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Nishoku Technology Inc.

2023 Annual Report

Published on April 30, 2024

1. Names, Job Titles, and Telephone Numbers of the Company's Spokesperson and Acting

Spokesperson :

Spokesperson:

Name: Tsai, Chien-Sheng

Title: General Manager

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E-mail:ir@nishoku.com.tw

Deputy Spokesperson:

Name: Lin, Tzu-Hsuan

Title:CFO

Tel: (02)2998-3578

E-mail:ir@nishoku.com.tw

2. CORPORATE HEADQUARTERS AND MANUFACTURING SITE

Address: No. 36, Ln. 11, Huacheng RD., Xinzhuang Dist., New Taipei City

Tel.: (02)2998-3578

3. COMMON SHARE TRANSFER AGENT AND REGISTRAR

Name: The Transfer Agency Department of CTBC Bank

Address:5F, 83, Sec. 1, Chung-Ching S. Rd., Taipei City

Website:<https://www.chinatrust.com.tw>

Tel.: (02) 6636-5566

4. AUDITORS

CPA Firm: KPMG

Name of CPA: Yung-Hua Huang and Sheng-Ho Yu

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5. OVERSEAS SECURITIES EXCHANGE : None.

6. FOR MORE INFORMATION ABOUT NISHOKU : <https://www.nishoku.com.tw>

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1. Letter to Shareholders

Dear Shareholders,

We thank each and every of our shareholder's support of Nishoku Group. With your busy schedule, we are grateful for your participation in the Company's 2024 General Shareholders Meeting. On behalf of everyone at Nishoku, your presence is most welcome.

In 2023, as major economies curbed inflation and raised interest rates continuously in 2023, terminal demand turned weaker, leading to inventory adjustment in the industry supply chain, the Company's 2023 consolidated operating revenue totaled NT\$3.508 billion, a year-on-year decrease of 10.67%, but our annual gross margin increased to 26%; our earnings per share after tax were NT\$7.77, a year-on-year decrease of NT\$3.55.

Looking ahead to 2024, the uncertainty of the global economy is expected to intensify as the geopolitical situation in Russia and Ukraine continues, and the Israeli–Palestinian conflict, and the Red Sea crisis have made the trade outlook highly uncertain, and the pressure of global inflation and interest rate increase still exists. The Company continues to focus on its main business, and continues to work on process automation and group resource integration, as well as actively expanding into the Vietnam market, with the goal of achieving stable growth in both revenue and profitability through a global development.

Below is 2023 operating report and 2024 operating plans:

1. The 2023 Business result:

(1) 2023 Performance Of Business Plan

In 2023, global central banks implemented tightened monetary policies to respond to high inflation, and the cumulative effect should impact the end demand, dampening the global economic growth momentum. Fortunately, inflationary pressure cooled down significantly and interest rate hikes by various countries were coming to an end in the second half of the year. Benefiting from strong consumption, the United States witnessed the return of investment in manufacturing, driving fixed investment; thus, its economy was not affected by high interest rates and unexpectedly stable. Facing the insufficient domestic demand and the sluggish real estate market after the pandemic, China's economic recovery in the post-pandemic period was not as strong as expected.

Due to the weakening end demand and continuous inventory adjustments made by the industry chain, the Company's 2023 consolidated operating revenue totaled NT\$3.508

billion, a year-on-year decrease of 10.67%, but our annual gross margin increased to 26%; our earnings per share after tax were NT\$7.77, a year-on-year decrease of NT\$3.55.

Unit: NT\$ thousand

Item \ Year	2023	2022	Percentage of change (%)
Net operating income	3,508,729	3,927,929	(11%)
Operating cost	2,592,872	2,996,260	(13%)
Gross profit	915,857	931,669	(2%)
Operating profit	471,260	456,518	3%
Non-Operating Income	199,541	503,684	(60%)
Profit before tax	670,801	960,202	(30%)
Profit after tax	487,097	709,643	(31%)
Gross profit (%)	26%	24%	
Operating profit (%)	13%	12%	

(2) Status of Budget Execution

Not available as Nishoku Technology Inc. had not declared 2023 financial forecast.

(3) Financial Receipt and Expenditure, and Profitability Analysis

Items of analysis		2023	2022
Financial Structure & Solvency	Current ratio (%)	209.54	256.24
	Quick ratio (%)	194.64	234.68
	Interest coverage ratio	13.00	28.00
	Debt to assets ratio (%)	47.82	47.78

Items of analysis		2023	2022
Profitability	ROA (%)	6.10	8.20
	Return on shareholders' equity (%)	10.71	15.66
	Income before tax as a percentage of paid-in capital (%)	106.41	152.30
	Net profit rate (%)	13.88	18.07
	After tax EPS (NTD)	7.77	11.32

(4) Status of R&D

Besides discussing with the end customers about the design in aim to grasp the opportunities, the Company also has been dedicating itself in studying the key technologies and production capabilities. With the coupling of existing mature technologies, the Company has extended the technology to multiple compound production process and continued to develop new production processes. For example, the waterproof TPR materials, electronic parts such as FPC flexible board, IMR laser spraying production technologies. The technologies not only provides customers with diverse and refined choices, but also become the core for saving post processing costs and creating profits.

2. 2024 Business Prospects

(1) Business strategy

- i. Increase the production capacity of Vietnam plant and accelerate vertical integration in response to the opportunity of order transfers
- ii. Introduce the environmentally friendly processes and use environmentally friendly materials to improve the Company's competitiveness as a green industry.
- iii. Optimize the performance reward system and enhance the readiness of key personnel to strengthen human capital.
- iv. Effectively implement cost control, and pursue the maximization of shareholders' equity.

(2) Forecast of Sales Quantity and Its Basis

The Company took into the account the the overall external environmental changes and future developments in the estimation of future sales volume, based on which, the Company formulates with reference to past business operation, Company's current status and future development trend. As the Company does not disclose its 2023 financial forecast, the estimated sales volume shall not be disclosed.

(3) Policies on Production and Marketing

- i. Continue to improve production process capability and yield, and enhance cost control and inventory management.
- ii. Actively develop new market applications, expand product width, and maintain the market competitiveness.
- iii. Continue to expand global product lines and sales regions to reduce the operational risk of excessively concentrated product development.

3. Future Developing Strategies of Company

In face of the rapid changes and challenges of the domestic and international environment, the future development strategies are as follows:

- i. To respond to the reorganization of the global supply chain, the production base in Vietnam has been expanded, to meet the order shifting demands °
- ii. Improve industrial green technology, we are expected to add water-based spraying process, and solidify the core competitiveness of enterprises °
- iii. Continue with the development of various automated processes to improve efficiency and streamline manpower °
- iv. Further research on the compound process and seek the integration of the midstream and downstream industry chains to create comprehensive benefits °

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

Looking ahead to 2024, There are still many downward risks for the global economic outlook. For example, the geopolitical tensions may impact the economic outlook, and the Russo-Ukrainian War, the Israeli–Palestinian conflict, and the Red Sea crisis have made the trade outlook highly uncertain. The overall global inflation has alleviated, U.S. economic growth has begun to show signs of slowing down; China's economic growth is also lower than expected; and most economies are estimated to grow at a slower pace than in the ten years before the COVID-19 pandemic broke out. Global trade is in a downturn, and financial conditions have also posed daunting challenges. The Company will be cautious and prudent in 2024 to face future political and economic changes ahead , continues to commit to the integration of group resources and organizations to improve internal efficiency and strengthen risk management to meet future challenges with a stable operating robustness. Moreover, the Company lay emphasis on the dynamics of the external competitive environment to respond to changes in the market environment and fully grasp the changes in relevant regulations. We stay prepared and take appropriate response measures to reduce the operational risks of future industry and overall environmental changes.

Once again, I thank each of our shareholder's support, trust and encouragement for the Company.

I wish you all

Healthy and well

Chairman

Chen, Piao-Fu

General Manager

Tsai, Chien-Sheng

2. Company Profile

2.1 Date of Incorporation: June 27th, 1980

2.2 Company Milestones

Time	Company Milestones
1980	<ul style="list-style-type: none"> Established as Chi-Hsing Enterprise Co., Ltd. to specialize in the manufacture of steel plastic injection molds and single injection mold products.
Dec 2001	<ul style="list-style-type: none"> Established as Chi-Hsing Enterprise Co., Ltd. to specialize in the manufacture of steel plastic injection molds and single injection mold products.
Oct 2003	<ul style="list-style-type: none"> Cultivated the European market in collaboration with strategic partner T&J.
Jun 2007	<ul style="list-style-type: none"> Changed the company name to Nishoku Technology Inc.
May 2008	<ul style="list-style-type: none"> Set up Nishoku Technology Vietnam Co., Ltd. in Hanoi, Vietnam
July 2008	<ul style="list-style-type: none"> Acquired 100% shares of Hsin Jin Li Holdings and indirectly invested 100% shares of Kunshan Nishoku Plastics and Electronics Co., Ltd., Kunshan Nishoku Mold Industrial Co., Ltd., and Nishoku Plastic Mold (Shenzhen) Co., Ltd. through Sun Nice Ltd. (Samoa) to establish production bases in China for expanding the scale of production to meet the needs for market expansion and group operations.
Nov 2008	<ul style="list-style-type: none"> Implemented the NCVM process in Kunshan and Shenzhen plants.
May 2009	<ul style="list-style-type: none"> Plans to build the Taipei headquarters building
Aug 2009	<ul style="list-style-type: none"> Initial public offering.
Nov 2009	<ul style="list-style-type: none"> Registered for trading at the Emerging Market at TPEx. Construction for Taipei headquarters building started.
Dec 2009	<ul style="list-style-type: none"> As a means to integrate the Group's internal resources, 100 equity of SUN NICE LTD.(SAMOA) was acquired through investment and 100% equity of Kunshan Xinrisheng Electronics Co., Ltd. and Xinzhihong Electronics Co., Ltd. are held in directly.
Dec 2010	<ul style="list-style-type: none"> For the purpose of maximizing the distribution efficiency of the Group's internal resources, 2 companies: Kunshan Xinrisheng Electronics Co., Ltd. and Xinzhihong Electronics Co., Ltd. were merged through SUN NICE LTD. (SAMOA) which it directly owned. Selected in the Deloitte Technology Fast 500 Asia Pacific and ranked the fifth largest in Taiwan.

Time	Company Milestones
Jan 2011	<ul style="list-style-type: none"> ● Nishoku Technology Vietnam Co., Ltd. passed ISO-9001 and ISO14000 certification. ● Completion of Taipei headquarters building
Mar 2011	<ul style="list-style-type: none"> ● Completion of the Taipei Operational HQ Building.
Jun 2011	<ul style="list-style-type: none"> ● Approved for listing by the Financial Supervisory Commission, Executive Yuan.
Aug 2011	<ul style="list-style-type: none"> ● Acquired ISO14001:2004 certification, and Nishoku Technology Vietnam Co., Ltd. passed OHSAS18000 certification.
Sep 2011	<ul style="list-style-type: none"> ● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. passed OHSAS18000 certification.
Oct 2011	<ul style="list-style-type: none"> ● Officially listed on the Taipei Stock Exchange to become a newcomer of the stock market.
Dec 2011	<ul style="list-style-type: none"> ● For the purpose of maximizing the distribution efficiency of the Group's internal resources, 3 companies: Kunshan Xinzhiheng Plastic Electronics Co., Ltd., Kunshan Xinzhiheng Mold Industry Co., Ltd., and Kunshan Xinrisheng Electronics Co., Ltd., were merged through SUN NICE LTD. (SAMOA) which it directly owned.
Apr 2012	<ul style="list-style-type: none"> ● Completion of Nishoku Technology Vietnam Co., Ltd. Phase 2.
May 2012	<ul style="list-style-type: none"> ● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. acquired the National High-tech Enterprise recognition.
Jun 2012	<ul style="list-style-type: none"> ● The Taipei HQ Building passed the LEED Gold certification for green buildings.
Jul 2012	<ul style="list-style-type: none"> ● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. acquired the Certificate of Honor for Industry and Enterprise Safety Management
Oct 2012	<ul style="list-style-type: none"> ● KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. acquired the National High-tech Enterprise recognition.
May 2013	<ul style="list-style-type: none"> ● Rated as one of the "Top 2000 Enterprises" and the "Top 150 Computer Peripherals and Components Manufacturers" by CommonWealth.
Dec 2013	<ul style="list-style-type: none"> ● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. won the 2013 Manufacturer with Outstanding Contribution in Guangdong and rated one of the Top 500 Manufacturers.
May 2014	<ul style="list-style-type: none"> ● Rated as one of the "Top 2000 Enterprises" and the "Top 100 Computer Peripherals and Components Manufacturers" by CommonWealth.
Jun 2014	<ul style="list-style-type: none"> ● KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. passed ISO/TS 16949:2009 certification. °

Time	Company Milestones
Aug 2014	<ul style="list-style-type: none"> Completed Capital increase by USD 2.5 million of Nishoku Technology Vietnam Co., Ltd. to expand the scale of production.
Jan 2015	<ul style="list-style-type: none"> Nishoku Technology Vietnam Co., Ltd passed ISO/TS 16949:2009 certification.
Apr 2015	<ul style="list-style-type: none"> Merged Kunshan Nishoku Plastics and Electronics Co., Ltd., Nishoku Mold Co., Ltd., and Kunshan Nishoku Electronics Co., Ltd. into Kunshan Nishoku Plastics and Electronics Co., Ltd. to maximize the efficiency of internal resource allocation.
May 2015	<ul style="list-style-type: none"> Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Jul 2015	<ul style="list-style-type: none"> KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.passed OHSAS1800:2007 certification.
Nov 2015	<ul style="list-style-type: none"> KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. acquired the National High-tech Enterprise recognition.
Dec 2015	<ul style="list-style-type: none"> NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. acquired the National High-tech Enterprise recognition.
May 2016	<ul style="list-style-type: none"> Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
May 2017	<ul style="list-style-type: none"> Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Jul 2017	<ul style="list-style-type: none"> Rated as one of the “Top 5000 Enterprises in Taiwan” by China Credit Information Service Ltd.” in 2017
May 2018	<ul style="list-style-type: none"> Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Jul 2018	<ul style="list-style-type: none"> Completed phase II of KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. to expand the scale of production.
Nov 2018	<ul style="list-style-type: none"> NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. acquired the National High-tech Enterprise recognition.
Nov 2018	<ul style="list-style-type: none"> KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. acquired the National High-tech Enterprise recognition.
Mar 2019	<ul style="list-style-type: none"> KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.passed ISO13485:2016 certificaion °
May 2019	<ul style="list-style-type: none"> Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Sep 2019	<ul style="list-style-type: none"> NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.passed

Time	Company Milestones
	GB/T24001:2016 、ISO14001:2015 、ISO45001:2018 certification.
Feb 2020	● Nishoku Technology Vietnam Co., Ltd passed ISO9001:2015 、ISO14001:2015 certification.
Mar 2020	● Nishoku Technology Vietnam Co., Ltd passed ISO45001:2018 certification.
Mar 2020	● Completed Capital increase by USD 8 million of Nishoku Technology Vietnam Co., Ltd. to expand the scale of production.
May 2020	● Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Jul 2020	● Nishoku Technology Inc. passed ISO9001:2005 、ISO14001:2015 certification.
Aug 2020	● KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD passed ISO45001:2018 certification.
May 2021	● Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Jul 2021	● KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD passed IATF 16949:2016 、ISO9001:2005 、ISO14001:2015 certification.
Nov 2021	● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.passed ISO9001:2015 certification.
Dec 2021	● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. acquired the National High-tech Enterprise recognition.
Mar 2022	● Completed phase III of Nishoku Technology Vietnam Co., Ltd. to expand the scale of production.
Mar 2022	● KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.passed ISO13485:2016 certificaion °
May 2022	● Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.
Nov 2022	● NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.passed ISO14001:2015 、ISO45001:2018 certification.
Feb 2023	● Nishoku Technology Vietnam Co., Ltd passed ISO9001:2015 、ISO14001:2015 certification.
Mar 2023	● Nishoku Technology Vietnam Co., Ltd passed ISO45001:2018 certification.
May 2023	● Rated as one of the “Top 2000 Enterprises” and the “Top 100 Computer Peripherals and Components Manufacturers” by CommonWealth.

Time	Company Milestones
Jul 2023	<ul style="list-style-type: none"> Completed Capital increase by USD 6 million of Nishoku Technology Vietnam Co., Ltd. to expand the scale of production.
Aug 2023	<ul style="list-style-type: none"> Nishoku Technology Inc. passed ISO9001:2015 、ISO14001:2015 certification.
Aug 2023	<ul style="list-style-type: none"> KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD passed ISO45001:2018 certification.
Dec 2023	<ul style="list-style-type: none"> NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.passed ISO9001:2015certification.
Feb 2024	<ul style="list-style-type: none"> Completed Capital increase by USD 4 million of Nishoku Technology Vietnam Co., Ltd. to expand the scale of production.

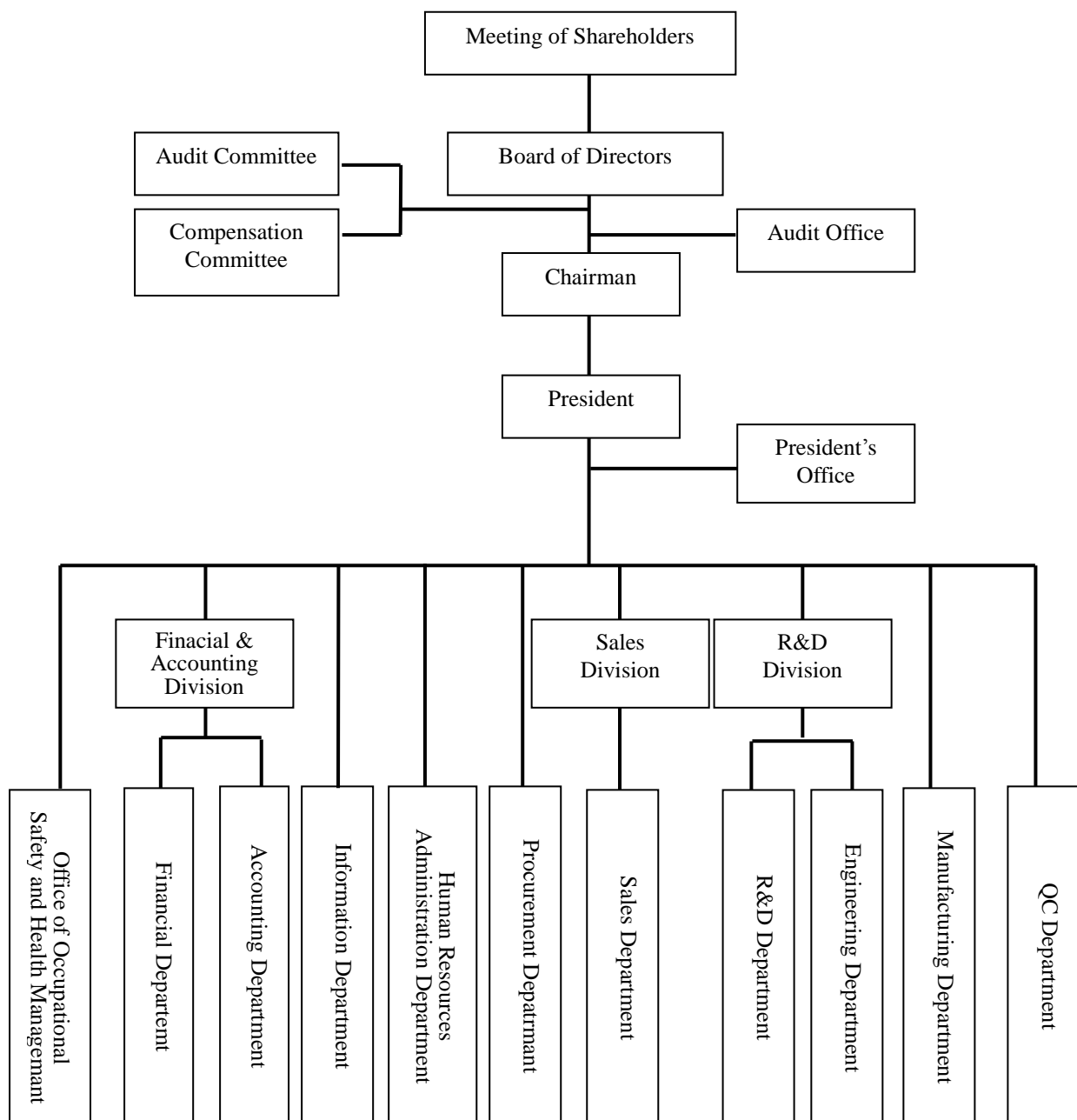
3. Corporate Governance

3.1 Organization Structure

3.1.1 Organization Chart (As of 12/31/2023)

There are a Board of Directors and Shareholders Meeting above the Company's management and the Board of Directors has established the Audit Office. The management's priority is making decisions. There are also a Chairperson's Office and President's Office; 4 divisions have been established under the Board of Director's office and the President's office: Finance and Accounting Division, Management Division, Business Division and R&D Division. There are also 11 Offices, including: Labor Safety and Health Management Office, Finance Department, Accounting Department, Information Department, Human Resources Administration Department, Procurement Department, Business Department, R&D Department, Engineering Department, Production Department and Quality Management Department.

The Company's organization is as the following chart:



3.1.2 Department Functions

Department	Main Responsibilities
Chairman's Office	Executes the Board of Directors' important decisions and each business' management strategies, plans of long-term development and their promotion; strategy establishment and plans of the integration development within the Group's businesses.
President's Office	1. Assists the President in executing tasks relating to unit communication, coordination and management. 2. Leads the Company's performance and management.
Audit Office	Assists the Board of Directors and the management in checking and reviewing the deficiency of the internal control system and evaluates operation result and its productivity. Provides improvement suggestions in a timely manner, ensuring that the internal control system may continue to be performed with efficiency. The suggestions will be used as a reference when reviewing and amending the internal control system.
Financial & Accounting Division	Finance Department: 1. Fund raising, management, uses of funds, etc.; financial report analysis, etc.; budget planning and controlling; convening of Board of Directors meetings and Shareholders meetings, relationship maintenance of shareholders, and promotion of corporate governance. 2. Holds a concurrent position at the Company's corporate ethical management and corporate governance unit.
	Accounting Department: Routine accounting affairs, periodical preparation of financial statements and management statements, account management of investee companies, and reporting and planning of tax affairs.
Sales Division	Development of customers, customer management and maintenance as well as coordination of production and sales in terms of the products produced and manufactured by the Company.
R&D Division	R&D Department : 1. Product appearance / mechanism design, pre-design review of specifications, review of drawings / models / assembly. 2. Troubleshooting and optimization of product development, coordination with different departments during the design process.
	Engineering Department : 1. Development and testing of new products, new dies and fixtures as well as R&D and supervision of new technology. 2. Technical assistance and solving production issue. 3. Preparation of trial material. 4. New die production, parts outsourcing control and manufacturing processing.
Human Resources Administration Department	1. HR planning, personnel recruiting and change, wages and labor and health insurance, education and training, performance appraisal, management for when personnel leaves their job, and personnel regulation system. 2. Fixed assets management and maintains the Company's normal operation and

	<p>related matters.</p> <p>3. Corporate responsibility concurrent unit - facilitates events including corporate commitments, social involvement and environmental protection.</p>
Information Department	Responsible for the the integration and development of the application system, information and management of information and website structure plans, construction and management of information security plans relating to the Group's operating procedures.
Procurement Department	Grasps of prices and market situation of raw materials, management of procurement procedures, procurement negotiation and supplier management.
Manufacturing Department	<p>1. Production process scheduling, shipment date control, management of raw materials and waste, shipment.</p> <p>2. Producing and manufacturing products and semi-finished products that meet quality specifications.</p> <p>3. Dies and machinery maintenance and repair, production of figs and fixtures.</p>
QC Department	<p>1. Supervises instrument calibration, production quality statistics, handling of complaints and promotion of company quality management system, and document control.</p> <p>2. Incoming inspection of raw materials and outsourced parts, manufacturing process inspection, shipment inspection, measurements of sizes of sample parts and measurements of parts in production.</p>
Office of Occupational Safety and Health Management	<p>1. Plans and supervises the labor safety and health management of all departments and implement labor safety and health education and trainings.</p> <p>2. Formulates occupational disaster prevention plans and guides related departments to carry out disaster statistics.</p> <p>3. Plans labor health examinations and implements health management.</p>

3.2 Board of Directors and Management Team

3.2.1 Introduction of Board of Directors

3.2.1.1 Director & Supervisor

As of 04/15/2024

Title	Nationality	Name	Gender / Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Selected Current Positions	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with Number of the Concerned Person			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Jin Hong Investment Limited(Note1)	-	6/15/2022	6/15/2022	3	3,600,000	5.74%	3,600,000	5.71%	0	0%	0	0%	—	—	—	—	—	—
	R.O.C	Rep.: Chen, Piao-Fu	Male 61 70 Age	12/26/2008	6/15/2022	3	0	0%	222,682	0.35%	118,708	0.19%	3,600,000	5.71%	Lee-Ming College of Technology QC supervisor of Sampo Corporation QC Assistant Manager of Dixing Industrial Co., Ltd. Chairman of Nishoku Industrial Inc. Chairman of Nishoku Technology INC.	Chairman of Nishoku Technology Inc. Chairman of SAME START LIMITED Chairman of Nishoku Hong Kong Holding Limited Chairman of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Director of SUN NICE LIMITED(SAMOA) Director of Nishoku Boueki Co., Ltd. Chairman of Nishoku Technology Vietnam Co., Ltd.	None	None	None	None
Director	R.O.C	Heng Sheng Investment Limited	-	12/26/2008	6/15/2022	3	2,263,956	3.61%	2,263,956	3.59%	0	0%	0	0%	—	—	—	—	—	—
	R.O.C	Rep.: Tsai, Chien-Sheng	Male 51 60 Age	12/26/2008	6/15/2022	3	0	0%	1,202,130	1.91%	31,805	0.05%	4,500,000	7.14%	EMBA of National Taiwan University Engineering Supervisor of Dixing Industrial Co., Ltd. President of Nishoku Industrial Inc. President of Nishoku Technology Inc.	President of Nishoku Technology Inc. Director of SAME START LIMITED Director of Nishoku Hong Kong Holding Limited Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Chairman of SUN NICE LIMITED(SAMOA) Director of Nishoku Boueki Co., Ltd. Director of Nishoku Technology Vietnam Co., Ltd. Chairman of Kunshan Nishoku Plastic Electronic Co., Ltd. Chairman of SUN NICE LIMITED(B.V.I)	Director	Wu, Ying-Lan	Spouse	None
Director	R.O.C	Ji Teng Investment Limited	-	6/15/2022	6/15/2022	3	4,500,000	7.18%	4,500,000	7.14%	0	0%	0	0%	—	—	—	—	—	—
	R.O.C	Rep.: Wu, Ying-Lan	Female 51 60 Age	6/18/2019	6/15/2022	3	0	0%	31,805	0.05%	1,202,130	1.91%	4,500,000	7.14%	Ming Chuan College Chairman of Nishoku Boueki Co., Ltd.	Chairman of Nishoku Boueki Co., Ltd. VP of Nishoku Technology Inc. Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd.	Director	Tsai, Chien-Sheng	Spouse	None

Title	Nationality	Name	Gender / Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Selected Current Positions	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with Number of the Concerned Person			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Cyuan Guan Investment Limited	-	12/26/2008	6/15/2022	3	1,855,308	2.96%	1,855,308	2.94%	0	0%	0	0%	—	—	—	—	—	—
	R.O.C	Rep.: Chang, Wen-Hsien	Male 61 70 Age	12/26/2008	6/15/2022	3	0	0%	117,309	0.19%	9,316	0.01%	4,050,000	6.42%	Ta Hwa Technical College Manufacturing Supervisor of Dixing Industrial Co., Ltd. Vice President of Nishoku Industrial Inc. Executive Vice President of Nishoku Technology Inc.	Executive Vice President of Nishoku Technology Inc. Supervisor of Nishoku Boueki Co., Ltd. Director of SAME START LIMITED Director of Nishoku Hong Kong Holding Limited Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd Director of SUN NICE LIMITED(SAMOA) Director of Nishoku Technology Vietnam Co., Ltd. Director of Kunshan Nishoku Plastic ElectronicCo., Ltd.	None	None	None	None
Director	R.O.C	Jhan Yu Investment Limited	-	12/26/2008	6/15/2022	3	2,683,082	4.28%	2,683,082	4.26%	0	0%	0	0%	—	—	—	—	—	—
	R.O.C	Rep.: Hsieh, Xin-Yi	Male 41 50 Age	1/29/2019	6/15/2022	3	0	0%	47,968	0.08%	38,400	0.06%	4,736,000	7.51%	MBA of International University of Monaco Sales of Spring Machinery Company	Principal of Zhanyu Investment Co., Ltd. Principal of Ji Teng Investment Co., Ltd	None	None	None	None
Director	R.O.C	Chang Shun Investment Limited	-	6/18/2019	6/15/2022	3	2,705,932	4.32%	2,705,932	4.29%	0	0%	0	0%	—	—	—	—	—	—
	R.O.C	Rep.: Fan, Chia-Wen	Female 41 50 Age	6/18/2019	6/15/2022	3	0	0%	194,409	0.31%	0	0%	0	0%	EMBA of Chang Gung University Flight attendants of EVA Air	CFO of Changshun Investment Co., Ltd	None	None	None	None
Independent Director	R.O.C	Lin, Horng Chang	Male 51 60 Age	6/18/2019	6/15/2022	3	0	0%	0	0%	0	0%	0	0%	MBA of George Washington University EMBA of National Taiwan University Financial Senior Manager and Spokeman of Senao International Co., Ltd CFO of HEALTHCONN CORP.	CEO of PHARMIGENE, INC. Director of GREENYN BIOTECHNOLOGY CO., LTD Independent Director of COPLUS INC. Director of Provision Information Co.,Ltd. Independent Director of TOPLUS GLOBAL CO., LTD.	None	None	None	None

Title	Nationality	Name	Gender / Age	Date First Elected	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Selected Current Positions	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with Number of the Concerned Person			Note (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Wang, Zhi Chen	Male 61 70 Age	6/15/2022	6/15/2022	3	0	0%	0	0%	0	0%	0	0%	EMBA, Institute of Management, National Taiwan University GM of INVENTEC CORPORATION	President of PWM Consultancy Inc. Independent Director of Provision Information Co.,Ltd.	None	None	None	None
Independent Director	R.O.C	Tsai, Chih Jie	Male 51 60 Age	6/15/2022	6/15/2022	3	0	0%	0	0%	0	0%	0	0%	MBA, National Taipei University Chairman of SAN FAR PROPERTY LIMITED Chairman of WitsLight Technology Corporation Limited (Samoa) Executive Vice President, Lung Yang Venture Capital (Yulong Group)	CPA of Jianda United Accounting Chairman of Jaydon Production and Economic Consultancy Inc. Chairman of Oneness Green Technology Co.,Ltd. President of GLOBAL VIEW CO., LTD. Director of GLOBAL VIEW CO., LTD. Independent Director of Silergy Corp. Supervisor of TAI FU INTERNATIONAL NETWORK CO., LTD. Independent Director of Success Prime Corporation	None	None	None	None

Note 1 Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto

3.2.1.2 Director、Supervisor Major Shareholders of the Major Shareholders that are Juridical Persons：

3.2.1.2.1 Major Shareholders of the Institutional Shareholders

As of 04/15/2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Jin Hong Investment Limited	Chen, Piao-Fu (86%)
Heng Sheng Investment Limited	LEADING PIONEER CO., LTD. (100%)
Cyuan Guan Investment Limited	STAR GATE CO., LTD. (100%)
Ji Teng Investment Limited	Wu, Ying-Lan (60%)
Jhan Yu Investment Limited	PAN OCEAN INTERNATIONAL CO., LTD.(100%)
Chang Shun Investment Limited	Quansheng Investment Co., Ltd(100%)

3.2.1.3Major Shareholders of the Major Shareholders that are Juridical Persons

As of 04/15/2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
LEADING PIONEER CO., LTD.	FAMOUS DRAGON LIMITED.(100%)
STAR GATE CO., LTD.	ELITE ALLY LIMITED.(100%)
PAN OCEAN INTERNATIONAL CO., LTD.	ADVANCE SUCCESS INTERNATIONAL LIMITED.(100%)
Quansheng Investment Co., Ltd	CFC Limited(100%)

3.2.1.4 Professional Qualifications and Independence Analysis of the Board Directors

<div>Criteria</div> <div>Name</div>	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Jin Hong Investment Limited Rep.: Chen, Piao-Fu (Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as Chairman and Chief Strategy Officer of the Company, Chairman of Nishoku Technology Vietnam Co., Ltd., Director of KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. and NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. • Directors in the past • None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Not applicable.	None
Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng (Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as President of the Company, Director of NISHOKU TECHNOLOGY VIETNAM, KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. and NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. • Directors in the past • None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Spouse of the representatives of Ji Teng Investment Limited, Wu, Ying-Lan, but no exceeding half of the board members.	None
Ji Teng Investment Limited Rep.: Wu, Ying-Lan (Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as Vice President of the Company, Chairman of NISHOKU BOUEKI CO., LTD. , and Director of NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. • None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Spouse of the representatives of Heng Sheng Investment Limited, Wu, Ying-Lan, but no exceeding half of the board members.	None

Name \ Criteria	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien (Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as Executive Vice President of the Company; President of KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. , Director of NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. and NISHOKU TECHNOLOGY VIETNAM • Directors in the past • None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Not applicable.	None
Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi (Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Person in Charge, Yi Feng Investment Co., Ltd. • None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Not applicable.	None
Chang Shun Investment Limited Rep.: Fan, Chia-Wen (Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • CFO of Chang Shun Investment Limited • None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	Not applicable.	None
Lin, Horng Chang (Independent Director)	<ul style="list-style-type: none"> • Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as CEO, PHARMIGENE, INC., The Convener of the Company's Audit committee, director of Provision Information Co., Ltd., director of GREENYN BIOTECHNOLOGY CO., LTD ,and independent director of COPLUS INC. Independent Director of TOPLUS 	<ul style="list-style-type: none"> • Independent director' conformity to the independence requirement • If the independent director, his/her spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or any of its affiliates; not holding the Company's shares. Not a director, supervisor, or employee of any company or institution having specific relationship with the Company • Not receiving compensation by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company. 	2

Name \ Criteria	Professional qualification and experience	Independence status	Number of Other Public Issuing Companies in Which the Individual is Concurrently Serving as an Independent Director
	GLOBAL CO., LTD. • None of the circumstances in the subparagraphs of Article 30 of the Company Act.		
Wang, Zhi-Chen (Independent Director)	• Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as the president of PWM Consultancy Inc., The Convener of the Company's Remuneration Committee, independent director of Provision Information Co., Ltd. • None of the circumstances in the subparagraphs of Article 30 of the Company Act.	• Independent director's conformity to the independence requirement • If the independent director, his/her spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or any of its affiliates; not holding the Company's shares. Not a director, supervisor, or employee of any company or institution having specific relationship with the Company • Not receiving compensation by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company.	1
Tsai, Chih-Jie (Independent Director)	• Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. • Currently serving as CPA of Jianda United Accounting, Chairman of Jaydon Production and Economic Consultancy Inc., Chairman of Oneness Green Technology Co., Ltd., President of GLOBAL VIEW CO., LTD., Director of GLOBAL VIEW CO., LTD., Independent Director of Success Prime Corporation., Independent Director of Silergy Corp., and Supervisor of TAI FU INTERNATIONAL NETWORK CO., LTD. • None of the circumstances in the subparagraphs of Article 30 of the Company Act	• Independent director's conformity to the independence requirement • If the independent director, his/her spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or any of its affiliates; not holding the Company's shares. Not a director, supervisor, or employee of any company or institution having specific relationship with the Company • Not receiving compensation by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company.	2

II. The board of directors' diversity and independence:

1. Specific management targets for the diversity policy

To enhance the corporate governance, and promote the healthy development of the composition and structure of the board of directors, the Company amended Article 20 of the "Corporate Governance Best Practice Principles" to adjust the diversity

guidelines. The policy indicates that the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors, as a whole, shall possess the following abilities:

- (1) The ability to make judgments about operations.
- (2) Accounting and financial analysis ability.
- (3) Business management ability.
- (4) Crisis management ability.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Leadership ability.
- (8) Decision-making ability.

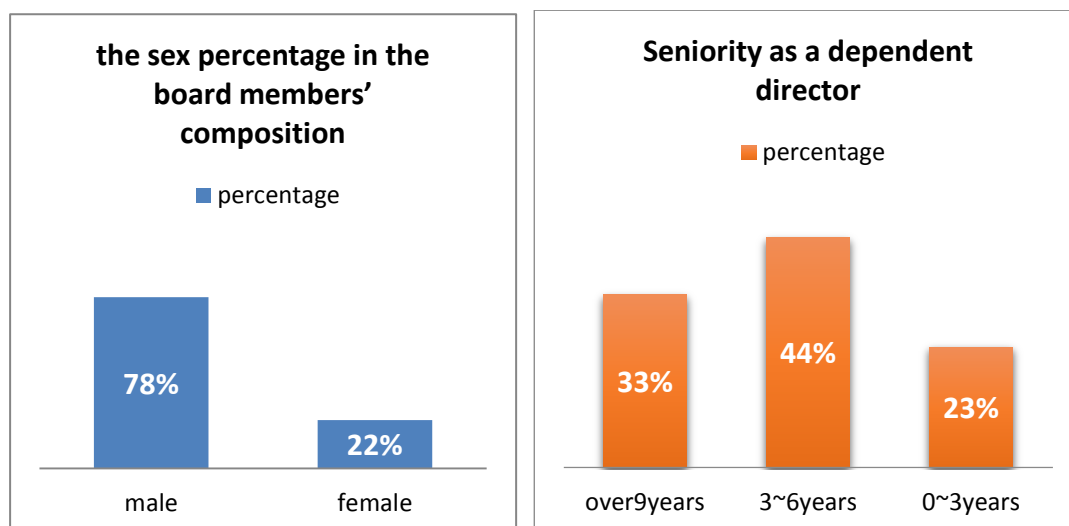
2. Implementation of the board members' diversity policy

The current board consists of nine directors, including six directors and three independent directors; among them, two are female. The independent directors are conformed to the qualifications of independent directors required by the Securities and Futures Bureau, Financial Supervisory Commission.

Each board member possesses the rich experience and expertise in finance, commerce, management, and industry.

All board members are Taiwanese. In terms of composition and structure, directors are also the employees of the Company for 45%; independent directors accounted for 33%; two female directors accounted for 22%; two directors are younger than 50 years old, four between 51-60 years old, and three are 61-70 years old. The Company also emphasizes the gender equality in the board members' composition. The goal is to have 25% or more female directors, and it is expected to find suitable talents to achieve the goal in the future re-election of directors.

The average number of terms of the current independent directors have not yet reached three. Independent director Lin, Horng Chang was reappointed for the second term, and independent directors Wang, Zhi-Chen and Tsai, Chih-Jie are all new independent directors in 2022.



