December 31, 2023 and 2022. There is no impairment recognized in year ended December 31, 2023 and 2022.

Other receivables are mainly receivables for molds and costs of insurance and freight. For further credit risk information, please refer to note 6(w).

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(e) **Inventories**

	December 31, 2023	December 31, 2022
Finished goods	$ 157,525	198,661
Work in progress	73,362	63,720
Raw materials	24,651	29,743
Supplies	6,918	7,624
	$ 262,456	**299,748**

The cost of sales sold were as follows：

	For the year ended December 31,	
	2023	2022
Transferred from inventories sold	$ 814,808	766,022
Inventory valuation and obsolescence loss (Gain on Inventory value recoveries)	(295)	5,274
Gain of inventory shortage	(20)	(3)
Loss on disposal of inventory	207	110
Gain on disposal of leftover bits and pieces	(6,877)	(7,036)
Operating costs recognized	**$ 807,823**	**764,367**

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(f) **Property, plant and equipment**

The cost, and depreciation of the property, plant and equipment of the Group in 2023 and 2022, were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment and other facilities	Total
Cost or deemed cost:						
Balance on January 1, 2023	$ 252,305	147,990	479,275	8,700	60,457	948,727
Additions	3,554	51,157	18,921	1,240	3,997	78,869
Disposal	-	(105)	(5,289)	(231)	(61)	(5,686)
Reclassification	-	-	151	-	-	151
Effect of movements in exchange rates	(54)	(3,345)	(6,480)	(102)	(713)	(10,694)
Balance on December 31, 2023	**$ 255,805**	**195,697**	**486,578**	**9,607**	**63,680**	**1,011,367**

(Continued)

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	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment and other facilities	Total
Balance on January 1,2022	$ -	147,101	481,649	8,594	58,146	695,490
Additions	202,401	292	5,494	95	1,830	210,112
Disposal	-	(1,438)	(13,085)	(61)	(47)	(14,631)
Reclassification	49,904	-	80	-	-	49,984
Effect of movements in exchange rates	-	2,035	5,137	72	528	7,772
Balance on December 31, 2022	**$ 252,305**	**147,990**	**479,275**	**8,700**	**60,457**	**948,727**
Depreciation loss:						
Balance on January 1,2023	$ -	80,710	372,431	7,302	37,905	498,348
Depreciation for the year	-	8,825	30,506	543	5,608	45,482
Disposal	-	(105)	(5,064)	(231)	(61)	(5,461)
Effect of movements in exchange rates	-	(1,549)	(5,403)	(78)	(509)	(7,539)
Balance on December 31, 2023	**$ -**	**87,881**	**392,470**	**7,536**	**42,943**	**530,830**
Balance on January 1, 2022	$ -	71,908	348,164	6,695	31,710	458,477
Depreciation for the year	-	9,251	33,338	608	5,935	49,132
Disposal	-	(1,438)	(13,085)	(61)	(47)	(14,631)
Effect of movements in exchange rates	-	989	4,014	60	307	5,370
Balance on December 31, 2022	**$ -**	**80,710**	**372,431**	**7,302**	**37,905**	**498,348**
Carrying amounts:						
Balance on December 31, 2023	**$ 255,805**	**107,816**	**94,108**	**2,071**	**20,737**	**480,537**
Balance on January 1, 2022	**$ -**	**75,193**	**133,485**	**1,899**	**26,436**	**237,013**
Balance on December 31,2022	**$ 252,305**	**67,280**	**106,844**	**1,398**	**22,552**	**450,379**

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for borrowings. Please refer to note 8.

(g) **Right-of-use assets**

The Group leases many assets including land and buildings. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings and construction	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	$ 21,124	64,603	2,733	88,460
Additions	-	-	2,365	2,365
Effect of movement in exchange rates	(389)	(3)	-	(392)
Balance at December 31, 2023	**$ 20,735**	**64,600**	**5,098**	**90,433**
Balance at January 1, 2022	$ 20,817	59,385	2,733	82,935
Additions	-	4,220	-	4,220
Effect of movement in exchange rates	307	998	-	1,305
Balance at December 31, 2022	**$ 21,124**	**64,603**	**2,733**	**88,460**

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	Land	Buildings and construction	Transportation equipment	Total
Accumulated depreciation losses:				
Balance at January 1, 2023	$ 2,150	24,636	1,094	27,880
Depreciation for the year	535	7,511	744	8,790
Effect of movement in exchange rates	(49)	(18)	-	(67)
Balance at December 31, 2023	**$ 2,636**	**32,129**	**1,838**	**36,603**
Balance at January 1, 2022	$ 1,589	16,798	547	18,934
Depreciation for the year	539	7,514	547	8,600
Effect of movement in exchange rates	22	324	-	346
Balance at December 31, 2022	**$ 2,150**	**24,636**	**1,094**	**27,880**
Carrying amount:				
Balance at December 31, 2023	**$ 18,099**	**32,471**	**3,260**	**53,830**
Balance at January 1, 2022	**$ 19,228**	**42,587**	**2,186**	**64,001**
Balance at December 31, 2022	**$ 18,974**	**39,967**	**1,639**	**60,580**

As of December 31, 2023 and 2022, the right-of-use assets of the Group had been pledged as collateral for borrowings, please refer to note 8. The Group leased factories and offices from related parties, please refer to note 7.

(h) **Intangible assets**

The costs and amortization of the intangible assets of Group in 2023 and 2022 were as follows:

	Computer Software	Goodwill	Total
Costs:			
Balance at January 1, 2023	$ 20,462	215	20,677
Additions	667	-	667
Disposals	(3,670)	-	(3,670)
Effect of movement in exchange rates	(206)	-	(206)
Balance at December 31,2023	**$ 17,253**	**215**	**17,468**
Balance at January 1, 2022	$ 19,291	194	19,485
Additions	848	-	848
Effect of movement in exchange rates	323	21	344
Balance at December 31,2022	**$ 20,462**	**215**	**20,677**
Amortization Loss:			
Balance at January 1, 2023	$ 15,186	-	15,186
Amortization for the year	2,356	-	2,356
Disposals	(3,670)	-	(3,670)
Effect of movement in exchange rates	(174)	-	(174)
Balance at December 31, 2023	**$ 13,698**	**-**	**13,698**

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	Computer Software	Goodwill	Total
Balance at January 1, 2022	$ 11,906	-	11,906
Amortization for the year	3,038	-	3,038
Effect of movement in exchange rates	242	-	242
Balance at December 31, 2022	**$ 15,186**	**-**	**15,186**
Carrying value:			
Balance at December 31, 2023	**$ 3,555**	**215**	**3,770**
Balance at January 1, 2022	**$ 7,385**	**194**	**7,579**
Balance at December 31, 2022	**$ 5,276**	**215**	**5,491**

(i) Amortization expense

The following amortizations of intangible assets in 2023 and 2022 are included in the statement of comprehensive income:

	2023	2022
Operating cost	$ 853	921
Operating expense	1,503	2,117
	$ 2,356	**3,038**

(ii) Collateral

As of December 31, 2023 and 2022, the Group has no collateral in respect of intangible assets.

(i) **Other current assets and other non-current assets**

The other current assets and other non-current assets of the Group were as follows:

	December 31, 2023	December 31, 2022
Other current assets:		
Prepaid expense	$ 4,561	2,574
Overpaid sales tax	4,744	5,915
Prepaid borrowings	951	961
Other current assets - other	2,438	6,337
	$ 12,694	**15,787**
Other non-current assets:		
Prepaid for equipment	$ 1,985	611
Prepaid for land	8,913	-
Refundable deposits	1,715	1,294
Other non-current assets-other	339	553
	$ 12,952	**2,458**

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(j) **Short-term borrowings**

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 40,000	50,000
Secured bank loans	43,270	-
Total	**$ 83,270**	**50,000**
Unused short-term lines	**$ 50,000**	**114,080**
Range of interest rates	**2.35%~2.8%**	**1.98%~2.225%**

For the collateral for short-term borrowings, please refer to note 8.

(k) **Other payables**

	December 31, 2023	December 31, 2022
Payables on salaries	$ 58,474	48,133
Payables on insurance and pension	34,655	26,273
Payables for plant and equipment	2,316	875
Others	56,956	55,547
	$ 152,401	**130,828**

(l) **Other current liabilities**

The other current liability were summarized as follows:

	December 31, 2023	December 31, 2022
Temporary receipts	8,064	6,904
Others	1,515	6,576
	$ 9,579	**13,480**

(m) **Long-term borrowings**

The details of long-terms borrowings were as follows:

	December 31, 2023		
	Rate	Maturity Day	Amount
Unsecured bank loans	2.095%	2028.11	$ 16,000
Secured bank loans	0.705%~2.025%	2028.8~2029.7	182,138
Less: current portion			(26,919)
Government grants			**(148)**
			$ 171,071
Unused long-term credit lines			**$ 208,354**

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	December 31, 2022		
	Rate	**Maturity Day**	**Amount**
Secured bank loans	0.58%~1.65%	2028.8~2029.7	$ 207,916
Less:current portion			(25,893)
			$ 182,023
Unused long-term credit lines			**$ 190,164**

(i) Government low-interest loans

The differences between the amounts and fair values of the preferential low-interest loans granted by the govenment under the "Plan of Welcoming Overseas Twiwanese Businesspersons to Invest in Taiwan" were considered government grants; please refer to note 6(15) for details.

(ii) Collateral for bank loans

Assets of the Group had been pledged as collateral for borrowings, please refer to note 8.

(n) **Lease liabilities**

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2023	**December 31, 2022**
Current	**$ 8,481**	**7,894**
Non-current	**$ 28,687**	**39,584**

For the maturity analysis, please refer to note 6(w). For the Group leased factory and buildings from related party, please refer to note 7.

The amounts recognized in profit or loss was as follows:

	For the year ended December 31, 2023	**For the year ended December 31, 2022**
Interest on lease liabilities	**$ 736**	**855**
Expenses relating to short-term leases	**$ 604**	**823**

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the year ended December 31, 2023	**For the year ended December 31, 2022**
Total cash outflow for leases	**$ 9,500**	**9,511**

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(i) Land and Building leases

The Group leases land and buildings for its factory and office space. The leases of factory and office space typically run for 3 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases lease with lease terms of one year, these leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) **Deferred income**

	December 31, 2023	December 31, 2022
Government grants	**$ 148**	**-**
Current	$ 103	-
Non-current	45	-
	$ 148	**-**

As of December 31, 2023 the Group's government preferential low-interest loans under the " Plan of Welcoming Overseas Taiwanese Businesspersons to Invest in Taiwan" amounted to $8,316 thousand, and the fair values there of amounted to $8,168 thousand. The differences between the amounts and fair values of the loans, amounting to $148 thousand was considered to be government grants-deferred revenues. These loans were used to purchase equipment and were deferred income. It is recognized based on the useful life of the asset. The Group has received the revenues and believes it can reasonably assure compliance with the additional conditions. As of December 31, 2023 the Group's revenues from government grants amounted to $119 thousand which was included in other revenues.

(p) **Employee benefits**

According to law of the People's Republic of China, WKPF contributed pension insurance $9,430 thousand and $3,345 thousand for 2023 and 2022, respectively. Provision on insurance pension payable is recognized on other payable and the balance is $22,997 thousand and $15,595 thousand on December 31, 2023 and 2022, respectively.

WKPT allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to $2,060 thousand and $2,226 thousand for the years ended December 31, 2023 and 2022, respectively.