Board member diversity status:

The current Board of Directors consists of 9 directors who have practical experience in corporate management of listed companies, and all of them have leadership and decision-making, crisis management and international market perspective. In addition, three of the independent directors, Lin, Horng Chang, who used to be the chief financial officer of a listed company, Wang, Zhi-Chen, who used to be the general manager of a listed company, and Tsai, Chih-Jie, who is a certified public accountant, have expertise in financial accounting, industry knowledge, and operational judgment. The other six non-independent directors, Chen, Piao-Fu, Chairman; Tsai, Chien-Sheng, Director; Wu, Ying-Lan, Director; Chang, Wen-Hsien, Director, have held key management positions as chairman or general manager or vice president of listed companies and have decades of experience in operations and management. Directors Hsieh, Xin-Yi and Fan, Chia-Wen have experience in the hotel, traditional manufacturing and investment industries, and all of the above directors have expertise in marketing, management, industry knowledge and operational judgment. The basic composition of the Board of Directors is as follows:

Item Director Name	Basic composition						Professional background				Professional knowledge and skills							
	Nationality	Sex	Employee of the Company	Age			Seniority as an independent director			Accounting/Finance	Law	Hotel/tourism	Technology and electronics	Manufacturing	The ability to make judgments about operations.	Decision-making ability.	Knowledge of the industry.	Crisis management ability.
				41-50	51-60	61-70	Less than 3 years	3-9 years	Over 9 years.									
Chen, Piao-Fu	ROC	Male	◎			◎								◎	◎	◎	◎	◎

Tsai, Chien-Sheng	ROC	Male	◎		◎									◎	◎	◎	◎	◎
Wu, Ying-Lan	ROC	Female	◎		◎				◎					◎	◎	◎	◎	◎
Chang, Wen-Hsien	ROC	Male	◎			◎								◎	◎	◎	◎	◎
Hsieh, Xin-Yi	ROC	Male		◎										◎	◎	◎	◎	◎
Fan, Chia-Wen	ROC	Female		◎					◎			◎		◎	◎	◎	◎	◎
Lin, Horng- Chang	ROC	Male			◎			◎		◎		◎	◎	◎	◎	◎	◎	◎
Wang, Zhi-Chen	ROC	Male				◎	◎						◎	◎	◎	◎	◎	◎
Tsai, Chih-Jie	ROC	Male			◎		◎			◎			◎	◎	◎	◎	◎	◎

3. The board of directors' independence:

The election procedures of all directors are open and just, complying with the “Articles of Incorporation,” the “Procedures for Election of Directors,” the “Corporate Governance Best Practice Principles,” the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and “Article 14-2 of the Securities and Exchange Act.” The current board consists of nine directors, including six directors and three independent directors. The independent directors accounted for 33%. As of the end of 2023, all independent directors complied with the regulations related to the independent directors by the Securities and Futures Bureau, Financial Supervisory Commission; between directors and independent directors, there is no circumstance provided in paragraph 3 and 4 of Article 26-3, the Securities and Exchange Act.

Among the directors, the representatives of Heng Sheng Investment Limited, Tsai, Chien-Sheng and Ji Teng Investment Limited, Wu, Ying-Lan are couples, but no exceeding half of the board members.

In nutshell, the board of directors of the Company is independent.

3.2.2 Introduction of the Management Team

As of 04/15/2024

Title	Nationality	Name	Gender	On-board Date	Current Shareholding (Note)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Selected Current Positions	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with Number of the Concerned Person			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Chen, Piao-Fu	Male	12/27/2011	222,682	0.35%	118,708	0.19%	3,600,000	5.71%	Lee-Ming College of Technology Chairman of Nishoku Technology Inc.	Chairman of SAME START LIMITED Chairman of Nishoku Hong Kong Holding Limited Chairman of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Director of SUN NICE LIMITED(SAMOA) Director of Nishoku Boueki Co., Ltd. Chairman of Nishoku Technology Vietnam Co., Ltd.	None	None	None	N.A.
President	R.O.C	Tsai, Chien-Sheng	Male	3/1/2007	1,202,130	1.91%	31,805	0.05%	4,500,000	7.14%	EMBA of National Taiwan University President of Nishoku Technology Inc.	Director of SAME START LIMITED Director of Nishoku Hong Kong Holding Limited Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Chairman of SUN NICE LIMITED(SAMOA) Director of Nishoku Boueki Co., Ltd. Director of Nishoku Technology Vietnam Co., Ltd. Chairman of Kunshan Nishoku Plastic ElectronicCo., Ltd. Chairman of SUN NICE LIMITED(B.V.I)	Vice President	Wu, Ying-Lan	Spouse	
Executive Vice President	R.O.C	Chang, Wen-Hsien	Male	1/1/2008	117,309	0.19%	9,316	0.01%	4,050,000	6.42%	Ta Hwa Technical College Executive Vice President of Nishoku Technology Inc. President of Kunshan Nishoku Plastic ElectronicCo., Ltd.	Director of SAME START LIMITED Director of Nishoku Hong Kong Holding Limited Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Director of SUN NICE LIMITED(SAMOA) Director of Nishoku Technology Vietnam Co., Ltd. Director of Kunshan Nishoku Plastic ElectronicCo., Ltd	None	None	None	
Vice President	R.O.C	Wu, Ying-Lan	Female	1/1/2021	31,805	0.05%	1,202,130	1.91%	4,500,000	7.14%	Ming Chuan College Chairman of Nishoku Boueki Co., Ltd. VP of Nishoku Technology Inc.	Chairman of Nishoku Boueki Co., Ltd. Director of Nishoku Plastic Mold (Shenzhen) Co., Ltd.	Director	Tsai, Chien-Sheng	Spouse	
Assistant vice president	R.O.C	Lin, Tzu-Husan	Female	5/1/2010	400	0.00%	0	0%	0	0%	Master degree in Accounting, National Taipei University Manager of Alchip Technologies, Limited Assistant Manager of Deloitte.	Accounting Supervisor of Nishoku Boueki Co., Ltd. Accounting Supervisor of Same Start Ltd.(Anguilla) Accounting Supervisor of Nishoku Hong Kong Holding Limited Accounting Supervisor of Sun Nice Ltd. (Samoa) Accounting Supervisor of Sun Nice Ltd. (B.V.I.)	None	None	None	

Title	Nationality	Name	Gender	On-board Date	Current Shareholding (Note)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Selected Current Positions	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with Number of the Concerned Person			Note (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Manager	R.O.C	Cheng, Chao-Ming	Male	6/27/2017	0	0.00%	0	0%	0	0%	Bachelor degree of National Taipei University of Technology Engineering dep. Of Kuang Wu Industry and Commerce Junior College Manager of Nishoku Plastic Mold (Shenzhen) Co., Ltd. Xiamen, Jien Tyen Industry Co., Ltd., manufacturing manager.	None	None	None	None	

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

3.3 Remuneration and Compensation Paid to Directors, the President, and Vice President

3.3.1 Remuneration Paid to Director

As of 12/31/2023 , Unit : NTD thousand ; %

Title			Name	Remuneration								Total remuneration A+B+C+D) as a % of net income		Compensation Earned by a Director Who is an Employee of Pegatron or its Consolidated Entities								Total remuneration A+B+C+D+E+F+G) as a % of net income		Compensation paid to directors from non-consolidated affiliates
				Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors(C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
				From Pegatron	From all consolidated entities	From Pegatron	From all consolidated entities	From Pegatron	From all consolidated entities	From Pegatron	From all consolidated entities			From Pegatron	From all consolidated entities	From Pegatron	From all consolidated entities	Cash	Stock	Cash	Stock			
Director	Chairman	Jin Hong Investment Limited (Note 2)	0	0	0	0	6,004	6,004	360	360	1.31%	1.31%	23,064	23,064	324	324	9,440	0	9,440	0	8.04%	8.04%	0	
	Rep	Chen, Piao-Fu																						
	Director	Heng Sheng Investment Limited																						
	Rep	Tsai, Chien-Sheng																						
	Director	Ji Teng Investment Limited(Note 2)																						
	Rep	Wu, Ying-Lan																						
	Director	Cyuan Guan Investment Limited																						
	Rep	Chang, Wen-Hsien																						
	Director	Jhan Yu Investment Limited																						
	Rep	Hsieh, Xin-Yi																						
Director	Chang Shun Investment Limited																							
Rep	Fan, Chia-Wen																							
Independent Director	Independent Director	Lin, Horng Chang	0	0	0	0	3,152	3,152	200	200	0.69%	0.69%	0	0	0	0	0	0	0	0	0.69%	0.69%	0	
	Independent Director	Wang, Zhi-Chen																						
	Independent Director	Tsai, Chih-Jie																						

1. Please describe the independent directors' remuneration policy, system, standards, and structure, and explain the factors including the independent directors' duties, risks, and invested time connecting to the remuneration amount: The Company's remuneration to independent directors is handled in accordance with the Company's Articles of Incorporation. After the Remuneration Committee has been established on April 25, 2011, related remuneration motions are proposed by the Remuneration Committee and are implemented after being discussed by the Board of Directors. Remuneration to independent directors is determined by the duties, risks,

time invested and contribution carried out by them. The Company takes references from related results of the performance evaluation conducted each year and usual standards of peers in the same industry. After being reviewed by the Remuneration Committee, it will be determined by the Board of Directors and it may not exceed the amount stipulated in the Company's Articles of Incorporation. As summarized above, the Company's policy of remuneration to independent directors and procedures for remuneration determination are positively linked to the management performance. The Company also reviews the remuneration system in a timely manner according to the actual operating situation and applicable acts and regulations, in order to balance the Company's sustainable management and risk control.

2. Remuneration received by directors for providing service to any company included in the financial statements (Such as serving as a consultant to all non-employees of the parent company/financial report of all companies/reinvested enterprises, etc.) in the last year: None.

Note 1 : Pursuant to Article 20 of the Company's Articles of Incorporation, in circumstances where the Company has an annual profit, the Company shall appropriate remuneration of no less than 1% and no higher than 5% to employees and directors, respectively.

Range of Remunerations for Directors

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	The company Companies in the financial report	The company	The company Companies in the financial report
Below NT\$ 1,000,000	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi. 、 Chang Shun Investment Limited Rep.: Fan, Chia-Wen	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi 、 Chang Shun Investment Limited Rep.: Fan, Chia-Wen		
NT\$1,000,000(Included) ~ NT\$2,000,000(Excluded)	Jin Hong Investment Limited Rep.: Chen, Piao-Fu 、 Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng 、 Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien 、 Ji Teng Investment Limited Rep.: Wu, Ying-Lan 、 Lin, Horng-Chang 、 Wang, Zhi-Chen 、 Tsai, Chih-Jie	Jin Hong Investment Limited Rep.: Chen, Piao-Fu 、 Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng 、 Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien 、 Ji Teng Investment Limited Rep.: Wu, Ying-Lan 、 Lin, Horng-Chang 、 Wang, Zhi-Chen 、 Tsai, Chih-Jie	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi 、 Chang Shun Investment Limited Rep.: Fan, Chia-Wen 、 Lin, Horng-Chang 、 Wang, Zhi-Chen 、 Tsai, Chih-Jie	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi 、 Chang Shun Investment Limited Rep.: Fan, Chia-Wen 、 Lin, Horng-Chang 、 Wang, Zhi-Chen 、 Tsai, Chih-Jie
NT\$2,000,000(Included) ~ NT\$3,500,000(Excluded)				
NT\$3,500,000(Included) ~ NT\$5,000,000(Excluded)				
NT\$5,000,000(Included) ~ NT\$10,000,000(Excluded)			Jin Hong Investment Limited Rep.: Chen, Piao-Fu 、 Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng 、 Cyuan Guan Investment Limited Rep.: Chang,	Jin Hong Investment Limited Rep.: Chen, Piao-Fu 、 Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng 、 Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien 、

			Wen-Hsien 、 Ji Teng Investment Limited Rep.: Wu, Ying-Lan	Ji Teng Investment Limited Rep.: Wu, Ying-Lan
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

3.3.2. Remuneration Paid to Supervisor : The company has set up an audit committee to Replace the supervisors so it is not applicable

3.3.3 Compensation Paid to President and Vice President

3.3.3.1 Compensation Paid to President and Vice President

12/31/2023, Unit: NT\$; %

Title	Name	Salary(A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total remuneration (A+B+C+D) as a % of net income		Compensation paid to directors from non-consolidated affiliates
		From Pegatron	From all consolidated entities	From Pegatron	From all consolidated entities	From Pegatron	From all consolidated entities	From Pegatron		From all consolidated entities		From Pegatron	From all consolidated entities	
								Cash	Stock	Cash	Stock			
Chief Strategy Officer	Chen, Piao-Fu	14,918	14,918	324	324	8,146	8,146	9,440	0	9,440	0	6.74%	6.74%	None
President	Tsai, Chien-Sheng													
Executive Vice President	Chang, Wen-Hsien													
Vice President	Wu, Ying-Lan													

Note 1: The Company's distribution of remuneration to employees is according to the provisions stipulated in Article 20 in the Articles of Incorporation.

In case the Company has yearly profit, at least 1% shall be appropriated as staff reward and less than 5% as rewards for directors and supervisors. In case the company has accumulative losses (including adjusted unappropriated earnings), reserve shall be made as remuneration.

Note 2: The policies, standards, and packages, the procedure for determining managerial officers' remunerations, and its linkage to operating performance and future risk exposure: the remunerations paid to the managerial officers are based on the functions, contributions, the Company's operating results of the year, while considering the future risks, deliberated by the Remuneration Committee, and resolved by the board of directors.

Remuneration Brackets Table

Bracket	Name of General Manager and Deputy General Manager	
	The company	The company Companies in the financial report E
Below NT\$ 1,000,000		
NT\$1,000,000(Included) ~ NT\$2,000,000(Excluded)		
NT\$2,000,000(Included) ~ NT\$3,500,000(Excluded)		
NT\$3,500,000(Included) ~ NT\$5,000,000(Excluded)		
NT\$5,000,000(Included) ~ NT\$10,000,000(Excluded)	Chen, Piao-Fu 、Tsai, Chien-Sheng 、Chang, Wen-Hsien 、Wu, Ying-Lan	Chen, Piao-Fu 、Tsai, Chien-Sheng 、Chang, Wen-Hsien 、Wu, Ying-Lan
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	4	4

3.3.3.2 Employee Profit Sharing Granted to Management Team

unit : Thousand shares; NT\$ thousand

	Position	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income(%)
Managers	Chief Strategy Officer	Chen, Piao-Fu	0	10,952	10,952	2.25%
	President	Tsai, Chien-Sheng				
	Executive Vice President	Chang, Wen-Hsien				
	Vice President	Wu, Ying-Lan				
	Assistant vice president	Lin, Tzu-Husan				
	Manager	Cheng,Chao-Ming				

Note 1: The Company's distribution of remuneration to employees is according to the provisions stipulated in Article 20 in the Articles of Incorporation.

In case the Company has yearly profit, at least 1% shall be appropriated as staff reward and less than 5% as rewards for directors and supervisors. In case the company has accumulative losses (including adjusted unappropriated earnings), reserve shall be made as remuneration.

The 2023 remuneration in cash to employees was NT\$24,300 thousand which has been deliberated by the Remuneration Committee held on January 30, 2024, then approved by the Board of Directors held on February 29, 2024 and has been submitted to the General Meeting of Shareholders for 2024.

3.3.4 Compare and state the ratio of total remuneration paid to the Company's Directors, President and Vice Presidents by the company and the companies in the consolidated financial statements to net income in the past two years. Please also describe the policy, criteria, packages and rules relating to the remuneration, as well as its relation to business performance and future risks.

3.3.4.1 Total amount of remuneration as a percentage of net income in the parent company only and consolidated financial statements

Unit: NTD thousand; %

Year	2023				2022			
Title	Total Remuneration		Total amount of remuneration as a percentage of net income %		Total Remuneration		Total amount of remuneration as a percentage of net income %	
	The company	Companies in the consolidated Financial statements	The company	Companies in the consolidated Financial statements	The company	Companies in the consolidated Financial statements	The company	Companies in the consolidated Financial statements
Director	9,716	9,716	1.99%	1.99%	10,850	10,850	1.53%	1.53%
President& Vice president	32,828	32,828	6.74%	6.74%	35,742	35,742	5.04%	5.04%
Total	42,544	42,544	8.73%	8.73%	46,592	46,592	6.57%	6.57%

Note 1: The Audit Committee was establish on June 18, 2019; in 2023, the directors' remunerations and the total remunerations to the President and Vice Presidents decreased from 2022, because the net income after tax decrease in 2023, which was deducted in order to truthfully reflect operational situations, and thus decreased payment of bonus.

3.3.4.2 Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks

(1) Policy, standard, and mix of the remunerations paid.

A. Directors

The Company's remuneration distribution to directors are in compliance with Article 20 of the Company's Articles of Incorporation, in circumstances where the Company has an annual profit, the Company shall appropriate remuneration of no less than 1% and no higher than 5% to employees and directors, respectively. However, the Company's accumulated losses shall first have been covered. It has been passed via a special resolution by the Board of Directors and submitted to the Shareholders Meeting.

The payment of remuneration depends on the degree of participation and contribution value of each director, and is determined according to the relevant results of the performance of directors regularly evaluated pursuant to the "Procedures for the Board of Directors Performance Evaluation" and the usual level of the industry, while taking into account the Company's overall operating performance, future risks in the industry and development trend, to give reasonable remuneration. The Chairman's performance is measured based on the results of annual operating indicators of the Company's operations, corporate governance and financial results of the Company, including at least but not limited to pre-tax net income, corporate governance evaluation, etc. , the said remunerations have been deliberated by the Remuneration Committee, and then resolved by the board of directors; the maximum set forth in the Articles of Incorporation must not be exceeded.

B. President and Vice President

The remunerations of the President 、the Vice Presidents and Managerial Officers are based on the various allowances and bonuses set forth in the "Management Regulations Governing Appointment and Remunerations of Managerial Officers," and "Regulations for Wage Management" as the appreciation and rewards to employees for their efforts. The remuneration is divided into two major components: I. financial indicators that take into account the Company's annual operating performance, financial position and operational status, and the achievement of the manager's goals; II. non-financial indicators that take into account the individual's time commitment, responsibilities, performance of core management functions and other duties.

Where the Company has an annual profit, pursuant to Article 20 of the Company's Articles of Incorporation, at least 1% shall be appropriated as employee remuneration". The performance evaluation is conducted pursuant to the "Management Regulations for Employee's Performance Management and Appraisal," its result are used as a reference for issuing managerial officers' remunerations. The appraisal includes the results of project or task target execution (or including the achievement of KPI), core functions, and

management performance (management functions), to calculate the remunerations for managerial officers' performance. The said payments are determined after deliberation by the Remuneration Committee and resolved by the board of directors.

- C. The remuneration mix paid by this Company is determined pursuant to the Remuneration Committee Charter, including cash remuneration, stock options, bonus and share dividends, retirement benefits, or severance pay, various allowances and other measures with substantial rewards. Its scope should be consistent with the remuneration of directors and managerial officers as provided in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedure for determining remuneration

To regularly evaluate the remuneration of directors and managerial officers, the Company takes the evaluation results pursuant to the "Procedures for the Board of Directors Performance Evaluation" and the "Management Regulations for Employee's Performance Management and Appraisal" applicable to managerial officers and employees as the basis.

The directors and managerial officers' performance evaluation and the reasonableness of the remuneration are reviewed and evaluated regularly by the Remuneration Committee and the board of directors every year. Remuneration to senior managers takes into consideration their individual performance achievements and contributions, as well as the overall operational performance of the Company and its commitment to promoting sustainable development through ESG initiatives when setting annual targets relevant to their duties. Such targets include, but are not limited to, achieving key ESG indicators such as greenhouse gas emission reduction, energy conservation, talent recruitment and retention rates, product quality and safety, and customer service satisfaction. Additionally, the remuneration system is periodically reviewed in accordance with relevant regulations. The actual amount of remuneration paid to directors and managerial officers every year is deliberated by the Remuneration Committee, and submitted to the board of directors to determine.

(3) Linkage to operating performance and future risk exposure.

The performance objectives of the managerial officers are integrated with "risk control," to reduce the possible risks generated within the scope of responsibilities, and further manage the occurrence of risks. According to the results of actual performance, various human resources and remuneration policies are linked to. The key decisions of the current management are all made after measuring various risk factors, and the relevant decisions are reflected in the Company's profitability, while the remuneration of the management is related to the performance of its risk control.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in 2023. The directors' attendance status is as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%) (B / A)	Remarks
Chairman	Jin Hong Investment Limited Rep.: Chen, Piao-Fu	6	0	100%	
Director	Heng Sheng Investment Limited Rep.: Tsai, Chien-Sheng	6	0	100%	
Director	Ji Teng Investment Limited Rep.: Wu, Ying-Lan	6	0	100%	
Director	Cyuan Guan Investment Limited Rep.: Chang, Wen-Hsien	6	0	100%	
Director	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi	6	0	100%	
Director	Chang Shun Investment Limited Rep.: Fan, Chia-Wen	6	0	100%	
Independent Director	Lin, Horng-Chang	6	0	100%	
Independent Director	Wang, Zhi-Chen	5	1	83.3%	
Independent Director	Tsai, Chih-Jie	5	1	83.3%	

Other issues to be recorded:

1.If operation of the Board of Directors encounters one of the following circumstances, the date, session of the board meeting, content of the proposal, opinions of all Independent Directors, and the Company's handling of the aforementioned opinions should be clarified:

1) Article 14(3) of the Securities and Exchange Act:

The company has set up an audit committee, in accordance with the Article 14-5 of the Securities and Exchange Act so it is not applicable the Article 14-3 of the Securities and Exchange Act

2) Except for the preceding items, other resolutions expressed disapproval or reservations by Independent Directors through written statements or records: None.

2.In implementation of avoidance of conflict of interest for certain proposals, the names of the Directors, content of the proposals, reasons for the recusal, and the participation in the voting were clarified as follows:

1. February 24, 2023 (1st board meeting in 2023)

(1) Discussion of the proposal to distribute the directors' remunerations: the proposal was voted for each director's remuneration individually; the concern director recused him/herself due to conflict of interest, not participating the discussion and voting.

(2) Discussion of the proposal to distribute the managerial officers' remunerations: the Chairman, Chen, Piao-Fu, and Directors Tsai, Chien-Sheng, Chang, Wen-Hsien, and Wu, Ying-Lan will receive the remunerations; therefore they recused themselves due to

conflict of interest, not participating the discussion and voting.

2. February 29, 2024 (1st board meeting in 2024)

- (1) Discussion of the proposal to distribute the directors' remunerations: the proposal was voted for each director's remuneration individually; the concern director recused him/herself due to conflict of interest, not participating the discussion and voting.
- (2) Discussion of the proposal to distribute the managerial officers' remunerations: the Chairman, Chen, Piao-Fu, and Directors Tsai, Chien-Sheng, Chang, Wen-Hsien, and Wu, Ying-Lan will receive the remunerations; therefore they recused themselves due to conflict of interest, not participating the discussion and voting.

3. TWSE/TPEX Listed Companies should disclose information including the evaluation cycle and period, evaluation scope, method and evaluation content of the Board's self (or peer) evaluation and the Evaluation of the Board of Directors in Attachment should be filled in:

Nature	Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Board of Directors	Executed once a year	2023.01.01~2023.12.31	Entire board of directors and individual board members	Internal self-evaluation of board of directors and board member self-evaluation	<p>The measurement items for the performance evaluation of the board of directors of the Company include the following five major aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. <p>The measurement items for the self-evaluation of the members of the board of directors include the following six major aspects:</p> <ol style="list-style-type: none"> 1. Alignment of the goals and mission of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control.
Functional committees			Remuneration Committee and Audit Committee	Committee members Internal self-evaluation	<p>The measurement items for the internal self-evaluation of the functional committee and self-evaluation of members thereof include the following five major aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Composition of the functional committee and election of its members; and 5. Internal control.

4. Measures the objectives to strengthen the functionality of the Board and execution status in the current year and the recent years:

- (1) The Company's members of the Board of Directors attach great importance to the elements of diversification. The term of the Board of Directors expired on June 15, 2022; fully new directors were appointed by the election, 2 female directors were newly elected who have different professional backgrounds in terms of knowledge, skills and industries needed for the position. The 2 directors take in reports discussed by the management team on the Board of Directors meeting and offer guidance and suggestions while maintaining sound communication with the management team, creating best interests for shareholders.

In 2023, the Company held a total of 6 Board of Directors meetings which is in compliance with the provisions stipulated in the Rules and Procedures for Board Meetings that at least one meeting shall be conducted each quarter. Important motions are publicly announced on the MOPS in accordance with the law so as to make the information public.

- (2) Create a good board governance system of the Company; strengthen the functions of supervision and management mechanism which meet the Company's Board Meeting rules. The Audit Committee was established in 2019.
- (3) On June 30, 2020, the Company appointed, upon the resolution of the board of directors, Assistant Vice President Tzu-Hsuan Lin of Financial and Accounting Division, as the Corporate Governance Officer. She holds both accountant qualification in Taiwan and the U.S, and has served as an officer in a public company for accounting, financial, shareholder services and affairs related to corporate governance for more than 3 years, so she is qualified as required by laws and regulations.
- (4) In 2021, an external organization, the Chinese Corporate Governance Association, was appointed to conduct a performance evaluation of the board of directors. The evaluation period was from March 1, 2020 to February 28, 2021, and the results were presented to the board of directors report on June 30, 2021; in the same year The revised "Measures for Board Performance Evaluation" is in line with the current practice, and it is specified that the evaluation should be carried out by an external professional independent organization or an external team of experts and scholars at least once every three years. Also started the performance evaluation for external directors in 2024.
- (5) The 2023 evaluation result conducted by the Board in accordance with the Regulations Governing the Board Performance Evaluation is as follows; it has been determined by the review of the Company's Remuneration Committee on January 30, 2024 then is submitted to the Board of Directors meeting on February 29, 2024.
Evaluation period: January 1, 2023 - December 31, 2023
 - (a) The total evaluation score for the Board is 100 points and the evaluation result is 99.09
 - (b) The total evaluation score for the Board members is 100 points and the evaluation result is 97.10.
 - (c) The total score of each functional committee is 100 points, and the scoring results are as follows:
 - (1) Remuneration committee, result is 100
 - (2) Audit Committee, result is 99.13

Regarding the aforementioned evaluation result:

1. Entire board of directors - The board of directors performance evaluation indicators include five major aspects for a total 45 indicators, and the evaluation result is: Excellent (99.09) The board members and operation status are relative mature. In addition to certain level of understanding on the operation of the management team, all of the board members are able fulfill their supervisory responsibilities as directors, thereby complying the implementation standard for corporate governance.
2. Individual board member - The board member performance evaluation indicators include six major aspects for a total of 23 indicators, and the evaluation result is: Excellent (97.10), indicating that each director receives positive evaluation result in the operation efficiency and effect for all indicators.
3. Each functional committee - The board member performance evaluation indicators include five major aspects for a total of 25 indicators,
 - (1) Remuneration committee, result is "Excellent" (100)
 - (2) Audit Committee, result is "Excellent" (99.13)The Audit Committee and Remuneration Committee are composed of professionals and are actively engaged in the operation and internal relationship management of the Company, indicating the complete and thorough operation of the functional committees.

3.4.2 Operation status of the Audit Committee or participation of the supervisors in the operation of the Board:

The Company had supervisors, but with the goal of strengthening corporate governance, the Company established the Audit Committee after the election carried out on the General Meeting of Shareholders held in 2019 before regulations were set out by the competent authority. Aside from executing duties of supervisors relating to applicable laws and regulations, the Company's Audit Committee also assists the Board to exercise their duties of with an aim of supervising the appropriateness of the Company's financial statements, the selection (dismissal), independence and performance of CPAs, the effective implementation of the Company's internal control, the Company's compliance with applicable laws and regulations, and managing and controlling the Company's existing or potential risks.

The main review matters for the Audit Committee of this year includes

- Review quarterly financial statements
- Establish or amend internal control system and relevant important procedures
- Review the effectiveness of the internal control system
- A material monetary loan, endorsement, or provision of a guarantee.
- The hiring, discharge, or compensation of an attesting CPA.
- Business report and proposal for distribution of profit or covering losses.
- Reviewing the adequacy of various risk management policies and frameworks, altering and responding to material risk management issues, supervising improvement mechanisms, and regularly reporting the execution of risk management to the Board of Directors.

3.4.2.1 Audit Committee :

A total of 6 (A) meetings of the audit committee were held in 2023. The independent directors' attendance status is as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%) (B / A)	Remarks
Independent Director (The convener of 2nd term)	Lin, Horng- Chang	6	0	100%	
Independent Director	Wang, Zhi-Chen	5	1	83.3%	
Independent Director	Tsai , Chih-Jie	6	0	100%	

Remarks:

1. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, independent directors' dissent, qualified opinion, or material recommendations, opinions of the Audit Committee and the Company's handling of said opinions:

(I) The listed items on Article 14-5 of the Securities and Exchange Act:

Date/session of board of directors' meeting	Proposal content and subsequent handling	Matters specified in §14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but with the consent of more than two-thirds of all directors
2023/02/24 (The 5th meeting of the 2nd term)	(1) Proposal for the Company's 2022 parent only and consolidated financial statements	✓	None
	(2) Proposal for the 2022 Business Report	✓	None
	(3) Proposal for the 2022 Internal control system declaration	✓	None
	(4) Proposal for amendment to the "Procedures for Handling Material Inside Information"	✓	None
	(5) Proposal for amendment to the "R&D cycle	✓	None
	(6) Proposal for the company provided the Mega International Commercial Bank, CTBC Bank Co., Ltd., and Citibank Taiwan Ltd. credit line endorsement guarantee to the subsidiary Nishoku Technology Vietnam Co., Ltd.	✓	None
	Resolution Result of Audit Committee: Approved by the Audit Committee Meeting attended by all Audit Committee members.		
	Company's Handling for Opinions of Audit Committee: Submitted to the board of directors' meeting and approved by all attending independent directors and directors.		
2023/04/28 (The 6th meeting of the 2nd term)	(1) Consolidated financial statements of Q1, 2023	✓	None
	(2) Proposal on The Company's 2022 Earnings Distribution Proposal	✓	None
	(3) Proposal for amendment to the "Corporate Governance Best Practice Principles" and "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"	✓	None
	(4) Proposal for private placement of common shares through cash capital increase.	✓	None
	(5) Motion for the Company's 2023 independence evaluation of CPAs appointed by the CPA firm.	✓	None
	(6) Motion for amendment to the "Measures for Self Assessment of the Internal Control".	✓	None
	(7) Proposal for redemption and cancellation of restricted stock awards (RSA) by relevant authority.	✓	None
	Resolution Result of Audit Committee: Approved by the Audit Committee Meeting attended by all Audit Committee members.		
2023/06/29 (The 7th meeting of the 2nd term)	Company's Handling for Opinions of Audit Committee: Submitted to the board of directors' meeting and approved by all attending independent directors and directors.		
	(1) Motion for the proposal of the investment in Nishoku Technology Vietnam Co., Ltd.	✓	None
	(2) Motion for the proposal of the investment in Nishoku Technology Vietnam Co., Ltd.	✓	None
	(3) Motion for the proposal of the investment in Nishoku Technology Vietnam Co., Ltd.	✓	None
	Resolution Result of Audit Committee: Approved by the Audit Committee Meeting attended by all Audit Committee members.		

	Company's Handling for Opinions of Audit Committee: Submitted to the board of directors' meeting and approved by all attending independent directors and directors.		
2023/08/04 (The 8th meeting of the 2nd term)	(1) Motion for the Consolidated Financial Statements for the Second quarter of 2023.	✓	None
	(2) Proposal for the loaning of funds to the offshore company Nishoku Technology Vietnam Co. Ltd. with 100% equity directly held by the Company.	✓	None
	(3) Proposal for amendment to the "Group Approval Authority Table"	✓	None
	Resolution Result of Audit Committee: Approved by the Audit Committee Meeting attended by all Audit Committee members.		
	Company's Handling for Opinions of Audit Committee: Submitted to the board of directors' meeting and approved by all attending independent directors and directors.		
2023/10/27 (The 9th meeting of the 2nd term)	(1) Motion for the Consolidated Financial Statements for the Third quarter of 2023.	✓	None
	(2) Proposal for The company provided the first commercial bank credit line endorsement guarantee to the subsidiary Nishoku Technology Vietnam Co., Ltd.	✓	None
	(3) Motion for amendment to the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies"	✓	None
	Resolution Result of Audit Committee: Approved by the Audit Committee Meeting attended by all Audit Committee members.		
	Company's Handling for Opinions of Audit Committee: Submitted to the board of directors' meeting and approved by all attending independent directors and directors.		
2023/12/27 (The 10th meeting of the 2nd term)	(1) Proposal for 2024 annual budget and business plans.	✓	None
	(2) Proposal for 2024 annual audit plans.	✓	None
	(3) Motion for the Company's 2024 independence evaluation of CPAs appointed by the CPA firm.	✓	None
	(4) Proposal of establishment of the general principles for the Company's 2023 pre-approved non-assurance service policy.	✓	None
	(5) Proposal for The company provided the Taipei Fubon commercial bank credit line endorsement guarantee to the subsidiary Nishoku Technology Vietnam Co., Ltd.	✓	None
	(6) Proposal for redemption and cancellation of restricted stock awards (RSA) by relevant authority.	✓	None
	(7) Motion for amendment to the "Risk management measures".	✓	None
	Resolution Result of Audit Committee: Approved by the Audit Committee Meeting attended by all Audit Committee members.		
	Company's Handling for Opinions of Audit Committee: Submitted to the board of directors' meeting and approved by all attending independent directors and directors.		

(II) Other than those described above, any resolutions not approved by the Audit Committee but passed by more than two-thirds of directors: None.

2. For the implementation of independent directors' recusal for conflicts of interests, the independent directors' name, topic discussed, reasons for the required recusal and participation in the voting process: in 2023, there were no motions that had any conflict of interest between the Audit Committee and independent directors.
3. Descriptions of the communications between the independent directors, the internal auditors, and the independent auditors in 2023:
 1. The Company's internal Audit Officer discusses audit report results with members of the Audit Committee on a regular basis, and makes an internal audit report in the Audit Committee meeting each quarter. Where there is a special circumstance, members of the

Audit Committee will also be reported to immediately. In 2023, there was no occurrence of any of the situation stated above.

2. The Company's CPAs periodically reports the audit result or review result of financial statements on Audit Committee meetings as well as other matters required by other applicable laws and regulations. Where there is a special circumstance, members of the Audit Committee will also be reported to immediately. In 2023, there was no occurrence of any of the situation stated above.

3. Communication status is as follows:

(1) Communication status for internal audits

Date	Attendees	Key points of communication	Results of communication
2023/02/24	Independent Director Lin, Horng Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie Audit Supervisor Cheng,Chao-Ming	1. Report on the January 2023 audit implementation. 2. According to the outcomes of 2022 self-assessment of the internal control system, no material deficiency was found, and the design and execution of the internal control system were assessed comprehensively as effective, with the "Statement of Internal Control System" issued.	No opinion was raised in the meeting.
2023/04/28	Independent Director Lin, Horng Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie Audit Supervisor Cheng,Chao-Ming	1. Report on the March 2023 audit implementation. 2. Report on the amendment to the "Measures for Self Assessment of the Internal Control".	No opinion was raised in the meeting.
2023/06/29	Independent Director Lin, Horng Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie Audit Supervisor Cheng,Chao-Ming	Report on the May 2023 audit implementation	No opinion was raised in the meeting.
2023/08/04	Independent Director Lin, Horng-Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie Audit Supervisor Cheng,Chao-Ming	Report on the June 2023 audit implementation.	No opinion was raised in the meeting.
2023/10/27	Independent Director Lin, Horng-Chang Audit Supervisor Cheng,Chao-Ming	Report on the September 2023 audit implementation	No opinion was raised in the meeting.
2023/12/27	Independent Director Lin, Horng-Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie Audit Supervisor Cheng,Chao-Ming	Report on the November 2023 audit implementation. Report on 2024 annual audit plans.	No opinion was raised in the meeting.

(2) Commutation status with CPAs

Date	Attendees	Key points of communication	Results of communication
2023/02/24	Independent Director Lin, Horng-Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie CPA Huang, Yung-Hua	1. The CPAs explained the 2022 audited financial report, and discussed the audit findings. 2. The CPAs reported the internal control audit results to the Company 3. The CPAs discussed the effects of latest amended accounting principles and regulations on the Company. 4. Discussion and communication of CPAs focusing questions asked by personnel participating in the meeting.	No opinion was raised in the meeting.
2023/04/28	Independent Director Lin, Horng-Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie CPA Huang, Yung-Hua	1. The CPAs explained the first quarter 2023 audited financial report, and discussed the audit findings. 2. The CPAs discussed the effects of updated key regulations on the Company. 3. Discussion and communication of CPAs focusing questions asked by personnel participating in the meeting.	No opinion was raised in the meeting.
2023/08/04	Independent Director Lin, Horng-Chang Independent Director Wang, Zhi-Chen Independent Director Tsai, Chih-Jie CPA Huang, Yung-Hua	1. The CPAs explained the second quarter 2023 audited financial report, and discussed the audit findings. 2. The CPAs discussed the effects of updated key regulations on the Company. 3. Discussion and communication of CPAs focusing questions asked by personnel participating in the meeting.	No opinion was raised in the meeting.
2023/10/27	Independent Director Lin, Horng-Chang CPA Huang, Yung-Hua	1. The CPAs explained the third quarter 2023 audited financial report, and discussed the audit findings. 2. Discussion and communication of CPAs focusing questions asked by personnel participating in the meeting.	No opinion was raised in the meeting.

3.4.3 Corporate Governance Implementation Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
1. If the Company established and disclosed Corporate Governance Principles in accordance with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	V		The Company’s Board passed the “Corporate Governance Best-Practice Principles” in 2014 which has been disclosed on the Company’s corporate website/Investor Relations/Governance/Organizational Operations Regulations. Website: https://www.nishoku.com.tw	None
2. Shareholding Structure & Shareholders’ Rights				
(1) If the Company established internal procedures to handle shareholder suggestions, proposals, complaints and litigation and execute accordingly?	V		(I) The Company has established the “Management Measures for Stock Affairs” and has set up spokespersons and representatives. Dedicated personnel is in charge of handling shareholders’ suggestions, concerns, disputes and litigation matters.	None
(2) If the Company maintained of a list of major shareholders and a list of ultimate owners of these major shareholders?	V		(II) The Company’s internal personnel (directors, managerial officers and major shareholders holding more than 5% of the shares) provides shareholders’ list by the report of shareholding changes and stock agency, keeping a hold of the actual control list at any time.	None
(3) If risk management mechanism and “firewall” between the Company and its affiliates are in place?	V		(III) The Company has established applicable management measures for subsidiaries in accordance with the internal control system and Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises, building an appropriate risk control mechanism and firewall.	None
(4) If the Company established internal policies that forbid insiders from trading based on non-disclosed information?	V		(IV) As a means to prevent insider trading, the Company has established the “Operating Procedures for the Prevention of Insider Trading” and conducts a quarterly promotion to internal personnel and the Company’s employees. In addition, the Company’s internal personnel including newly appointed directors and managerial officers are given “Promotional Handbook for Company’s Internal Personnel Trading Equity” compiled	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>by the TWSE for the compliance of internal personnel and at the same time strengthening the prevention of insider trading, protecting the rights and interests of investors and the Company.</p> <p>In order to protect shareholders' rights and interests and to implement equal treatment of shareholders, the Company has established internal regulations to prohibit insiders from trading marketable securities using undisclosed information. On April 28, 2023, the Board of Directors approved the amendment of some provisions of the "Corporate Governance Best Practice Principles", including Paragraph 3 of Article 10, which stipulates that “the Company's insiders shall not trade in the Company's shares during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, including (but not limited to) the directors' trading in the Company's shares after the date of receipt of the Company's financial report or the related results. ”</p> <p>The directors were informed on January 19, 2023 、 April 12, 2023 、 July 19, 2023 and October 11, 2023 that there the Company's shares may not be traded during the closed period of 30 days prior to the announcement of each quarterly financial report, in order to avoid any unintentional violation of such regulation by the directors.</p>	
<p>3. Structure of Board of Directors and its responsibility</p> <p>(1) If the Board consisted of members from diverse background?</p>	V		<p>(I) The Company has established the “Corporate Governance Best-Practice Principles” which has been disclosed on the Company's corporate website/Investor Relations/Governance/Organizational Operations Regulations. The Company's website: https://www.nishoku.com.tw. It regulates that the composition of the board of directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:</p> <p>(1) Basic requirements and values: Gender, age, nationality, and culture.</p>	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
(2) If the Company established any other functional committee in addition to Compensation Committee, Audit Committee as required by law?	V		<p>(2) Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</p> <p>To achieve the ideal goal of corporate governance, members of the Board of Directors shall possess the following abilities:</p> <p>(1) The ability to make judgments about operations.</p> <p>(2) Accounting and financial analysis ability.</p> <p>(3) Business management ability.</p> <p>(4) Crisis management ability.</p> <p>(5) Knowledge of the industry.</p> <p>(6) An international market perspective.</p> <p>(7) Leadership ability.</p> <p>(8) Decision-making ability.</p> <p>For the diversity policy for the board member and its implementation, please refer to page 19~22 of the annual report, the description of II. The board of directors' diversity and independence.</p> <p>(II) Not only has the Company established an Remuneration Committee, an Audit Committee was also established after the Board election in general meeting of shareholders held in 2019 In 2023, the Audit Committee and the Board of Directors resolved to enhance the authority of the Audit Committee to include risk management responsibilities and concurrently serve as the Risk Management Committee. Other types of functional committees will be established according to the actual condition.</p>	None
(3) If the Company established methods and procedures to assess the performance of the Board and conduct assessment on annual basis? If the result of the assessment will be reported to the Board	V		<p>(III) The Company's Board passed the "Regulations Governing the Board Performance Evaluation" which has been disclosed on the Company's corporate website/Investor Relations/Governance/Organizational Operations Regulations. Website: https://www.nishoku.com.tw</p> <p>The Company uses questionnaires to carry out self-assessment of its performance and discusses future issues that require special attention.</p>	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
and taken into considerations for individual remuneration nomination purpose?			<p>As a means to implement corporate governance while improving the function of the Company's Board, performance goals are set to enhance the Board efficiency. The Company's Board shall conduct an internal performance assessment of the internal Board of Directors at least once per year, and a self-assessment for the year shall be conducted at the end of each year according to assessment procedures and assessment indicators. The internal assessment outcome of the Board shall be reported to the next Board of Directors' meeting.</p> <p>The payment of remuneration depends on the degree of participation and contribution value of each director, while taking into account the relevant results of the performance of directors regularly evaluated each year and the usual level of the industry, which have been deliberated by the Remuneration Committee, and then resolved by the board of directors; the maximum set forth in the Articles of Incorporation must not be exceeded.</p> <p>In 2023, the board of directors has conducted a performance evaluation in accordance with the performance evaluation method of the board of directors, and submitted the evaluation results to the salary report the Company's Remuneration Committee on January 30, 2024 for approval, and submitted it to the board of directors report on February 29, 2024. For the evaluation results, please refer to page 35~37 of the Annual report., This has also been disclosed on the Company's website at(https://www.nishoku.com.tw/zh-TW/Investor/Governance), which will be used as a reference for individual directors' remuneration and nomination for re-appointment.</p> <p>In 2024, in accordance with Article 3-2, Paragraph 2 of the Management Measures for the Evaluation of the Board of Directors' Performance of the Company, an external professional independent organization was commissioned to conduct the evaluation of the Board of Directors' performances.</p>	

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
(4) If the Company assess the independence of CPA periodically?	V		<p>(IV) When the Company appoints CPAs each year, the Financial and Accounting Division carries out an independence and suitability evaluation of the CPA and an independence statement, as well as AQI statements shall be obtained. The Company confirms that other than the fees for certification and taxation cases, the CPAs have no additional financial interest or business relationship with the Company. The evaluation outcome shall be sent to the Audit Committee for review then to the Board of Directors meeting for discussion as references of appointed CPAs.</p> <p>The Company has executed the 2024 assessment for the CPAs' independence, and the outcomes of assessment was deliberated and the "Statement of Audit Quality Indicators (AQIs) approved by the Audit Committee and the board of directors on December 27, 2023. For the self-evaluation outcome of appointed CPAs for 2023, please refer to page 59 of the Annual Report (Table 1).</p> <p>The following is a summary of the evaluation of the independence and suitability of the CPAs appointed by the Company:</p> <p>I. Confirm that the appointed CPAs and the Company's directors or senior managers are not related parties.</p> <p>II. The audit and non-audit services provided by the CPAs have been reviewed by the Audit Committee in advance to ensure that the non-audit services will not affect the audit results.</p> <p>III. No failure to replace CPAs for seven consecutive years or the occurrence of disciplinary actions by the assigned CPAs that would compromise their independence.</p> <p>IV. Evaluate the independence and suitability of the CPA through the "Statement of Independence" and "Audit Quality Indicators (AQIs)" issued by the CPA firm.</p> <p>After evaluation, it has been confirmed that the CPAs met the criteria of independence and suitability. Therefore, the reliability of the financial</p>	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			statements issued by them are assured.	
4. If the Company had adequate number of corporate governance personnel and appoint a chief corporate governance officer overlooking corporate governance affairs including but not limited to handling matters relating to board meetings and shareholder meetings, assisting directors with legal compliance, preparing agendas and producing minutes for board meetings and shareholder meetings?	V		<p>On June 30, 2020, the Company appointed, upon the resolution of the board of directors, Assistant Vice President Tzu-Hsuan Lin of Financial and Accounting Division, as the Corporate Governance Officer. She holds both accountant qualification in Taiwan and the U.S, and has served as an officer in a public company for accounting, financial, shareholder services and affairs related to corporate governance for more than 3 years, so she is qualified as required by laws and regulations.</p> <p>(1) Provides information needed for directors to carry out their duties as well as meeting information 7 days prior to the convening of the Board Meeting.</p> <p>(2) Handles matters relating to the Board Meeting and Shareholders meeting while at the same time assisting in the Board of Directors and Shareholders for the compliance of applicable laws and regulations.</p> <p>(3) Compiles meeting minutes for the Board of Directors, Functional Committees and Shareholders meetings which are provided within 10 days of the meeting.</p> <p>(4) Assist the Board of Directors and Supervisors in complying with laws and regulations.</p> <p>(5) Arranges further education courses and visits to the Group's important operation bases for directors.</p> <p>(6) Assists in self performance assessments, guides and improves the Company's implementation of corporate governance.</p> <p>(7) Organizes investor conferences.</p> <p>(8) Replies relevant questions asked by investors.</p> <p>(9) Pursuant to the Corporate Governance Best Practice Principles, when independent directors need to meet with the internal audit officer or CPAs individually to understand the Company's finance and business, assistance is provided to arrange such meetings.</p> <p>(10) Review the classification of relevant information and provide the Company information required by the directors, to maintain successful communications and interactions between directors and heads of</p>	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>departments.</p> <p>(11) Assist independent directors and general directors in formulating annual continuing education plans and arranging courses based on the Company's industry characteristics, and the educational and career background of the directors.</p> <p>(12) Legality review of the qualifications of independent directors.</p> <p>(13) Occasional assistance in matters related to the resignation of directors or reassignment of representatives.</p> <p>The Company's corporate governance promotion of 2023 is as follows:</p> <p>(1) Based on the Company's industrial characteristics and business needs, directors are assisted in proposing annual further education plans and arranging courses. Further education courses were held on June 29, 2023 and October 27, 2023 for 3 hours per each course.</p> <p>(2) The Company assess and purchases liability insurance for directors and supervisors. In the latest period, the Company purchased liability insurance for all directors with a premium of USD 5 million (equivalent to approximately NT\$159,300,000). The insurance period started September 1, 2023 and ends September 1, 2024, which has been reported to the Board of Directors meeting held on October 27, 2023 for acknowledgment.</p> <p>(3) In September 2023, the Company was invite to take part in the "SinoPac hold road show". Information on most recent Investor Conference can be found on the MOPS.</p> <p>(4) Responsible for reviewing material information for important resolutions to be released after the Board of Directors meeting, ensuring the appropriateness and correctness of important information to protect the transaction information of investors.</p> <p>(5) Maintains investor relations and arranges regular exchange with agency investors, allowing investors to gain enough information to evaluate and decide the Company's reasonable capital market value while at the same time allowing good maintenance of shareholders rights and interests.</p> <p>(6) Completed the 2023 New Directors' Handbook to provide the current term of new directors with a quick overview of the Company's business, finances</p>	

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>and other relevant information.</p> <p>(7) Completed self-performance evaluation of Board of Directors and its Functional Committees in 2023.</p> <p>(8) Promoting the preparation of 2023 Sustainability Report in Q4 of 2023</p> <p>The corporate governance officer should complete at least 12 hours of continuing education every year. For his/her continuing education, please refer to page 62 (Table 4) of the annual report, “Continuing education on corporate governance for managerial officers.”</p>	
5. If the Company established communication channel with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc) and disclosed key corporate social responsibility issues frequently enquired by stakeholders on the designated area of corporate website?	V		<p>The Company’s website has a “Stakeholder Section” which discloses information on channels for complaints for stakeholders. There is also a mailbox for Audit Committee complaints and suggestions, enabling the sound communication between the Company and stakeholders.</p> <p>(https://www.nishoku.com.tw/zh-TW/Investor/Relationship)</p> <p>Status of communication with stakeholders in 2023, which has been reported to the Board of Directors meeting on February 29, 2024. °</p>	None
6. If the Company engaged professional transfer agent to host annual general shareholders’ meeting?	V		The Company has appointed Stock Agency Department of CTBC Bank as stock agency to handle stock related affairs.	None
<p>7 Information Disclosure</p> <p>(1) If the Company set up a corporate website to disclose information regarding the Company’s finance, business and corporate</p>	V		<p>(I) The Company’s website also has a “Investor Relations” section, disclosing related financial, businesses, stock affairs and corporate governance information. Relevant regulations and rules as well as their execution status are also explained.</p>	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
governance?			(https://www.nishoku.com.tw/zh-TW/Investor)	
(2) If the Company adopted any other information disclosure channels (e.g., maintaining an English-language website, appointing designated personnel to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc)?	V		(II) Aside from setting up a website that is in both Chinese and English, the Company also has a spokesperson system with assigned spokesperson and acting spokesperson who are responsible for the communication in terms of external relations as well as the collection and disclosure of company information. They also upload information regarding shareholder conferences on the Company's website. (https://www.nishoku.com.tw/zh-TW/Investor/Catalog?guid=18110215404026)	None
(3) If the Company disclosed its annual financial report within two months after year end and disclose its 1st, 2nd, 3rd quarter financial reports and monthly revenue ahead of regulated disclosure date?	V		(III) The Company announces and reports its annual financial report within two months after the end of the fiscal year before the prescribed time (within three months prescribed by law). Financial report for Q1, Q2 and Q3 and monthly operation status are reported in accordance with regulations. Related information can be found on the MOPS.	None
8. If the Company had other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors	V		(I) Employee Rights: The Company has established the Staff Welfare Committee with welfare fund set aside each month. Representatives are selected by both sides of the labor and the management to be in charge of matters in connection to employee welfare so as to reach the goal of harmonious working environment as well as bringing all employees together. Welfare provided by the Company and the Welfare Committee: (1) Purchases labor insurance, National Health Insurance and Group Insurance. (2) Holds employee health examinations performance by qualified hospitals, ensuring the health of employees. (3) Sets Employee canteen, providing meals for employees (4) Allowance for employee marriages, childbirths, three major festivals	None

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
and supervisors)?			<p>and birthdays</p> <p>(5) Funeral and hospital subsidies</p> <p>(6) Free car and motorbike parking spaces for colleagues.</p> <p>(7) Periodical employee trips</p> <p>(8) Holds education and training inside and outside the plant from time to time</p> <p>(9) Year-end parties and lucky draws</p> <p>(10) Advanced health check for senior employees and managers.</p> <p>(11) In addition to having professional backgrounds and professional skills, the company's directors have chosen to cover finance, risk management, business, and commerce related to the nature of the company's industry, considering the scope beyond the professional abilities of each director in order to enhance their professionalism and continuous improvement. , legal affairs, accounting, corporate social responsibility or internal control systems, and financial reporting responsibility-related courses. At least 6 hours of refresher courses are arranged for each person every year to ensure that board members have a considerable degree of industry knowledge and acquire new knowledge.</p> <p>(12) In addition to the menstruation leave that women are entitled to under the Labor Standards Act, the Company also provides the following support programs for female employees:</p> <p>Pregnancy and childbirth: 56 days of maternity leave in accordance with the law, 7 days of maternity examination leave, and the leave of rest in accordance with the doctor's orders, plus a maternity subsidy of NT\$12,000 per child.</p> <p>Childcare: The Company provides family care leave of 7 days/year, breastfeeding time, and a baby-sitting system, with a 100% return rate of parental leave without pay. The Company also provides post-natal staff with reinstatement assistance measures and appropriate work arrangements depending on needs.</p>	

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>Execution Status of Employee welfare and benefit in 2023, please refer to page 145-150 of the Annual Report.</p> <p>(II) Employee Care:</p> <p>(1) The Company formulates various management rules based on the interest of employees while looking after employees' life, benefits, and offers fair salaries.</p> <p>(2) In order to increase employees' professional ability and enhance work efficiency, further education on employees is encouraged. Methods for further education are various seminars, school training, professional training courses; according to Employee education and training Measures, related fees can be applied and subsidized.</p> <p>(3) Employee Safety and Health Measures</p> <p>(A) A first-aid kit is placed on the first floor of the Headquarters to provide instant medical help.</p> <p>(B) The Company has signed an employee health examination contract with a teaching medical center. Not only do we offer health examinations that are customized and different, we also offer comprehensive health report consultancy, helping our employees to pay more attention on their own health.</p> <p>(C) Professional personnel is hired to carry out maternal and child safety education, fire protection and first aid training at the manufacturing area.</p> <p>(D) Sexual harassment and abuse language are strictly prohibited. An employee opinion box has been set up and there are clear compliant procedures to protect the rights of workers.</p> <p>(E) A lactation room has been set up for female employees at the manufacturing area.</p> <p>(III) Investor Relations:</p> <p>The Company has established a spokesperson and acting spokesperson as a communication bridge between the Company and investors. Aside from holding regular shareholder conferences, there is also a dedicated</p>	<p>None</p> <p>None</p>

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>section on the Company's website for investors. The Company's current situation is disclosed through such comprehensive and fair platform, hoping that investors understand wholeheartedly the Company's management outcome and long-term operation direction.</p> <p>(IV) Supplier Relations: 1.The Company's procurement personnel evaluates the quality service, delivery time and price of suppliers with the requisition unit at least once every year, and establish a database for the qualified manufacturers according to the evaluation outcome. 2.Negotiations and contracting are first given to excellent suppliers, ensuring the quality while reducing the Company's procurement cost.</p> <p>(V) Stakeholder Rights: The Company has set a up a spokesperson and acting spokesperson who are responsible for external communication; there is also a dedicated section on the Company's website for stakeholders, and dedicated personnel has been assigned to respond regarding important CSR issues concerned by stakeholders.</p> <p>(VI) Further Education for Directors: The Company had 9 directors in 2023 and a total of 54 training hours should be carried out; directors who actually took part in the training were 9 with a total of 66 training hours, all have respectively completed the further education hours of the year. For the above-stated further education status of directors, please refer to pages 60-61 (Table 2) of the Annual Report.</p> <p>(VII) Execution Status of Risk Management Policy and Risk Measurement Standard: On December 27, 2023, the Company's "Risk Management Policy" was amended and renamed as "Risk Management Policy and Procedures" with the Board of Directors as the highest governance unit, and the Audit Committee also serves as the Risk Management Committee, responsible for overseeing risk management related operations. Additionally, a Risk Management Promotion Team, led by the General</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p>

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>Manager, was designated as the executing unit. The risk management policy and procedures include risk identification, measurement, monitoring, reporting and disclosure, and response. The promotion team evaluates the frequency and severity of risk events based on “possibility” and “impact” to control risks within acceptable limits. The team reports its operations to the Audit Committee and the Board of Directors at least once a year. The Board of Directors reviews and evaluates the implementation periodically, providing guidance and adjustments to strategies when necessary. All relevant information has been disclosed on the Company’s website at https://www.nishoku.com.tw/zh-TW/Investor/Governance, and the internal audit unit assesses the implementation level of the internal control system on a regular and unscheduled basis.</p> <p>(VIII) Status of the Company Purchasing Liability Insurance for Directors: It has been stipulated in the Articles of Incorporation that the Company shall purchase liability insurance during the term of office of directors, and shall be liable for their compensation in terms of duties they carry out. Please refer to page 62 of the Annual Report (Table 3).</p> <p>(IX) Further Education and Training Regarding Corporate Governance Participated by Managerial Officers: Please refer to page 62 of the Annual Report (Table 4).</p> <p>(X) Formulation of Succession Plans of Members of the Board and Key Management Personnel: According to the Company’s development direction and goals, during the succession planning not only does a successor require excellent work ability, but he/she also needs to hold similar values as the Company. He/she must be contain the quality of integrity, taking commitment seriously, innovation and earning the trust of customers. The Company plans different concurrent tasks for unit managers of various groups. By cultivating strategic ability, it is expected that within 5 to 10 years, members of the Board and key management can be selected from within.</p>	<p>None</p> <p>None</p> <p>None</p>

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>(1) Succession Plans for Board Members: The Company currently has 9 directors (including 3 independent directors) who all have commerce, finance, accounting or management expertise required by the business of the Company. Among these directors, 4 of them are also the Company's senior management. In the future, the current structure will continue to be used in respect of the composition of the Company's Board, and their experience and background. In terms of the succession plan of the Board, the Company has proposed to allow members of the key management group to attend the Board Meeting in order to cultivate their strategic ability while at the same time familiarizing the operation of the Board. In the future, these members may be selected as successors of the Board after evaluation. Independent directors on the other hand must require working experiences with respect to commerce, law, finance, accounting or other fields required by the business of the Company. As there is no shortage of such professionals in Taiwan, the succession plan for independent directors of the Company may come from the industry.</p> <p>(2) Succession Plan of Key Management:</p> <ol style="list-style-type: none"> 1 The Human Resources Administration Department of the Company coordinates and establishments the key talent development mechanism; the key positions are defined, and for each key position, one to two successors are nominated, and the estimated timetable for succession is specified. Based on the advantages and the ability to be developed of the successor candidates, the relevant incubation program is formulated pursuant to the Company's schedule planned. The program consists of three major modules, namely management ability, professional ability, and personal development plan, for the trainees to integrate and apply, in order to development the ability of decision making and judgement. The HR shall evaluate the effect of training regularly. 2 Starting from 2023, the Human Resources and Administration 	

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>Department will successively promote the Individual Development Program (IDP) for the key management. Through the functional evaluation, various abilities and qualifications required for the current position are identified, to be integrated with the strategic goals of the Company and the department, for strengthening the competencies required for the current job. Meanwhile, the executive strategy consensus meeting is held, to study and discuss the subject courses planned based on the Company's future development direction, to establish their strategic mindset and leadership management, conduct the talent development and leadership legacy, for selecting potential successor candidates.</p> <p>(XI) Execution Status of Customer Policy: The Company maintains close contact with customers and informs customers regarding products which may benefit them while ensuring products meet their expectation of the reliability and quality. We also take the initiative to include new perspectives and methods into the Company's actual management system through communication channels including phone, email and video conference in order to meet customer needs.</p> <p>(XII) Status of Insider Trading Promotion: The Company has established the "Operating Procedures for the Prevention of Insider Trading" which has been disclosed on the Company's website; the Company has regularly promoted the compliance of stock trading laws to its directors, supervisors and managerial officers. Matters relating to insider training is also being regularly promoted to the Company's internal colleagues. On January 3, 2023, April 6, 2023, July 3, 2023, and October 2, 2023, related education and promotions for current directors, managerial officers, and employees were conducted, for total of 142 attendees and total of 70 hours. The courses included the scope of internal material information, classification operation, public operations and handling of violations; the course briefing files were sent to all directors, managerial</p>	<p>None</p> <p>None</p>

Item	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>officers and employees for reference.</p> <p>The Company reminds directors in its annual insider trading prohibition program that they should not trade their shares during the closed period of 30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement.</p> <p>The directors were informed on January 19, 2023 、 April 12, 2023 、 July 19, 2023 and October 11, 2023 that there the Company's shares may not be traded during the closed period of 30 days prior to the announcement of each quarterly financial report, in order to avoid any unintentional violation of such regulation by the directors.</p>	
<p>9. Any improvement made in accordance with the result of the most recent corporate governance evaluation conducted by TWSE? Any measures to be taken on the outstanding items?</p> <p>Improvement made: 1. In 2021, the Company engaged an external insitution, Taiwan Corporate Governance Association, to conduct a performance evaluation for the board of directors. The evaluation period was from March 1, 2020 to February 28, 2021, and the results were reported to the board of directors on June 30, 2021 、 In 2024, the external Board of Directors' evaluation schedule has also been conducted.</p> <p>2. On October 27, 2023, the Board of Directors approved the amendments to the organizational charter of the Audit Committee. The Audit Committee will also serve as the Risk Management Committee and is responsible for reviewing the response measures and supervision and improvement mechanisms for material risk management issues, and also reporting to the next Board of Directors.</p> <p>3. The 2023 Sustainability Report prepared for the first time is expected to be issued in August 2024. That was one year earlier than required by the competent authorities.</p> <p>4. A dedicated information security supervisor and dedicated information security personnel were added on November 1, 2023.</p> <p>Matters to be improved as priority: Continue to evaluate the feasibility of setting up additional functional committees.</p>				

(Table 1)

The evaluation of the independency of CPA

Evaluation Unit: Board Affairs Unit

Evaluation Year : **2023**

Appointed Law Firm and CPAs:KPMG/CPA Yung- Hua Huang and Sheng-Ho Yu.

Content	Consistent	Inconsistent	Remark
1. Not an employee of the Company or any of its affiliated enterprises.	✓		After evaluation, no such matters were found in these 2 CPAs
2. Not a director or supervisor of an affiliate of the Company. (However, this restriction does not apply in cases where the person is an independent director of the Company, its parent or subsidiary which the Company directly or indirectly holds 50% of voting rights).	✓		After evaluation, no such matters were found in these 2 CPAs
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.	✓		After evaluation, no such matters were found in these 2 CPAs
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of personnel in(1), (2) and (3).	✓		After evaluation, no such matters were found in these 2 CPAs
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares or a top five shareholder.	✓		After evaluation, no such matters were found in these 2 CPAs
6. Not a director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company.	✓		After evaluation, no such matters were found in these 2 CPAs
7. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.	✓		After evaluation, no such matters were found in these 2 CPAs
8. Not been a person or any conditions defined in Article 30 of the Company Act.	✓		After evaluation, no such matters were found in these 2 CPAs
9. Not under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	✓		After evaluation, no such matters were found in these 2 CPAs
10. Receipt of Auditor's Independence Declaration	✓		Obtained

◆After evaluation, none of the CPAs were found to have matters stated in the independence evaluation stated above.

(Table 2) Board of Directors Training Record :

In 2023, there were a total of 9 directors, and 9 directors completed their first term and continuous further education.

The hours of further education for directors have met the regulations prescribed in the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies”.

Title	Name	Date		Institute	Course	Period (hours)
		From	To			
Chairman	Chen, Piao-Fu	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3
Director	Tsai, Chien-Sheng	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3
Director	Chang, Wen-Hsien	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3
Director	Wu, Ying-Lan	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3
Director	Fan, Chia-Wen	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3

Director	Hsieh, Xin-Yi	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3
Independent Director	Lin, Horng Chang	2023/04/20	2023/04/20	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2023/05/09	2023/05/09	Corporate Operating and Sustainable Development Association	Executives of the listed companies with the understanding of supervision from governmental authority	3
		2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/08/10	2023/08/10	Corporate Operating and Sustainable Development Association	Case study of the Regulation of Insider Trading	3
		2023/10/27	2023/10/27	Securities and Futures Institute	How directors supervise the company's corporate risk management and crisis management	3
Independent Director	Wang, Zhi-Chen	2023/06/29	2023/06/29	Taiwan Corporate Governance Association	ESG sustainability and cybersecurity strategies in list companies	3
		2023/09/28	2023/09/28	Securities and Futures Institute	Transformation opportunities and challenges for Taiwan's industries under geopolitics - exclusive analysis by PMI/NMI	3
Independent Director	Tsai, Chih-Jie	2023/05/26	2023/05/26	Taiwan Corporate Governance Association	Risk management and internal controls	3
		2023/05/26	2023/05/26		Corporate Governance and Securities Regulations	3
		2023/06/29	2023/06/29		ESG sustainability and cybersecurity strategies in list companies	3

(Table 3) Purchasing of Liability Insurance for Directors:

Liability insurance for the entire Board and Supervisors		
Insured Object	Insurance Company	Insurance Period (start to end)
Entire Board	Cathay Century Insurance Co., Ltd.	September 1, 2023 to September 1, 2024
(Note) The report of the entire Board insured with liability insurance has been submitted to the Board Meeting held on October 27, 2023.		

(Table 4) Further Education and Training Regarding Corporate Governance Participated by Managerial Officers:

Sequence	Title	Name	Course	Number of Hours
1	Chief Strategy Officer	Chen, Piao-Fu	ESG sustainability and cybersecurity strategies in list companies	3
2	Chief Strategy Officer	Chen, Piao-Fu	How directors supervise the company's corporate risk management and crisis management	3
5	President	Tsai, Chien-Sheng	ESG sustainability and cybersecurity strategies in list companies	3
6	President	Tsai, Chien-Sheng	How directors supervise the company's corporate risk management and crisis management	3
7	Executive Vice president	Chang, Wen-Hsien	ESG sustainability and cybersecurity strategies in list companies	3
8	Executive Vice president	Chang, Wen-Hsien	How directors supervise the company's corporate risk management and crisis management	3
9	Vice president	Wu, Ying-Lan	ESG sustainability and cybersecurity strategies in list companies	3
10	Vice president	Wu, Ying-Lan	How directors supervise the company's corporate risk management and crisis management	3
13	Corporate Governance Officer	Lin, Tzu-Hsuan	112th Annual Insider Trading Prevention Promotion Conference	3
14	Corporate Governance Officer	Lin, Tzu-Hsuan	ESG sustainability and cybersecurity strategies in list companies	3
15	Corporate Governance Officer	Lin, Tzu-Hsuan	Promote sustainable development of enterprises through "risk management"	6
16	Corporate Governance Officer	Lin, Tzu-Hsuan	How directors supervise the company's corporate risk management and crisis management	3
19	Manager	Cheng, Chao-Ming	Internal auditors' auditing and control practices for information security	6
20	Manager	Cheng, Chao-Ming	Analysis of business performance and risk prevention through financial statements	6

3.4.4 The Composition of the Remuneration Committee and its Operation Status:

The Company's Remuneration Committee primarily executes the following duties:

- (1) To establish and regularly review policies, system, standards and structures for performance evaluation and remuneration for directors and managers.
- (2) To regularly assess and set up the salary remuneration for directors and managerial officers.
- (3) To review incentive remuneration plan or employee remuneration plans with share-based payment.
- (4) Motion for suggested amendment to these Rules.

1. Information on the Members of the Remuneration Committee

2024/3/31

Title	Condition	Professional qualification and experience	Independence status	Number of other public companies in which the individual is concurrently serving as an remuneration committee member
	Name			
Independent Director (Convener)	Wang, Zhi-Chen	<ul style="list-style-type: none"> Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. Currently serving as the president of PWM, independent director of Provision Information Co., Ltd. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	<ul style="list-style-type: none"> Independent director' conformity to the independence requirement If the independent director, his/her spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or any of its affiliates; not holding the Company's shares. Not a director, supervisor, or employee of any company or institution having specific relationship with the Company Not receiving compensation by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent 2 years. 	1
Independent Director	Lin, Horng-Chang	<ul style="list-style-type: none"> Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. Currently serving as CEO, PHARMIGENE, INC., director of Provision Information Co., Ltd., director of Greenyn Biotechnology Co., Ltd., independent director of COPLUS INC., and Independent Director of 	<ul style="list-style-type: none"> Independent director' conformity to the independence requirement If the independent director, his/her spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or any of its affiliates; not holding the Company's shares. Not a director, supervisor, or employee of any company or institution having specific relationship with 	2

Title	Condition	Professional qualification and experience	Independence status	Number of other public companies in which the individual is concurrently serving as an remuneration committee member
	Name			
		<p>TOPLUS GLOBAL CO., LTD.</p> <ul style="list-style-type: none"> None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	<p>the Company</p> <ul style="list-style-type: none"> Not receiving compensation by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent 2 years. 	
Independent Director	Tsai, Chih-Jie	<ul style="list-style-type: none"> Possessing the work experience required by the Company's business, such as commercial, knowledge to the industry, operation and management abilities. Qualified and currently serving as CPA of Jianda United Accounting, Chairman of Jaydon Production and Economic Consultancy Inc. Chairman of Oneness Green Technology Co., Ltd., President of GLOBAL VIEW CO., LTD., Director of GLOBAL VIEW CO., LTD., Independent Director of Success Prime Corporation., and Independent Director of Silergy Corp., Supervisor of Tai Fu International Network Co., Ltd. None of the circumstances in the subparagraphs of Article 30 of the Company Act. 	<ul style="list-style-type: none"> Members are conformed to the independence requirement. If the member him/herself, his/her spouse, or relative within the second degree of kinship is a director, supervisor, or employee of the company or any of its affiliates; not holding the Company's shares. Not a director, supervisor, or employee of any company or institution having specific relationship with the Company Not receiving compensation by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent 2 years. 	1

2. The operation status of the Remuneration Committee

(1) The Company's Remuneration Committee is composed of 3 members.

(2) Tenure of the 5th term of Compensation committee is from 15st June, 2022 to 14th June, 2025.

A total of 2 (A) meetings of the Compensation Committee were held in 2023. The status of attendance is as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%) (B / A)	Remarks (Note)
Chairman	Wang, Zhi-Chen	2	0	100%	
Member	Lin, Horng Chang	2	0	100%	
Member	Tsai, Chih-Jie	2	0	100%	

Other matters that shall be reported:

1. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the company's actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.

Remuneration Committee Meeting Date/ Session	Proposal Content	Remuneration Committee Resolution Result	Company's handling for opinions of Remuneration Committee
2023/01/17 (The 3rd meeting of the 5th term)	(1) Proposal for 2022 board of directors' performance evaluation result of the Company (2) Proposal for 2022 remunerations of directors and supervisors (3) Proposal for 2022 remuneration of employees (4) Proposal for 2022 remuneration of managerial officers (5) Proposal for the Amendment to the "Regulations for Employee Performance Management and Appraisal"	All the members of the Audit Committee voted in favor of Proposal 1, and Proposal 3 to Proposal 4, The proposal was voted for each director's remuneration individually in Proposal 2; the concern Independent director recused him due to conflict of interest, not participating the discussion and voting.	Submitted to the board of directors' meeting and approved by all attending independent directors and directors.
2023/12/27 (The 4th meeting of the 5th term)	(1) Periodically evaluate and prescribe the remuneration of managerial officers.	All attending members approved the proposal as proposed.	Submitted to the board of directors' meeting and approved by all attending independent directors and directors.

2. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated: None.

3.4.5Promotion of sustainable development, and variance from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance:

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
1. Does the company establish an exclusively (or concurrently) dedicated unit to promote sustainable development have executives appointed by the board of directors to handle the promotion under the board of directors' supervision?	V		<p>The Company has established a Sustainable Development Promotion Team, chaired by the Chairman of the Board of Directors and with the Chief Financial Manager serving as the Secretary-General. This team is responsible for proposing and implementing policies, systems, or relevant management guidelines related to sustainable development, as well as specific promotion plans. Regular reports to the Board of Directors are made at least once a year regarding these initiatives.</p> <p>Based on the sustainable development issues focusing major annual implementation of corporate governance, development of a sustainable environment and maintenance of social welfare, the Sustainable Development Promotion Team identifies material issues that are of concern to the Company's operations and stakeholders. The team formulates corresponding strategies and plans and supervise the effectiveness of the implementation of each action plan and report to the Board of Directors.</p> <p>The Board of Directors provides feasible strategic directions and other suggestions for the annual action plan and implementation status reported by the Sustainable Development Promotion Team, and reviews the progress of the strategy in a timely manner, and urges management to adjust the goals when necessary.</p> <p>The latest annual action plan for sustainable development and the results of its implementation were reported to the Board of Directors on February 29, 2024. Corporate website:https://www.nishoku.com.tw/zh-TW/Responsibility/Corporate</p>	None
2. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related	V		<p>1 · The Company employs the Board of Directors as the highest governance unit for risk management. The “Risk Management Policies and Procedures” established by the Board of Directors serves as the guiding principle for risk management within the Company. The Risk Management Promotion Team is designated as the executing unit responsible for planning and implementing risk management related matters. The Audit Committee also serves as the supervisory unit for the mechanism of risk management operations and reports</p>	None

Items	Implementation Status			Non-implementation and its reason(s)						
	Y	N	Summary							
policy or strategy?			<p>its operations to the Board of Directors once a year.</p> <p>2 · This disclosure covers the sustainability performance of the Company's main business locations from January 2023 to December 2023. The boundary of risk assessment is mainly based on the Company, and includes subsidiaries in Kunshan, Shenzhen, and Vietnam.</p> <p>3 · The Company conducts analysis based on materiality principles, engages with internal and external stakeholders, and evaluates significant ESG issues by reviewing domestic and international research reports, literature, and integrating assessment data from various departments and subsidiaries. Based on this, the Company establishes effective risk management policies for identification, measurement, assessment, supervision, and control of risks, and implements specific action plans to mitigate the impact of relevant risks.</p> <p>4. Based on the risks assessed, the relevant risk management policies or strategies are formulated as follows:</p> <table><tr><th>Orientation</th><th>Risk Items</th><th>Risk management strategies (status of operation)</th></tr><tr><td>Corporate Governance</td><td>Ethical corporate management and legal compliance</td><td><p>1. Through the establishment of internal regulations and education courses, and the implementation of internal control mechanisms, we ensure that all employees can comply with relevant laws and regulations.</p><p>2. Suppliers or third-party vendors are required to sign the Commitment of Integrity, actively preventing unethical conduct to implement the integrity management policy.</p></td></tr></table>	Orientation	Risk Items	Risk management strategies (status of operation)	Corporate Governance	Ethical corporate management and legal compliance	<p>1. Through the establishment of internal regulations and education courses, and the implementation of internal control mechanisms, we ensure that all employees can comply with relevant laws and regulations.</p> <p>2. Suppliers or third-party vendors are required to sign the Commitment of Integrity, actively preventing unethical conduct to implement the integrity management policy.</p>	
Orientation	Risk Items	Risk management strategies (status of operation)								
Corporate Governance	Ethical corporate management and legal compliance	<p>1. Through the establishment of internal regulations and education courses, and the implementation of internal control mechanisms, we ensure that all employees can comply with relevant laws and regulations.</p> <p>2. Suppliers or third-party vendors are required to sign the Commitment of Integrity, actively preventing unethical conduct to implement the integrity management policy.</p>								

Items	Implementation Status				Non-implementation and its reason(s)
	Y	N	Summary		
				Product quality safety and customer service quality	1. We promote products using lead-free processes and fully commit to meeting customer demands for heavy metal and hazardous chemical control. We also implement restrictions on prohibited substances and issue statements requiring suppliers to comply with regulatory standards. 2. Source management for standard operations of production equipment and processes is implemented, and strict control performed to ensure the safety of the Company's products. 3. Customer satisfaction surveys are conducted every year to strengthen customer relationships and improve product and service quality.
				Business strategy and economic performance	1. Based on industry changes, we annually establish strategic objectives, align with budgetary controls, and regularly monitor budget achievement rates to oversee company operations. Management meetings are convened to review operational plan progress, performance tracking, and analysis. 2. The Company will pay close attention to market economic trends and business

Items	Implementation Status					Non-implementation and its reason(s)
	Y	N	Summary			
					strategies, and evaluate the expansion of product lines to reduce the risk of excessive concentration in a single customer.	
			Environmental Aspect	Energy management for climate change and carbon emissions	1. According to the government's schedule, the greenhouse gas inventory of all the Group's operating sites is implemented and completed ahead of schedule. 2. Assess the assurance of the implementation of greenhouse gas inventory (ISO 14064).	
				Waste, water resources and wastewater management	1. According to the government's schedule, waste, water resources, and wastewater management of all the Group's operating sites is implemented and completed ahead of schedule. 2. Continue to promote energy conservation and implement recycling and reuse measures.	
			Social Aspect	Occupational health and safety	1. Organize occupational safety education training and promotion, and arrange relevant training and certification for safe operation guidance dedicated personnel to implement and promote SOP for safe operation in related production processes. 2. Arrange regular health checkups for employees to strengthen health management in the plant.	

Items	Implementation Status				Non-implementation and its reason(s)
	Y	N	Summary		
				Employee care and labor insurance	1. Support the spirit of the United Nations Universal Declaration of Human Rights, commit to the understanding of international human rights standards, and formulate and amend relevant management procedures in a timely manner in response to laws and regulations, and implement respect and kindness to the Company's employees. 2. The human rights policy is implemented through education courses, and various channels for employees to make complaints are provided to protect the rights and interests of employees, and to create a culture of diversity and equality in which employees and teams respect each other.
				Talent appointment and retention	1. The Company prepares education and training plans and budgets, improves employees' professional or management skills through internal education and external professional training, and indirectly balances the physical and mental health of employees. 2. The Company establishes rules such as employment management policies and salary management guidelines. The Company adheres to gender equality laws

Items	Implementation Status					Non-implementation and its reason(s)
	Y	N	Summary			
					and recruit talent through diverse channels to ensure fairness in remuneration and promotion opportunities. Our goal is to enable employees to utilize their skills effectively in suitable positions.	
			<p>[Risk Management Implementation]</p> <p>The Company regularly reviews the compliance of risk management mechanisms such as risk measurement indicators and concentration exposure. On December 27, 2023, the 2023 annual risk management operation was reported to the board of directors, including the risk assessment, the scope of risk environment and the risk control measures adopted, as well as the operation of risk management.</p>			
3. Environmental Issues						
(1) If the Company endeavored to utilize resources more efficiently and utilized renewable materials which have a lower impact on the environment?	V		(I) The Company and its subsidiaries have built adequate environmental management systems according to the ISO14001 (Environmental Management System) which have been verified by a fair third-party. The certification has been disclosed on the Company’s website.			None
(2) Does the Company dedicate in promoting energy utilization efficiency, and use renewable materials that have low impact to the environment.	V		(II) In order to correspond the Company's business growth, a green headquarters has been built which has been put into use on March 30, 2011. The design of the headquarters was based on the standard of the Leadership in Energy and Environmental Design (LEED) prescribed by the US Green Building Council. We have implemented the policy of green building and energy saving and carbon reduction with a goal of lowering the impact on the environment. The Design of the Headquarters: “Water Conservation” landscape watering uses entirely recycled rainwater, tap water-saving device and increases the efficiency of kitchen and bathroom water by 70%. The goal of the process water recovery rate after			None

Items	Implementation Status			Non-implementation and its reason(s)											
	Y	N	Summary												
(3) Has the Company assessed its potential risks and opportunities now and the future regarding climate change, and adopted related responding?	V		operation is expected to reach over 90%. Advance night ice storage system has been introduced for “Energy Saving” air conditioning system which can be used in conjunction with a day chiller, saving time and money.	None											
			(III) The Company has kept an eye on international trends and corresponding directions and has further understood issues concerned by stakeholders namely the government, investors, customers and the society. The Company evaluated possible legal risks, substantial risks and other risks as well as potential opportunities in order to adopt corresponding measures. The potential risks and opportunities of the climate change for the Company now and the future, and related responding to the climate adopted:												
			<table><tr><th>Item</th><th>Potential risks of the climate change</th><th>Opportunities</th><th>Response</th></tr><tr><td rowspan="2">Now</td><td>Greenhouse gas emission control and carbon credit trading system</td><td>Promote low-carbon green production, save power, and reduce operating costs</td><td>Through the replacement of lighting equipment and the purchase of energy-saving machines, the number of power used is reduced.</td></tr><tr><td>Cost of developing carbon product development costs</td><td>Energy saving, carbon reduction, and operating cost deduction through green process and environmental protection system</td><td>Introduce water-based spraying and painting process, to use water-based paint for products, to reduce volatile organic compounds (VOCs).</td></tr></table>		Item	Potential risks of the climate change	Opportunities	Response	Now	Greenhouse gas emission control and carbon credit trading system	Promote low-carbon green production, save power, and reduce operating costs	Through the replacement of lighting equipment and the purchase of energy-saving machines, the number of power used is reduced.	Cost of developing carbon product development costs	Energy saving, carbon reduction, and operating cost deduction through green process and environmental protection system	Introduce water-based spraying and painting process, to use water-based paint for products, to reduce volatile organic compounds (VOCs).
			Item		Potential risks of the climate change	Opportunities	Response								
Now	Greenhouse gas emission control and carbon credit trading system	Promote low-carbon green production, save power, and reduce operating costs	Through the replacement of lighting equipment and the purchase of energy-saving machines, the number of power used is reduced.												
	Cost of developing carbon product development costs	Energy saving, carbon reduction, and operating cost deduction through green process and environmental protection system	Introduce water-based spraying and painting process, to use water-based paint for products, to reduce volatile organic compounds (VOCs).												