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(q) **Income taxes**

(i) The subsidiary companies of both our company and the merged company, Honour, are respectively registered and established in the Cayman Islands and Samoa, and are not required to pay income taxes. WKPT local profit-seeking income tax rate is 20%. WKPF is a foreign investment in People's Republic of China, tax is calculated based on "Enterprise Income Tax Law of the People's Republic of China" is 25%. On December 28, 2023, WKPF acquired high-tech enterprise authenticated certificate, which is applicable to the preferential enterprise tax rate of 15% , started from the day of acquisition for three years.

(ii) Income tax expense

The components of income tax in the years 2023 and 2022 were as follows:

		2023	2022
Current tax expense:			
Current period	$	53,241	37,710
Changes in deferred tax expense in prior periods		(6,644)	(5,880)
Additional tax on undistributed earnings		25	-
		46,622	31,830
Deferred tax expense：			
Origination and reversal of temporary differences		584	100
	$	**47,206**	**31,930**

No income tax is recognized in equity and other comprehensive income in 2023 and 2022.

Reconciliation of income tax and profit before tax 2023 and 2022 is as follows:

		2023	2022
Profit before income tax	**$**	**250,473**	**145,138**
Income tax using the Company's tax rate		41,130	25,396
Others income tax adjustments		(2,608)	3,776
Changes in income tax in prior periods		(6,644)	(5,880)
Changes in deferred tax in prior periods		(141)	(65)
Income tax for repatriation of overseas earnings		14,094	8,642
Changes in unrecognized temporary differences		1,350	61
Additional tax on undistributed earnings		25	-
	$	**47,206**	**31,930**

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(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	December 31, 2023	December 31, 2022
Provision of insurance and pension for WKPF	$ 5,291	3,941

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred Tax Assets:

	Exceed of allowance of bad debt expense	Allowance of inventory valuation loss	The carryforward of unused tax losses	Others	Total
Balance at January 1, 2023	$ 75	617	3,264	383	4,339
Recognized profit or loss	24	(59)	(523)	(26)	(584)
Balance at December 31, 2023	**$ 99**	**558**	**2,741**	**357**	**3,755**
Balance at January 1, 2022	$ 75	434	3,608	322	4,439
Recognized profit or loss	-	183	(344)	61	(100)
Balance at December 31, 2022	**$ 75**	**617**	**3,264**	**383**	**4,339**

(iv) Assessment of tax

The Company does not need to pay tax or declare income tax due to local law in the country registered.

WKPF's tax returns for the years through 2022 were assessed by the local tax administration; WKPT's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(r) **Capital and other equity**

As of December 31, 2023 and 2022, the Company's authorized ordinary shares each amounted to $600,000 thousand with a par value of $10 per share and a total of 60,000 thousand shares. All shares are ordinary shares. As of that date, 33,899 thousand shares were issued. All issued shares were paid up upon issuance.

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(i) Capital Surplus

The balance of capital surplus was as following:

	December 31, 2023	December 31, 2022
Additional paid in capital	$ 237,942	237,942
Difference arising from subsidiary's share price and its carrying value	96,423	96,423
Recognition of changes in equity of subsidiaries	(11)	-
	$ 334,354	**334,365**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits (including deficits and undistributed retained earnings for prior years, if any), pay income taxes, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve, in accordance with applicable laws and regulations, shall also be set aside. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The cash dividends shall not be more than 10% of total dividends.

The Company is now in growing phase, dividend distribution should consider capital expenditure, plan for future expansion, financial plan or other plan for the need of sustainable growth. Dividend and can be paid in cash or(and) stock to stockholders.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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2) Special reserve

In accordance the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the general meeting of shareholders held on 16 June 2023 and 9 June 2022 respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to common shareholders:				
Cash	$ 2.5	84,748	1.5	50,849

On 20 March, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share	Total amount
Dividends distributed to common shareholders:		
Cash	$ 3.6	122,036

(iv) Other equity interests (net-of-taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2023	$ (15,425)
Exchange differences on foreign operations	(13,993)
Balance at December 31, 2023	$ (29,418)
Balance at January 1, 2022	$ (29,847)
Exchange differences on foreign operations	14,422
Balance at December 31, 2022	$ (15,425)

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(s) **Earnings per share**

The calculation of basic earnings per share and diluted earnings per share for years 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share		
Profit of the Company for the year	**$ 203,306**	**113,208**
Weighted-average number of outstanding ordinary shares (in thousands)	**33,899**	**33,899**
	$ 6.00	**3.34**
Diluted earnings per share		
Profit of the Company for the year	**$ 203,306**	**113,208**
Weighted-average number of outstanding ordinary shares (in thousands)	33,899	33,899
Effect of employee share bonus	88	120
Weightier-average number of ordinary shares (in thousands) (after adjustment of potential diluted ordinary shares)	**33,987**	**34,019**
	$ 5.98	**3.33**

(t) **Revenue from contracts with customers**

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets		
America	$ 461,693	388,862
Asia	543,976	464,580
Other countries	191,722	169,392
	$ 1,197,391	**1,022,834**
Major products		
Automotive parts	$ 945,027	755,101
Green energy parts	12,460	26,868
Others	239,904	240,865
	$ 1,197,391	**1,022,834**

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(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liability	$ 1,018	6,166	596

The amount of revenue recognized for the year ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $5,780 thousand and $232 thousand respectively.