Items	Implementation Status						Non-implementation and its reason(s)
	Y	N	Summary				
(4) If the Company monitored the amount of greenhouse emission, water usage and waste handling for the past two years and established corporate strategies on reduction of carbon emission, greenhouse gas emission, water usage and waste management?	V		Future	The increase in sustainable development regulations increases related costs The extent to which extreme natural disasters caused by the greenhouse effect have potential and unpredictable impacts on sustainable operations.	Find and use green energy and environment friendly materials Mitigate the expansion of the greenhouse effect through carbon reduction actions.	Investment of resources at the early stage to develop green energy and environmental protection materials. Implement greenhouse gas reduction targets and encourage employees to use electric vehicles or public transportation to reduce carbon emissions.	None
			(IV) In addition to the Company, the overseas production locations of Nishoku Group - Kunshan, Shenzhen and Vietnam all uphold the notion of co-existence with the Earth environment, In accordance with the "Sustainable Development Best Practice Principles" of the Company, the policies for energy conservation and carbon reduction, greenhouse gas reduction, and reduction of water consumption and other waste management are formulated. continue to promote energy saving and greenhouse gas emission reduction measures, actively reduce carbon emission and focus on power consumption measures and review internal energy consumption status periodically. The Company has established relevant provisions for polices on the energy saving and carbon reduction, greenhouse gas emission reduction, reduction of water usage or other waste management in the “Corporate Social Responsibility Best Practice Principles”, and also implements such polices thoroughly. The Company’s greenhouse gas emission inspection has been verified				

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>by external unit. In addition to the obtaining of green building certificate for the Group's headquarter building, the company will continue to exert effort in the improvement of environment, and also plans to achieve the management goal of reduction of greenhouse gas emission by 5% annually in the future. The execution measures are as follows:</p> <p>1. Production end energy-saving measures: Reduction of process energy consumption, increase of equipment efficiency and energy management, etc.</p> <p>The Company's Kunshan Plant purchased a total of 11 energy-saving electric injection molding machines made in Japan in 2023 for an amount of approximately RMB 5,589 thousand. Each injection molding machine can reduce the process power consumption by 5 kwh/hour. According to the total benefit in 2023: The use of process power can save 46,400 degrees, carbon reduction by 22.9 tons per year, or approximately planting 42 camphor trees. The annual total benefit is expected to reduce process energy use by 105,600 degrees, reducing carbon by 52.27 tons, or approximately planting 95 camphor trees each year.</p> <p>2. Office energy saving measures: (1) Group's headquarter building obtained the U.S. Green Building Council LEED green building golden class certification in June 2012. (2) Office environment adjusts the air conditioning depending upon the season and the temperature is set at 26 degree Celsius constantly in order to reduce the power load. (3) Office lighting uses energy-saving and high-performance lighting fixtures in order to reduce the heat generated by the light source and to achieve the objective of energy saving. (4) Promote employees to use stairs instead of elevators.</p> <p>3. Others: (1) Use document electronic signing and approval system to perform</p>	

Items	Implementation Status			Non-implementation and its reason(s)																		
	Y	N	Summary																			
			<p>electronic signing approval, thereby reducing the paper usage amount, and promote the use of recycled papers.</p> <p>(2) Properly execute the recycle management and resource classification of wastes, such kitchen wastes, metal/aluminum/glass bottles, waste papers and plastic bottles, etc., and appoint professional personnel to be responsible for the treatment and classification of wastes.</p> <p>Presently, the main production locations have consecutively obtained the greenhouse gas emission inspection reports. The results of the inventory as of 2022 are as follows, which shows that the Company has achieved the management target of greenhouse gas reduction year by year (by at least 5% every year):</p> <p>For the greenhouse gas verification, according to the inspection result:</p> <table><tr><td>Emission (tCO2e) /Year</td><td>2022</td><td>2021</td></tr><tr><td>Scope 1 Direct Greenhouse Gas Emission</td><td>7.004</td><td>8.06</td></tr><tr><td>Scope 2 Energy Indirect Greenhouse Gas Emission</td><td>4,478.91</td><td>5,903.46</td></tr><tr><td>Emission (tCO2e) Total</td><td>4,485.91</td><td>5,911.52</td></tr><tr><td>Emission reduction ratio from the previous year</td><td>24.12%</td><td>21.73%</td></tr><tr><td>Greenhouse gas verification organization</td><td>Shenzhen Yuanqing Environmental Technology Services Co., Ltd.</td><td>Shenzhen Pengcheng International Certification Co., Ltd.</td></tr></table>	Emission (tCO2e) /Year	2022	2021	Scope 1 Direct Greenhouse Gas Emission	7.004	8.06	Scope 2 Energy Indirect Greenhouse Gas Emission	4,478.91	5,903.46	Emission (tCO2e) Total	4,485.91	5,911.52	Emission reduction ratio from the previous year	24.12%	21.73%	Greenhouse gas verification organization	Shenzhen Yuanqing Environmental Technology Services Co., Ltd.	Shenzhen Pengcheng International Certification Co., Ltd.	
Emission (tCO2e) /Year	2022	2021																				
Scope 1 Direct Greenhouse Gas Emission	7.004	8.06																				
Scope 2 Energy Indirect Greenhouse Gas Emission	4,478.91	5,903.46																				
Emission (tCO2e) Total	4,485.91	5,911.52																				
Emission reduction ratio from the previous year	24.12%	21.73%																				
Greenhouse gas verification organization	Shenzhen Yuanqing Environmental Technology Services Co., Ltd.	Shenzhen Pengcheng International Certification Co., Ltd.																				

Items	Implementation Status			Non-implementation and its reason(s)																										
	Y	N	Summary																											
			<div>4. Water consumption and total weight of waste (ton) The Company has monitored environmental protection issues such as water resources and waste for a long time. Currently, all major production bases have obtained the certification of ISO14001 environment management system. The Company primarily uses water for general domestic purposes, with no process water usage or wastewater generated during production. The only wastewater generated is from the office building’s general domestic use. We will continue to implement various water conservation measures and promote awareness to reduce and control water resource consumption. The Company does not generate hazardous waste. Routine promotion of recycling, sorting, plastic reduction and waste reduction is carried out in support of environmental protection. The output of non-hazardous waste has also been reduced year by year.The following is the information of the water consumption and total waste weight at the Taipei Plant:</div> <table><tr><th rowspan="2">Year/Item</th><th rowspan="2">Water consumption (ton)</th><th colspan="2">Total weight of waste (ton)</th></tr><tr><th>Hazardous</th><th>Non hazardous</th></tr><tr><td>2023</td><td>3,919</td><td>0</td><td>12.71</td></tr><tr><td>2022</td><td>4,307</td><td>0</td><td>16.33</td></tr><tr><td>2021</td><td>4,648</td><td>0</td><td>21.56</td></tr><tr><td>2020</td><td>3,601</td><td>0</td><td>23.15</td></tr><tr><td>2019</td><td>3,854</td><td>0</td><td>24.24</td></tr></table>	Year/Item	Water consumption (ton)	Total weight of waste (ton)		Hazardous	Non hazardous	2023	3,919	0	12.71	2022	4,307	0	16.33	2021	4,648	0	21.56	2020	3,601	0	23.15	2019	3,854	0	24.24	
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2020	3,601	0	23.15																											
2019	3,854	0	24.24																											
<div>4. Social Issues (1) If the Company followed relevant laws, and internationally recognized human rights principal, and established appropriate management policies and procedures?</div>	V		<div>(I) The CompanyThe Company supports the spirit of the “Universal Declaration of Human Rights” and are committed to adhering to international human rights standards, including the “UN Global Compact Principles” and the “International Labor Organization Declaration on Fundamental Principles and Rights at Work”, among other important human rights conventions. We strictly comply with relevant government regulations, implement labor</div>	None																										

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>laws, and regularly convene labor management meetings to achieve effective communication and problem-solving. We adhere to a people-centric culture and respect and treat our employees well.</p> <p>The Company implements human rights policies, including but not limited to prohibiting forced labor, child labor, discrimination, and ensuring occupational health and safety. We have established and regularly update relevant management regulations to safeguard human rights. In addition to the “Labor Management Policy and Implementation Regulations”, we have established the “Employment Management Regulations”, “Factory Rules and Working Codes”, “Employee Care and Welfare Program Application Methods”, and “Salary Management Methods” to ensure the rights of employees in terms of working hours and rest, wages and insurance benefits, and prevention of harassment.</p> <p>Communication channels for implementation of human rights issues</p> <p>Legal compliance advocacy: The Company conducts legal compliance advocacy via the intranet or announcements on a quarterly basis. The Company conducts anti-discrimination, anti-sexual harassment, and anti-bullying education and training campaigns to provide a quality workplace that upholds human rights.</p> <p>Suggestion box and e-mail: According to the Company's "Labor Management Policy and Implementation Regulations", a suggestion box has been set up within the Company so that employees can have a channel through which to express their opinions (or complaint) to senior supervisors or the Company's senior management.</p> <p>Labor-management meetings: Establish good communication channels and hold labor-management meetings regularly to ensure the rights and interests of both parties.</p>	

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
(2) If the Company followed relevant laws and regulations and international guidelines on consumer health and safety, customer privacy, marketing and labeling of products and services and established relevant consumer protection policy and grievance channel?	V		<p>(II) 1. The Company's Articles of Incorporation clearly states that "In case the company has yearly profit, at least 1% shall be appropriated as employee remuneration". Moreover, performance of various business groups and personal performance are used as reference base for determination, and after the approval of authorization manager is gained, reasonable reward shall be given to employees.</p> <p>2. The Company's holiday system has been formulated in accordance with the Labor Standards Act.</p> <p>3. For the status of the Company's employee welfare measures and implementation include of the support programs for female employees, please refer to "V. Operation Overview and Labor-Management Relations" (pages 145-150).</p> <p>4. Diversity and equality in workplace</p> <p>The Company is committed to providing employees with a dignified and safe working environment. We have implemented diversity in employment, fairness in remuneration and promotion opportunities, and formulated relevant management measures, including "Labor Management Policy and Implementation Regulations", "Appointment Management Methods", "Factory Rules and Working Codes", "Application Guidelines for Employee Care and Welfare Programs", and "Wage Administration Guidelines". These policies ensure that employees are not subject to discrimination, harassment, or unequal treatment based on race, gender, religion, age, political affiliation, or any other condition protected by applicable laws and regulations.; provided, where the certain job is only suitable for certain gender, this shall not apply.</p> <p>In 2023, the average weight of female employees was 52%, and 43% for the female managers, please refer to page 145 of the Annual Report,</p>	None

Items	Implementation Status				Non-implementation and its reason(s)			
	Y	N	Summary					
(3) If the Company provided safe and healthy working environment to employees and conducted relevant training on safety and health management to employees periodically?	V		Gender distribution by position category		None			
			items	male		female		
				Number of People		Percentage	Number of People	Percentage
			managers	82		57%	62	43%
			total employees	1,200		48%	1,313	52%
			(III) The Company and the subsidiaries all have been certified for the ISO 45001 occupational health and safety management system. “Providing a safe and health workplace for employees” is the Company’s fundamental obligation. Aside from establishing a Labor Safety and Health Management Committee to implement necessary workplace environmental inspection, various safety and health facilities for labors and improvement or proposal of suggestions are also provided. Additionally, the health and safety education and trainings are conducted every year. Given the importance of protection measures for workplace and personal safety, the Company carries out related educational training on an unscheduled basis. The “Safety and Health Education for Labors” educational training is performed on employees containing courses such as: general safety and health educational training and classes regarding how to provide awareness of safety, and enhancement of health in workplace. Learning evaluation is also carried out in the process of educational training to ensure the correctness of the learning direction of employees while at the same time confirming the implementation of the working environment and personal safety, for the zero-disaster environment. In 2023, with 2 people involved (accounting for 0.094% of the total employees at the end of 2023, and the goal of zero-disaster was not achieved. In response to occupational safety improvements, the department will conduct training to enhance awareness of safety precautions during					

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>work and commuting. This includes reinforcing safety measures in the workplace and emphasizing traffic safety awareness to ensure the safety of colleagues during work and commuting, leading towards achieving the goal of zero accidents.</p> <p>There was 1 case of fire in 2023. The main cause was a small fire caused by outdated equipment. The fire was found and put out by security personnel immediately. There was no casualty. Relevant improvement measures in response to fire: 1. Replacement of old equipment and regular inspections. 2. Strengthen the lighting and monitoring in the fire risk area at night. 3. Regular firefighting courses every year, including firefighting evacuation drills.</p>	
(4) If the Company provided career planning, relevant raining and skill development for employees?			<p>(IV) The Company values the importance of employees' competitiveness and is dedicated to talent development. Annual education and training plans are arranged according to the education and training Measures. Flexible adjustment may be made according to the nature of work to meet expectations of duty and career development.</p> <p>The employees' further education training system in 2023 and execution status, please refer to page 147 of the Annual Report.</p>	None
(5) If the Company followed relevant laws and regulations and international guidelines on consumer health and safety, customer privacy, marketing and labeling of products and services and established relevant consumer protection policy and grievance channel?			<p>(V) The Company is in the manufacturing industry; products are not directly sold to consumers. Even though there are no compliant procedures in terms of R&D, procurement, manufacturing, production and service to protect consumers' rights and interests, a section dedicated to stakeholders can be found on the Company's website in accordance with the Business Integrity Rules. There is also a compliant management to prevent product or service from directly or indirectly damaging the rights and interests, health and safety of consumers or other stakeholders.</p>	None
(6) If the Company established suppliers management policy requesting suppliers to comply			<p>(VI) The Company evaluates and inspects the condition of suppliers in accordance with the Company's "Supplier Management Measures", "Supplier Evaluation Management Procedures", "Supplier Questionnaire",</p>	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
with relevant regulations on EHS and human rights issues and monitored suppliers' execution status.			<p>and "Inspection Form of Environmental Quality Assurance System for Suppliers". The Company performs an evaluation on new suppliers to determine whether it can become a qualified manufacturer; in terms of existing suppliers, the Company carries out regular evaluation to ensure they are adequate and provide guidance on supplier compliance with human rights matters namely environmental management, restricted substance control, non-hazardous substances and non-conflict miners.</p> <p>All suppliers signed the contract with the commitment of complying with the Company's environmental policies including compliance of laws and regulations, reduction of impact, continuous improvement, implementation of education, and communication. If a supplier is involved with unlawful incident, the Company may terminate its contract. Where a supplier, customer or an entity which the Company does business with is suspected to have violated the Company's CSR policies which has made a significant impact on the environment and society, the business relationship between 2 parties may be considered to be terminated.</p> <p>In light of the important issue of environmental protection, countries in the EU and other countries have passed acts including the Restriction of Hazardous Substances Directive (RoHS) and Waste Electrical and Waste Electric and Electronic Equipment (WEEE). As a member of the green product supply chain, not only does Nishoku Technology promote products that are lead-free but is also dedicated to fulfilling the needs of customers regarding heavy metal and banned chemical substances. We are currently promoting forbidden substance control and have released statement that all suppliers must meet the standard prescribed by laws and regulations.</p> <p>Supplier Evaluation System</p> <p>The purpose of the system is to carefully select qualified suppliers to ensure that the raw materials, equipment, and components provided meet the product specifications, and that they are available at reasonable prices and in the right quality, quantity, and timeliness to meet production needs.</p> <p>New suppliers for the first time shall be selected through appropriate investigation for long-term partnerships with suppliers with good credit,</p>	

Items	Implementation Status			Non-implementation and its reason(s)												
	Y	N	Summary													
			<p>quality and commitment which have entered agreements on compliance with laws and regulations, labor and human rights, environmental protection, health and safety, conflict minerals management, and sustainability management, etc. An annual evaluation of suppliers of raw materials and components related to production shall be conducted to review the conformity of each evaluation item.</p> <p>Annual evaluation method:</p> <p>Annual evaluations on the suppliers of raw materials and components related to the production are conducted, and the emphasis on product quality and delivery, as well as on sustainable development management in the production process is the focus of the review statistics, and the related disposal is handled according to the evaluation conclusion.</p> <p>Supplier evaluation and subsequent actions:</p> <p>The evaluation results are divided into grades of A, B, C and D, as shown in the following table. The evaluation results shall be submitted by the purchasing department to the president for review and subsequent actions.</p> <p>Evaluation Grading</p> <table><tr><th>Grade</th><th>Score</th><th>Action</th></tr><tr><td>A</td><td>90 or above</td><td>1. Increase the order quantity or commissioning quantity as appropriate. 2. Give priority to produce the Company's development samples.</td></tr><tr><td>B</td><td>89~75</td><td>No action.</td></tr><tr><td>C</td><td>74~60</td><td>1. Decrease the order quantity or commissioning quantity as appropriate. 2. The purchasing shall will notify the supplier of a deadline for improvement, and if no</td></tr></table>	Grade	Score	Action	A	90 or above	1. Increase the order quantity or commissioning quantity as appropriate. 2. Give priority to produce the Company's development samples.	B	89~75	No action.	C	74~60	1. Decrease the order quantity or commissioning quantity as appropriate. 2. The purchasing shall will notify the supplier of a deadline for improvement, and if no	
Grade	Score	Action														
A	90 or above	1. Increase the order quantity or commissioning quantity as appropriate. 2. Give priority to produce the Company's development samples.														
B	89~75	No action.														
C	74~60	1. Decrease the order quantity or commissioning quantity as appropriate. 2. The purchasing shall will notify the supplier of a deadline for improvement, and if no														

Items	Implementation Status						Non-implementation and its reason(s)		
	Y	N	Summary						
					improvement is made within the deadline, the supplier will be disqualified.				
			D	59 or below	Disqualify the vendor and do not work together for 2 years.				
			Implementation of the group evaluation in2023						
			Year of Evaluation	Total Number of Suppliers Evaluated	Evaluation Grade				
					Number of Suppliers Graded A	Number of Suppliers Graded B		Number of Suppliers Graded C	Number of Suppliers Graded D
2023	238	183	55	0	0				
	%	77%	23%	0%	0%				
5. If the Company’s CSR report prepared based on international recognized standard and if the report verified by the third party?	V		The Company has established the Corporate Social Responsibility Best Practice Principles. There is no major difference between the Company's CSR status and self-established CSR Best Practice Principles. The Company has already started the preparation of the sustainability report in Q4 2023. The report will be prepared in accordance with the schedule prescribed in the Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. The report is expected to be completed in August 2024. The timeline for obtaining third-party verification and assurance opinions is currently being evaluated.				None		
6. If the Company established any guideline of corporate social responsibility in accordance with “Corporate Social Responsibility Best-Practice Principles for Listed Companies”?									
As a means to fulfill CSR and improve the balance of economy, society, the environment and ecology, and sustainable development, the Company's Board of Directors passed the establishment of the Company's “CSR Best Practice Principles” in November 2015. In August 2023, the Board of Directors resolved to amend some provisions of the "Corporate Social Responsibility Best Practice Principles" and changed the name to "Sustainable Development Best Practice Principles" to facilitate compliance. Inspection of execution status is carried out on a regular basis and improvements are									

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
made accordingly. Since the establishment of the Principles, no material variation has been found.				
7. Other material information that helps to understand the operation of corporate social responsibility:				
<p>(I) As a means to fulfill corporate responsibility in protecting the environment, the raw materials currently used by the Company all comply with the RoHS regulations prescribed in July 2006. The dangerous substances stipulated in the RoHS are strictly prohibited in the production, and relevant information is also delivered to all departments, ensuring that all products of the Company comply with the RoHS or meet the needs of our customers.</p> <p>(II) In order to prevent employees from being exposed to hazards and reduce the risk of occupational diseases, the Company carries out annual regular health examinations and keeps track of employees’ health, while regularly carrying out workplace inspection and providing protective equipment.</p> <p>(III) Establishment of Lactation Room: As a means to provide convenience for female workers to collect milk, a comprehensive lactation room was established to encourage the nature of breastmilk, ensuring the health of our next generation.</p> <p>(IV) Safety and health: in addition to complying with the Occupational Safety and Health Act and related subordinating regulations, and handling matters accordingly, the Company also continues to promote the occupational health and safety management system (ISO 45001) to implement various health and safety management.</p> <p>(V) Caring for the local community: The Group is headquartered in Xinzhuang, New Taipei City. Since the completion of the factory in 2011, the Group has participated in the "Xinzhuang District United Scholarship Program" through the Xinzhuang District Office (subsidy targets are mainly public/private universities and public/private high schools), to encourage the spirit of diligence and improvement of the outstanding, poor, and needy students in Xinzhuang District, and to cultivate talent for the country, society and the region. The Company has been supporting this talent cultivation program for 12 years. The cumulative sponsorship amounted to NTD 800 thousand, and a total of 121 people received scholarships. In addition, we make unscheduled visits to representatives of local groups and fire brigades adjacent to the plant to learn about material topics of concern to the local community. We also implement fire safety countermeasures and implement precautions for employees in the plant, hoping to keep the community safe and happy, and prevent risks of major hazards inside or outside the plant.</p> <p>(VI) Rural community care: In line with our corporate social responsibility of taking care of disadvantaged groups and narrowing the gap between urban and rural areas, Nishoku Technology Inc., has participated in KPMG’s second-hand computer donation event for 16 years straight. We have donated a total of 368 second-hand computers to remote digital opportunity centers, schools, and welfare organizations. This not only provides more learning opportunities and resources for people in rural areas but also enhances the quality of care provided by welfare organizations to disadvantaged individuals. At the same time, through participating in this event, we hope we can lead by example and inspire other enterprises to join in effort to narrow the gap between urban and rural areas.</p> <p>(VII)With a certain amount of money, the Company engages in events of social care and disadvantaged groups. Employees of the Company are also encouraged to take part in doing charities and make a difference in order to give back to the society.</p>				

Items		Implementation Status			Non-implementation and its reason(s)
		Y	N	Summary	

Number	Name of the Recipient	Amount
1	Mennonite Social Welfare Foundation	59,275
2	Buddhist Puxian Social Welfare Foundation of Yilan County	58,600
3	Hualien Bethesda Nursing Institute, Hualien County Christian Missionaries	60,000
4	Taiwan Fund for Children and Families	65,000
5	Xinzhuang District Office, New Taipei City	50,000
6	Private Huiming Blind Child Welfare Association is attached to the Christian Huiming Blind Welfare Association of Taichung City	60,000
7	The Chiayi Diocese of Chiayi County is attached to the Chiayi Diocese of the Catholic Church	60,000
8	Huashan Social Welfare Foundation	45,000
9	Happy Mount Colony, New Taipei City	30,000
10	Nantou County Mingjian Township Xinmin Community Development Association (Xinmin DOC)	15,000
11	Centipede Community Development Association, Puli Township, Nantou County	15,000
12	World Vision Taiwan	42,000
13	Renewal Foundation Taiwan	50,000
14	Private Xuan-Kuan Caring Home, Nantou County	59,689
15	Andrew Charity Association	14,000
16	Xihaner Social Welfare Foundation	49,900
17	Aboriginal Kaulahan Cultural	50,000
18	Kids' Bookhouse Foundaion	50,000
19	Nanhui Medical Foundation	50,000
20	Lixin Social Welfare Foundation	50,000
21	Donations for Türkiye earthquake relief in 2023	50,000
	Total (TWD)	1,233,464

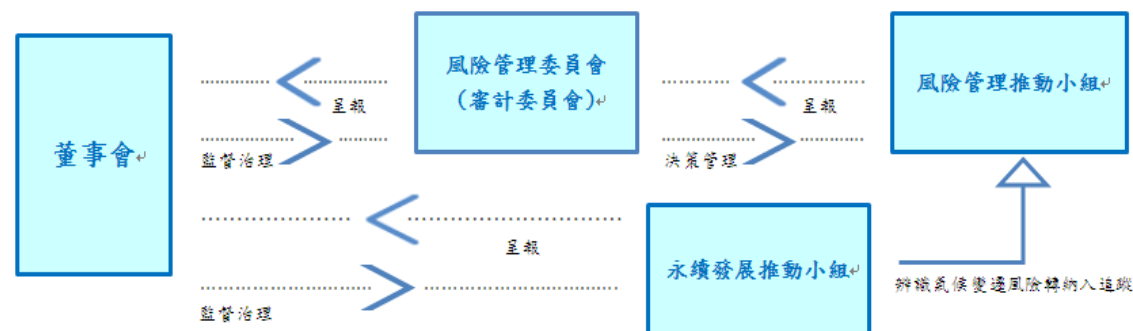
Items		Implementation Status			Non-implementation and its reason(s)
		Y	N	Summary	
(VIII) International quality certification:					
Item		Kunshan Plant	Shenzhen Plant	Vietnam Plant	Taipei Plant
TS 16949 Certification of quality and quantity management system	Date of issuance	2014/6/18			
	Date of this issuance From to	2021/7/15~2024/7/14			
ISO 9001 Certification of quality and quantity management system	Date of first issuance	2002/10/29	2011/12/16	2011/2/16	1998/5/6
	Date of this issuance From to	2021/7/5~2024/7/14	2023/12/16~2026/12/15	2023/2/16~2026/2/16	2023/8/9~2026/8/14
ISO 14001 Environment management system	Date of first issuance	2015/7/22	2008/2/1	2011/2/17	2011/8/15
	Date of this issuance From to	2021/7/15~2024/7/21	2022/11/22~2025/9/22	2023/2/17~2026/2/17	2023/7/20~2026/8/14
ISO 45001 Occupational health and safety management system	Date of first issuance	2020/8/14	2013/9/23	2011/8/5	
	Date of this issuance From to	2023/8/14~2026/8/13	2022/11/22~2025/9/22	2023/3/6~2026/3/6	
ISO 13485 Medical device quality management system	Date of first issuance	2019/3/27			
	Date of this issuance From to	2022/3/27~2025/3/26			

3.5.6 Climate-related information of TWSE/TPEX-listed companies

1. Implementation status of Climate-related information implementation

Items	Implementation Status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>In order to strengthen the monitoring related to enterprise risk management and prevent major losses, the Company established the Risk Management Committee directly under the Board of Directors in 2024 to serve as the supervision and guidance unit for the operating mechanism of risk management. The Committee, consisting of three independent directors from the Board of Directors, is responsible for formulating and overseeing the objectives of enterprise risk management of corporate governance, the environment, and society. Moreover, a risk management promotion team has been set up to identify, monitor, and propose response strategies and reports the status of risk management implementation to the Risk Management Committee to further formulate various short-, medium- and long-term goals. The Risk Management Committee convenes a meeting at least once a year in accordance with the "Risk Management Committee Charter" and reports the implementation plan and results to the Board of Directors on a regular basis.</p> <p>Possible financial impact of climate change risks has become one of the major issues of concern to stakeholders. Therefore, the Company has established a Sustainability Promotion Team under the Board of Directors, with the Chairman as the chairman and the Chief Financial Officer as the director general. The promotion team is responsible for the proposal of sustainable development-related policies and implementation of relevant policies, systems, or relevant management guidelines and concrete promotion plans. The team also regularly reports to the Board of Directors at least once a year on economic, environmental, and social issues arising from operating activities. The Board of Directors has authorized the Sustainability Promotion Team to identify issues of concern to the Company's operations and stakeholders, and to invest in climate adaptation and mitigation actions to build a low-carbon value chain, focusing on the four major issues: corporate governance, sustainable environment development, social welfare maintenance, and corporate social responsibility information disclosure enhancement. Also a member of the risk management team, the Financial and Accounting Division works together with the risk management promotion team to evaluate and discuss the risks and strategies related to climate change identified by the risk management promotion team for evaluation and discussion. Through a cycle of regular reporting to the Risk Management Committee by the risk management promotion team and resolution of strategy deployment of the Board of Directors, we ensure that climate-related risks are fully assessed and controlled, moving towards the goal of net zero.</p>

[Risk management operations]



Status of operation:

- (1) The identification of climate change risks and the response strategies are provided by the Sustainability Promotion Team to the risk management team for tracking.
- (2) The risk management promotion team reports the identification of risks and their implementation to the Risk Management Committee (Audit Committee); the Risk Management Committee (Audit Committee) reports and supervises the implementation of the selected strategies to the risk management promotion team.
- (3) The Risk Management Committee (Audit Committee) reports the decision-making management to the Board of Directors.
- (4) The Sustainability Promotion Team reports to the Board of Directors on the implementation of sustainable development and response strategies.
- (5) The Board of Directors decides the strategy and supervises and governance.

2.Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	In terms of the identification of climate-related risks and opportunities, the short, medium and long-term impact on the strategy and operation of Nishoku were defined as: short-term as 1-3 years, medium-term as 3-5 years, and long-term as 5-10 years. After discussion by the Sustainability Promotion Team and the Risk Management Committee, the key climate risks and opportunities were identified as follows:						
3.Describe the financial impact of extreme weather events and transition actions.	Key climate risks and opportunities identified						
	Types of risks and opportunities		Risk items	Possible time of occurrence	Impact on the Company's strategy, operation and finance	Response strategies of the Company	Potential financial impact of the response plan
	Transformation risks	Policies and regulations	Requirements and supervision of existing products and services	Short-term	In response to GHG reduction and management regulations, it is necessary to improve the energy efficiency of business locations and increase the cost of green electricity certificate subscription	Phase out high-energy-consuming production, air-conditioning, and office equipment, and promote in-plant carbon reduction; increase operational efficiency through routine operational improvements to achieve energy conservation.	Increase in capital expenditure, increase or disposals of assets, increase in liabilities
Technology		Costs of low-carbon technology transformation	Medium-term	Increased capital expenditures for technology development	Introduce the Manufacturing Execution System (MES) into the manufacturing process to automate and manual labor reporting,	Increase in capital expenditure	

					precisely control the processing time and scheduling, and effectively improve production efficiency.	
	Market	Changes in customer behavior	Short-term	Products and services currently provided do not meet market demand and are phased out if energy-intensive or carbon-emissions are high, resulting in loss of customers.	Expand sources of low-carbon procurement and seek out renewable energy suppliers Integrate upstream and downstream industries, formulate a process emission reduction plan, and develop green manufacturing processes	Increase in capital expenditure
	Physical risk	Power interruption caused by extreme weather events such as typhoons, floods, and flooding (heavy rainfalls)	Long-term	Production capacity decline (such as production suspension, extension of planning consent, transportation difficulties, supply chain interruption)	Review plans to install solar power generation equipment and purchase energy storage cabinets; or moderately increase the inventory	Increase in capital expenditure
	Opportunities	Resource efficiency Use more efficient production and distribution processes	Medium-term	Reduce operating costs (e.g. through efficiency improvement and cost reduction)	Replace energy-intensive forklifts and vehicles Process equipment and introduction of low-carbon manufacturing process Opt for low-carbon transportation products	Decrease in operating costs, increase in capital expenditure, increase in or scrapping of assets, increase in liabilities

		Products and services	R&D and innovation for developing new products and services	Short-term	Increase revenue through demand for low-carbon products and services	Reduce carbon emissions and energy costs through the application, investment or development of new energy technologies	Increase in capital expenditure and revenue
		Market	Entrance into new markets	Short-term	Entering new and emerging markets (e.g. working with the government and development banks) to increase revenue	Expand new markets and industrial transformation through innovation of products or services Work with suppliers and customers to develop low-carbon and sustainable products	Increase in operating revenue
4.Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>In order to implement climate risk management, the Sustainability Promotion Team conducts regular risk identification and assessment and related response measures and proposals based on the possible impact timelines of climate change, the possibility of risk occurrence, and the impact on the Company's operations and finance. The Sustainability Promotion Team provides the identification of climate change and the progress of promotion and tracking to the risk management team, which reports to the Risk Management Committee, with a report compiled to be submitted to the Board of Directors for decision-making.</p> <p>Identification and assessment process for climate change-related risks and opportunities With reference to the TCFD framework, based on the external environment such as the current international attitudes toward climate change, local government regulations, and the impact of climate change on internal company strategic goals, products and services, and the supply chain, we have compiled a list of relevant risks/opportunities. In the medium and long term, the likelihood of risk occurrence and its impact on the Company's strategy, operation and finance will be assessed and the key risks/opportunities determined after internal discussions.</p>						
		Risk collection/identification		Risk assessment		Risk response	

	Sustainability Promotion Team	Sustainability Promotion Team and Risk Management Committee	Sustainability Promotion Team and Risk Management Committee
	List/screen climate risks and opportunities	Identify key risks and opportunities	Response plans for key risks and opportunities
	Based on the Company's industrial characteristics and current operation status, the Sustainability Promotion Team collected relevant climate risk and opportunity issues. After internal discussions, various departments screened out the Company's risks and opportunities.	Based on the content of the research and analysis and the significance of the impact assessment, the Sustainability Promotion Team and the Risk Management Committee summarized the key climate risks and opportunities of the Company.	The Sustainability Promotion Team and the Risk Management Committee examine the impacts of climate-related risks and opportunities on the Company's strategy, operations, and finance, and formulate corresponding strategic plans after internal discussions.
5.If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not yet adopted the scenario analysis of climate change.		

6.If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Types of risks and opportunities		Risk items	Impact on the Company's strategy, operation and finance	Response strategies of the Company
	Transformation risks	Policies and regulations	Requirements and supervision of existing products and services	In response to GHG reduction and management regulations, it is necessary to improve the energy efficiency of business locations and increase the cost of green electricity certificate subscription	Phase out high-energy-consuming production, air-conditioning, and office equipment, and promote in-plant carbon reduction; increase operational efficiency through routine operational improvements to achieve energy conservation.
		Technology	Costs of low-carbon technology transformation	Increased capital expenditures for technology development	Introduce the Manufacturing Execution System (MES) into the manufacturing process to automate and manual labor reporting, precisely control the processing time and scheduling, and effectively improve production efficiency.
		Market	Changes in customer behavior	Products and services currently provided do not meet market demand and are phased out if energy-intensive or carbon-emissions are	Expand sources of low-carbon procurement and seek out renewable energy suppliers

				high, resulting in loss of customers.	
	Physical risk	Immediacy	Power interruption caused by extreme weather events such as typhoons, floods, and flooding (heavy rainfalls)	Production capacity decline (such as production suspension, extension of planning consent, transportation difficulties, supply chain interruption)	Integrate upstream and downstream industries, formulate a process emission reduction plan, and develop green manufacturing processes
7.If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet implemented an internal carbon pricing mechanism.				
8.If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified	The Company has set a reduction target for GHG emissions, and planned to reduce GHG emissions by 5% year by year in the future. For related activities, GHG emission scope, and planning process, please refer to 9. GHG Reduction Targets, Strategies and Specific Action Plans.				
9. Greenhouse gas inventory and assurance status (filled out separately below in 1-1).	Assurance of GHG emissions for 2023 and 2022 is shown in the following table				

1-1 Greenhouse Gas Inventory and Assurance Status in Recent Two-year

1-1-1 Greenhouse Gas Inventory Information Instructions for Completing the Table:

Inventory year : 2023/01/01 ~ 2023/12/31

Scope 1	metric tons of CO2e	Density (metric tons of CO2e per million dollars)	Assurance Institution	Description of Assurance Status
Parent company	23.4718		Internal inventory	
Subsidiary (Shenzhen)	6.25		Internal inventory	
Subsidiary (Kunshan)	231.89		Internal inventory	
Subsidiary (Vietnam)	4.09		Internal inventory	
Emission (tCO2e) Total	265.7018	0.08	Intensity based on 2023 consolidated revenue of NTD 3,508.729 million	
Scope 2	metric tons of CO2e	Density (metric tons of CO2e per million dollars)	Assurance Institution	Description of Assurance Status
Parent company	606.670		Internal inventory	
Subsidiary (Shenzhen)	3,391.360		Internal inventory	
Subsidiary (Kunshan)	24,222.450		Internal inventory	
Subsidiary (Vietnam)	366.382		Internal inventory	
Emission (tCO2e) Total	28,586.862	8.15	Intensity based on 2023 consolidated revenue of NTD 3,508.729 million	
Scope 3	At present, the Company's GHG inventory mainly focuses on the Scope 1 and Scope 2 information.			

Inventory year : 2022/01/01 ~ 2022/12/31

Scope 1	metric tons of CO2e	Density (metric tons of CO2e per	Assurance Institution	Description of Assurance Status
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		million dollars)		
Parent company	Not counted		The parent company plans to complete the 2023 internal inspection in 2024 and the 2027 external verification in 2028.	
Subsidiary (Shenzhen)	7.004		Shenzhen Yuanqing Environmental Technology Services Co., Ltd.	Of the total GHG emissions disclosed by the Company, 7.004 metric tons of Co2e were confirmed by the assurance organization using the standardization guidelines of Shenzhen such as SZDB/Z 69 (Organizational Guidelines for Quantification and Reporting of GHG Emissions) and SZDB/Z 70 (Organizational Verification Guidelines for GHG Emissions). The opinion of the confirmation was limited assurance.
Subsidiary (Kunshan)	108.94		Internal inventory	
Subsidiary (Vietnam)	Not counted		It is planned to complete the 2023 internal inspection in 2024 and the 2028 external verification in 2029.	
Emission (tCO2e) Total	115.944	0.03	Intensity based on 2022 consolidated revenue of NTD 3,927.929 million	
Scope 2	metric tons of CO2e	Density (metric tons of CO2e per million dollars)	Assurance Institution	Description of Assurance Status
Parent company	Not counted		The parent company plans to complete the 2023 internal inspection in 2024 and the 2027 external verification in 2028.	
Subsidiary (Shenzhen)	4,478.9100		Shenzhen Yuanqing Environmental Technology Services Co., Ltd.	Of the total GHG emissions disclosed by the Company, 4,478.91 metric tons of Co2e were confirmed by the assurance organization using the standardization guidelines of Shenzhen such as SZDB/Z 69 (Organizational Guidelines for Quantification and Reporting of GHG Emissions) and SZDB/Z 70 (Organizational Verification Guidelines for GHG Emissions). The opinion of the confirmation was limited assurance
Subsidiary (Kunshan)	26,875.16		Internal inventory	

Subsidiary (Vietnam)	Not counted		It is planned to complete the 2023 internal inspection in 2024 and the 2028 external verification in 2029.
Emission (tCO ₂ e) Total	31,354.0700	7.98	Intensity based on 2022 consolidated revenue of NTD 3,927.929 million
Scope 3	At present, the Company's GHG inventory mainly focuses on the Scope 1 and Scope 2 information.		

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

(I) Corporate strategies in response to climate change or GHG management

In addition to the Company, the overseas production locations of Nishoku Group - Kunshan, Shenzhen and Vietnam all uphold the notion of co-existence with the Earth by continuing to promote energy-saving and GHG emission reduction measures, actively reducing carbon emissions, focusing on power consumption measures and reviewing internal energy consumption status periodically. The Company has established relevant provisions for policies on the energy saving and carbon reduction, greenhouse gas emission reduction, reduction of water usage or other waste management in the “Corporate Social Responsibility Best Practice Principles”, and also implements such policies thoroughly.

(II) Corporate GHG emission reduction targets

Plan to reduce GHG by 5% year by year in the future as the management goal

(III) Budgets and plans for the reduction of corporate GHG emissions

1. Energy-saving measures at the production end: Reduction of process energy consumption, increase of equipment efficiency and energy management, etc.

2. Office energy saving measures:

(1) Group’s headquarter building obtained the U.S. Green Building Council LEED green building golden class certification in June 2012.

(2) Office environment adjusts the air conditioning depending upon the season and the temperature is set at 26 degree Celsius constantly in order to reduce the power load.

(3) Office lighting uses energy-saving and high-performance lighting fixtures in order to reduce the heat generated by the light source and to achieve the objective of energy saving.

(4) Promote employees to use stairs instead of elevators.

3. Others:

(1) Use document electronic signing and approval system to perform electronic signing approval, thereby reducing the paper usage amount, and promote the use of recycled papers.

(2) Properly execute recycle management and resource classification of wastes, such kitchen wastes, metal/aluminum/glass bottles, waste papers and plastic bottles, etc., and appoint professional personnel to be responsible for the treatment and classification of wastes.

(IV) Carbon reduction effect brought by the Company's products or services to customers or consumers

No products or services have been inventoried.

3.4.7 Implementation of Ethical Corporate Management Best Practice Principles:

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
1. Ethical Corporate Management Policy (1) If the Company established ethical corporate management policy approved by the Board and specified procedures in its internal policies and external document? If the Board of Directors and the management team committed to enforce such policies rigorously and thoroughly?	V		(I) The board of directors has approved the “Ethical Corporate Management Best Practice Principles” in 2011, and the “Procedures for Ethical Management and Guidelines for Conduct” in 2021, to clearly specify the policies and conduct regulations for ethical management. For the directors and executives of the Company to understand and implement the ethical management philosophy better, while incorporating the “Commitment of Ethic and Integrity” in the documents required to be signed by the new directors and executives, the major contents include: no unethical conduct, not providing or receive improper benefits, not providing illegal political contributions or improper charitable donations or sponsorships, recusal for conflict of interests, performing the confidentiality obligation and no infringement to the intellectual property rights, complying with NDA, not engaging insider trading, performing the explanation obligation, not receiving improper benefits, nor conducting business with unethical operators; the re-elected or newly elected directors and supervisors are required to sign the “Commitment of Ethic and Integrity.” In 2023, the directors and executives of the Group complied the requirement in the above paragraphs, and no violation as of now.	None
(2) If the Company established a system to periodically evaluate business activities which	V		(II) The Company regularly analyses the forms of the whistle-blowing system for unethical conducts. An effective accounting system and internal control	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>are possibly at a higher risk of being involved in an unethical conduct and if relevant prevention policy covering business activities specified in the second paragraph of Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSE Listed Companies established thereof?</p> <p>(3) If the Company executed any measures to prevent unethical conduct and clearly prescribed the specific ethical management practice including operational procedures, guiding principles, penalties and grievance channels? If the Company reviewed the execution of these measures periodically and revised the measures where necessary.</p>	V		<p>system are established for business activities with high risks, and the following procedures have been formulated in the “Ethical Management Best Practice Principles”:</p> <ul style="list-style-type: none"> ● No providing or acceptance of bribes. ● No providing illegal political contributions. ● No improper charitable donations or sponsorship. ● No offering or acceptance of unreasonable presents or hospitality, or other improper benefits. ● No misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. ● No engaging in unfair competitive practices. ● No damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. <p>(III)The Company has established the “Ethical Management Best Practice Principles”, which has clearly stated its operating procedures, conduct guidelines, penalties for violation and reporting system, such as channels including dedicated contact personnel, contact number and e-reporting mailbox on the Company’s website and internal website. For Company employees involving in ethical conduct, it shall be handled according to the</p>	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			reporting procedures of the “Handling Measures for Reporting Illegal and Unethical and Dishonest Conducts”.	
2. Implementation of Ethical Corporate Management (1) If the Company checked whether the respective counterparty holds any record of unethical misconduct and if the contract terms required the compliance of ethical corporate management policy?	V		(I) The Company has established the “Supplier Evaluation Management Procedures” and “Supplier Questionnaire” for approving trading objects for which the Company does business activities with. For suppliers/contractors which the Company is already in cooperation with, regular audits and inspections are carried out. Related terms and conditions between the Company and trading objects are also specified in the contract.	None
(2) If the Company set up a unit, under the direct supervision of the Board of Directors, to handle the implementation and supervision of ethical corporate management as well as prevention of unethical conduct and reported to the Board of Directors periodically (annually)?	V		(II) 1.The Human Resources and Administration Department, Legal Affairs Office and Finance Department jointly formed the “Task Force for Promoting Ethical Management” with Vice President Wu, Ying-lan as the convener, conducting business pursuant to relevant management regulations, to ensure the implementation of the Ethical Corporate Management Best Practice Principles. The dedicated unit reported the implementation to the board of directors on December 27, 2023. 2. The operation and implementation in 2023 are as following: A. Education and training (1). Participated in external education and training related to ethical management issues (including courses related to practice and management of fraud risk, corporate	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>(3) If the Company established a policy on prevention of conflict of interests, provided appropriate reporting channel and executed rigorously and thoroughly?.</p>	V		<p>governance, professional ethics and legal responsibility, accounting system, and internal control), with a total of 302 hours.</p> <p>(2). Total 91 new recruits attended the ethical management promotional training.</p> <p>B. Legal compliance The Group-wide legal education and training was conducted by the Legal Office, focusing on ethical management, integrity commitment, commercial bribery, and intellectual property, The training has been held eleven times in 2023, with 70 hours of promotion.</p> <p>C. Commitment of Ethics and Integrity Based on the principles of fairness, honesty, trustworthiness and transparency, the Company conducts the business. In order to implement the ethical corporate management policy, and actively prevent unethical conducts, suppliers or contractors are required to sign the “Commitment of Ethics and Integrity,” as many as 84.62%.</p> <p>D. Regular inspection The Company has established the “Reward and Punishment Management Regulations,” incorporating ethical management into employee performance appraisal and human resources policies, to establish a clear and effective discipline system. There will be no corruption and anti-competitive behavior in 2023.</p> <p>(III) The Company has established the “Ethical Management Best Practice Principles” and when a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of</p>	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
(4) If the Company established an effective accounting system and internal control system and if internal auditing department formulated auditing plan based on the result of risk evaluation on unethical conduct and audited the compliance of prevention plan or authorized external accounting firm to conduct auditing?	V		<p>the juristic person represented by any of the directors, managerial officers, and other stakeholders attending or present at Board Meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given Board Meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as a proxy for another director.</p> <p>As a means to avoid improper leaks of internal material information, the “Operating Procedures for the Prevention of Insider Trading” has also been established for the compliance of the Company’s directors, managerial officers, employees and shareholders holding more than 10% of the Company’s shares as well as spouses, minor children and holding shares using another person’s name stated previously.</p> <p>There is also a stakeholders section on the Company's website, providing a channel for making statements.</p> <p>(IV) The accounting system and internal control system established by the Company are able to control relevant operation risks. However, with the change of economic environment and the Company's expanding business scales, the Company adheres to its ethical management while at the same time making appropriate reviews and improvements. The internal audit personnel carries out audits on the</p>	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
(5) If the Company organized training and awareness programs on ethical corporate management to internal and external parties?	V		<p>compliance of the systems stated previously, and shall make an audit report to submit to the Board meeting. CPAs are appointed to execute audits, and when it is necessary, professionals may be appointed for assistance.</p> <p>(V) As required by the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and the “Operating Procedures for the Prevention of Insider Trading” passed by the Board, an Education Promotion Handbook is produced quarterly and courses are carried out by external education institutions for assistant general manger-level and above. Trainings relating to Professional Ethics for Employees and Conduct of Conduct are arranged for the Company's general employees.</p> <p>On January 3, 2023, April 6, 2023, July 3, 2023, and October 2, 2023, the directors, managerial officers, and employees were informed with the common violations of insiders’ equity transfer and related education, for total of 140 readers. The contents included the scope of internal material information, classification operation, disclosure operations and handling of violations of the insiders’ equity transfer; the promotional materials were sent to all directors, managerial officers and employees for reference.</p> <p>The Company reminds directors in its annual insider trading prohibition program that they should not trade their shares during the closed period of 30 days before the annual financial report announcement and 15 days before the quarterly</p>	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
			financial report announcement. The directors were informed on January 19, 2023, April 12, 2023, July 19, 2023, and October 11, 2023 that there the Company's shares may not be traded during the closed period of 30 days prior to the announcement of each quarterly financial report, in order to avoid any unintentional violation of such regulation by the directors.	
3.Implementation of whistleblowing system				
(1) If the Company established a whistleblowing and reward system? Upon receiving a reported case, is there a dedicated personnel handling the reported case?	V		(I) The Company has established the “Ethical Corporate Management Best Practice Principles”, as well as independent whistle-blowing mailbox for internal and external personnel. A whistle-blower may send the reporting matter directly to such mailbox. The authorization unit appoints suitable dedicated personnel to handle the matter according to the nature of such matter, and the identity and reporting content will be kept confidential. An internal audit may be carried out according to needs.	None
(2) If the Company established standard operational procedures and relevant information confidentiality policy for investigation of reported cases and recommendation of preventive measures?	V		(II) The Company has established applicable standard operating procedures investigation in terms of reporting matters and an investigation is conducted under a confidential document.	None
(3) If the Company established any measures for protecting whistleblowers from inappropriate disciplinary actions?	V		(III) The Company's “Handling Measures for Reporting Illegal and Unethical and Dishonest Conducts” clearly specifies that the handling personnel shall keep confidential of the identity of the whistle-blower as well as the content, and shall protect such person from suffering any consequences of reporting an incident.	None

Items	Implementation Status			Non-implementation and its reason(s)
	Y	N	Summary	
4. Information Disclosure If the Company disclosed ethical corporate management policy and its status of implementation via corporate website or Market Observation Post System?	V		The Company has disclosed information relating to ethical management on its website and annual report for relevant personnel.	None
5. If the Company established any guideline of ethical business conduct in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and please state the implementation status of the guideline and any reasons for non-implementation? The Company’s “Ethical Management Best Practice Principles” has been approved by the Board Meeting and has been publicly announced on the Company’s website and MOPS for compliance of employees. The concurrent unit, Finance Department, is responsible for the promotion of corporate ethical management.				
6. If any other information that helped to understand the operation of ethical business conduct and its implementation. (ie. Declarations, trainings and conventions held with vender to promote ethical business conduct)? (I) For to comply with laws and regulations as well as be in line with the current practice ,on October 28, 2021,the Company’s Board of Directors approved the amendment of the “Ethical Corporate Management Best Practice Principles” and “Handling Measures for Reporting Illegal and Unethical and Dishonest Conducts” .				

3.4.8 The Company has Corporate Governance Rules and Related Measures:

The Company currently has Corporate Governance Rules, CSR Best Practice Principles, Ethical Conduct Rules for Directors, Supervisors and Managerial Officers, Rules and Procedures for Board Meetings, Rules of Procedure for Board of Directors Meetings, Duties of Independent Directors, Professional Ethics for Employees and Code of Conduct, and comprehensive internal control system and internal audit system in order to implement the operation and promotion of corporate government. Related rules and measures can be found on the Company’s internal and external websites.

3.4.9 Other important may be disclosed regarding information to improve the understanding of the Company's corporate governance operation:

The Company has a corporate governance section on the website for the disclosure of related information on corporate governance.

Company website:<https://www.nishoku.com.tw/zh-TW/Investor/Company>

3.4.10 The following items related to the implementation of internal control systems shall be disclosed:

(1) Internal Control Statement

Nishoku Technology Inc.
Statement of Internal Control System

Date: February 29, 2024

Based on the findings of self-assessment, Nishoku Technology Inc. states the following with regard to its internal control system in 2023:

1. Nishoku Technology Inc. is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of financial reporting and compliance with of applicable laws, regulations and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of Nishoku Technology Inc. contains self-monitoring mechanism and Nishoku Technology Inc. takes corrective actions whenever a deficiency is identified.
3. Nishoku Technology Inc. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. Nishoku Technology Inc. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the self-assessment mentioned in the preceding paragraph, Nishoku Technology Inc. believes that, as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), as well as understanding the degree of achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of financial reporting, and compliance with the applicable laws, regulations and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of Nishoku Technology Inc.’s Annual Report for the year 2023 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on February 29, 2024 with zero of nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Nishoku Technology Inc.

Chen, Piao-Fu
Chairman

Tsai, Chien-Sheng
President and Chief Executive Officer

(2) Where a CPA is entrusted to carry out a special audit of the internal control system, furnish the CPA audit report: None.

3.4.11 The penalties delivered to the Company and the staffs of the Company, or the penalties delivered by the Company to the staffs for violations of internal control system in the most recent years and up to the date of the annual report which caused material impact to shareholder equity or share price and content of penalty shall be disclosed accordingly: None.

3.4.12 Major Resolutions of Shareholders' Meeting and Board Meetings

3.4.12.1 The 2023 major Resolutions of Shareholders' Meeting and its Implementation Status:

1. Approval of the 2022 Business Report and Financial Statements.

Execution status: according to the resolution.

2. Approval of the 2022 earnings distribution.

Execution status: a cash dividend of NT\$10 per share was issued. Base date: June 24, 2023. The distribution was completed on July 14, 2023.

3. Discuss the Proposal for private placement of common shares through cash capital increase.

Execution status: according to the resolution. On June 15, 2023, the company's private placement of ordinary shares approved by the ordinary meeting of shareholders did not exceed 10 million shares. Since the processing period is about to expire, according to the relevant regulations of private placement, it shall be reported to the board of directors for approval and will not continue to be processed, and shall be submitted to the shareholders' meeting.

3.4.12.2 Major Resolutions of Board Meetings

Date	Major resolutions	Matters listed in §14-3 of the Securities and Exchange Act	Independent director holding any dissent or qualified opinion
February 24, 2023 (1st session in 2023)	1. Motion for the Company's 2022 parent only and consolidated financial statements	✓	None
	2. Motion for the Company's 2022 remuneration to directors, supervisors and employees, and year-end bonus for managerial officers	-	None
	3. Motion for the Company's 2022 business report	✓	None
	4. Motion for the the Company's 2022 internal control system statement	✓	None
	5. Motion for amendment to the "Rules and Procedures for Board Meetings"	-	None
	6. Motion for amendment to the "Procedures for Handling Material Inside Information"	✓	None

Date	Major resolutions	Matters listed in §14-3 of the Securities and Exchange Act	Independent director holding any dissent or qualified opinion
	7. Motion for amendment to the “R&D cycle”	✓	None
	8. Motion for the proposal of the time, location and agendas for the Company’s 2023 General Meeting of Shareholders.	-	None
	9. Proposal of setting a time to accept shareholders' proposals for 2023 General Meeting of Shareholders.	-	None
	10. Motion for the continuation of the Company's credit contract with Mega International Commercial Bank.	✓	None
	11. Motion for the continuation of the Company's credit contract with CTBC Bank Co., Ltd.	✓	None
	12. Motion for the continuation of the Company's credit contract with Citibank Taiwan Ltd.	✓	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted with all attending independent directors and directors.		
	No other motions or extraordinary motions		
April 28, 2023 (2nd session in 2023)	1. Motion for the Consolidated Financial Statements for the first quarter of 2023.	✓	None
	2. Motion for the Company's 2022 earnings distribution	✓	None
	3. The Company's 2022 Earnings Distribution Proposal for the Distribution of Shareholders' Dividends in Cash	-	None
	4. Motion for amendment to the “Corporate Governance Best Practice Principles” and “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises”	✓	None
	5. Proposal for private placement of common shares through cash capital increase.	-	None
	6. Motion for additional matters for discussion for agenda of the 2023 Annual General Shareholders' Meeting.	-	None
	7. Motion for the Company's 2023 independence evaluation of CPAs appointed by the CPA firm.	✓	None
	8. Motion for amendment to the “Measures for Self Assessment of the Internal Control”.	✓	None
	9. Proposal for redemption and cancellation of restricted stock awards (RSA) by relevant authority.	✓	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted		

Date	Major resolutions	Matters listed in §14-3 of the Securities and Exchange Act	Independent director holding any dissent or qualified opinion
	with all attending independent directors and directors.		
	No other motions or extraordinary motions		
June 29, 2023 (3th session in 2023)	1. Motion for the proposal of the investment in Nishoku Technology Vietnam Co., Ltd.	✓	None
	2. To set the base date for the second issuance of new shares and approve the roster of eligible employees and number of shares to be allotted for the proposed issuance of restricted stock awards.	✓	None
	3. Motion for amendment to the “Regulation Governing Credit Checking and Credit Practice Management”	✓	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted with all attending independent directors and directors.		
	No other motions or extraordinary motions		
August 4, 2023 (4th session in 2023)	1. Motion for the Consolidated Financial Statements for the second quarter of 2023.	✓	None
	2. Proposal for the loaning of funds to the offshore company Nishoku Technology Vietnam Co. Ltd. with 100% equity directly held by the Company.	✓	None
	3. Motion for amendment to the “Level of Group Authority table”	✓	None
	4. Motion for amendment to the "Corporate Social Responsibility"	-	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted with all attending independent directors and directors.		
October 27, 2023 (5th session in 2023)	No other motions or extraordinary motions		
	1. Motion for the Consolidated Financial Statements for the third quarter of 2023.	✓	None
	2. Motion for the continuation of the Company's credit contract with First Commercial Bank.	✓	None
	3. Motion for the continuation of the Company's credit contract with E.SUN Commercial Bank Co., Ltd.	-	None
	4. Motion for the continuation of the Company's credit contract with Mega International Commercial Bank.	-	None
	5. Motion for amendment to the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”	✓	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted		

Date	Major resolutions	Matters listed in §14-3 of the Securities and Exchange Act	Independent director holding any dissent or qualified opinion
	with all attending independent directors and directors.		
	No other motions or extraordinary motions		
December 27, 2023 (6th session in 2023)	1. Motion for reporting the Company's 2024 budgets and business plans.	✓	None
	2. Motion for reporting the Company's 2024 audit plans	✓	None
	3. Motion for the Company's 2024 independence evaluation of CPAs appointed by the CPA firm.	✓	None
	4. Proposal of establishment of the general principles for the Company's 2024 pre-approved non-assurance service policy.	✓	None
	5. Motions resolved implementation of managerial officers' Remuneration by The 4th meeting of the 5th term Remuneration Committee.	-	None
	6. Motion for the continuation of the Company's credit contract with Taipei Fubon Commercial Bank.	✓	None
	7. Proposal for redemption and cancellation of restricted stock awards (RSA) by relevant authority.	✓	None
	8. Motion for amendment to the "Risk management measures"	✓	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted with all attending independent directors and directors.		
	No other motions or extraordinary motions		
February 29, 2024 (1st session in 2024)	1. Motion for the Company's 2023 parent only and consolidated financial statements	✓	None
	2. Motion for the Company's 2023 remuneration to directors and employees, and year-end bonus for managerial officers	-	None
	3. Motion for the Company's 2023 business report	✓	None
	4. Motion for the Company's 2023 internal control system statement	✓	None
	5. Announcement of resolution by the Board on Discontinuation of Private Placement of common shares Approved in the 2023 Shareholders' Meeting	✓	None
	6. Motion for the proposal of the time, location and agendas for the Company's 2024 General Meeting of Shareholders	-	None
	7. Proposal of setting a time to accept shareholders' proposals for 2024 General Meeting of Shareholders	-	None
	8. Motion for the continuation of the Company's	✓	None

Date	Major resolutions	Matters listed in §14-3 of the Securities and Exchange Act	Independent director holding any dissent or qualified opinion
	credit contract with Mega International Commercial Bank.		
	9. Motion for the continuation of the Company's credit contract with CTBC Bank Co., Ltd.	✓	None
	10. Motion for the continuation of the Company's credit contract with Citibank Taiwan Ltd.	✓	None
	Opinion of the independent directors: None.		
	How the company responded to these opinions: None.		
	Resolution: The motion was passed without objections after the Chair consulted with all attending independent directors and directors.		
	No other motions or extraordinary motions		

3.4.13 Major Issues of Record or Written Statement Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in 2023 and to the date of the annual report: None.

3.4.14 Resign and discharge by the Company's chairman, president, accounting head, treasurer, internal audit head and research and development head in the latest fiscal year and as of the publication date of the annual report: None.

3.5 CPA Fees

Information on CPA fees

unit: NT\$ thousand

CPA Firm	CPA		Auditing Period	Auditing Fees	Non-Auditing Fees	Total	Note
KPMG	Yung-Hua Huang	Sheng-Ho Yu	2023/01/01 2023/12/31	4,170	530	4,700	

Please specify the content of non-audit professional services: (such as taxation certification, assurance or other financial advisory services)

Transfer pricing taxation service fees, service fees for the verification and certification for direct deduction of business tax, and commercial and industrial registration.

3.5.1 Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

3.5.2 Over 10% decrease in audit fee on a year-to-year basis: Not applicable.

3.6 Information on Change of CPA: None

3.7 If the chairman, president, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

3.8 Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Department Heads and Shareholders of 10% Shareholding or More

3.8.1 Information on Net Change in Shareholding :

Unit: Share

Title	Name	2023		1/1/2024-4/15/2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Jin Hong Investment Limited Rep.: Chen, Piao-Fu	0	0	0	0
Director	Heng Sheng Investment Co., Limited Rep.: Tsai, Chien-Sheng	0	0	0	0
Director	Cyuan Guan Investment Co., Limited Rep.: Chang, Wen-Hsien	0	0	0	0
Director	Jhan Yu Investment Limited Rep.: Hsieh, Xin-Yi	0	0	0	0
Director	Chang Shun Investment Limited Rep.: Fan, Chia-Wen	0	0	0	0
Director	Ji Teng Investment Limited Rep.: Wu, Ying-Lan	0	0	0	0
Independent Director	Lin, Horng Chang	0	0	0	0
Independent Director	Wang, Zhi-Chen	0	0	0	0
Independent Director	Tsai, Chih-Jie	0	0	0	0
Chief Strategy Officer	Chen, Piao-Fu	0	0	0	0
President/ Shareholder with a Stake of More Than 10 Percent	Tsai, Chien-Sheng	(600,000)	0	0	0
Executive Vice President	Chang, Wen-Hsien	0	0	0	0
Vice President	Wu, Ying-Lan	0	0	0	0
Assistant vice president	Lin, Tzu-Hsuan	0	0	0	0
Manager	Cheng, Chao-Ming	0 (5,000)	0	0	0

3.8.2 Information of Shares Transferred:

Information on Transfer of Equity:

Name	Reason for Transfer	Transaction Date	Trading Counterparts	The Relationship between the Counterparty and the company's Director, Supervisor, Manager, or Shareholder with a Stake of More Than 10 Percent	Shares	Transaction Price
Tsai, Chien-Sheng	trust-custody	2023.12.11		UBS	600,000	

3.8.3 Information of Equity Pledged:

Information on Pledge of Equity:

Name	Reason for Change in Equity Pledge	Date of Change	Trading Counterparts	The Relationship between the Counterparty and the company's Director, Supervisor, Manager, or Shareholder with a Stake of More Than 10 Percent	Shares	Shareholding Ratio	Pledge Ratio	Pledge (Redemption) Amount
None								

3.9 The Relations of the Top Ten Shareholders as Defined in the Finance Standard Article 6:

Unit: shares; %; As of 04/15/2024

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Yi Feng Investment Co., Limited	4,736,000	7.51%	0	0%	0	0%	Jhan Yu Investment Limited	Same as the Chairperson	None
Rep.: Hsieh, Xin-Yi	47,986	0.08%	38,400	0.06%	2,683,082	4.26%			
Ji Teng Investment Co., Limited	4,500,000	7.14%	0	0%	0	0%	Heng heng Investment Co., Limited	Same as the Chairperson	
Rep.: Tsai, Chien-Sheng	1,202,130	1.91%	31,805	0.05%	2,263,956	3.59%			
Yun Ding Investment Co., Limited	4,050,000	6.42%	0	0%	0	0%	Cyuan Guan Investment Limited	Same as the Chairperson	
Rep.: Chang, Wen-Hsien	117,309	0.19%	9,316	0.01%	1,855,308	2.94%			
Jin Hong Investment Co., Limited	3,600,000	5.71%	0	0%	0	0%	Ghi Yang Investment Co., Limited	Same as the Chairperson	
Rep.: Chen, Piao-Fu	222,682	0.35%	118,708	0.19%	3,600,000	5.71%			
Chang Shun Investment Limited	2,705,932	4.29%	0	0%	0	0%	None	None	
Rep.: Fan, Zhen-Yi	360,021	0.57%	0	0%	0	0%			
Jhan Yu Investment Limited	2,683,082	4.26%	0	0%	0	0%	Yi Feng Investment Co., Limited	Same as the Chairperson	
Rep.: Hsieh, Xin-Yi	47,968	0.08%	38,400	0.06%	4,736,000	7.51%			
Heng Sheng Investment Co., Limited	2,263,956	3.59%	0	0%	0	0%	Ji Teng Investment Co., Limited	Same as the Chairperson	
Rep.: Tsai, Chien-Sheng	1,202,130	1.91%	31,805	0.05%	4,500,000	7.14%			
CTBC Bank is entrusted with the custody of the investment account of Rui Bo Lian Limited	2,094,360	3.32%	0	0%	0	0%	None	None	
Ghi Yang Investment Co., Limited	1,880,621	2.98%	0	0%	0	0%	Jin Hong Investment Co., Limited	Same as the Chairperson	
Rep.: Chen, Piao-Fu	222,682	0.35%	118,708	0.19%	3,600,000	5.71%			
Cyuan Guan Investment Limited	1,855,308	2.94%	0	0%	0	0%	Yun Ding Investment Co., Limited	Same as the Chairperson	
Rep.: Chang, Wen-Hsien	117,309	0.19%	9,316	0.01%	4,050,000	6.42%			

3.10 Long-Term Investment Ownershi

Unit: thousand shares; %; As of 12/31/2023

Long-Term Investment (Note1)	Ownership by Pegatron		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Shares	%	Shares	%	Shares	%
SUN NICE LTD. (SAMOA)	12,468	100%	0	0%	12,468	100%
NISHOKU BOUEKI CO., LTD.	300	100%	0	0%	300	100%
SUN NICE LTD.(B.V.I)	0	0%	15,697	100%	15,697	100%
NISHOKU TECHNOLOGY VIETNAM CO., LTD.	(Note 2)	100%	0	0%	(Note 2)	100%
SAME START LTD. (ANGUILLA)	0	0%	0	100%	0	100%
NISHOKU HONG KONG HOLDING LIMITED	0	0%	40,298	100%	40,298	100%
NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.	0	0%	(Note 2)	100%	(Note 2)	100%
KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.	0	0%	(Note 2)	100%	(Note 2)	100%

Note 1: Refers to the Company's investments accounted for under equity method.

Note 2: No shares issued.

4. Capital and Shares

4.1 Capital and Shares

4.1.1 Type of Stock

As of the publication date of the annual report; unit: thousand shares; NT\$ thousand

Year/ Month	Issue Price	Authorized Capital		Paid-In Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
May 1980	1,000	2.5	2,500	2.5	2,500	Founding capital	None	Note 1
Nov 1983	1,000	10	10,000	10	10,000	Cash Capital Increase - NT\$7,500 thousand	None	Note 2
Jun 1988	1,000	20	20,000	20	20,000	Cash Capital Increase - NT\$10,000 thousand	None	Note 3
Mar 2008	10	22,000	220,000	22,000	220,000	Cash Capital Increase - NT\$200,000 thousand	None	Note 4
May 2008	20	100,000	1,000,000	32,000	320,000	Cash Capital Increase - NT\$100,000 thousand	None	Note 5
Sep 2008	35	100,000	1,000,000	37,714	377,143	Cash Capital Increase - NT\$57,143 thousand	None	Note 6
Dec 2008	40	100,000	1,000,000	54,214	542,143	Cash Capital Increase - NT\$165,000 thousand	None	Note 7
Jan 2009	10	100,000	1,000,000	59,214	592,143	Capitalized earnings - NT\$50,000 thousand	None	Note 8
May 2009	40	100,000	1,000,000	64,964	649,643	Cash Capital Increase - NT\$57,500 thousand	None	Note 9
Jun 2009	45	100,000	1,000,000	70,964	709,643	Cash Capital Increase - NT\$60,000 thousand	None	Note 10
Dec 2010	2021	100,000	1,000,000	73,964	739,643	Cash Capital Increase - NT\$30,000 thousand	None	Note 11
Oct 2011	55	150,000	1,500,000	81,164	811,643	Cash Capital Increase - NT\$72,000 thousand	None	Note 12
Feb 2014	10	150,000	1,500,000	80,265	802,653	Cancellation of Treasury Shares - NT\$8,990 thousand	None	Note 13
Aug 2016	10	150,000	1,500,000	79,303	793,033	Cancellation of Treasury Shares - NT\$9,620 thousand	None	Note 14
Aug 2018	10	150,000	1,500,000	63,442	634,426	Cash Capital Increase - NT\$158,607 thousand	None	Note 15
Nov 2018	10	150,000	1,500,000	62,296	622,962	Cancellation of Treasury Shares - NT\$11,464 thousand	None	Note 16
Nov 2020	10	150,000	1,500,000	62,446	624,462	Employee stock option certificate conversion shares 1,500 thousand	None	Note 17

Mar 2021	10	150,000	1,500,000	62,491	624,912	Employee stock warrants converted to common shares NT\$450 thousands	None	Note 18
May 2021	10	150,000	1,500,000	62,561	625,612	Employee stock warrants converted to common shares NT\$700 thousands	None	Note 19
Nov 2021	10	150,000	1,500,000	62,671	626,712	Employee stock warrants converted to common shares NT\$1,100 thousands	None	Note 20
Jun 2022	10	150,000	1,500,000	62,676	626,762	Employee stock warrants converted to common shares NT\$50 thousands	None	Note 21
Sep 2022	10	150,000	1,500,000	63,048	630,482	New Restricted Employee Shares NT\$3,720 thousands	None	Note 22
May 2023	10	150,000	1,500,000	63,024	630,242	Redemption and cancellation of Restricted Employee Shares NT\$240 thousands	None	Note 23
Jul 2023	10	150,000	1,500,000	63,048	630,482	New Restricted Employee Shares NT\$240 thousands	None	Note 24
Jan 2024	10	150,000	1,500,000	63,040	630,402	Redemption and cancellation of Restricted Employee Shares NT\$80 thousands	None	Note 25

Note 1 : Approved by Taiwan Provincial Government on May 20, 1980.

Note 2 : 11/10/1983 Jing-Shou-Shang-Zi No.246628

Note 3 : 06/17/1988 Jing-Shou-Shang-Zi No.304680

Note 4 : 07/20/2007 Jing-Shou-Shang-Zi No.09632459260 and 03/20/2008 Jing-Shou-Shang-Zi No.09731903470

Note 5 : 05/16/2008 Jing-Shou-Shang-Zi No.09732260590

Note 6 : 09/23/2008 Jing-Shou-Shang-Zi No.09733121770

Note 7 : 12/15/2008 Jing-Shou-Shang-Zi No.09701315730

Note 8 : 01/14/2009 Jing-Shou-Shang-Zi No.09801004840

Note 9 : 05/13/2009 Jing-Shou-Shang-Zi No.09801094360

Note 10 : 06/04/2009 Jing-Shou-Shang-Zi No.09801111260

Note 11 : 12/13/2010 Jing-Shou-Shang-Zi No.09901274890

Note 12 : 10/17/2011 Jing-Shou-Shang-Zi No.10001239610

Note 13 : 02/06/2014 Jing-Shou-Shang-Zi No.10301021820

Note 14 : 08/10/2016 Jing-Shou-Shang-Zi No.10501189160

Note 15 : 08/16/2018 Jing-Shou-Shang-Zi No.10701102870

Note 16 : 11/27/2018 Jing-Shou-Shang-Zi No.10701145000

Note 17 : 11/19/2020 Jing-Shou-Shang-Zi No.10901214520

Note 18 : 03/23/2021 Jing-Shou-Shang-Zi No.11001047370

Note 19 : 05/26/2021 Jing-Shou-Shang-Zi No. 11001085760

Note 20 : 11/22/2021 Jing-Shou-Shang-Zi No.11001208860

Note 21 : 06/09/2022 Jing-Shou-Shang-Zi No.11101097450

Note 22 : 09/07/2022 Jing-Shou-Shang-Zi No.11101161330

Note 23 : 05/25/2023 Jing-Shou-Shang-Zi No.11230082370

Note 24 : 27/07/2023 Jing-Shou-Shang-Zi No.11230133640

Note 25 : 01/16/2024 Jing-Shou-Shang-Zi No.11330003350

Units: share

Share Type	Authorized Capital			Remarks
	Issued Shares (Note)	Un-issued Shares	Total Shares	
Common Share	63,040,229	86,959,771	150,000,000	None

Note: The Company's stocks are publicly-traded. 5,000 Shares refer to employee stock option conversion but alternation registration has not been performed.

4.1.2 Information for Shelf Registration: None

4.2 Composition of Shareholders

As of 04/15/2024; Units: share

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Juridical Person	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasure shares	Total
Number of Individuals	0	2	40	69	4,646	0	4,757
Number of Shares Held	0	808,000	33,535,753	5,922,072	22,774,404	0	63,040,229
Shareholding Ratio	0.00%	1.28%	53.20%	9.39%	36.13%	0.00%	100.00%

Note: refers to the number of shares repurchased by the Company.

4.3 Shareholding Distribution Status

4.3.1 Common Share (The par value for each share is NT\$10)

As of 04/15/2024

Class of Shareholding (Unit :Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	1,313	230,298	0.37%
1,000 ~ 5,000	2,839	5,228,471	8.29%
5,001 ~ 10,000	295	2,335,705	3.71%
10,001 ~ 15,000	90	1,169,715	1.86%
15,001 ~ 20,000	55	1,004,550	1.59%
20,001 ~ 30,000	43	1,059,112	1.68%
30,001 ~ 40,000	19	681,005	1.08%
40,001 ~ 50,000	18	818,888	1.30%
50,001 ~ 100,000	28	2,017,269	3.20%
100,001 ~ 200,000	16	2,137,593	3.39%
200,001 ~ 400,000	15	3,815,622	6.05%
400,001 ~ 600,000	8	4,100,173	6.50%
600,001 ~ 800,000	5	3,618,753	5.74%
800,001 ~ 1,000,000	0	0	0.00%
over 1,000,001	13	34,823,075	55.24%
Total	4,757	63,040,229	100.00%

4.3.2 Shareholding Distribution Status of Preferred Shares: None.

4.4 List of Major Shareholder

Unit: shares; %; As of 04/15/2024

Shareholder's Name	Shareholding	Shares	Percentage
Yi Feng Investment Limited		4,736,000	7.51%
Ji Teng Investment Limited		4,500,000	7.14%
Yun Ding Investment Co., Limited		4,050,000	6.42%
Jin Hong Investment Limited		3,600,000	5.71%
Chang Shun Investment Limited		2,705,932	4.29%
Jhan Yu Investment Limited		2,683,082	4.26%
Heng Sheng Investment Limited		2,263,956	3.59%
CTBC Bank is entrusted with the custody of the investment account of Rambo Land Limited		2,094,360	3.32%
Ghi Yang Investment Limited		1,880,621	2.98%
Cyuan Guan Investment Limited		1,855,308	2.94%

Note: refers to top 10 shareholders of the Company

4.5 Market Price, Net Worth, Earnings and Dividends Per Common Share

Unit: NT\$, except for weighted average shares and return on investment ratios

Item		Year	2022	2023	01/01/2024-03/31/2024
Market Price per Share	Highest Market Price		99.50	109.00	126.50
	Lowest Market Price		67.80	81.40	102.00
	Average Market Price		86.61	94.95	114.63
Net Worth per Share	Before Distribution		73.70	70.59	76.27
	After Distribution		64.75	(Note 2)	NA
Earnings per Share	Weighted Average Shares		62,675 thousand shares	62,675 thousand shares	62,676 thousand shares
	Earnings per Share	Before Dividends	11.32	7.77	4.33
		After Dividends	11.32	(Note 2)	NA
Dividends per Share	Cash Dividends		10.00	7.00	NA
	Stock Dividend	Dividends from Retained Earnings	0	0	NA
		Dividends from Capital Surplus	0	0	NA
	Accumulated Undistributed Dividends		0	0	NA
Return on Investment (Note1)	Price / Earnings Ratio		7.65	12.22	NA
	Price / Dividend Ratio		8.66	13.56	NA
	Cash Dividend Yield Rate		11.55%	7.37%	NA

Note 1: (1) Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share.

(2) Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share

(3) Cash Dividend Yield = Cash Dividends per Share / Average Closing Price for the Year

Note 2: cash dividends for 2023 earnings distribution are calculated as NT\$7 per share.

Note 3: Net worth per share and earnings per share are filled in according to the consolidated financial report of Q1 2024 reviewed by the CPAs.

4.6 Dividend Policy and Execution Status

4.6.1 Dividend Policy Stipulated in the Company's Articles of Incorporation

In case the Company has yearly profit, at least 1% shall be appropriated as staff reward and less than 5% as rewards for directors and supervisors. In case the company has accumulative losses (including adjusted unappropriated earnings), reserve shall be made as compensation.

The employee remuneration mentioned in the preceding paragraph may be determined by shares or cash and its receiving parties must include its serving employees in accordance with the requirements established by the Board of Directors; the board and supervisor remuneration mentioned in the preceding paragraph may be determined only by cash.

The preceding 2 items shall be resolved by the Board before execution. And the shareholders meeting shall be reported to.

The policy of cash dividends of the company is formed to match present and future development plan. In consideration of investing environment, demand of fund, competition at home and abroad, and interest of shareholders, every year at least 10% of distributable surplus for stock or cash dividends shall be appropriated as rewards for shareholders. However, when the annual distributable earnings have been all appropriated for stock and cash dividends for shareholders at less than NT\$0.5 per share, the distributable surplus may be fully retained without any distribution. The distribution of surplus can be cash or stock dividends. Among the dividends, cash shall be at least 30% of total.

4.6.2 Dividend distribution resolved by this Board Meeting

Item	NT\$ per share	Source
Cash dividend	7	Undistributed earnings

4.6.3 Explanation shall be given if there were expected materials changes in the dividend policy:

There were no expected materials changes in the Company's dividend policy, so there is not impact.

4.7 Impact to 2023 Business Performance and EPS resulting from Stock Dividend

Distribution:Not Applicable.

4.8 Compensation to Employees and Remuneration to Directors:

4.8.1 Compensation to employees and remuneration to directors stipulated in the Company's

Articles of Incorporation

In case the company has yearly profit, at least 1% shall be appropriated as staff reward and no more than 5% as rewards for directors and supervisors. However, the Company's accumulated losses shall first have been covered.

The preceding staff reward shall be paid by stock shares or cash dividends. The objects of payment shall consist of employees of controlling and affiliated company meeting certain criteria determined by the Board. The preceding rewards for directors and supervisors shall only be paid by cash dividends.