(u) **Employee compensation and directors' remuneration**

In accordance with the articles of incorporation, the Company should contribute 1% to 8% of the profit as employee compensation and less than 5% as directors' and supervisors' remuneration when there is profit for the year. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by of the Board of Directors with over two-third attendance and over half of the agreements. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit before the distribution of the compensation and remuneration. The distribution plan proposed by the Board of Directors should be submitted to the stockholders' meeting for approval. Except from regulations for listing companies, directors' and supervisors' remuneration should not grant by issuing stocks. "Profit" as mentioned above, is income before income tax and distribution of directors' and supervisors' remuneration.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $4,529 thousand and $3,889 thousand and directors' remuneration amounting to $4,529 thousand and $3,889 thousand respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

(v) **Non-operating income and expenses**

(i) Interest income

The details of interests income for the years 2023 and 2022 were as follows:

	2023	2022
Interests income－bank deposits	$ 20,468	12,167

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(ii) Other income

The details of other income for the years 2023 and 2022 were as follows:

	2023	2022
Rent income	$ 173	-
Government grants income	1,712	6,316
Other income－other	1,687	2,178
	$ 3,572	**8,494**

(iii) Other gains and losses

The details of other gains and losses for the years 2023 and 2022 were as follows:

	2023	2022
Foreign exchange gains	$ 11,515	19,058
Gains on disposals of property, plant and equipment	62	34
	$ 11,577	**19,092**

(iv) Finance costs

The details of finance costs for the years 2023 and 2022 were as follows:

	2023	2022
Interest expense－bank loan	$ (4,994)	(3,161)
Interest expense－lease liabilities	(736)	(855)
	$ (5,730)	**(4,016)**

(w) **Financial Instruments**

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group are concentrated in medical instruments market. To minimize credit risk, the Group periodically evaluates their financial positions and requests collateral if deemed necessary. It also periodically assesses the recoverability of the trade receivable and recognizes an allowance for impairment. The impairment loss is within management's expectation. As of December 31, 2023 and 2022, 61% and 55%, respectively, of accounts receivable were derived from several major customers. Thus, the credit risk is significantly centralized.

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3) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables and time deposits.
All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, without the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 year	2-5 year	Over 5 year
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	$ 225,260	243,685	74,401	4,447	13,326	151,511
Unsecured bank loans	56,000	57,219	40,923	4,283	12,013	-
Accounts and notes payable (including related parties)	170,981	170,981	170,981	-	-	-
Other payables (including related parties)	153,780	153,780	153,780	-	-	-
Lease liabilities	37,168	-	-	-	-	-
	$ 643,189	**625,665**	**440,085**	**8,730**	**25,339**	**151,511**
December 31,2022						
Non-derivative financial liabilities						
Secured bank loans	$ 207,916	225,345	28,727	4,050	11,997	180,571
Unsecured bank loans	50,000	50,036	50,036	-	-	-
Accounts and notes payable (including related parties)	183,332	183,332	183,332	-	-	-
Other payables (including related parties)	132,365	132,365	132,365	-	-	-
Lease liabilities	42,948	45,295	8,610	8,610	20,373	7,702
	$ 616,561	**636,373**	**403,070**	**12,660**	**32,370**	**188,273**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange Rates	New Taiwan Dollars	Foreign currency	Exchange Rates	Foreign currency
Financial Assets						
Monetary items						
USD	$ 13,717	30.705	421,180	7,046	30.71	216,383
JPY	132,397	0.2172	28,757	117,382	0.2324	27,280
Financial Liabilities						
Monetary items						
USD	290	30.705	8,904	421	30.71	12,929

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) 0.5% of the TWD against the USD and JPY as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by $2,205 thousand and $1,154 thousand respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2023 and 2022, the foreign exchange gain (including realized and unrealized portions) amounted to $11,515 thousand and $19,058 thousand respectively.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management and the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 0.5% when reporting to the internal management, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 0.5%, with all other variable factors remaining constant, the Group's net income would have increased/decreased by $1,361 thousand and $1,290 thousand for the years ended December 31, 2023 and 2022, respectively. This is mainly due to the Group's borrowings in time deposits and variable rates bills.

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(v) Fair value of financial instruments

1) Categories and fair value of financial instruments

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 550,466	-	-	-	-
Accounts receivable (including related parties)	219,635	-	-	-	-
Certificate of time deposit	151,446	-	-	-	-
Refundable deposits	1,715	-	-	-	-
Total	**$ 923,262**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Short-term borrowings	$ 83,270	-	-	-	-
Accounts payable (including related parties)	324,761	-	-	-	-
Long-term borrowings (including current portion)	197,990	-	-	-	-
Lease liabilities-current and non-current	37,168	-	-	-	-
Total	**$ 643,189**	**-**	**-**	**-**	**-**

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 264,515	-	-	-	-
Accounts receivable (including related parties)	224,588	-	-	-	-
Certificate of time deposit	308,559	-	-	-	-
Refundable deposits	1,294	-	-	-	-
Total	**$ 798,956**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Short-term borrowings	$ 50,000	-	-	-	-
Accounts payable (including related parties)	315,697	-	-	-	-
Long-term borrowings (including current portion)	207,916	-	-	-	-
Lease liabilities-current and non-current	42,948	-	-	-	-
Total	**$ 616,561**	**-**	**-**	**-**	**-**

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

2) Valuation techniques of financial instruments not measured at fair value

The Group estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

If there is quoted price generated by transactions for financial liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Transfer between Level 1 and Level 2

There were no transfers from one level to another level in 2023 and 2022.

(x) **Financial risk management**

(i) Overview

The Group is exposed to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers and other receivables.

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

1) Accounts receivable and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk.

The Group established a credit evaluation policy. In addition to the publicly available financial information to analyze the new customers and give them credit ratings, the Group also assess the financial status and actual collection situation of the current customers to monitor credit risk and the counterparty's credit ratings continuously. The credit limits for each counterparty are approved and reviewed annually by the Group.

The Group did not have any collateral or other credit enhancement to avoid credit risk of the financial assets.