The preceding 2 items shall be resolved by the Board before execution. And the shareholders meeting shall be reported.

4.8.2 Accounting treatment applied to the difference between actual and estimated compensation to employees and remuneration to directors.

Where there are still changes on the resolution day of Shareholders meeting, they shall be recognized as accounting estimate changes and will be accounted on the annual shareholders resolution day.

4.8.3 Approving status of remuneration distribution by the Board of Directors:

1. Remuneration to employees and remuneration to directors, supervisors are distributed in cash or stocks. Any discrepancy between the annual recognized distributed amount and figure, the difference, reason and response should be disclosed:

The Company's 2023 remuneration to employees was NT\$24,300 thousand, and remuneration to directors and supervisors was NT\$9,156 thousand; both were all distributed in the form of cash. There is no discrepancy of the amount of remuneration to employees, directors and supervisors mentioned above.

2. Amount of stock distributed as employee remuneration and as a percentage to net income of parent company only or individual financial statements and aggregate remuneration to employees:

Not applicable because the Company did not distribute any employee remuneration in stocks.

4.8.4 If there's any discrepancy between actual distribution (including the number of shares distributed, amount and stock price) and the recognized remuneration for employees, directors and supervisors for the previous year, please specify the discrepancy, cause, and how it is treated:

The Company's motion for 2022 earnings distribution was resolved and passed by the General Meeting of Shareholders held on June 15, 2023. Remuneration paid in cash to employees was NT\$27,000 thousand and remuneration paid in cash to directors was NT\$10,200 thousand. There is no discrepancy between the actual distribution and the recognized remuneration.

4.9 Buyback of Common Stock: None.

4.10 Issuance of Corporate Bond: None.

4.11 Preferred Shares (with stock option) : None.

4.12 Issuance of Global Depositary Receipts : None.

4.13 Employee Restricted Stocks : None.

..4.14 Issuance of Employee Restricted Stocks :

(一) The new restricted employee shares that have not fully met the vesting conditions,
and the impact on the shareholders' equity.

Issuance of Employee Restricted Stocks

April 30, 2024

Type of New Restricted Employee Shares	First RSA	
Date of Effective Registration and total shares	Jul. 15, 2022 , Total number of shares scheduled to be issued (unit: shares) 400,000 Shares	
Issuance date	Aug. 3, 2022	Jul. 5, 2023
No. ofNew Restricted Employee Shares issued	372,000 Shares	24,000 Shares
Number of shares of restricted stock awards available for issuance	0 Shares	
Issued Price (NT\$)	NT\$ 0	
New Restricted Employee Shares as a Percentage of Shares Issued	0.63	
Vesting Conditions of New Restricted Employee Shares	<p>From the date the employees are granted the restricted stocks for employees, these employees are in service at the expiry of each of the following vesting period, and the personal working performances achieve the performance criteria prescribed by the Company (i.e at each expiry of the vesting period, the latest annual performance appraisal is grade A or higher. If not in service, it is deemed failed to achieve), and the employees have not violate the Company's labor agreement or working rules. The shareholding percentage at each vesting period is described below:</p> <p>Two full year services since being granted: 50% of the granted shares.</p> <p>Three full year services since being granted: 25% of the granted shares.</p>	

	Four full year services since being granted: 25% of the granted shares.	
Restricted Rights of New Restricted Employee Shares	<ol style="list-style-type: none"> 1. Employees granted new restricted employee shares, before fulfilling the vesting conditions, shall not sell, pledge, transfer, or donate them to others or perform any other means of disposal. 2. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., are in accordance with the Company's issued common shares and exercised by trust agency, or any other method of custody as determined by the Company. 3. Before achieving the vesting conditions, share distribution (including the dividends from surplus to capital increase and reserve to capital increase) and cash dividend (including cash dividend and capital reserve distributed in cash) derived from the restricted stocks for employees issued pursuant to the Procedures are distributed to the employees in the same year, not subject to the same restrictions of the restricted stocks for employees. 	
Custody Status of New Restricted Employee Shares	After new restricted employee shares are issued, the shares must immediately be deposited in trust.	
Measures to be Taken When Vesting Conditions are not Met	For new restricted employee shares granted to employees, when the vesting conditions are not fully met, the shares will be fully withdrawn by the Company and canceled without any compensation.	
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	32,000 Share	0 Share
Number of Released New Restricted Employee Shares	0 Share	0 Share
Number of Unreleased New Restricted Shares	340,000 Shares	24,000 Shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	0.58	
Impact on possible dilution of shareholdings	Dilution of original shareholders' holding is limited	

(Note) Total share issued is 63,040,229 Shares on April 15, 2024.

(二) As of the publication of the annual report, list of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

April 30, 2024

Title		Name	New restricted Employee shares acquired	Ratio of new Restricted employee shares issued to the total shares issued	Released				Unreleased			
					Number of Released restricted shares	Issue price	Issue Amount	Ratio of released Restricted shares to the total shares issued	Number of Unreleased restricted shares	Issue price	Issue Amount	Ratio of unreleased restricted shares to the total shares issued
Managerial Officer	CFO Accounting Officer	Lin, Tzu-Husan	84	0.13%	0	0	0	0	84	10	840	0.13%
	Audit Officer	Cheng, Chao-Ming										
Employee	Assistant General Manager	Chen, Wei-Zhong	264	0.42%	0	0	0	0	256	10	2,560	0.41%
	Assistant General Manager	Li, Ming-Li										
	Assistant General Manager	Li, Bei-Ping										
	Assistant General Manager	Tsai, Pao-Lien										
	Manager	Chan, Chien-Wei										
	Manager	Lo, Chin-Yi										
	Assistant manager	Teng, Chien-Chun										
	Assistant manager	Wang, Pin										
	Assistant manager	Lu, Hou-Chun (Resign)										

(Note) The number of current outstanding shares refers to the data registered with the Ministry of Economic Affairs.

4.15 Status of New Shares Issuance in connection with Mergers and Acquisitions: Not Applicable.

4.16 Financing Plan and Implementation Rebecca: None.

5. Overview of Business Operation

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Operating Scope

- (1) CQ01010 Die Manufacturing.
- (2) F106030 Wholesale of Die.
- (3) F206030 Retail Sale of Die.
- (4) C805990 Other Plastic Products Manufacturing.
- (5) F401010 International Trade.
- (6) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

5.1.1.2 Breakdown of Sales by Major Products

Unit: NTD thousand

Product Category \ Year		2022		2023		First quarter of 2024	
		Operating Revenue Amount	Proportion (%)	Operating Revenue Amount	Proportion (%)	Operating Revenue Amount	Proportion (%)
Plastic Components	3C Products	2,302,156	58.61%	2,105,525	60.01%	589,959	64.13%
	Other	1,326,230	33.76%	1,202,193	34.26%	269,311	29.27%
	Subtotal	3,628,386	92.37%	3,307,718	94.27%	859,270	93.40%
Die		298,290	7.59%	197,151	5.62%	59,660	6.48%
Other		1,253	0.04%	3,860	0.11%	1,065	0.12%
Total		3,927,929	100.00%	3,508,729	100.00%	919,995	100.00%

5.1.1.3 Product Lines

Our primary products include the design and development of precision plastic dies, and single and double injection components. The main application for plastic injection components include NB-use components, computer peripheral equipment components, tablet computer accessories, headphones and their components, audio, video equipment, POS card readers, barcode scanners, GPS device components, home appliance components, automotive lamp housing, dashboards components, etc.

5.1.1.4 Product Development

Our Company is a professional plant for designing and manufacturing dies as well as single and double injection plastic components injection with its primary products covering manufacturing different types of plastic components and assembly. With the accumulation of years of expertise and experience on injection, not only do we offer our customers professionalism in terms of plastics, techniques and skills to solve difficult

issues encountered by the industry, we also offer our customers extended surface treatment processes including electroplating, printing, painting and ultrasonic fusion technology and assembly. Different hardening and spraying process technology of inserted injection and soft plastics are being used and our development of all process technologies have matured and are continuing to improve.

5.1.2 Industry Overview

5.1.2.1 Progress and Development of the Industry

(1) Die Industry

The die industry is categorized as a special industry with intensive technology and capital and at the same time high-added values. It is also a crucial basic tool in terms of mass production of various end products; it therefore is also known as the “Mother of Industry.” The semiconductor industry, 5+2 industry, electric vehicles, self-driving cars, aerospace satellites and medical biotechnology, etc., to be developed in Taiwan in the future, all need precision mold technology to move towards mass production. The development of the die industry not only improves the precision degree of industrial products, it also drives the overall progress of the entire manufacturing industry, accelerating the upgrading of industries. Consequently, the die industry is regarded as a paramount basic industry for flourishing manufacturing sectors. There are many types of die products with a wide range of applications, 75% of the rough-processed industrial product parts and 50% of finished parts are mostly shaped by dies and most plastic products are also molded by dies. As the basic industry of the national economy, dies are involved in industries such as machinery, automobiles, light industry, electronics, chemical industry, metallurgy, and building materials. Products from high-tech industries to people’s livelihood industries all use dies as basic tools for mass production. At the moment, of all downstream application industries, 3C related industries have the highest proportion in terms of applications, followed by the transportation tool industry. The total of both industries account for 70% of the overall applications. With regard to die types, the stamping and plastic molding are the main supplies for 3C related industries followed by the supplies for shell production of automobiles, motorbikes and die-casting mold; the downstream industries are mainly automobiles, motorbikes and forging dies for automobiles, motorbikes and bicycle industries. The Company is a manufacturer of plastic dies.

In 2023, the total output value of Taiwan’s dies amounted to NT\$65.2 billion, less 29.87% compared to 2022.

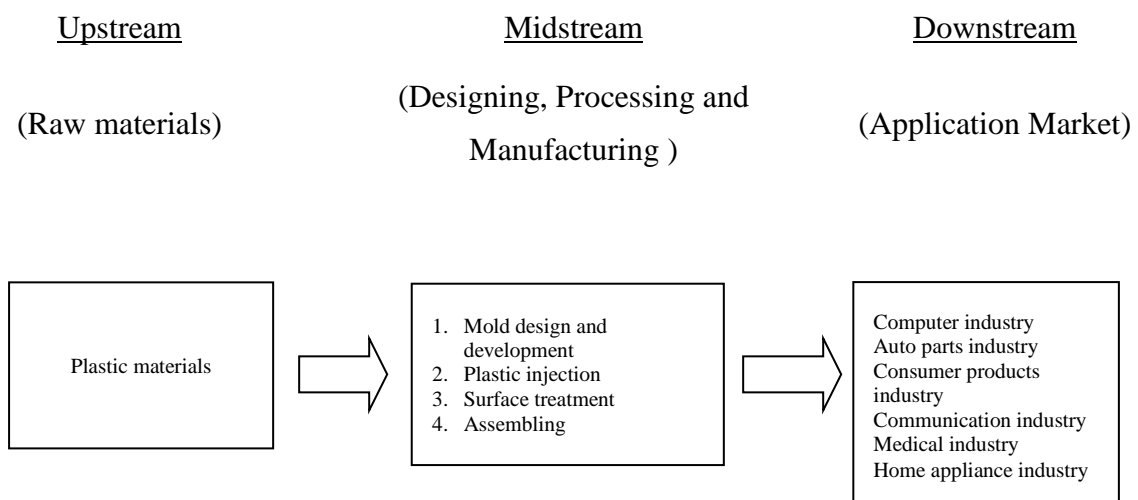
(2) Plastic Component Application Industry

Plastic injection products have a relatively wide range of applications which include: consumer electronics, medical equipment, automotive industry,

information industry, etc. At the moment, industrial plastic products in the domestic market used in information process equipment account for approximately 1/4 of the overall applications; household electrical appliances, motors and other electrical appliances and audiovisual small household appliances each account for approximately 13% - 14%. However, the development of the plastic injection industry is closely related to manufacturers' needs of plastic shells or plastic injection components. With the drive of 3C electronics industry needs, Taiwan's production and sale of plastic products have been steadily growing year by year. The Company's products are mainly information products such as parts for notebooks as well as automotive parts.

5.1.2.2 Correlation of the Upstream, Midstream, and Downstream of the Industry

Aside from the design and development of precision molds, we also engage in products with plastic injection components. Plastic injection components of upstream raw materials are high temperature resistant plastic raw materials including PP (polypropylene), ABS ((propylene-butadiene-styrene copolymer), PMMA (polymethyl methacrylate), PC (polycarbonate) and PU (Polyurethane). The raw material suppliers are mainly well-known domestic and foreign manufacturers and given by the long-term well-maintained supply relationship the Company has built with its suppliers over the years, the situation of material shortages is unlikely to happen. In addition, the application of the Company's plastic components products is wide including information, communications, consumer electronics, household appliance industry, medical equipment and automotive components industry, etc. The connection between upstream and downstream industries is shown as follows:



5.1.2.3. Development Trends of Products and Competition Situation

(I) Trends of Product Development

A. Die Industry

In the face of the micro era, the life cycle of all types of products are getting shorter and shorter, especially in the 3C electronics industry. The die industry will therefore encounter the challenge of tight delivery and profit reduction. In order to response to such trend, sectors must use process automation to replace manual processing while at the same time using systems including CAD/CAM/CAE (computer-aided drawing/ computer-aided processing/computer-aided engineering) to reduce trial molds to further reach the precision required by the development of molds. In addition, due to the fact that molds are being produced by orders, it is therefore unlikely to be mass-produced on an economic scale; the sales for mold production is mostly regional, hence the reason for the establishment of overseas subsidiaries or joint ventures by mold manufacturers as a means to deploy business globally. As a result, the original die industry that only dominates regionally may transfer into a global industry. With the mold industry moving towards internationally, only by early deployment globally may domestic manufacturers seize the first business opportunity.

Molds are products that are customized which cannot be mass-produced and they require close cooperation and coordination with customers in order to perform design adjustments. Consequently, the industry focused mainly on sales of domestic customers or for their own use then it would move onto the neighboring countries which limited sales. Nevertheless, as a means to reduce inventory, decrease production costs and quickly respond to market demands, many downstream information manufacturers of mold industry have adopted the production and sales strategy of global operation. In order to meet customer requirements in the market, mold manufacturers have also established overseas subsidiaries or joint ventures to accompany their customers to conduct a global deployment so as to face and respond to the challenges encountered in various locations.

B. Plastic Component Application Industry

Along with the continuous improvement of digital technology and manufacturing technology, communications, information and consumer electronics products have gradually been integrated into a 3C industry. While at the same time products are developing into a trend which allows them to be lighter, thinner, shorter, smaller, and the exterior design is appealing to the eye. With the constant introduction of new products, it has prompted rapid

replacement of products. Hence, it is no doubt that the future development of industry will focus on automated production equipment, rapid production, high-quality products and diversification. Judging from the inevitable development trend of high-tech productions moving towards lighter, shorter and smaller of the global electronics, information and communication, requirements for precision components have also somewhat increased. The manufacturing technology and surface treatment application of precision components have become the goal for all manufacturers to proactively research and develop.

(II) Competition Situation of Products

The Company is a production manufacturer for design and development of professional precision dies and precision plastic injection components. The Company's main competitors include Coxon Group, TaiHan Precision Technology Co., Ltd., Ways Technical Corp., Ltd. and Megaforce Company with main competitions such as die development and various plastic injection components. Many mold manufacturers and plastic injection plants perform lower-level production with simple machinery and equipment. Nevertheless, the Company's advantages can be summarized as follows:

- A. High degree of vertical integration - it can effectively connect the supply chain to provide products needed by customers at one time in order to increase the market share while making a stop for the entering of new manufacturers, adding more virtual barriers for competitors to enter the market.
- B. Effectively grasping the key technology capabilities of new products by participating in projects and joint development discussion with end customers at the beginning stage of a product development; providing customers diversified services so as to effectively shorten the production cycle and reduce production costs.
- C. Adopting automated production and double injection machines which have been regarded as a leading advantage in the industry. When faced with price competition, regardless of cost or quality, the Company poses the benefit of economic scale which is unlikely to be replaced by new manufacturers in the short and medium period of time.

5.1.3 Research and Development

5.1.3.1 Research and Development Expense in Recent Year

Unit: NTD thousand

Item \ Year	2022	2023	First quarter of 2024
R&D expenses	98,013	81,061	22,464
Net operating income	3,927,929	3,508,729	919,995
R&D expenses to net revenue ratio	2.50%	2.31%	2.44%

5.1.3.2 Research and Development Accomplishments in the Recent Year

- (1) As a means to increase added values to plastic components, the Company keeps on investing in surface treatment technologies, which include heat transfer printing, printing, coating, engraving, heat stacking and NCVM and has successfully developed insert molding process inserted injection.

- (2) Patents acquired by the Company in the past 5 years:

Year	Specific R&D Result	Country - Patent Approval Number
2014	Electronic watch body structure and production method of its watch bands.	Taiwan - I423000
2017	Fixture structure in integrated silicon steel sheet	Taiwan - M543164
2017	Fixture structure in integrated silicon steel sheet	Mainland - ZL 2017 2 0139556.8
2019	Fixture structure in integrated silicon steel sheet	The U.S. - 10317185 - Acquired on June 11, 2019.

5.1.4 Long Term and Short Term Business Development Plans

5.1.4.1 Short-term plans

- (1) Deepen the layout of diversified products and proactively extend popular products in terms of automotive and information products.
- (2) Accelerate the expansion of the Vietnamese market development and production scale to achieve synergy in the production economy.
- (3) Seek strategic partners in connection to business and technology improvement, deepening and widening corporate core competitiveness.
- (4) Accelerate the development of automation and replacement of electronics to improve efficiency and streamline manpower.
- (5) Build standard and modeled designs and carryout process improvement, increasing production efficiency.
- (6) Continue to invest in R&D funds, and recruit and cultivate professional R&D personnel as a means to develop key technologies and new products, constructing a strong R&D team.
- (7) Deepen cultivation of compound process and develop automotive exterior decorative parts and manufacturing process.

5.1.4.2 Long-term plans

- (1) Proactively develop new market applications, expand product width, and maintain the market competitiveness.
- (2) Become strategic alliance with industry's key technology manufacturers to carry out technical cooperation so as to accelerate new applications between the combination of plastic material development and other products.
- (3) Strengthen the technical position of key components for new products in the market, increasing the market share and competitiveness.
- (4) Emphasize product profitability; products with low margins will not be produced; insist on making products that are different.
- (5) Operation model is high-end technologies and know-how oriented in terms of R&D and marketing.
- (6) Establish a plant that contains consistent, automatic and comprehensive manufacturing processes; ensure stable quality via strict and inclusive process management.
- (7) Continue to expand global product lines and sales regions to reduce the operational risk of excessively concentrated product development.

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1.1 Sales (Service) Regions

Unit: NTD thousand; %

Item \ Year		2022		2023		First quarter of 2024	
		Sales Amount	To revenue ratio	Sales Amount	To revenue ratio	Sales Amount	To revenue ratio
Export Sales	North America	1,799,538	45.81%	1,632,293	46.52%	443,462	48.20%
	Europe	1,529,078	38.93%	1,407,502	40.11%	373,317	40.58%
	Asia	558,472	14.22%	426,554	12.16%	92,232	10.03%
	Subtotal	3,887,088	98.96%	3,466,349	98.79%	909,011	98.81%
Domestic Sales		40,841	1.04%	42,380	1.21%	10,984	1.19%
Total		3,927,929	100.00%	3,508,729	100.00%	919,995	100.00%

5.2.1.2 Market Share

The Company has been focusing on the production of mold design and development and plastic components which is highly recognized in the industry. The Company has diversified products to meet market requirements. Our products are being widely used on components for notebooks, computer-related components, phone cases, MP3 cases, earphones and their parts, household appliances parts, wearable bracelets, existing light housings, dashboards, fan outlets, and grips in automotive fields. The Company's total turnover of 2023 amounted to NT\$3,508,729 thousand, of which the

main income from plastic injection components amounted to approximately NT\$3,307,718 thousand; operating amount for molds accounted for approximately NT\$197,151 thousand. The final products of plastic injection components are considerably different, hence there is no complete and objective analysis for market shares provided for reference.

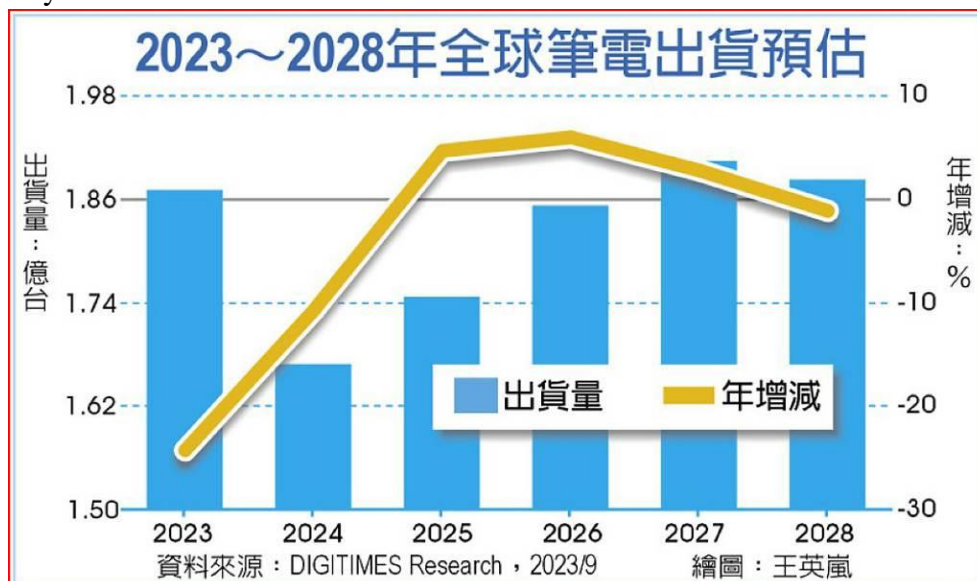
5.2.1.3 Market Demand, Supply, and Growth

Given that the Company's main products consist of plastic components for information products, the supply and demand situation is easily influenced by changes in the sales of end products and the product lifecycle.

In Q1 2023, the global laptop shipments continued to slowly recover after a sharp decline in double-digit years and quarters. However, the research and the industry all estimate that the global laptop shipments this year will still expect to decline, with a year-on-year decrease of 10%. In 2024, as the inflation pressure moderates, the research shows that the global laptops will also bottom out and return to the year-on-year growth.

According to TrendForce, as the inventory level in the market becomes healthy and the inflation pressure is expected to stabilize, although the overall consumption environment is still lacking in momentum, the demand is slowly recovering. Before the market releases any highly optimistic signals, the total global shipment of laptops in 2024 is expected to grow by 2% to 5%.

According to DIGITIMES Research Center, the compound annual growth rate of global laptop shipments will reach 3% from 2023 to 2028. Under the promotion of easing inflation and new product launch next year, the laptop market will end two consecutive years of recession. After a yearly increase of 4.7%, and a new round of economic expansion which will begin in 2025, the annual growth rate of 6% will be the highest growth rate in the next five years among the global laptop shipments in the next five years.



According to TrendForce's survey, in Q2 2023, there was resurgence of channel replenishment in the North American and Asia-Pacific markets, along with early stocking for the back-to-school season in Q3. Additionally, the shipment volume of Chromebooks peaked on the eve of Google's authorization fee policy change, driving the overall laptop shipment growth in that quarter to an increase of 21.6%, reaching 42.52 million units.

However, the uncertain economic outlook in Europe and the U.S. is expected to suppress the traditional seasonal purchase momentum of the two major laptop consumer markets. This will affect the growth in laptop shipments in Q3, which converge to 3.8%, reaching 44.13 million units. As for the overall annual laptop shipment volume, it is projected that it will decrease by 12.2% year-on-year, reaching 163 million units.

In addition, TrendForce pointed out that compared to the relatively strong US covering demand in 2023, China's overall market development is still more pessimistic due to the sluggish economy and employment environment. After two years of adjustment in demand in the European market, whether the consumption momentum can recover in the peak season in the second half of the year will depend on the extent of improvement in the financial environment. Southeast Asia will benefit from the contribution of the huge emerging consumer groups, which will drive the shipments in this region to continue to increase, and it is expected that the shipments of the overall consumer models will increase slightly.

According to DIGITIMES Research Center, the global shipments of laptops will rebound to nearly 175 million units in 2024, and further increase to more than 185 million units in 2025. However, after reaching 190 million units in 2026, the market size will slightly converge in 2027, and then recover to the next peak value of 193 million units at an annual growth rate of 2.7% until 2028.

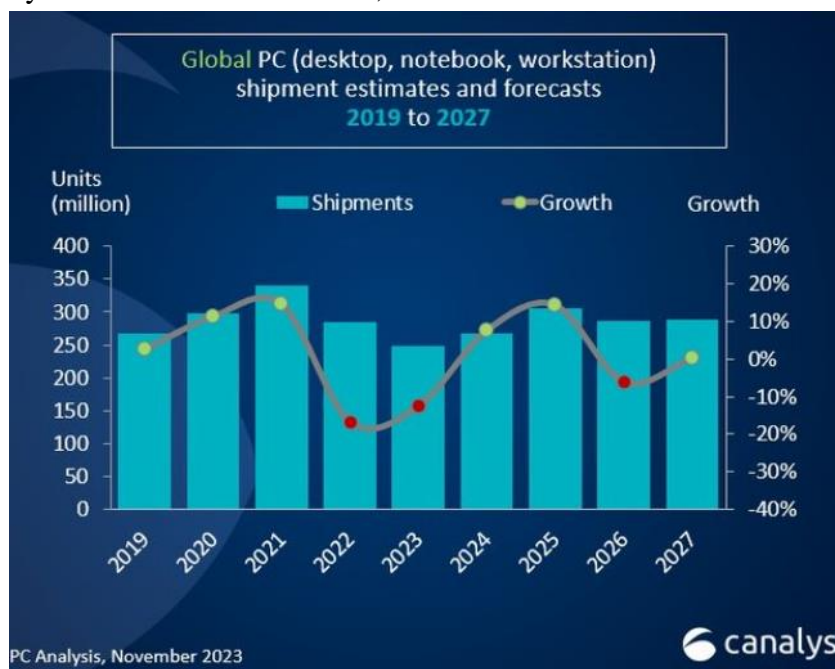
Looking towards 2024

According to the TrendForce survey, the trend of laptop shipments in 2024 is expected to bottom out and reverse as the market inventory becomes healthy and the inflation pressure is expected to stabilize in 2024. However, the global consumption environment is still under pressure. Even if the demand slowly recovers, the market has not yet observed a highly optimistic signal. TrendForce expects the growth rate for 2024 to be about 2% to 5%, and the shipment volume will be slightly higher than the level before the pandemic. TrendForce believes that after the inventory problem is resolved, the overall market will slowly recover to a healthy flow. However, whether we can expect a higher growth rate shipments remains to be seen and will depend on the continued observation of trends in the two major consumer markets, namely China and the United States.

The rise of AI trend may prioritize the establishment of related infrastructure over the IT expenditure. Even though Windows 10 will reach the End of Support in October 2025, it is expected to drive the trend of commercial laptop replacement starting in 2024. However, TrendForce believes that judging from the demand for commercial laptops, the timing and strength of promoting the commercial laptop replacement trend may be delayed and slowed down, and the possibility of significant shipment growth is relatively low.

In terms of consumer demand, looking at the major economies, China faces constraints due to sluggish economy and employment environment, resulting in a relatively pessimistic outlook for the overall market development. While the United States showed relatively strong demand recovery in 2023, it is expected that the growth rate will converge in 2024. After enduring a demand adjustment of two years, Europe may experience a consumption recovery in the second half of the year if the overall economic environment improves. Southeast Asia, benefiting from its large emerging consumer base, is expected to contribute to continued growth in shipments. Overall, there is an anticipation of slight growth in shipments of consumer-based models.

In terms of personal computers: According to Canalys' forecast, the full year of 2024 will continue the growth trend by the end of this year, with shipments increasing by 7.6% to 267 million units, which is still lower than the 284 million units in 2022.



source : canalys Research , 2023/11

According to Canalys, driven by factors such as the Windows update cycle and the emergence of Arm-based devices, the PC market will rebound next year and shipments will recover to the level as of 2019. AI is also one of the boosting factors. Vendors will launch more products that support AI. All new Windows and Mac products will be equipped with AI functions, and is estimated that the total shipments of AI-enabled PCs will be 19% in 2024

5.2.1.4 Competitive Advantages

The analysis of various competitive niche points is as follows:

(1) Consistent Production Process with High-Integration

Effectively grasping the key technology capabilities of new products by participating in projects and joint development discussion with end customers at the beginning stage of a product development; providing customers diversified services so as to effectively shorten the production cycle and reduce production costs.

(2) Production Scales and Best Equipment in the Industry

The high-speed precision mold processing equipment made in Switzerland and the development of design software have been introduced to greatly improve process precision and efficiency which satisfies the needs of customers in terms of product quality improvement and development time shortening. Industry-leading in the number of double injection equipment. Operating procedures including R&D design, mold making or production are carried out in the plant of the Company to improve production efficiency and reduce the production costs while at the same time satisfying the vast demand of customers. The Company has mold manufacturing plants and plastic molding plants in China, Taiwan and Hanoi, Vietnam. The Company also has crucial technical resources for plastic molding and R&D capabilities for molds which enable the completion of mold development and plastic injection production in the shortest time possible. In addition, since 2015, automation of the production process has been implemented gradually. Through product combination adjustment and acceleration of process automation, in addition to the significant reduction of manpower, the gross profit is also increased relatively.

(3) R&D technology leading others of the same industry; the Company is able to effectively manufacture products that are lighter and slimmer. With the already succeeded double injection combination of silicone and plastic, the Company is proactively developing new markets hoping to bring the double injection technology into products in the new field while being recognized by internationally known manufactures.

(4) Leading Others of the Same Industry with the Deployment in China and Vietnam markets

The Company's production bases are located in Taiwan, China and Vietnam. These 3 locations have substantial production scales and rapid capacity scheduling flexibility. Nearby customers are quickly served with the geographic advantage, offering high-quality and high-efficient supplying services. This robust production

resource has also become the Company's vital competitive advantage for receiving OEM orders from large internationally known manufacturers.

5.2.1.5 Advantages, Disadvantages and its Responsive Strategies Advantages

(1) Favorable Factors

A. Outstanding Technology Development and Manufacturing Process Innovation Capability

Since the establishment, the Company has been investing in double injection composite molding technology, therefore, the Company has the crucial technology to double injection plastic molding and precision mold design and development, and has successfully entered the supply chain systems such as Japanese, American and domestic well-known manufacturers. It is evident that the Company's R&D technology and product quality have reached international standards. Furthermore, the Company is persistent with investment of process improvement. The semi automated machine is used for process production with the leading process technology developed by our R&D team. The production time and work procedures are greatly reduced, improving production yield while reducing production costs.

B. Wide Range of Product End-Use Applications - A Promising Future is to be Expected

Plastic injection molding products can be applied to many daily necessities, including communications, information, electronics industry, home multimedia, medical, automotive, household appliances and office equipment. With a wide range of applications, not only management costs can be reduced, potential business opportunities can also be discovered to distribute management risks of market development for single products. In light of the consistent product growth in the application market, the demand of plastic injection molded products also continues to increase. Mold manufacturing and plastic injection molding sectors still have substantial growing room.

C. Consistent Manufacturing Process - Reaching Effective Production Scales with High Efficiency

The Company has adopted the "consistent" production method which means that all operations can be done within the plant from having joint discussions with end customers in the early stage of R&D to the precision of surface treatment technology, coating and assembly, reaching the goal of time control and the maintenance of quality. As a means to serve customers close-by to obtain more OEM business and reduce production costs, the Company has established

production bases in China and Hanoi, Vietnam, so as to provide customers the most comprehensive and timely services.

(2) Unfavorable Factors and Corresponding Measures

A. The life-cycle of products shortens

Corresponding Measures:

Due to the quick replacement of consumer electronic products and new products forever being launched, the product life-cycle is becoming shorter and shorter. For the past few years, the Company has been proactively developing businesses in terms of fields such as information products and automotive products, gradually achieving synergies of product economic scale.

B. Lowering of Product Price

Corresponding Measures:

(A) Research and develop the possibility of new technology and the use of new manufacturing processes. Continue to invest in the R&D of new products as a means

to improve product quality while at the same time providing products that are integrated and have high added values, allowing them to increase competitiveness.

(B) Expand production capabilities and increase yield to reach production economic scale that lowers the production costs of units.

C. Constant New Competitors

Corresponding Measures:

(A) Build strategic partnership with customers to maintain long-term yet stable cooperation.

(B) Self-develop technologies and apply for product patent rights to hold a competitive advantage.

(C) Keep a close eye on development trends in the market; develop customized products to meet customers' needs, further improving their satisfaction.

D. Rise of Labor Cost

Corresponding Measures:

(A) Aside from the continuous introduction of automated production equipment with high-precision, reasonable working hours will also be facilitated to reduce the dependence on labor and at the same time reducing production costs.

(B) Improve personnel's skills through adequate training.

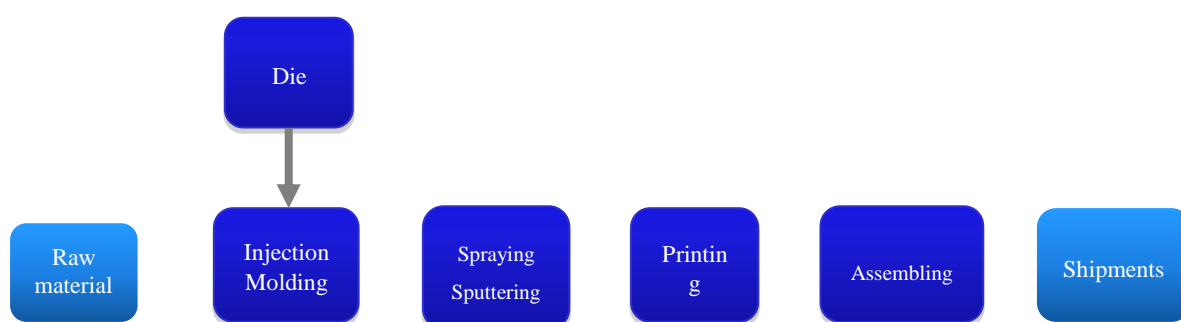
5.2.2 Application of Major Products

1. Important Purposes of Primary Products

Products	Product Purpose
Die	Including plastic parts such as: phone cases, MP3 cases, earphones and their parts, notebook components, household appliances parts, computer peripherals components, existing light housings, dashboards, central control panels, fan outlets and grips in automotive fields.
Plastic Components	

2. Manufacturing Process of Primary Products

The semi automated manufacturing process technology developed by the Company only requires one manufacturing process to complete production. The Company has more production efficiency compared with the production technology with others of the same industry.



5.2.3 Supply of Major Material

The Company's primary raw materials are billet steel and plastic particles such as PC (polycarbonate), ABS (acrylonitrile, butadiene and styrene), TPU (thermoplastic polyurethane). The raw material suppliers are mostly domestic and overseas well-known manufacturers that provide stable and quality supply. Meanwhile, not only the Company keeps a close eye on the market situation in order to stabilize the purchase price for key raw materials but also creates long-term strategic cooperation with manufacturers.

5.2.4 The names of the suppliers who have accounted for more than 10% of the total purchase (sales) amount in any of the previous 2 years, and the amount and proportion of the purchase (sales) amount, and explain the reasons for such increase or decrease:

1. The names of the suppliers who have accounted for more than 10% of the total purchase amount in any of the previous 2 years, and the amount and proportion of the purchase amount, and explain the reasons for such increase or decrease:

	2022				2023				First quarter of 2024			
Item	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net purchase as of the first quarter of the current year (%)	Relation to the issuer
1	Others	1,429,587	100		Others	1,180,260	100		Others	276,034	100	
	Net purchase amount	1,429,587	100		Net purchase amount	1,180,260	100		Net purchase amount	276,034	100	

There have been no significant changes to supplier accounting for 10% or more of the net purchase amount in the past 2 years. The Company's procurement of other raw materials is based on the needs of customers' products, to purchase the most suitable raw materials for production, while being committed to raw material cost control. Other than procuring from the international renown manufacturers, the self-supply rate of domestic raw material is increased, and the raw material procurement costs are reduced.

2. The names of the suppliers who have accounted for more than 10% of the total sales amount in any of the previous 2 years, and the amount and proportion of the sales amount, and explain the reasons for such increase or decrease:

Unit: NTD thousand

	2022				2023				First quarter of 2024			
Item	Name	Amount	Ratio to net annual sales (%)	Relation to the issuer	Name	Amount	Ratio to net annual sales (%)	Relation to the issuer	Name	Amount	Ratio to net sales as of the first quarter of the current year (%)	Relation to the issuer
1	Customer A	959,111	24.42	None	Customer A	675,429	19.25	None	Customer A	174,365	18.95	None
2	Customer B	573,602	14.60	None	Customer D	500,352	14.26	None	Customer D	136,060	14.79	None
3					Customer C	377,986	10.77	None	Customer C	133,044	14.46	None
4					Customer B	360,251	10.27	None	Customer B	97,034	10.55	None
5	Other	2,395,216	60.98	-	Other	1,594,711	45.45	-	Other	379,492	41.25	-
	Net sales	3,927,929	100.00	-	Net sales	3,508,729	100.00	-	Net sales	919,995	100.00	-

There have been no significant changes to customers accounting for 10% or more of the net sales amount in the past 2 years. Aside from strengthening the existing customer base, the Company will proactively expand and develop all types of different applications in the future by using its outstanding double injection mold technology and molding R&D capabilities to further continue developing new customer groups to increase the market share.

5.2.5 Production/Sales Quantities and Value over the Past Two Years

Unit: set; thousand pieces; NT\$ thousand

Year Production Volume/Value Primary Products	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Die	(Note 1)	366	227,710	(Note 1)	349	238,551
Plastic Components	(Note 1)	314,670	2,929,511	(Note 1)	295,127	2,547,907
Total	(Note 1)	(Note 2)	3,157,221	(Note 1)	(Note 2)	2,786,458

Note 1: The Company's mold-opening equipment is put into use according to the situation of orders and there are many different types of equipment. Products of plastic components are mostly non-standard products with various types, so the complex of each manufacturing process is different. Product capacity therefore was unable to be counted.

Note 2: Due to different unit measurements used, the total is not applicable.

5.2.6 Sales Quantities and Value of the Last Two Years

Unit: set; thousand pieces; NT\$ thousand

Year Sales Quantity and Value Primary Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Die	4	4,140	421	294,150	40	13,176	318	183,975
Plastic Components	1,566	36,141	310,832	3,592,245	937	27,529	296,081	3,280,189
Other (Note 1)	0	560	1	693	33	1,675	9	2,185
Total	(Note 1)	40,841	(Note 1)	3,887,088	(Note 1)	42,380	(Note 1)	3,466,349

Note 1: Due to different unit measurements used, the total is not applicable.

5.3 Status of Employees

(1) Age distribution by position category

March 31, 2024 Unit: Persons

Year		2022 December 31, 2022	2023 December 31, 2023	During 2024 until the printing date of the annual report on March 31, 2024
Number of Employees	Managers	144	144	137
	Professional/assistants	481	253	956
	Technicians	1,466	2,116	1,403
	Total	2,091	2,513	2,496
Average age		38.9	38.7	40.4
Average Years of Service		6.7	6.6	7.8
Academic qualification (%)	Ph.D.	0%	0%	0%
	Master's Degree	2%	2%	2%
	Bachelor's Degree	23%	19%	27%
	High School	32%	26%	42%
	Less than High School	44%	52%	29%

(2) Gender distribution by position category

Complying with the Act of Gender Equality in Employment, to protect the equal right of working regardless gender. For recruitment, examination, employment, appraisal, promotion, education and training, and benefit measures, the Company do not differ due to genders; provided, where the certain job is only suitable for certain gender, this shall not apply.