2) Investments

The exposure to credit risk for bank deposits and fixed income investments is measured and monitored by the Group’s finance department. The Group only deals with banks, corporate organizations and financial institutions with good credit rating. The Group does not expect any of the counterparties mentioned above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank is an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group's unused credit lines were amounted to $258,354 thousand and $304,244 thousand respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily USD、CNY and NTD.The currencies used in these transactions aree the USD, CNY, NTD, JPY, and EUR.

Loan interest is denominated in the currency of the loan. In general, the currency of the borrowing is the same as the currency of the cash flow generated by each operating location of the Group, which is mainly NTD, CNY, and USD. In this case, economic hedging is without need to sign derivatives, so hedging accounting is not adopted.

(Continued)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group adopts a policy of ensuring its exposure to changes in interest rates on borrowings is on a combination of fixed-rate and float-rate basis. This is achieved by using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates. The Group evaluates its hedge activity in a fix period, in order to keep the interest rate preference unchanged and ensure the most cost efficient hedge strategy is used.

(y) **Capital management**

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, 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 dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabiltities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2023, the Group's capital management strategy is consistent with the prior year as of December 31, 2022. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 689,082	680,043
Less: Cash and cash equivalents	550,466	264,515
Net debt	138,616	415,528
Total equity	1,062,467	956,406
Adjusted equity	**$ 1,201,083**	**1,371,934**
Debt-to-equity ratio	**11.54%**	**30.29%**

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

(z) **Investing and financing activities not affecting current cash flow**

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, the acquisition of right-of-use assets through lease, please refer to note 6(g).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Acquisition	Foreign exchange movement	December 31, 2023
Long-term borrowings (including deferred revenues and current portion)	$ 207,916	(9,778)	-	-	198,138
Short-term borrowings	50,000	33,933	-	(663)	83,270
Lease liability	42,948	(8,160)	2,365	15	37,168
Total liabilities from financing activities	**$ 300,864**	**15,995**	**2,365**	**(648)**	**318,576**

			Non-cash changes		
	January 1, 2022	Cash flows	Acquisition	Foreign exchange movement	December 31, 2022
Long-term borrowings	$ 478	207,438	-	-	207,916
Short-term borrowings	98,266	(50,799)	-	2,533	50,000
Lease liability	45,871	(7,833)	4,220	690	42,948
Total liabilities from financing activities	**$ 144,615**	**148,806**	**4,220**	**3,223**	**300,864**

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
World Known MFG Co., Ltd. (WKP Taiwan)	Same president with the Company
Ancient Enterprise Corp. (Ancient)	Same president with the Company

(b) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Group to its related parties were as follows:

	2023	2022
Other related parties - WKP Taiwan	**$ 184**	**50**

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

The sales price of the Group to its related parties is not materially different from those to other sales. The collection terms for sales to related parties were month-end 30 to 120 days, which were not materially different from those of the third parties.

(ii) Purchases

The amounts of significant purchases and payables by the Group from its related parties were as follows:

	2023	2022
Other related parties - WKP Taiwan	$ 69,038	75,838

The purchases price of the Group to its related parties is not materially different from those to other purchases. The payment terms for purchases to related parties were month-end 30 to 90 days, which were not materially different from those given by other vendors.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable	Other related parties-WKP Taiwan	$ 20	35
Other receivables	Other related parties-WKP Taiwan	$ 223	138

(iv) Payables to related parties

The payable to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable	Other related parties-WKP Taiwan	$ 15,416	22,832
Other payables	Other related parties-WKP Taiwan	$ 1,253	1,411
	Other related parties-Ancient	126	126
		$ 1,379	1,537

(v) Leases

The Group leased factory and office from related parties, and recognized lease liabilities and interest expense as follows:

Relationship	December 31, 2023	December 31, 2022
Other related parties-WKP Taiwan	$ 32,443	38,448
Other related parties-Ancient	1,428	2,834
	$ 33,871	41,282

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

Relationship	2023	2022
Other related parties-WKP Taiwan	$ 659	769
Other related parties-Ancient	34	55
	$ 693	**824**

In March and May 2019, the Group leased factory and office from other related party-WKP Taiwan, respectively. Ten-year and nine-year ten-month lease contract was signed respectively, in which the rental fee is determined based on nearby rental rates.

The Group leased factory from other related party-Ancient in January 2023 and January 2019, respectively. Three-year contract was signed respectively, in which the rental fee is determined based on nearby rental rates.

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2023	2022
Short-term employee benefits	$ 19,609	17,073
Post-employment benefits	229	293
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	$ 19,838	**17,366**

(8) Pledged assets:

The carrying values of pledged assets were as follow:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land	Long-term borrowings	$ 252,305	252,305
Right-of-use assets - land	Long-term and short-term borrowings	4,872	5,115
Property, plant and equipment	Long-term borrowings	15,449	18,093
		$ 272,626	**275,513**

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

In December 5th 2023, WKPF purchases land from Changle Government of Fuzhou for CNY 10,300 thousand (NTD 44,568 thousand) as part of its future operation plans. WKPF made a prepayment of CNY 2,606 thousand (NTD 8,913 thousand) on December 1, 2023, leaving a balance of CNY 8,240 thousand (NTD 35,655 thousand) has not been paid.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By function / By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	87,890	69,624	157,514	83,273	62,617	145,890
Labor and health insurance	5,599	3,115	8,714	5,568	2,033	7,601
Pension	3,660	7,830	11,490	3,834	1,737	5,571
Others	2,256	1,831	4,087	1,547	1,300	2,847
Depreciation	43,802	10,470	54,272	49,164	8,568	57,732
Amortization	853	1,503	2,356	921	2,117	3,038

(Continued)

WORLD KNOWN MFG (CAYMAN) LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions, required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding those investments in subsidiaries, associates and joint ventures):None

(iv) Individual securities acquired, or disposed, with an accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with an amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	WKPT	WKPF	3	Purchases	4,012	Price is calculated according to agreements between both parties	0.34%
1	WKPT	WKPF	3	Accounts payable	5,289	Normal payment period	0.30%

Note1：The number filled in as follows:

1) 0 represents the company.