In 2023, the average weight of female employees was 57%, and 43% for the female managers

Year		SEX	2022 December 31, 2022	%	2023 December 31, 2023	%
Number of Employees	Managers	Male	82	57%	82	57%
		Female	62	43%	62	43%
	Managers Subtotal		144		144	
	Professional/assistants	Male	232	48%	107	42%
		Female	249	52%	146	58%
	Professional/assistants Subtotal		481		253	
	Technicians	Male	656	45%	1,011	48%
		Female	810	55%	1,105	52%
	Technicians Subtotal		1,466		2,116	
	Total	Male	970	46%	1,200	48%
		Female	1,121	54%	1,313	52%
Total			2,091		2,513	

5.4 Expenditure on Environmental Protection

As of the printing date of the annual report, the losses caused from environmental pollution (including compensation and an environmental audit outcome that resulted in a violation of the environmental laws and regulations - the date of penalty, penalty reference, the violation of provision, the content of the violation, penalty content). The current and future possible estimated amount and countermeasures shall also be disclosed. If it cannot be reasonably estimated, facts of the reason shall be given: None.

5.5 Employee Relations

5.5.1 Employee's Welfare and Benefit

5.5.1.1 Employee welfare and benefit

Aside from following the Labor Standards Act and other applicable acts and regulations, the Company has established the Staff Welfare Committee with a welfare fund set aside each month. Representatives are selected by both sides of the labor and

the management to be in charge of matters in connection to employee welfare so as to reach the goal of a harmonious working environment as well as bringing all employees together. Welfare provided by the Company and the Welfare Committee:

- (1) The purchase of labor insurance, National Health Insurance and Group Insurance.
- (2) Periodic health examinations.
- (3) Employee canteen, providing meals for employees
- (4) Allowance for employee marriages, childbirths, three major festivals and birthdays , the wedding and childbirth incentives of NT\$12,000 per child are paid additionally.
- (5) Funeral and hospital subsidies
- (6) Free car and motorbike parking spaces for colleagues.
- (7) Periodical employee trips
- (8) Year-end parties and lucky draws
- (9) Advanced health check for senior employees and managers
- (10) In addition to the menstruation leave that women are entitled to under the Labor Standards Act, the Company also provides the following support programs for female employees:

Pregnancy and childbirth: 56 days of maternity leave in accordance with the law, 7 days of maternity examination leave, and the leave of rest in accordance with the doctor's orders.

Childcare: The Company provides family care leave of 7 days/year, breastfeeding time, and a baby-sitting system, with a 100% return rate of parental leave without pay. The Company also provides post-natal staff with reinstatement assistance measures and appropriate work arrangements depending on needs.

Annual Employee Benefit Implementation in 2023

Unit: NTD

Item	The operation and implementation in 2023
(1) The purchase of labor insurance, National Health Insurance and Group Insurance.	Group insurance were fully purchased in May 2023
(2) Employees are given wedding, childbirth, holiday and birthday cash gifts, plus wedding and childbirth incentives.	Employees' wedding : 1 people / \$10,400 Employees' childbirth : 0 people / \$0 Holiday cash gifts : 98 people / \$176,400 Birthday cash gifts : 98 people / \$98,000
(3) Funeral and hospital subsidies	6 people / \$9,000 ; Consolation money \$15,500
(4) Periodical employee trips	employee trips were held on 2023.6.3-2023.6.4
(5) Year-end parties and lucky draws	The year-end party was held on January 10, 2023
(6) Advanced health check for senior employees and managers.	19 people / \$393,802

5.5.1.2 Training program

“People are the Company’s valuable assets” - In order to improve employees’ knowledge and skills, we have planned a training and development system as well as the Educational Training Promotion Committee to ensure training needs and annual training plans. By continuous innovation and improvement, educational training is able to meet the organizational needs. At Nishoku, we improve employees’ professional skills and core competitiveness through providing them comprehensive training and further education channels and while cultivating professionals and corporate management talents.

2023 employees’ further education training system and its actual execution (group)

Unit: NTD			
Item	Total number of people	Total hours	Total expenses
1. New recruit training	6,035	5,403.5	136,695
2. Professional job skills training	5,925	7,795.7	
Total	11,960	13,199.2	136,695

5.5.1.3 Retirement system

The Company has established the Employee Retirement Management Measures in accordance with provisions stipulated in the Labor Standards Act and Labor Pension Act. The Measures regulate the retirement terms for employees and pension distribution standard as a means to implement the retirement system and at the same time looking after our employees after they retire. In accordance with the regulations stipulated in the “Labor Retirement Reserve Fund and Management Measures” published by Ministry of the Interior, a certain ratio of retirement reserve fund is allocated on a monthly basis from employees’ salaries and wages to be deposited into Bank of Taiwan for safekeeping; or according to the provisions of the labor retirement pension system, no less than 6% of the monthly salaries and wages of employees shall be allocated to be deposited into employees’ labor pension account; if there is a voluntary contribution to the retirement pension, the voluntary contribution will be debited from the employee's monthly salary to the individual retirement pension account of the Labor Insurance Bureau ; recently, group annuity insurance and retirement award fund have been planned to achieve the goal of providing our employees with a retirement long-term plan that is more diverse and comprehensive.

5.5.1.4 Employee rights

The Company keeps a harmonious labor-management relationship. Employees may communicate with the Company through labor-management meetings regarding issues of the various system and working environment so as to maintain healthy

interaction between the labor and management. In addition, the Company's Staff Welfare Committee is responsible for matters in relation to the welfare of employees and organizes various events from time to time so as to reach the goal of a harmonious working environment as well as bringing all employees together.

5.5.1.5 Employees Code of Conduct: To regulate employees conduct and ethics

The Company's "Regulations of Professional Ethics and Conducts" have been promulgated as a means to regulate professional conduct and ethics of all employees; it has been disclosed on the Company's website/Investor Relations/Governance/Organizational Operations Regulations. The Company's website: <http://www.nishoku.com.tw/Investor/Investor/Company>.

5.5.2 Any current or potential loss resulting from labor disputes and prevention actions for the past year and as of the date of this annual report.

1. Up to now, the Company has not had any labor litigation due to labor disputes. The employer and employee have good and harmonious relationship. All relevant disputes risks can be mediated through harmonious discussions in advance, and no litigation have arisen due to labor disputes.

2. Possible current and future measures:

- (1) Thoroughly comply with labor acts and regulations and strengthen welfare facilities.
- (2) Establish a labor-management communication channel and complaint channel that are open and straightforward.
- (3) Establish an operating management system for all employees.

3. Amount of possible current and future losses:

The Company adheres to its management policy of being harmonious and honest. If there are no other changes from the outside world, the labor-management relationship should be normal and harmonious. There is no occurrence of money loss.

5.5.3 Work environment and personal safety protection

As a means to protect the safety of employees, we insure labor and health insurance for all our employees. We also provide group insurance and business travel insurance and carry out periodical employee health examinations in accordance with acts and regulations. Company associates also enjoy health examinations specifically for associates to ensure the health of all employees.

We also have public accident liability insurance covered on working places such as the Company and the plant. Public safety equipment checks of buildings and fire

equipment are reported to the competent authority in accordance with acts and regulations. The Company also selects employees who have obtained fire management personnel qualification certificate to maintain the safety of fire equipment in the workplace.

In order to prevent occupational accidents and protect the safety and health of employees, the Company has established the “Labor Safety And Health Code” required by the Occupational Safety and Health Act and applicable acts and regulations. Safety and health management personnel and first-aid personnel for Labors have also been set up in accordance with laws. A safety and health educational training is organized on an annual basis.

In 2023, there were 2 occupational disasters, with 2 people involved (accounting for 0.094% of the total employees at the end of 2023), and the goal of zero-disaster was not achieved. For the improvement measures to occupational disasters, the department will conduct training to enhance the awareness of safety precautions at work, and the awareness of traffic safety precautions, to ensure the safety of employees at work and during commuting.

Region	Cause of occurrence	Taipei Plant		Kunshan Plant		Shenzhen Plant		Vietnam Plant		Improvement measures
		Times	people	Times	people	Times	people	Times	people	
Onsite	Falls	0	0	0	0	0	0	0	0	Departmental training to enhance awareness of safety precautions in the workplace.
	Crush injury	0	0	0	0	0	0	1	1	Departmental training to enhance awareness of safety precautions in the workplace.
Offsite	Car accidents on the way to and from work	0	0	0	0	0	0	1	1	Departmental training to enhance awareness of safety precautions in the workplace.

Given the importance of protection measures for workplace and personal safety, the Company carries out related educational training on an unscheduled basis. The “Safety and Health Education for Labors” educational training is performed on employees containing courses such as: general safety and health educational training, how to enhance awareness of safety, fire safety and hygiene, occupational health promotion and how to prevent sexual harassment in the workplace. Learning evaluation is also carried out in the process of educational training to ensure the correctness of the learning direction of employees while at the same time confirming the implementation of the working environment and personal safety.

The number of safety and health training sessions held at each plant and the number of participants in 2023 are as follows:

Plant	Number of Training Sessions	Times	Total number of people
Kunshan Plant	5	5	6,500
Shenzhen Plant	4	4	60
Taipei Plant	6	6	56
Vietnam Plant	1	1	1,194
Total	16	16	7,810

International quality certification

Item		Kunshan Plant	Shenzhen Plant	Vietnam Plant
ISO 45001 Occupational health and safety management system	Date of first issuance	2020/8/14	2013/9/23	2011/8/5
	Date of this issuance From to	2023/8/14~2026/8/13	2022/11/22~2025/9/22	2023/3/6~2026/3/6

5.6. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

In 2023, the Company has established a dedicated unit for information security, appointing an Information Security Supervisor and Information Security Personnel.; they are in charge of establishing the information security policies for the Company, planning the information security measures, and implementing the related information security operations.

Due to the importance of the information security, the accountable unit reports the information security governance and implementation of the Company to the board of directors . Additionally, the audit team, consisting of auditors certified with ISO 27001 Information Security Auditor certification, conducts regular audits on the control operations of information security checks.

I. Targets of the information security policy:

1. Maintain the continuous operations of various information systems.
2. Prevent hackers and various viruses from invading and destructing.
3. Prevent intentional improper and illegal use by humans.
4. Prevent the leakage of confidential and sensitive data.
5. Avoid negligence and incidents made by humans.

6. Maintain security in the physical environment.

II. information security control measures

1. Computer device security management

- (1) The Company's computer mainframes and various application servers, as well as other equipment are installed in the dedicated data centers. The access control of the data centers adopts the induction card for entrance and exit, and the access are logged for reference.
- (2) The air conditioners in the data centers have the backup mechanism, to keep the computer equipment running in an environment with appropriate temperature and humidity; the HFC-23 environmental gas automatic computer fire extinguishing system is placed, which can be applied to fires caused by general factors or appliances.
- (3) The mainframes in data centers are equipped with uninterruptible power supply and voltage stabilization equipment, and are connected to the power supply system of generators provided by the Company's building, to avoid crash caused by sudden power failure from Taipower, or to ensure that the operation of the computer application systems will not be interrupted during a temporary power failure.

2. Network security management

- (1) The entrance to connect the external network is installed with the enterprise-level firewalls to prevent illegal intrusion by hackers.
- (2) Taipei Group Headquarter and overseas plants: the connection operation of Kunshan, Shenzhen and Vietnam plants uses MPLS VPN to prevent illegal capture during data transmission.
- (3) When logging into the Company's intranet remotely to access the ERP system, an SSLVPN account must be applied for. Login is only valid for use through the secure method of SSLVPN, and the use records are left for audit.
- (4) The internet conduct management and filtering equipment are configured to control the internet access, block access to harmful or network addresses and content prohibited by policy, to strengthen network security and prevent bandwidth resources from being improperly occupied.

3. Antivirus and management

- (1) Endpoint protection software is installed in the server and the terminal computer devices, and the virus codes are automatically updated to ensure that the latest

viruses would be blocked, while detecting and preventing the installation of potentially threatening system execution files.

- (2) The email server is equipped with email anti-virus and spam filtering mechanisms, to prevent viruses or spam from entering the user's PC.

4. Access control

- (1) For using of each application system, the system access application procedure stipulated by the Company must be followed; upon the approval of the accountable officer, the information department will establish a system account, and each system administrator will authorize the access based on the applied functions before the access is granted.
- (2) The password setting of an account requires appropriate strength and digits; the password must contain alphabets, numbers, and symbols for being valid.
- (3) When implementing the resignation (leave) procedures, the Information Department must be informed to delete the accounts at each system.

5. Ensuring the sustainable operation of systems

- (1) System backup: a cloud-based backup system is built, and a daily backup mechanism is adopted. In addition to uploading a copy to the cloud-based storage service, Microsoft OneDrive, another set of copy is stored in the data center, to ensure the security of the system and data.
- (2) Disaster recovery drills: the drill is conducted for each system annually. After the restoration datum point is selected, the data are sent from the backup media to be restored in the system mainframe, and the user unit will confirm the accuracy of the restored data in writing, to ensure the accuracy and validity of the backup media.
- (3) Two data lines are leased from the telecommunication provider. Through the bandwidth management equipment, the two lines are used in parallel to backup each other, to ensure that the network communication is not interrupted.

6. Promotion, education, and training of information security

- (1) Reminding promotion: the employees are required to change password regularly, to keep the account secure.
- (2) Seminar promotion: the information security related trainings are conducted for the internal employees every year.

III. Implementation in 2023.

Implementation of information security has been reported to the board of directors on December 27, 2023.

- Approximately NTD 1.65 million was invested in information security and responding measures in 2023
- Remote backup has been synchronized daily.
- One email social engineering exercise was conducted in the year.
- One disaster recovery drill was conducted in the year.
- The dedicated personnel of the Information Security Unit participate in relevant education and training courses from time to time to continuously improve their professional knowledge and timely adjust information security prevention measures and hardware upgrade plans in response to the advancement of information technology. The external training courses participated by the dedicated personnel in 2023 included 2 "Fortigate Fundamental Course" and "Digital Transformation: The Essential Digital Transformation for Small and Medium Enterprises!", as well as other information security education and training courses, with a total of 7 hours of training and a total of 4 participants.
- Training: total 6 sessions of information security education and training were conducted, including “company network infrastructure concepts and practices,” “Training of operating the E-mail software,” “social engineering education and training” and “Information security training.” The cumulative education and training hours were 30 hours, with total 28 attendees.
- All new employees shall complete an information security and protection training course.
- Promotion, and education of information security has been conducted monthly.

The cumulative promotion hours were 962 hours, with total 481 attendees.

month	Topic of advocacy
Jan	90% of Cyber Attacks Are “Successful”! More Than 7 Information Security Incidents Occurred at One-Third of Global Companies in 2022
Feb	ASRC 2022 Email Security Trends in Review
Mar	Fake HR Online Questionnaire, Phishing Attack Using Microsoft Excel and Forms
Apr	Four Types of Information Security Risks of Re-evolving Ransomware
May	ASRC 2023 Q1 Email Security Observation
Jun	A More Serious Threat Than Ransomware in the Opinion of FBI: Bec Fraud
Jul	ASRC 2023 Q2 Email Security Observation

Aug	CISO of SlowMist: WinRAR Has Security Vulnerabilities, and the WinRAR Vulnerability Detection Tool Is Also a Malicious Phishing Program
Sep	Phishing Tops the First Among Three Major Threats to Mobile Device Information Security in the First Half of 2023
Oct	Corporate Users Should Be Vigilant About QR Code Phishing Attacks
Nov	ASRC 2023 Q3 Email Security Observation
Dec	I Received an Abnormal Microsoft Account Login Activity. Is It Hacked or Is It Phishing?

- Impacts of material information security incidents on the Company and countermeasures

In accordance with Article 4, Paragraph 26 of the "Procedures for the Verification and Disclosure of Material Information of Companies with Listed Securities" of Taiwan Stock Exchange, in the event of a material information security incident, apart from following the Company's information security emergency reporting and response measures, a significant announcement should be issued. If the estimated loss, after deducting the compensation amount calculated according to insurance contracts in Article 11, exceeds 20% of the Company's equity of NTD 300 million, the incident should be reported by the Information Security Unit to the convener of the Board of Directors and approved by the Company's spokesperson system before convening a press conference to explain the material information. There were no material information security incidents in 2023.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: no such circumstance. °

5.7 Important Contracts

Sales contract, technical cooperation contracts, engineering contracts, long term loans contracts and other significant contracts that are active or ending within a year which are sufficient to affect the interests of shareholders as of the end of the printing date of the annual report: None.

6. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

6.1.1.1 Condensed Consolidated Balance Sheet

Unit: NT\$ thousands

Year Item		Five-Year Financial Summary (Note)					Financial Data for the Current Fiscal Year up to March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		5,907,592	5,744,344	6,071,254	5,569,291	5,177,670	5,277,765
Property, plant and equipment		1,531,841	1,444,529	1,386,444	1,479,566	1,420,753	1,420,604
Intangible assets		0	0	0	0	0	0
Other assets		341,488	1,428,620	1,639,394	1,865,034	1,931,084	1,959,252
Total assets		7,780,921	8,617,493	9,097,092	8,913,891	8,529,507	8,657,621
Current liabilities	Before Distribution	1,972,949	2,276,408	2,857,465	2,173,457	2,470,922	2,009,343
	After Distribution	2,222,134	2,902,020	3,421,551	2,803,699	(Note 2)	(Note 2)
Non-current liabilities		1,864,512	1,883,839	1,823,928	2,094,057	1,608,285	1,840,152
Total liabilities	Before Distribution	3,837,461	4,160,247	4,681,393	4,267,514	4,079,207	3,849,495
	After Distribution	4,086,646	4,785,859	5,245,479	4,897,756	(Note 2)	(Note 2)
Equity		3,943,460	4,457,246	4,415,699	4,646,377	4,450,300	4,808,126
Share capital		622,962	624,462	626,712	630,482	630,402	630,402
Capital surplus		959,124	968,882	981,485	973,766	973,549	973,549
Retained earnings	Before Distribution	2,699,191	3,171,368	3,152,444	3,329,339	3,186,194	3,457,490
	After Distribution	2,450,006	2,545,756	2,619,696	2,699,097	(Note 2)	(Note 2)
Other equity interest		(337,817)	(310,459)	(344,942)	(287,210)	(339,845)	(253,315)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total Equity	Before Distribution	3,943,460	4,457,246	4,415,699	4,646,377	4,450,300	4,808,126
	After Distribution	3,694,275	3,831,634	3,851,613	4,016,135	(Note 2)	(Note 2)

Note 1: All financial information of the financial statement has been certified or reviewed by the CPAs.

Note 2: 2023 earnings distribution has not yet been passed by the General Meeting of Shareholders, it is therefore not stated.

6.1.1.2 Condensed Individual Balance Sheet

Unit: NTD thousand

Item \ Year		Five-Year Financial Summary (Note)					Financial Data for the Current Fiscal Year up to March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		902,723	1,112,673	1,605,820	1,220,913	957,541	NA
Property, plant and equipment		307,741	299,596	301,775	297,524	295,608	
Intangible assets		0	0	0	0	0	
Other assets		5,467,698	6,012,812	6,275,219	6,414,886	6,283,992	
Total assets		6,678,162	7,425,081	8,182,814	7,933,323	7,537,141	
Current liabilities	Before Distribution	823,726	1,115,870	1,946,661	1,254,430	1,514,272	
	After Distribution	1,072,911	1,741,482	2,510,747	1,884,672	(Note 2)	
Non-current liabilities		1,910,976	1,851,965	1,820,454	2,032,516	1,572,569	
Total liabilities	Before Distribution	2,734,702	2,967,835	3,767,115	3,286,946	3,086,841	
	After Distribution	2,983,887	3,593,447	4,331,201	3,917,188	(Note 2)	
Equity		3,943,460	4,457,246	4,415,699	4,646,377	4,450,300	
Share capital		622,962	624,462	626,712	630,482	630,402	
Capital surplus		959,124	968,882	981,485	973,766	973,549	
Retained earnings	Before Distribution	2,699,191	3,171,368	3,152,444	3,329,339	3,186,194	
	After Distribution	2,450,006	2,545,756	2,619,696	2,699,097	(Note 2)	
Other equity interest		(337,817)	(310,459)	(344,942)	(287,210)	(339,845)	
Treasury stock		0	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total Equity	Before Distribution	3,943,460	4,457,246	4,415,699	4,646,377	4,450,300	
	After Distribution	3,694,275	3,831,634	3,851,613	4,016,135	(Note 2)	

Note 1: All financial information of the financial statement has been certified or reviewed by the CPAs.

Note 2: 2023 earnings distribution has not yet been passed by the General Meeting of Shareholders, it is therefore not stated.

Note 3: Consolidated financial report of Q1 2024 was prepared using the IFRSs, it is therefore not applicable.

6.1.2 Consolidated Statement of Comprehensive Income

6.1.2.1 Condensed Consolidated Statement of Comprehensive Income

Unit: NTD thousand

Item \ Year	Five-Year Financial Summary (Note)					Financial Data for the Current Fiscal Year up to March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenues	3,957,144	4,808,261	4,829,110	3,927,929	3,508,729	919,995
Gross profit	878,713	1,539,880	1,365,018	931,669	915,857	292,328
Results from operating activities	379,003	1,069,052	889,582	456,518	471,260	173,249
Non-operating income and expenses	45,548	(194,495)	(64,788)	503,684	199,541	187,863
Profit before tax	424,551	874,557	824,794	960,202	670,801	361,112
Profit (loss) from continuing operations	337,622	721,362	606,688	709,643	487,097	271,296
Profit (loss) from discontinued operations	0	0	0	0	0	0
Profit	337,622	721,362	606,688	709,643	487,097	271,296
Other comprehensive income (after tax)	(137,978)	27,358	(34,483)	80,347	(62,748)	84,524
Comprehensive income	199,644	748,720	572,205	789,990	424,349	355,820
Profit (loss), attributable to owners of parent	337,622	721,362	606,688	709,643	487,097	271,296
Profit (loss), attributable to non-controlling interests	0	0	0	0	0	0
Comprehensive income, attributable to owners of parent	199,644	748,720	572,205	789,990	424,349	355,820
Comprehensive income, attributable to non-controlling interests	0	0	0	0	0	0
Basic earnings per share	5.42	11.57	9.70	11.32	7.77	4.33

Note 1: All financial information of the financial statement has been certified or reviewed by the CPAs.

6.1.2.2 Condensed Individual Statement of Comprehensive Income

Unit: NTD thousand

Item \ Year	Five-Year Financial Summary (Note)					Financial Data for the Current Fiscal Year up to March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenues	309,312	869,200	1,285,481	1,126,277	955,752	Not applicable
Gross profit	77,171	235,329	381,847	325,907	283,670	
Results from operating activities	(39,945)	94,557	224,176	151,374	122,330	
Non-operating income and expenses	454,652	689,983	520,586	733,992	492,899	
Profit before tax	414,707	784,540	744,762	885,366	615,229	
Profit (loss) from continuing operations	337,622	721,362	606,688	709,643	487,097	
Profit (loss) from discontinued operations	0	0	0	0	0	
Profit	337,622	721,362	606,688	709,643	487,097	
Other comprehensive income (after tax)	(137,978)	27,358	(34,483)	80,347	(62,748)	
Comprehensive income	199,644	748,720	572,205	789,990	424,349	
Profit (loss), attributable to owners of parent	0	0	0	0	0	
Profit (loss), attributable to non-controlling interests	0	0	0	0	0	
Comprehensive income, attributable to owners of parent	0	0	0	0	0	
Comprehensive income, attributable to non-controlling interests	0	0	0	0	0	
Basic earnings per share	5.42	11.57	9.70	11.32	7.77	

Note 1: All financial information of the financial statement has been certified by the CPAs.

Note 2: Consolidated financial report of Q1 2024 was prepared using the IFRSs, it is therefore not applicable.

6.1.3 Auditing by CPA from 2019 to 2023

Year	CPA Firm	CPA's Name	Auditing Opinion
2019	KPMG	Cheng-Chien Chen 、Sheng-Ho Yu	Unqualified
2020	KPMG	Cheng-Chien Chen 、Sheng-Ho Yu	Unqualified
2021	KPMG	Cheng-Chien Chen 、Sheng-Ho Yu	Unqualified
2022	KPMG	Yong-Hua Huang 、Sheng-Ho Yu	Unqualified
2023	KPMG	Yong-Hua Huang 、Sheng-Ho Yu	Unqualified

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item \ Year		Five-Year Financial Analysis (Note1)					Financial Data for the Current Fiscal Year up to March 31, 2024
		2019	2020	2021	2022	2023	
Capital structure (%)	Debt ratio	49.32	48.28	51.46	47.78	47.82	44.46
	Ratio of long-term capital to property, plant and equipment	379.15	438.97	450.05	455.57	426.43	467.99
Solvency	Current ratio (%)	299.43	252.34	212.47	256.24	209.54	262.66
	Quick ratio (%)	274.28	227.87	193.41	234.68	194.64	244.18
	Times interest earned (Times)	16.98	42.75	37.83	28.00	13.00	24.98
Operating ability	Accounts receivable turnover (Times)	2.88	2.99	3.04	3.09	2.95	3.15
	Average collection period	126.73	122.07	120.06	118.12	123.72	115.87
	Inventory turnover (Times)	6.32	6.54	6.64	6.16	6.45	7.19
	Accounts payable turnover (Times)	5.11	4.65	4.98	5.43	5.26	5.60
	Average days in sales	57.75	55.81	54.96	59.25	56.58	50.76
	Property, plant, and equipment turnover (Times)	2.49	3.23	3.41	2.74	2.41	2.59
	Total assets turnover (Times)	0.52	0.59	0.54	0.43	0.40	0.42
Profitability	Return on total assets (%)	4.74	9.00	7.05	8.20	6.10	13.19
	Return on stockholders' equity (%)	8.58	17.17	13.68	15.66	10.71	23.44
	Pretax profit to paid-in capital (%)	68.15	140.05	131.61	152.30	106.41	57.28
	Net profit margin (%)	8.53	15.00	12.56	18.07	13.88	29.49
	Basic earnings per share (\$)	5.42	11.57	9.70	11.32	7.77	4.33
Cash flow	Cash flow ratio (%)	28.23	23.57	57.81	58.61	29.18	14.85
	Cash flow adequacy ratio (%)	108.42	111.96	114.93	149.45	138.09	144.67
	Cash reinvestment ratio (%)	3.89	2.86	12.04	7.69	8.65	3.37
Leverage	Operating leverage	1.82	1.26	1.27	1.51	1.51	1.94
	Financial leverage	1.08	1.02	1.03	1.08	1.13	1.10

Note 1: The financial information of each year has been reviewed and certified by the CPAs; financial information of Q1 2024 has been reviewed by the CPAs.

Please explain the reasons for the changes in the financial ratios over the last two years: (significant current variations reaching 20% or more)

Item	Variation ratio	Variation reason
Times interest earned (Times)	-54%	Mainly due to the decrease in Operating revenues in 2023.
Return on total assets (%)	-26%	
Return on stockholders' equity (%)	-32%	
Pretax profit to paid-in capital (%)	-30%	
Net profit margin (%)	-23%	
Basic earnings per share (\$)	-31%	Mainly due to the decrease in operating revenue in 2023, which in turn affected cash inflow from operating activities from the previous year, resulting in a decrease in the ratio.
Cash flow ratio (%)	-50%	

6.2.2 Individual Financial Analysis

Item \ Year		Five-Year Financial Analysis (Note1)					Financial Data for the Current Fiscal Year up to March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Capital structure (%)	Debt ratio	40.95	39.97	46.04	41.43	40.96	Not applicable
	Ratio of long-term capital to property, plant and equipment	1,902.39	2,105.91	2,066.49	2,244.82	2,037.45	
Solvency	Current ratio (%)	109.59	99.71	82.49	97.33	63.23	
	Quick ratio (%)	107.90	95.28	80.51	95.48	62.17	
	Times interest earned (Times)	25.25	48.12	37.60	31.21	17.33	
Operating ability	Accounts receivable turnover (Times)	3.32	4.30	4.02	4.13	4.23	
	Average collection period	109.94	84.94	90.83	88.47	86.33	
	Inventory turnover (Times)	27.36	25.30	26.95	37.26	57.72	
	Accounts payable turnover (Times)	18.17	6.33	5.66	6.61	6.10	
	Average days in sales	13.34	14.43	13.54	9.80	6.32	
	Property, plant, and equipment turnover (Times)	0.98	2.86	4.28	3.76	3.22	
	Total assets turnover (Times)	0.05	0.12	0.16	0.14	0.12	
Profitability	Return on total assets (%)	5.36	10.42	7.98	9.10	6.69	
	Return on stockholders' equity (%)	8.58	17.17	13.68	15.66	10.71	
	Pretax profit to paid-in capital (%)	66.57	125.63	118.84	140.43	97.59	
	Net profit margin (%)	109.15	82.99	47.20	63.01	50.96	
	Basic earnings per share (\$)	5.42	11.57	9.70	11.32	7.77	
Cash flow	Cash flow ratio (%)	3.26	(21.39)	6.68	33.41	5.76	
	Cash flow adequacy ratio (%)	50.50	36.87	29.19	25.81	18.51	
	Cash reinvestment ratio (%)	(2.73)	(9.46)	(10.18)	(2.83)	(12.40)	
Leverage	Operating leverage	0.56	1.60	1.13	1.12	0.95	
	Financial leverage	0.70	1.21	1.10	1.24	1.45	

Note 1: The financial information of each year has been reviewed and certified by the CPAs

Note 2: Consolidated financial report of Q1 2024 was prepared using the IFRSs, it is therefore not applicable.

Please explain the reasons for the changes in the financial ratios over the last two years: (significant current variations reaching 20% or more)

Item	Variation ratio	Variation reason
Current ratio (%)	-35%	Mainly due to the decrease in operating revenue of 2023, which in turn affected bank deposits and accounts receivable from last year, resulting in a decrease in current assets and a decrease in ratio.
Quick ratio (%)	-35%	
Times interest earned (Times)	-44%	Mainly due to the decrease in profit and increase in interest expense in 2023.
Inventory turnover (Times)	55%	Mainly due to inventory control in 2023, which affected the increase in turnover rate and shortened average sales days, resulting in a decrease in inventory amount from the previous year.
Average days in sales	-35%	
Return on total assets (%)	-26%	Mainly due to the decrease in operating revenue in 2023, resulting in a decrease in profit .
Return on stockholders' equity (%)	-32%	
Pretax profit to paid-in capital (%)	-31%	
Basic earnings per share (\$)	-31%	
Cash flow ratio (%)	-83%	Mainly due to the decrease in operating revenue in 2023, which in turn affected cash inflow from operating activities from the previous year, resulting in a decrease in the ratio.
Cash flow adequacy ratio (%)	-28%	
Cash reinvestment ratio (%)	-338%	

6.2.3 The formula of financial analysis (IFRS)

1. Capital Structure

(1) Debt ratio = Total liability / Total assets

(2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liability) / Net

property, plant and equipment

2. Solvency

(1) Current ratio: Current assets / current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability

(3) Times interest earned = Net income before tax and interest expense / Interest expense of the year

3. Operating ability

(1) Account receivable turnover (including accounts receivable and notes receivable derived from business

operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable

derived from business operation)

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(2) Days sales in accounts receivable = $365 / \text{Account receivable turnover}$

(3) Inventory turnover = $\text{Cost of goods sold} / \text{Average inventory amount}$

(4) Account payable turnover (including accounts payable and notes payable derived from business operation) =

$\text{Cost of goods sold} / \text{Average accounts payable (including accounts payable and notes payable derived from}$

$\text{business operation)}$

(5) Average days in sales = $365 / \text{Inventory turnover}$

(6) Fixed assets turnover = $\text{Net sales} / \text{Net fixed assets}$

(7) Total assets turnover = $\text{Net sales} / \text{Total assets}$

4. Profitability

(1) Return on assets = $(\text{Net income (loss)} + \text{interest expense} \times (1 - \text{tax rate})) / \text{Average total assets}$

(2) Return on shareholders' equity = $\text{Net income (loss)} / \text{Net average shareholders' equity}$

(3) Return to issued capital stock = $\text{Net income before tax} / \text{Issued capital stock}$

(4) Profit ratio = $\text{Net income (loss)} / \text{Net sales}$

(5) Basic earnings per share = $(\text{Net income} - \text{preferred stock dividend}) / \text{Weighted average stock shares issued}$

5. Cash flow

(1) Cash flow ratio = $\text{Net cash flow from operating activity} / \text{Current liability}$

(2) Cash flow adequacy ratio = $\text{Net cash flow from operating activity in the past 5 years} / (\text{Capital expenditure} +$

$\text{Inventory interest} + \text{Cash dividend}) \text{ in the past 5 years}$

(3) Cash + reinvestment ratio = $(\text{Net cash flow from operating activity} - \text{Cash dividend}) / (\text{Fixed assets} + \text{Long term}$

$\text{investment} + \text{Other assets} + \text{Working capital})$

6. Balance

(1) Degree of operating leverage = $(\text{Net operating income} - \text{Variable operating cost and expense}) / \text{Operating}$

$\text{income}(\text{note 6})$

(2) Degree of financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expense})$

6.3 Audit Committee's Report in the Most Recent Year

Audit Committee's Review Report

Date: April 26, 2024

The Board of Directors has prepared the Nishoku Technology Inc ("the Company") 2023 Business Report, financial statements, and proposal for earning distribution. The CPA firm of KPMG was retained to audit Company's financial statements and has issued an audit report relating to the financial statements. The above Business Report, financial statements, and earning distribution proposal have been examined and determined to be correct and accurate by the Audit Committee members of Nishoku Technology Inc. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Nishoku Technology Inc.

Chairman of Audit Committee:

Lin, Horng Chang

6.4 Consolidated Financial Statement

Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

Opinion

We have audited the consolidated financial statements of Nishoku Technology Inc. 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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. Key audit matters for the Group's financial statements are stated as follows:

1. Impairment of accounts receivable

Please refer to Note 4(g) "Financial instruments" Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements

Description of key audit matter:

The Group engages in business primarily with clients which are involved in the manufacture of mold and electronic parts with credit term, which make the Group vulnerable to credit risk. The default of the client may lead to impairment loss of the receivables. The assessment of impairment loss involves subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing whether the Group's impairment of accounts receivable has been set aside in accordance with the Group's policy, including inquiring from the management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable.

2. Impairment of inventory

Please refer to Note 4(h) "Inventory", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Description of key audit matter:

Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the design, manufacture, and sale of mold and electronic parts. As different series or models of electronic products are rapidly being replaced by new ones, it may impact the inventory of the older ones to be slow moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. The assessment of impairment loss requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the inventories valuation policies of the Group; inspecting whether those policies are applied; examine the accuracy of the aging of inventories by sampling and analyses the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

Other Matter

The Nishoku Technology Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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 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 the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 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' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

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

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4110	Operating revenues (note 6(p))	\$ 3,567,359	102	3,997,848	102
4170	Less: Sales returns and allowances	58,630	2	69,919	2
	Net Operating revenues	3,508,729	100	3,927,929	100
5000	Operating costs (notes 6(d), (f), (g), (k) and 12)	2,592,872	74	2,996,260	76
	Gross profit from operations	915,857	26	931,669	24
6000	Operating expenses: (notes 6(c), (f), (g), (k), (n), (q) and 12)				
6100	Selling expenses	63,593	2	60,633	2
6200	Administrative expenses	298,646	9	316,602	8
6300	Research and development expenses	81,061	2	98,013	2
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	1,297	-	(97)	-
		444,597	13	475,151	12
	Net operating income	471,260	13	456,518	12
	Non-operating income and expenses:				
7010	Other income (note 6(r))	197,048	6	89,824	2
7020	Other gains and losses, net (note 6(s))	58,380	2	449,426	11
7050	Finance costs, net (note 6(j))	(55,887)	(2)	(35,566)	(1)
	Total non-operating income and expenses	199,541	6	503,684	12
7900	Profit before tax	670,801	19	960,202	24
7950	Less: Income tax expenses (note 6(l))	183,704	5	250,559	6
	Profit	487,097	14	709,643	18
8300	Other comprehensive income (loss):				
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(78,435)	(2)	100,434	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(l))	15,687	-	(20,087)	(1)
8300	Other comprehensive income (after tax)	(62,748)	(2)	80,347	2
8500	Total comprehensive income	\$ 424,349	12	789,990	20
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 487,097	14	709,643	18
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 424,349	12	789,990	20
9750	Basic earnings per share (NT dollars) (note 6(o))	\$ 7.77		11.32	
9850	Diluted earnings per share (NT dollars) (note 6(o))	\$ 7.71		11.24	

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

NISHOKU TECHNOLOGY INC. 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					Total other equity			
	Share capital	Retained earnings				Exchange differences on translation of foreign financial statements	Unearned Stock-Based Employee compensation	Total equity attributable to owners of parent	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Balance at January 1, 2022	\$ 626,712	981,485	610,265	310,459	2,231,720	(344,942)	–	4,415,699	4,415,699
Profit for the year ended December 31, 2022	–	–	–	–	709,643	–	–	709,643	709,643
Other comprehensive income for the year ended December 31, 2022	–	–	–	–	–	80,347	–	80,347	80,347
Total comprehensive income for the year ended December 31, 2022	–	–	–	–	709,643	80,347	–	789,990	789,990
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	–	–	60,669	–	(60,669)	–	–	–	–
Special reserve appropriated	–	–	–	34,483	(34,483)	–	–	–	–
Cash dividends of ordinary share	–	–	–	–	(532,748)	–	–	(532,748)	(532,748)
Capital surplus at cash dividends	–	(31,338)	–	–	–	–	–	(31,338)	(31,338)
Issuance of shares exercise of employee stock option	50	258	–	–	–	–	–	308	308
Restricted employee stock	3,720	23,361	–	–	–	–	(22,615)	4,466	4,466
Balance at December 31, 2022	630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377	4,646,377
Profit for the year ended December 31, 2023	–	–	–	–	487,097	–	–	487,097	487,097
Other comprehensive income for the year ended December 31, 2023	–	–	–	–	–	(62,748)	–	(62,748)	(62,748)
Total comprehensive income for the year ended December 31, 2023	–	–	–	–	487,097	(62,748)	–	424,349	424,349
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	–	–	70,964	–	(70,964)	–	–	–	–
Special reserve appropriated	–	–	–	(80,347)	80,347	–	–	–	–
Cash dividends of ordinary share	–	–	–	–	(630,242)	–	–	(630,242)	(630,242)
Retirement of restricted employee stock	(320)	(2,010)	–	–	–	–	2,330	–	–
Restricted employee stock	240	1,793	–	–	–	–	7,783	9,816	9,816
Balance at December 31, 2023	\$ 630,402	973,549	741,898	264,595	2,179,701	(327,343)	(12,502)	4,450,300	4,450,300

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

NISHOKU TECHNOLOGY INC. 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 before tax	\$ 670,801	960,202
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	238,912	234,522
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	1,297	(97)
Interest expense	55,887	35,566
Interest income	(183,903)	(84,882)
Compensation cost of restricted stock awards for employees	9,816	4,466
Loss (gain) on financial assets at fair value through profit or loss	(16,953)	23,519
Loss (Gain) on disposal of property, plant and equipment	(12,520)	643
Recognition losses on (reversal of) inventory valuation and obsolescence	(38,081)	5,249
Total adjustments to reconcile profit	54,455	218,986
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit and loss-current	-	65,144
Notes and accounts receivables	(6,968)	168,728
Inventories	138,647	62,803
Other current assets and financial assets	4,222	16,659
	135,901	313,334
Changes in operating liabilities:		
Notes and accounts payables	(45,028)	(73,481)
Other current liabilities	3,507	(6,495)
	(41,521)	(79,976)
Total adjustments	148,835	452,344
Cash inflow generated from operations	819,636	1,412,546
Interest received	165,249	80,110
Interest paid	(53,774)	(34,457)
Income taxes paid	(210,047)	(184,247)
Net cash flows from operating activities	721,064	1,273,952
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(75,975)	(152,492)
Acquisition of financial assets at fair value through profit or loss-non-current	-	(13,820)
Acquisition of property, plant and equipment	(206,038)	(237,053)
Proceeds from disposal of property, plant and equipment	47,320	10,299
Decrease in refundable deposits	625	2,681
Increase in other non-current assets	(11,984)	(4,653)
Net cash flows used in investing activities	(246,052)	(395,038)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	211,360	(580,660)
Decrease in short-term notes and bills payable	-	(100,000)
Proceeds from (repayments of) long-term borrowings	(300,000)	200,000
Increase (decrease) in guarantee deposits	1,162	(1,608)
Payments of lease liabilities	(25,519)	(31,992)
Cash dividends paid	(630,242)	(564,086)
Exercise of employee share options	-	308
Net cash flows used in financing activities	(743,239)	(1,078,038)
Effect of exchange rate changes on cash and cash equivalents	(62,695)	65,689
Net decrease in cash and cash equivalents	(330,922)	(133,435)
Cash and cash equivalents at beginning of period	3,865,998	3,999,433
Cash and cash equivalents at end of period	\$ 3,535,076	3,865,998

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NISHOKU TECHNOLOGY INC. 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

NISHOKU TECHNOLOGY INC. (the “Company”) was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export Trade.