2) Subsidiaries are sorted in a numerical order starting from 1.

Note2：Transactions labeled as follows:

1) 1 represents the transactions form parent company to subsidiaries.

2) 2 represents the transactions from subsidiaries to parent company.

3) 3 represents the transactions between subsidiaries.

(Continued)

WORLD KNOWN MFG (CAYMAN) LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

(In thousands of shares /
In thousands of New Taiwan Dollars or Foreign currency)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Honour	Samoa	Investment	USD 11,521 (NTD363,510)	USD 11,521 (NTD363,510)	6,521	100 %	USD 26,868 (NTD824,988)	USD 7,621 (NTD237,602)	USD 7,621 (NTD237,602)	Note 1
The Company	WKPT	Taiwan	Manufacture of precision casting processing	160,000	160,000	16,000	100 %	166,856	3,011	3,011	Note 1
The Company	WKP USA	USA	General trading business	USD 1,890 (NTD60,188)	USD 90 (NTD2,678)	1,890	96.92 %	USD 1,856 (NTD56,979)	USD (34) (NTD(1,055))	USD (33) (NTD(1,027))	Note 1

Note1：Has been write off when preparing consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars or foreign currencies)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow					
WKPF	Manufacture of precision casting processing	USD 8,500 (NTD260,993)	Note 1	-	-	-	USD 7,597 (NTD236,869)	100.00%	USD 7,597 (NTD236,869)	USD 26,841 (NTD824,158)	-

Note1：Investments are made through setting up a company in the third country then invest to Mainland China.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Note 1	Note 1	Note 1

Note 1: The Company is an offshore company, which is not applicable of the limits in "Regulations Governing the Examination of investment or Technical Cooperation in Mainland China".

(iii) Significant transactions:

The significant inter-company transactions in year 2023 with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions” and “Business relationships and significant intercompany transactions”.

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World Known MFG (Cayman) Limited and Subsidiaries
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(d) Major shareholders

(In thousands of shares)

Shareholding Shareholder's Name	Shares	Precentage
Germander Group Limited	4,230	12.47 %
Lavender Hill Limited	2,730	8.05 %
Lu, Huang-Fu	2,402	7.08 %

(14) Segment information

(a) General information

The Group is primarily involved in the manufacturing and selling the energy-saving and carbon-reducing parts of commercial vehicle engine, ADB calipers, rear panels of brake pad, bend pipes and accessories of turbocharger, cases of flywheel, cases of swing arms, exhaust manifolds, braces, core shafts, parts for braking system of wind power generator and processed products of machinery parts for various industries. Reportable segment contains only precision casting processing department, offering products and manage related technologies and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations.

The Group uses internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit after taxation. Gain or loss of reportable segments include depreciation and amortization, tax expense (profit), non-recurring profit or loss and other significant non-cash items. The reportable amount is similar to that in the report used by chief operating decision maker. The operating segment accounting policies are similar to those described in note 4. The Group's information of segment is similar to financial report, please refer to balance sheet and statements of comprehensive income.

(c) Production information

Revenue from the external customers of the Group was as follows note 4 (t).

(Continued)

World Known MFG (Cayman) Limited and Subsidiaries
Notes to the Consolidated Financial Statements

(d) Geographic information

In presenting information on the basis of geography, as follow note 4(t), the segment non-current assets are based on the geographical location of the assets.

Revenue from the external customers:

Grographical information		December 31, 2023	December 31, 2022
Non current assets:			
China	$	151,030	156,261
Other countries		398,344	361,353
	$	**549,374**	**517,614**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, excluding financial instruments and deferred tax assets.

(e) Major customers

Customer		2023 Amount	2022 Amount
From Precision Casting processing department－Customer A	$	403,643	348,333
From Precision Casting processing department－Customer B		121,751	64,501
Total	**$**	**525,394**	**412,834**

Appendix 2: Explanation of the significant difference between the company's articles of association and ROC's shareholder rights protection regulation

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
Definition of "special resolution:" refers to the resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of the total shareholdings required as aforementioned, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.	The Company Act of Cayman Islands stipulates that in principle, special resolutions refer to the resolutions adopted by a majority of the shareholders present who represent "consents of two-thirds or more" of the total number of its outstanding shares.	Article 39 and Article 2(1) of the foreign issuer's Articles of Incorporation stipulate that, special resolutions are the resolutions adopted by the shareholders present in person at the shareholders' meeting who represent a majority of the outstanding shares of the Company or the shareholders represent two-thirds or more of the total number of its outstanding shares through proxies, so that the attendance and voting rights requirements in the Company Act of Cayman Islands and Taiwan are complied with at the same time.
1. A company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders' meeting; capital reduction shall be effected based on the percentage of shareholdings of the shareholders *pro rata*. 2. The Company reducing its capital may return share prices to shareholders by properties other than cash; the returned property and the amount of such substitutive capital contribution shall require a prior approval of the shareholders' meeting and obtain consents from the shareholders who receive such property. 3. The aforementioned value of properties and the amount of such substitutive	Article 14 to 18 of Cayman Islands' Company Act have strict procedures for the capital reduction and concrete regulations in places. Such regulations are mandatory, and may not be changed by articles of incorporation.	Article 14 to 18 of Cayman Islands' Company Act have strict procedures for the capital reduction and concrete regulations in places. Such regulations are mandatory and may not be changed by articles of incorporation. This significantly varies from the requirement of capital reduction listed in the Checklist of Shareholder Interests Protection. To avoid doubts, by referring to the advice of lawyers of Cayman Islands, pursuant to Article 14 of the foreign issuer's Articles of Incorporation, the Company's capital decrease shall always be handled pursuant to the procedures and conditions set forth in the laws of Cayman Island, and the regulations of public listing in TWSE or TPEx. For the requirement of capital reduction listed in the Checklist of Shareholder Interests Protection, Article 24 (1) of the foreign

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
capital contribution, shall be sent to the accountants in Republic of China for audit and attesting before the shareholders' meeting.		issuer's Articles of Incorporation specifies that buyback based on the percentage of shareholdings of the shareholders *pro rata* is the substitution.
1. The company shall hold a physical shareholders' meeting in the Republic of China. If any shareholders' meeting is convened out of the Republic of China, the Stock Exchange shall be reported to for approval within two days after the resolution of the Board of Directors is made, or shareholders obtained the approval from the competent authorities for convention. 2. If any shareholders' meeting is convened out of the Republic of China, a professional shareholder service agency shall be engaged to accept the votes from shareholders.	There is no related requirement in the laws of Cayman Islands.	The Company intends to amend Article 31 of the Articles of Incorporation at the shareholders' meeting to comply with the normative requirements in the far left column. With no exception, so it is not necessary to otherwise require permit or report when convening shareholders' meeting out of the Republic of China. Moreover, even though the foreign issuer convenes all shareholders' meetings within the Republic of China during the listing period, the foreign issuer will still engage a professional shareholder service agency to handles affairs such as votes from shareholders.
Shareholder(s) who has/have been continuously holding 3% or more of the total number of the outstanding shares of the company over a year, may request the Board of Directors to convene an interim shareholders' meeting by indicating the proposals and reasons in writing. If the Board of Directors does not send a notice for such meeting within 15 days after the request is made, the shareholders may convene the meeting on their own with the approval of the competent authorities.	There is no competent authority in Cayman Islands to review if the shareholders' meeting may be convened by shareholders.	As the foreign issuer is a company incorporated pursuant to the Company Act of Cayman Islands, and there no competent authority in Cayman Islands to review if shareholders' meeting may be convened by shareholders, in Article 32 (1) of the foreign issuer's Articles of Incorporation, it is specified that shareholder(s) who has/have been continuously holding 3% or more of the total number of the outstanding shares of the company over a year, may request the Board of Directors to convene an interim shareholders' meeting by indicating the proposals and reasons in writing. If the Board of Directors does not send out a notice for such meeting within 15 days after the request is made, the aforementioned

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
		shareholders may convene the meeting on their own without a report to the competent authorities for approval.
A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person.	Based on the advices of lawyers in Cayman Islands, shareholders exercising voting rights by correspondence or electronic means shall not be deemed to have attended the meeting in person, but to be construed as appointing the chair of the shareholders' meeting as their proxies.	The latter half of Article 57 of the foreign issuer's Articles of Incorporation specifies that "shareholders exercising voting rights by correspondence or electronic means shall be deemed to appoint the chair of the shareholders' meeting as their proxies, to exercise their voting rights based on the content of such correspondence or electronic documents; however, the chair of the shareholders' meeting has no voting rights to the issues not mentioned or specified in such content, extempore motion or the amendments to the original proposals. To avoid doubts, when shareholders exercising voting rights via the aforementioned manner, they may abstain from the rights to the *extemporaneous* motion or the amendments to the original proposals in the shareholders' meeting. "Therefore, there is no significant variance between the practical operation and the laws of Republic of China. However, for the sake of interpretation, the chair of the shareholders' meeting is deemed as the proxies for these shareholders exercising their voting rights by correspondence or electronic means, to comply with the laws of Cayman Islands that requires the resolutions of shareholders' meetings must be made in the manner of exercising voting rights by shareholders in person or by proxies at the same time onsite.
After a shareholder has exercised voting rights by correspondence or electronic	There is no related regulation in the laws of Cayman Islands.	The Company intends to revise Articles 58 and 61 of the Articles of Incorporation at the

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.		shareholders'meeting to meet the normative requirements in the far left column.
After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.		
A company choosing to issue no par value shares shall not convert its shares into par value shares.	Section 8 (1) of the Company Act of Cayman Islands specifies "Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value;" therefore, with the advice of lawyers in Cayman Islands, pursuant to the aforementioned regulations, and by considering the practical process of share issuance, Cayman Islands waives the requirement that a	Since this foreign issuer has only issued par value shares for all issued shares; therefore, this foreign issuer has no share to be issued or converted to no par value share. Consequently, the requirement in the Checklist of Shareholder Interests Protection, that "A company choosing to issue no par value shares shall not convert its shares into par value shares" is not applicable to this foreign issuer. To avoid doubts, this foreign issuer, by referring the purpose of the aforementioned requirements in the Checklist of Shareholder

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
	company shall not convert its no par value shares into par value shares, and *vice versa*.	Interests Protection, sets forth in Paragraph 4 of Article 7 of the Articles of Incorporation: "The Company shall not issue no par value shares, or convert the par value shares into no par value shares. ."
1. The Articles of Incorporation may specify the distribution of earnings or offset to losses after the end of each quarter or a half of a fiscal year. 2. The proposal of distributing earnings or offsetting losses for the first three quarters or the first half of the fiscal year, shall be reviewed by supervisors or the Audit Committee, before being submitted to the Board of Director to resolve. 3. When the Company distributes earning per the previous paragraph, the payable taxes, losses to be offset as required by laws, and provisions for legal reserves shall be estimated and set aside. However, if the legal reserves have reached the paid-in capital, this requirement is not applicable. 4. When the earning distribution of Paragraph 2 is made in the manner of issuing new shares, the consent by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares is required. In the event the total number of shares represented by the shareholders present at a shareholders' meeting is less than the percentage of	There is no related requirement in the laws of Cayman Islands.	Pursuant to Paragraph 3, Article 100 of this foreign issuer's Articles of Incorporation, the foreign issuer adopts the system of annual earning distribution, no distribution of earnings or offset to losses will be made after the end of each quarter or a half of a fiscal year; therefore, the requirement at the most left-handed column is not applicable.

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company. The resolution of the Board is required for cash distribution. 5. When the Company distributes earnings or offsets losses pursuant to the previous four paragraphs, such distribution or offset shall be based on the financial statements reviewed or audit by the accountant.		
1. If supervisors are set by the Company, such supervisors are elected from the shareholders' meetings; at least one of the supervisors shall have a domestic residency. 2. The terms of supervisors shall not exceed three years. Supervisors may be re-elected. 3. When all supervisors are dismissed, the Board of Directors shall convene an interim shareholders' meeting to elect them. 4. Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, inspect, transcribe or make copies of the accounting books and documents, and request the Board of	There is no related requirement in the laws of Cayman Islands.	The foreign issuer adopts the system of Audit Committee, and thus no supervisor is established; therefore, the requirement at the most left-handed column is not applicable.

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
Directors or managerial personnel to make reports thereon. 5. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders. 6. In performing auditing, the supervisors may appoint, on behalf of the company, a practicing lawyer and a certified public accountant to conduct the examination. 7. Supervisors of a company may attend the meeting of the board of directors to their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act. 8. Supervisor may each exercise the supervision power individually. 9. A supervisor shall not be concurrently a director, a managerial officer or other staff/employee of the company.		
1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the	There is no related requirement in the laws of Cayman Islands.	The foreign issuer adopts the system of Audit Committee, and thus no supervisor is established. Therefore, by referring Article 14-4-3 of the Securities and

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
company over six months may request in writing the supervisors of the Company to institute, for the Company, an action against a director of the Company. Taipei District Court of Taiwan shall be the court of jurisdiction for the first instance. 2. In case the supervisors fails to institute an action within 30 days after having received the request made, then the shareholders filing such a request may institute the action for the company. Taipei District Court of Taiwan shall be the court of jurisdiction for the first instance. 3. In addition to the condition that the Board of Directors does not or is unable to convene a meeting of shareholders, the supervisors or the Audit Committee may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary.		Exchange Act of Taiwan, and the implications of Letter Jin-Shang-Zhi No.10000533380 issued by MOEA, dated March 1, 2011, for the regard of replace of the supervisors at the most left-handed column with independent directors, Article 86 of the foreign issuer's Articles of Incorporation stipulates that the minor shareholders may request in writing the any independent director of the Audit Committee, to institute, for the Company, an action against a director of the Company, who damages the Company, or violates laws of Cayman Island, regulations of public listing in TWSE or TPEx or the foreign issuer's Articles of Incorporation, to the court have jurisdiction (including Taipei District Court of Taiwan). Also Article 32(3) of the foreign issuer's Articles of Incorporation stipulates that, unless the Board of Directors does not or is unable to convene a meeting of shareholders pursuant to laws of Cayman Island, regulations of public listing in TWSE or TPEx or the foreign issuer's Articles of Incorporation, any independent director of the Audit Committee may convene a shareholders' meeting for the interests of the foreign issuer if necessary, as the incorporation of the requirement at the most left-handed column.
1. The Articles of Association may specify that the shareholders' meeting shall be held by video conference or other means announced by the competent authority of the R.O.C. Company Act. However, due to a natural disaster, event or other force majeure, the	There is no related requirement in the laws of Cayman Islands.	The Company intends to amend Article 31 of the Articles of Incorporation and Items 2 and 3 of Article 39 of the Articles of Incorporation at the shareholders ' meeting to comply with the normative requirements in the far left column.

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
competent authority of the R.O.C. Company Act may announce that the company may meet by video conference or its announcement within a certain period of time without being specified in the articles of incorporation. 2. If a shareholders' meeting is held by video conference, the shareholders who participate in the meeting by video conference shall be deemed to be present in person. 3. The conditions, operating procedures and other matters to be complied with by the company in connection with the shareholders' meeting by video conference shall be in accordance with the provisions of the Securities and Exchange Act of the R.O.C. .		
If the paid-in capital of the company reaches NT$10 billion or more at the end of the most recent fiscal year, or if the shareholding ratio of foreign capital and domestic capital recorded in the shareholders' register at the time of the shareholders' meeting in the most recent fiscal year reaches 30% or more, the company shall complete the electronic transmission of the shareholders' meeting minutes and other meeting-related information 30 days before the shareholders' meeting.	There is no related requirement in the laws of Cayman Islands.	The Company intends to amend Article 37 of the Articles of Incorporation at the shareholders' meeting to comply with the normative requirements in the far left column.
Shareholders who vote against or abstain from voting at a shareholders' meeting have the right to request the company to	There is no related requirement in the laws of Cayman Islands.	The Company intends to amend Item 3 of Article 48 of the Articles of Incorporation at the shareholders' meeting to comply

Variance Item	Laws of Cayman Islands and Explanation	Stipulations in the Articles of Incorporation and Explanation
acquire all of their shares in the event of corporate division, merger, acquisition, or share conversion, among other matters. Shares for which voting rights have been waived are not included in the total voting rights of attending shareholders.		with the normative requirements in the far left column.
When a company undergoes a merger or acquisition, the Company should include in the notice of the shareholders' meeting the important details regarding the conflicts of interest of the directors and the reasons for supporting or opposing the merger or acquisition resolution. This information can be made available on the website designated by the Securities and Futures Bureau of Taiwan or by the company. The website address should be clearly stated in the notice of the meeting.	There is no related requirement in the laws of Cayman Islands.	The Company intends to amend Article 91 of the Articles of Incorporation at the shareholders' meeting to comply with the normative requirements in the far left column.

World Known MFG (Cayman) Limited

Chairman:Lu, Huang-Fu