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 29, 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 details of impact on the Group’ s adoption of the new amendments beginning January 1, 2023 are as follows :

- (i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to recognize equal deferred income tax assets and deferred income tax liabilities. The application of the amendments resulting in deferred tax assets, deferred tax liabilities to increase by \$6,737 thousand and \$6,737 thousand on January 1, 2022, as well as the deferred tax assets and deferred tax liabilities to increase by \$16,076 thousand and \$16,076 thousand on December 31, 2022; There is no significant impact on the income statement and cash flows.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group’ s consolidated financial statements.

● Amendments to IAS 1 “Disclosure of Accounting Policies”

● Amendments to IAS 8 “Definition of Accounting Estimates”

In accordance with Ruling No.1120383437 issued by the FSC on August 16, 2023, 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”
- 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies are 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

Except for the financial instruments at fair value through profit or loss are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup 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

Name of investor	Name of subsidiary	Principal Activities	Percentage of shareholding (%)	
			December 31, 2023	December 31, 2022
The Company	NISHOKU BOUEKI CO., LTD. (NISHOKU BOUEKI)	Trading Company	100%	100%
"	NISHOKU TECHNOLOGY VIETNAM CO., LTD. (NISHOKU VIETNAM)	Manufacture and Sale of tooling and plastic products	100%	100%
"	SUN NICE LIMITED (SAMOA) (SUN NICE (SAMOA))	Holding Company	100%	100%
SUN NICE (SAMOA)	SAME START LIMITED (Anguilla) (SAME START Anguilla)	Trading Company	100%	100%
"	NISHOKU HONG KONG HOLDING LIMITED (NISHOKU HK)	Holding Company	100%	100%
"	SUN NICE LIMITED (BVI) (SUN NICE (BVI))	Holding Company	100%	100%

Name of investor	Name of subsidiary	Principal Activities	Percentage of shareholding (%)	
			December 31, 2023	December 31, 2022
NISHOKU (HK)	NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. (NISHOKU SHENZHEN)	Manufacture and Sale of mold and plastic products	100%	100%
"	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	Manufacture and Sale of mold and plastic products	71.49%	71.49%
SUN NICE (BVI)	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	Manufacture and Sale of mold and plastic products	28.51%	28.51%

(d) Foreign currencies

(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.

(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 any 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 interest. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary 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.

(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.

An entity shall classify a liability as current when:

- (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

Trade receivables 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.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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 amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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 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 trade receivables are always measured at an amount equal to lifetime ECL.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month 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 ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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.

ECLs 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). ECLs are discounted at the effective interest rate of the financial asset.

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.

4) 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 instruments

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) Other financial liabilities

Financial liabilities are classified as measured at amortized cost, which comprise loans and borrowings, and trade and other payables. 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 obligation are discharged or cancelled, or expired. 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. 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.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate

exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on 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 the 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.

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

- 1) Buildings: 20~50 years
- 2) Accessory equipment of buildings: 5~10 years
- 3) Machinery and equipment: 3~8 years
- 4) Office and other equipment: 2~8 years

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

(j) Lease

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 payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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 Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is 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) Impairment of non-financial assets

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

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.

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 to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

(l) 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 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 plastic goods and molds. 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 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.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(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.

(n) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(o) 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 shall be 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 are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes 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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company 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 asset 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 reverse, 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
- (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 intend 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.

(p) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is 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 dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee remuneration, employee stock options, and restricted employee stock.

(q) 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.

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

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make 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.

There are no critical judgments made in applying the accounting policies that have significant effects on amounts recognized in consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the following year is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The recognition of impairment loss, please refer to note 6(c).

(b) 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 changes in the net realizable value of inventories.

The Group's accounting policies and disclosures include measuring the financial and non-financial assets and liabilities at fair value through profit or loss. The Group has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, are used to measure the fair value, then the Group will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(t) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash Equivalents

	December 31, 2023	December 31, 2022
Cash and demand deposits	\$ 752,007	1,814,806
Time deposits	2,543,487	2,020,482
Bond acquired under repurchase agreement	239,582	30,710
Cash and cash equivalents in the consolidated statement of cash flows	\$ 3,535,076	3,865,998

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

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Fund investments-current	\$ 40,109	37,039
Fund investments-non-current	\$ 203,426	189,543

(i) Please refer to note 6(e) for fund investments non current.

(ii) Please refer to note 6(t) for credit risk and market risk.

(iii) As of December 31, 2023 and 2022, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 15,711	9,555
Accounts receivable	1,175,248	1,174,436
Less : Loss allowance	(1,324)	(27)
	\$ 1,189,635	1,183,964

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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,153,392	-%	-
0 to 120 days past due	19,563	0%~1%	177
121 to 270 days past due	2,293	0%~30%	1,147
Total	\$ 1,175,248		1,324

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,170,644	-%	-
0 to 120 days past due	3,792	0%~1%	27
Total	\$ 1,174,436		27

The movement in the allowance for notes and accounts receivables were as follows:

	December 31, 2023	December 31, 2022
Balance at January 1	\$ 27	124
Impairment losses recognized	1,297	(97)
Balance on December 31	\$ 1,324	27

(d) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 97,728	132,186
Work in process	165,892	218,975
Finished goods	87,633	100,658
	\$ 351,253	451,819

For the years ended December 31, 2023 and 2022, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$2,592,872 thousand and \$2,996,260 thousand, respectively. For the years ended December 31, 2023 and 2022, the Group recognized the losses (reversal gains) on inventory valuation and obsolescence as cost of goods sold amounting to \$(38,081) thousand and \$5,249 thousand, respectively.

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

(e) Non current financial assets at amortized cost

	December 31, 2023	December 31, 2022
Restricted bank deposit	\$ 1,487,071	1,411,086
Corporate Bonds	60,823	60,833
	<u>\$ 1,547,894</u>	<u>1,471,919</u>

In June 2021, May and July 2020, the Group applied to the IRS for the application of “ The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” (hereinafter referred to as the “Act”), which was approved; and thereafter, its overseas funds had been remitted to Taiwan within one month based on the Act. According to the Act, the funds need to be deposited in a special purpose account for five years, in which 5% of the funds can be used without restriction, 25% can be used on financial investment, and a minimum of 70% can be used for substantive investment. In the 6th year, the funds can only be redeemed within 3 consecutive years. For funds used on financial investment, please refer to note 6(b) “ Fund investments noncurrent”

The Group assessed that these corporate bonds held until maturity to collect contractual cash flows, which are solely for the payment of the principal and interest of the outstanding principal, shall be presented as financial assets at amortized cost.

As of December 31, 2023 and 2022, the Group did not provide any financial assets measured at amortized costs as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 179,672	1,127,269	2,074,519	466,770	116,015	3,964,245
Additions	-	6,679	113,156	32,995	44,982	197,812
Reclassifications	-	10,424	16,455	4,518	(31,730)	(333)
Disposals	-	-	(326,255)	(86,147)	-	(412,402)
Effect of changes in foreign exchange rates	-	(12,894)	(30,450)	(6,708)	(478)	(50,530)
Balance on December 31, 2023	<u>\$ 179,672</u>	<u>1,131,478</u>	<u>1,847,425</u>	<u>411,428</u>	<u>128,789</u>	<u>3,698,792</u>
Balance on January 1, 2022	\$ 179,672	1,065,232	1,846,008	464,528	114,685	3,670,125
Additions	-	9,430	216,652	13,008	32,347	271,437
Reclassifications	-	23,188	17,278	865	(41,331)	-
Disposals	-	-	(47,612)	(22,528)	-	(70,140)
Effect of changes in foreign exchange rates	-	29,419	42,193	10,897	10,314	92,823
Balance on December 31, 2022	<u>\$ 179,672</u>	<u>1,127,269</u>	<u>2,074,519</u>	<u>466,770</u>	<u>116,015</u>	<u>3,964,245</u>

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	542,273	1,528,555	413,851	-	2,484,679
Depreciation	-	44,419	134,689	27,533	-	206,641
Disposals	-	-	(292,984)	(84,618)	-	(377,602)
Effect of changes in foreign exchange rates	-	(7,037)	(22,725)	(5,917)	-	(35,679)
Balance on December 31, 2023	<u>\$ -</u>	<u>579,655</u>	<u>1,347,535</u>	<u>350,849</u>	<u>-</u>	<u>2,278,039</u>
Balance on January 1, 2022	\$ -	488,757	1,398,990	395,934	-	2,283,681
Depreciation	-	41,299	125,795	29,988	-	197,082
Disposals	-	-	(38,429)	(20,769)	-	(59,198)
Effect of changes in foreign exchange rates	-	12,217	42,199	8,698	-	63,114
Balance on December 31, 2022	<u>\$ -</u>	<u>542,273</u>	<u>1,528,555</u>	<u>413,851</u>	<u>-</u>	<u>2,484,679</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 179,672</u>	<u>551,823</u>	<u>499,890</u>	<u>60,579</u>	<u>128,789</u>	<u>1,420,753</u>
Balance on December 31, 2022	<u>\$ 179,672</u>	<u>584,996</u>	<u>545,964</u>	<u>52,919</u>	<u>116,015</u>	<u>1,479,566</u>

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had not been pledged as collateral.

(g) Right-of-use assets

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

	Buildings and structures	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	\$ 64,303	11,958	76,261
Effect of changes in foreign exchange rates	(1,174)	-	(1,174)
Balance at December 31, 2023	<u>\$ 63,129</u>	<u>11,958</u>	<u>75,087</u>
Balance at January 1, 2022	\$ 80,848	11,958	92,806
Additions	64,303	-	64,303
Disposals/ write-off	(82,037)	-	(82,037)
Effect of changes in foreign exchange rates	1,189	-	1,189
Balance at December 31, 2022	<u>\$ 64,303</u>	<u>11,958</u>	<u>76,261</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	\$ -	5,285	5,285
Depreciation for the year	21,381	3,986	25,367
Effect of changes in foreign exchange rates	(337)	-	(337)
Balance at December 31, 2023	<u>\$ 21,044</u>	<u>9,271</u>	<u>30,315</u>
Balance at January 1, 2022	\$ 53,898	1,300	55,198
Depreciation for the year	27,446	3,985	31,431
Disposals/ write	(82,037)	-	(82,037)
Effect of changes in foreign exchange rates	693	-	693
Balance at December 31, 2022	<u>\$ -</u>	<u>5,285</u>	<u>5,285</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 42,085</u>	<u>2,687</u>	<u>44,772</u>
Balance at December 31, 2022	<u>\$ 64,303</u>	<u>6,673</u>	<u>70,976</u>

(h) Short-term borrowings

The Short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Credit loans, no pledge	<u>\$ 1,368,460</u>	<u>1,157,100</u>
Interest rate range	<u>1.655%~6.09%</u>	<u>1.505%~5.58%</u>

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

(j) Long-term borrowings

The detail were as follows:

December 31, 2023				
	Currency	Interest rate range	Maturity year	Amount
Unsecured bank loans	NTD	1.65%~2.1%	2025	\$ 1,050,000
Less: current portion	NTD	1.65%	2024	<u>(200,000)</u>
Total				<u>\$ 850,000</u>
December 31, 2022				
	Currency	Interest rate range	Maturity year	Amount
Unsecured bank loans	NTD	1.505%~1.975%	2024	\$ 1,350,000
Less: current portion	NTD	1.571289%	2023	<u>(50,000)</u>
Total				<u>\$ 1,300,000</u>

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

(j) Lease liabilities

	December 31, 2023	December 31, 2022
Current	<u>\$ 23,348</u>	<u>24,703</u>
Non-current financial assets	<u>\$ 22,167</u>	<u>46,313</u>

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss was as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interest expenses on lease liabilities	<u>\$ 867</u>	<u>262</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 369</u>	<u>502</u>

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Total cash outflow for leases	<u>\$ 25,888</u>	<u>32,494</u>

(k) Employee benefits

The Company 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 consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries, and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Labor Insurance amounted to \$42,055 thousand and \$47,171 thousand for the years ended December 31, 2023 and 2022, respectively.

(l) Income tax

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

	2023	2022
Current tax expense	\$ 177,418	207,978
Deferred tax expense	6,286	42,581
	<u>\$ 183,704</u>	<u>250,559</u>

(ii) The amounts of income tax expense (profit) recognized in other comprehensive income or loss for 2023 and 2022 was as follows:

	2023	2022
Foreign currency translation differences for foreign operations	<u>\$ (15,687)</u>	<u>20,087</u>

(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 was as follows:

	2023	2022
Profit excluding income tax	\$ 670,801	960,202
Income tax using the Company's domestic tax rate	209,257	281,553
Effect of tax rates in foreign jurisdiction	(22,576)	(22,711)
Undistributed earnings additional tax	4,439	-
Other	(7,416)	(8,283)
	<u>\$ 183,704</u>	<u>250,559</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were all temporary differences.

	December 31, 2023	December 31, 2022
	<u>\$ 174,975</u>	<u>213,637</u>

2) Recognized deferred tax liabilities

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

	Investment income recognized under the equity method	Foreign currency translation differences for foreign operations	Others	Total
Deferred tax liabilities				
Balance on January 1, 2023 (After restatement)	\$ 793,783	(64,191)	16,285	745,877
Recognized in profit or loss	8,656	-	(5,756)	2,900
Foreign currency translation differences for foreign operations	-	(15,687)	-	(15,687)
Balance on December 31, 2023	<u>\$ 802,439</u>	<u>(79,878)</u>	<u>10,529</u>	<u>733,090</u>
Balance on January 1, 2022 (After restatement)	\$ 748,011	(84,278)	6,745	670,478
Recognized in profit or loss	45,772	-	9,540	55,312
Foreign currency translation differences for foreign operations	-	20,087	-	20,087
Balance on December 31, 2022 (After restatement)	<u>\$ 793,783</u>	<u>(64,191)</u>	<u>16,285</u>	<u>745,877</u>

3) Recognized deferred tax assets

Changes in the amounts of deferred tax assets for 2023 and 2022 was as follows:

	Loss on inventory valuation	Unused tax losses carry forwards	Others	Total
Deferred tax assets				
Balance on January 1, 2023 (After restatement)	\$ (1,109)	(4,719)	(35,907)	(41,735)
Recognized in profit or loss	560	(264)	3,090	3,386
Balance on December 31, 2023	<u>\$ (549)</u>	<u>(4,983)</u>	<u>(32,817)</u>	<u>(38,349)</u>
Balance on January 1, 2022 (After restatement)	\$ (459)	(5,485)	(23,060)	(29,004)
Recognized in profit or loss	(650)	766	(12,847)	(12,731)
Balance on December 31, 2022 (After restatement)	<u>\$ (1,109)</u>	<u>(4,719)</u>	<u>(35,907)</u>	<u>(41,735)</u>

- (v) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2021.

(m) Capital and other equity

As of December 31, 2023 and 2022, the total value of authorized ordinary shares each amounted to \$1,500,000 thousand, of which, 150,000 thousands ordinary shares, with par value of \$10 per share, at the amount of \$20,000 thousand, were reserved as employee stock options. Thereafter, 63,040 thousand and 63,048 thousand ordinary shares, respectively, were issued and paid upon issuance. All related registration procedures for both periods had been completed as of the reporting dates.

The balances of capital surplus were issued and the related registration procedures were completed as of December 31, 2023 and 2022, were as follows:

	Ordinary shares	
	2023	2022
Balance on January 1	63,048	62,671
Exercise of employee stock option	-	5
Restricted employee stock	24	372
Retirement of restricted employee stock	(32)	-
Balance on December 31	<u>63,040</u>	<u>63,048</u>

(i) Issuance of capital stock

The Company issued 5 new shares of common stock, with par value of \$10 per share, for employee stock options in 2022. All related registration procedures had been completed as of the reporting date.

The issuance of restricted employee stock had been approved by shareholders' meeting held on June 15, 2022. The board of directors approved to issue 24 thousand and 372 thousand

shares on July 5, 2023 and August 3, 2022, respectively, with the issued price of NT\$0 per share. The rights and obligations of the issuance of ordinary shares are the same as the other issued ordinary shares except for the right to transfer the shares that are restricted before the employees achieve the vesting conditions.

During the second quarter of 2023, the Company reclaimed its 24 thousand unvested employee restricted shares, which were cancelled thereafter, with the approval of its board on April 28, 2023. All relevant registration procedures have been completed as of the reporting date.

In addition, during the fourth quarter of 2023, the Company reclaimed its 8 thousand unvested employee restricted shares, which were cancelled thereafter, with the approval of its board on December 27, 2023. All relevant registration procedures have been not completed as of the reporting date.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 939,513	939,513
Employee share options	10,892	10,892
Restricted employee stock	23,144	23,361
	<u>\$ 973,549</u>	<u>973,766</u>

According to the ROC 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 paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

The Company distributed capital surplus allocated to common stock owners according to the distribution plan via the special resolution of the board of directors held on April 28, 2022.

	2021
	Per share (dollars)
	Amount
Capital surplus allocated to common stock owners	<u>\$ 0.5</u>
	<u>31,338</u>

(iii) Retained earnings

The Group's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid in capital. Aside from the aforesaid legal reserve, the Company shall appropriate or reverse another sum as special earnings reserve in accordance with relevant laws or regulations or requested by the authorities in charge. The 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.

According to the amendment of the of Article 240 and Article 241 of the ROC Company Act, the Company authorized the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution only if the current year retained earnings available for distribution does not reach \$0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock, and cash portion of the dividend, should not be less than 30% of the total distributed dividend.

1) Legal reserve

According to the amendment of the ROC Company Act, the Company must retain 10% of its after tax annual earnings as legal reserve until such retention equals the amount of total capital. 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.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current period earnings and undistributed prior period earnings shall be set aside as special earnings reserve during earnings distribution. Similarly, a portion of undistributed prior period earnings shall be set aside as special earnings reserve (and can not be distributed) 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. As of December 31, 2023, the total amount of special reserve amounted to \$264,595 thousand.

3) Earnings distribution

Earnings distribution for 2022 and 2021 were decided via the special resolution of the board of directors held on April 28, 2023, and April 28, 2022, respectively. The relevant dividend distributions to shareholders were as follow:

	2022		2021	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders				
Cash	\$ 10.0	<u>630,242</u>	8.5	<u>532,748</u>

(n) Share-based payment

(i) Restricted stock

A resolution had been decided during the shareholders' meeting held on June 15, 2022 for the Company to issue a maximum of 400 thousand restricted stocks for its qualified full-time employees, with the approval of the Financial Supervisory Commission. On July 5 2023 and August 3 2022, the board of directors approved to issue 24 thousand and 372 thousand shares, respectively.

As of December 31, 2023, the information on restricted employee stock outstanding was as follows:

	Restricted stock for Employees 2022-1	Restricted stock for Employees 2022-2
	2022-1	2022-2
Grant date	August 3, 2022	July 5, 2023
Fair value (per share)(in dollars)	72.8	84.7
Exercise price (in dollars)	0	0
Granted units (thousand shares)	372	24
Vesting period	2-4 years	2-4 years

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or by any other means, disposed of the third parties during the custodian period. The voting rights of these shares are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Group will cancel the unvested shares thereafter.

The related information on restricted stock of the Group was as follows:

(in thousands of shares)	2023	2022
Outstanding at beginning of period	372	-
Granted during the period	24	372
Vested during the period	-	-
Forfeited during the period	(32)	-
Outstanding at end of period	364	372

- (ii) The Company issued 600 units of employee stock options, at 1,000 shares per unit, to its employees and its subsidiaries' who met certain requirements on July 28, 2017. The duration of the employee stock options is five year. 50%, 75%, and 100% of the stock options are exercisable 2 years, 3 years, and 4 years, respectively, after the grant date. Those qualified employees are entitled to purchase the shares at the closing price of ordinary shares of the Company on the same day. After the grant of the stock options, any changes in the ordinary shares of the Company, the exercise price of the share options will be adjusted according to the prescribed formula.
- (iii) Details of the employee stock options are as follows:

	2022	
	Weighted average exercise price	Number of options
Outstanding at January 1	\$ 61.60	5
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	61.60	(5)
Outstanding at December 31	-	-
Exercisable at December 31	-	-
The weighted average price of the stock options		18.15

- (iv) The Company used the Black-Scholes pricing model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2017
Exercise price (NT dollars)	81.80
Share price at grant date (NT dollars)	81.80
Expected dividend	-%
Expected volatility (%)	26.78%~27.89%
Risk-free interest rate (%)	0.67%~0.73%
Expected life (years)	5

- (v) Expenses attributable to share-based payment were as follows:

	2023	2022
Restricted stock for employees	\$ 9,816	4,466

- (o) Earnings per share

- (i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2023 and 2022, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2023	2022
Profit attributable to ordinary shareholders of the Company	\$ 487,097	709,643
Weighted-average number of ordinary shares (thousand shares)	62,675	62,675
Basic earnings per share	\$ 7.77	11.32

- (ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2023 and 2022, were based on the profit attributable to the ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2023	2022
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 487,097	709,643
Weighted-average number of ordinary shares (diluted) (thousand shares)		
	2023	2022
Weighted-average number of ordinary shares (basic)	62,675	62,675
Effect of employee stock bonuses	276	400
Effect of restricted stock	244	51
Weighted-average number of ordinary shares (diluted)	63,195	63,126
Diluted earnings per share	\$ 7.71	11.24

(p) Revenue from contracts with customers

(i) Details of revenue

	2023	2022
<u>Primary geographical markets</u>		
North America	\$ 1,632,293	1,799,538
Asia	468,934	599,313
Europe	1,407,502	1,529,078
	<u>\$ 3,508,729</u>	<u>3,927,929</u>
 <u>Major products/services lines</u>		
Plastic injection	\$ 3,307,718	3,628,386
Mold	197,151	298,290
Others	3,860	1,253
	<u>\$ 3,508,729</u>	<u>3,927,929</u>

(ii) Contract balances

For details on accounts receivable, please refer to note 6 (c).

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	<u>\$ 29,130</u>	<u>20,213</u>	<u>27,586</u>

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was \$19,903 thousand and \$25,904 thousand, respectively.

(q) Employee, board of directors' compensation

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its employee remunerations amounting to \$24,300 thousand and \$27,000 thousand, respectively; as well as its remuneration amounting to \$8,720 thousand and \$10,200 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remunerations to employees, directors, multiplied by the distribution of ratio of the remunerations to employees, and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the next year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting.

There were no difference between the estimated and actual amounts in 2023 and 2022.

The related information can be accessed from the Market Observation Post System website.

(r) Other revenue

The other revenue for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Interest income	\$ 183,903	84,882
Others	13,145	4,942
	<u>\$ 197,048</u>	<u>89,824</u>

(s) Other gains and losses

The other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Foreign exchange gains, net	\$ 29,665	474,762
Gains (losses) on financial assets at fair value through profit or loss	16,953	(23,519)
Gains (losses) on disposals of property, plant and equipment	12,520	(643)
Others	(758)	(1,174)
	<u>\$ 58,380</u>	<u>449,426</u>

(t) Financial Instruments

(i) 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, which arises from the Group's accounts receivable and investments.

1) Accounts receivable and others receivables

For credit risk exposure of note and accounts receivable, please refer to note 6(c).

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These criterias are reviewed periodically.

2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes their counterparts do not have significant default risk, therefore, the credit risk is insignificant.

3) Credit risk exposure

As of December 31, 2023 and 2022, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$6,543,289 thousand and \$6,755,709 thousand, respectively. The Group had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above-mentioned financial institutions.

4) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the years ended December 31, 2023 and 2022, sales to the individual customers whose revenue constituting over 10% of net revenue are 54% and 39% of total revenues respectively. As of December 31, 2023 and 2022, 56% and 34%, respectively, of accounts receivable were those customers.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1-2 years</u>
December 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,368,460	1,375,204	1,375,204	-
Long-term borrowings	850,000	878,744	16,285	862,459
Long-term borrowings, current portion	200,000	201,247	201,247	-
Non-interest bearing liabilities				
Notes and accounts payable	469,999	469,999	469,999	-
Lease liabilities	45,515	45,515	23,348	22,167
Other financial liabilities	62,529	62,529	62,529	-
	<u>\$ 2,996,503</u>	<u>3,033,238</u>	<u>2,148,612</u>	<u>884,626</u>
December 31, 2022				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,157,100	1,165,086	1,165,086	-
Long-term borrowings	1,300,000	1,337,050	22,283	1,314,767
Long-term borrowings, current portion	50,000	50,637	50,637	-
Non-interest bearing liabilities				
Notes and accounts payable	515,027	515,027	515,027	-
Lease liabilities	71,016	71,016	24,703	46,313
Other financial liabilities	58,162	58,162	58,162	-
	<u>\$ 3,151,305</u>	<u>3,196,978</u>	<u>1,835,898</u>	<u>1,361,080</u>

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

(iii) Market risk

1) Exchange rate risk

a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary Items</u>							
USD	\$	130,908	30.705	4,019,519	134,982	30.710	4,145,312
EUR		444	33.980	15,079	690	32.720	22,589
<u>Financial liabilities</u>							
<u>Monetary Items</u>							
USD		4,096	30.705	125,766	4,146	30.710	127,339

b) 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 receivables, accounts payable and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD, EUR and CNY at December 31, 2023 and 2022, would have increased or decreased the net profit before tax by \$39,088 thousand and \$40,406 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

c) Exchange gains and losses 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 ended December 31, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$29,665 thousand and \$474,762 thousand, respectively.

2) Interest rate analysis

The details of financial instruments exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Fixed-rate instruments:		
Financial assets	\$ 4,288,771	3,503,451
Financial liabilities	(968,460)	(457,100)
	\$ 3,320,311	3,046,351
Variable-rate instruments:		
Financial assets	\$ 795,192	1,835,870
Financial liabilities	(1,450,000)	(2,050,000)
	\$ (654,808)	(214,130)

The sensitivity analysis is based on the exposure to the interest rate risk of nonderivative 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 increases or decreases 1 basis points when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, the Group's net income would have decreased / increased by \$1,637 thousand and \$535 thousand for the years ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and bank deposits in variable-rate bills.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Fair Value				
Carrying amounts	Level 1	Level 2	Level 3	Total	
Financial assets at fair value					

		December 31, 2022				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	3,865,998				
Notes and accounts receivable, net		1,183,964				
Other financial assets-current		7,246				
Refundable deposits		9,694				
Non-current financial assets measured at amortized cost		<u>1,471,919</u>				
		<u><u>\$ 6,538,821</u></u>				
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	2,507,100				
Notes and accounts payable		515,027				
Lease liabilities		71,016				
Other payables		<u>58,162</u>				
		<u><u>\$ 3,151,305</u></u>				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	At fair value through profit or loss	
	2023	2022
Balance in the beginning of the period	\$ -	65,145
Recognized in profit or loss	-	20,536
Purchased	-	705,102
Disposal	-	(790,783)
Balance in the ending of the period	\$ -	-

The aforementioned total gains and losses were recognized in “other income” . There were no transfers from all Level in 2023 and 2022.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’ s financial instruments that use Level 3 inputs to measure fair value are “financial assets measured at fair value through profit or loss – fixed income financial instrument” and derivative financial assets. The financial assets’ fair value are using the prior transaction price before adjustments or third-party pricing information. The unobservable inputs are not set up as the Group measures fair value, so the quantified information of significant unobservable inputs are not disclosed.

(u) Financial risk management

(i) Structure of risk management

The Group’ s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Group’ s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors the management to ensure compliance with the Group’ s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The board of directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(ii) The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

For more disclosures about the quantitative effects of these risks exposures and the Group' s objectives, policies and processes for measuring and managing the above mentioned risks, please refer to note 6(t).

(v) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, paid-in capital, retained earnings and other equity. As of December 31, 2023 and 2022, the Group' s equity-to-asset ratios were 52% and 52%, respectively. There were no changes in the Group' s approach to capital management as of December 31, 2023.

(w) 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, were as follows:

(i) For acquisition of right-of-use assets, please refer to note 6(g).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Changes in lease payment	Foreign exchange movement and others	
Short-term borrowings	\$ 1,157,100	211,360	-	-	1,368,460
Long-term borrowings, including current portion	1,350,000	(300,000)	-	-	1,050,000
Lease liabilities	71,016	(25,519)	-	18	45,515
Total liabilities from financing activities	\$ 2,578,116	(114,159)	-	18	2,463,975

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Changes in lease payment	Foreign exchange movement and others	
Short-term borrowings	\$ 1,737,760	(580,660)	-	-	1,157,100
Short-term notes and bills payable	99,971	(100,000)	-	29	-
Long-term borrowings, including current portion	1,150,000	200,000	-	-	1,350,000
Lease liabilities	37,941	(31,992)	64,303	764	71,016
Total liabilities from financing activities	\$ 3,025,672	(512,652)	64,303	793	2,578,116

(7) Related-party transactions:

(a) Transaction of key management personnel

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 42,220	46,268
Post-employment benefits	324	324
	<u>\$ 42,544</u>	<u>46,592</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Demand deposits (classified under other current financial assets)	Performance bond	\$ 1,743	1,799
"	Guarantee for carbon emission	26	26
		<u>\$ 1,769</u>	<u>1,825</u>

(9) Significant Commitments and Contingencies:

(a) Unrecognized contractual commitments

- (i) The Group' s unrecognized contractual commitments to the purchase of plant and equipment are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	<u>\$ 60,961</u>	<u>30,412</u>

- (ii) For the necessary to bank loan, the Company provide guarantee and endorsement for its subsidiaries were as follows:

	December 31, 2023	December 31, 2022
Outstanding guarantee notes	<u>\$ 1,406,289</u>	<u>1,406,518</u>
Actual usage amount	<u>\$ 368,460</u>	<u>307,100</u>

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salary	718,702	201,323	920,025	793,610	217,558	1,011,168
Labor and health insurance	24,915	10,690	35,605	25,612	10,788	36,400
Pension	33,003	9,052	42,055	37,676	9,495	47,171
Others	28,752	30,107	58,859	27,387	32,433	59,820
Depreciation	184,328	47,680	232,008	174,794	53,719	228,513
Amortization	4,461	2,443	6,904	3,368	2,641	6,009

(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:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	219,940	184,230	184,230	5.82%	Necessary to loan other parties	-	Operating capital	-	-	-	445,030 (Note 1)	1,780,120 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company's net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company's net worth in the last financial statement.

Note 2: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	NISHOKU VIETNAM	2	4,450,300	1,420,215	1,406,289	368,460	-	31.60%	4,450,300	Y	N	N
0	"	SAME START (Anguilla)	2	4,450,300	60,070	-	-	-	- %	4,450,300	"	"	"

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company' s net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company' s net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

- 1) Business relationship between the Company
- 2) The Company directly or indirectly holds over 50% of subsidiaries' shares;
- 3) The parent company and its subsidiaries holds over 50% of investees' shares
- 4) A subsidiary jointly owned over 50% by the Company and the Company's directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss - current	-	8,334	- %	8,334	
"	JPMorgan Investment Funds – Global High Yield Bond Fund	"	"	-	9,192	- %	9,192	
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"	-	5,837	- %	5,837	
"	BGF ESG Multi-Asset Fund	"	"	-	11,643	- %	11,643	
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"	-	5,103	- %	5,103	
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss - non current	-	39,340	- %	39,340	
"	PineBridge Global ESG Quantitative Bond Fund	"	"	-	45,430	- %	45,430	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"	-	39,875	- %	39,875	
"	Nomura Global Financial Bond Fund	"	"	-	22,290	- %	22,290	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"	-	12,502	- %	12,502	
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"	-	17,859	- %	17,859	
"	Allianz Global Investors Income and Growth Fund	"	"	-	26,130	- %	26,130	
"	FORMOSA GROUP 15/25	"	Financial assets at amortised cost-non current	-	15,360	- %	15,029	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	15,089	- %	14,255	
"	STAND. CHART. 15/25 REGS	"	"	-	7,630	- %	7,479	
"	APPLE 16/26	"	"	-	15,062	- %	14,708	
"	BARCLAYS 15/25	"	"	-	7,682	- %	7,553	

- (iv) Individual securities acquired or disposed of with 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 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\$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SAME START (Anguilla)	KUNSHAN NISHOKU PLASTIC	Associate	Purchase	126,605	95%	Note 1	Note 1	Note 1	(19,484)	(96)%	Note 2
KUNSHAN NISHOKU PLASTIC	SAME START (Anguilla)	"	Sale	(126,605)	(5)%	"	"	"	19,484	2%	"
The Company	KUNSHAN NISHOKU PLASTIC	"	Sale	(445,646)	(47)%	"	"	"	116,224	56%	"
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	445,646	47%	"	"	"	(116,224)	(29)%	"
The Company	The NISHOKU VIETNAM	"	Sale	(284,299)	(30)%	"	"	"	58,761	28%	"
NISHOKU VIETNAM	The Company	"	Purchase	284,299	75%	"	"	"	(58,761)	(49)%	"
SAME START (Anguilla)	The Company	"	Sale	(132,898)	(99)%	"	"	"	20,269	100%	"
The Company	SAME START (Anguilla)	"	Purchase	132,898	20%	"	"	"	(20,269)	(14)%	"

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price can not be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Associate	116,224	3.76	-		38,267	-

Note 1: Until February 16, 2024.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

The following is the information for the years ended December 31, 2023, business relationships and significant intercompany transactions with the amounts exceeding NT\$10 million:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions,			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	132,898	Note 3	3.7%
"	"	"	1	Account Payable	20,269	"	0.2%
"	"	KUNSHAN NISHOKU PLASTIC	1	Sales	445,646	"	12.5%
"	"	"	1	Account receivable	116,224	"	1.4%
"	"	"	1	Purchase	10,683	"	0.3%
"	"	NISHOKU VIETNAM	1	Sales	284,299	"	8.0%
"	"	"	1	Account receivable	58,761	"	0.7%
"	"	"	1	Other receivables	188,548	Loans to related party	2.2%
1	SAME KUNSHAN START NISHOKU (Anguilla) PLASTIC		3	Purchase	126,605	Note 3	3.5%
"	"	"	3	Account Payable	19,484	"	0.2%
2	KUNSHAN NISHOKU PLASTIC	NISHOKU VIETNAM	3	Sales	80,857	"	2.3%
"	"	"	3	Account receivable	23,786	"	0.3%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so can not be compared. The payments terms were 90 days for related parties.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year		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	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	427,214	738,714	22,468	100%	12,468	100.00%	4,173,760	397,991	397,991	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	2,800	100%	300	100.00%	10,919	919	919	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	696,594 (USD 22,500 thousand)	508,434 (USD 16,500 thousand)	-	100%	-	100.00%	322,504	(9,498)	(9,182)	
SUN NICE	SAME START (Anquilla)	Aquilla	Purchase and sale of mold and plastic products	-	-	-	100%	-	100.00%	(14,624)	132	9,278	
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousand)	1,442,881 (USD 45,915 thousand)	50,298	100%	40,298	100.00%	3,177,289	276,525	276,525	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100%	15,697	100.00%	1,042,802	109,914	109,914	

Note : Transactions within the Group were eliminated in the 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:

Name of investee	Main businesses and products	Total amount of paid-in capital	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	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD1,288 thousand	Indirect investment through third area	335,657 (USD10,939 thousand)	-	306,844 (USD10,000 thousand)	28,813 (USD939 thousand)	(5,523)	100.00%	(5,523)	532,118	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousand	"	1,674,270 (USD52,524 thousand)	-	-	1,674,270 (USD52,524 thousand)	389,584	100.00%	385,659	3,648,806	1,237,950

(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
1,703,083	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China were based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Above investment amount within the Group were eliminated in the consolidated financial statements.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" .

(d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Yi Feng Investment Limited		4, 736, 000	7. 51%
Ji Teng Investment Limited		4, 500, 000	7. 13%
Yun Ding Investment Limited		4, 050, 000	6. 42%
Ji Hong Investment Limited		3, 600, 000	5. 70%

(14) Segment information:

(a) General information

The Group' s identifies its operating segments based on decision of the chief operating decision marker (CODM). The Group' s operating segments are in United States, Asia and Europe, etc. Those operating segments are be reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, its is necessary to separate them for management.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the 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 before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 “significant accounting policies” .

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price. The Group’s product revenues from geographical clients are as follows:

		2023				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 1,632,293</u>	<u>468,934</u>	<u>1,407,502</u>	<u>-</u>	<u>3,508,729</u>
Reportable segment profit or loss		<u>\$ 411,971</u>	<u>6,356</u>	<u>52,933</u>	<u>-</u>	<u>471,260</u>
		2022				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 1,799,538</u>	<u>599,313</u>	<u>1,529,078</u>	<u>-</u>	<u>3,927,929</u>
Reportable segment profit or loss		<u>\$ 375,127</u>	<u>24,628</u>	<u>56,763</u>	<u>-</u>	<u>456,518</u>

(c) Product information

Revenue from external customers of the Group was as follows:

Product	2023	2022
Plastic injection	\$ 3,307,718	3,628,386
Mold	197,151	298,290
Others	3,860	1,253
Total	<u>\$ 3,508,729</u>	<u>3,927,929</u>

(d) Major customers

Sales to individual clients constituting over 10% of total revenue in 2023 and 2022 are summarized as follows:

		2023	
<u>Customer</u>		<u>Amount</u>	<u>Percentage of net sales</u>
Company A		\$ 675,429	19
Company D		500,352	14
Company C		377,986	11
Company B		360,251	10
Total		<u>\$ 1,914,018</u>	<u>54</u>

		2022	
<u>Customer</u>		<u>Amount</u>	<u>Percentage of net sales</u>
Company A		\$ 959,111	24
Company B		573,602	15
Total		<u>\$ 1,532,713</u>	<u>39</u>

6.5 Non-Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

Opinion

We have audited the financial statements of NISHOKU TECHNOLOGY INC.(“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company' s financial statements are stated as follows:

Investments accounted for using equity method

Please refer to Note 4(h) “Investments in subsidiaries” and Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” of the financial statements.

Description of key audit matter

The Company' s investments accounted for using equity method are all subsidiaries of the Company. Based on the scope and nature of their businesses which may influence the outcome of their operations, the impairment assessment of accounts receivable, and net realizable value of inventories in certain subsidiaries required the Managements to make subjective judgments, which is the major source of estimation uncertainty. Therefore, the impairment assessment of accounts receivable, and valuation of inventories of the investments accounted for using equity method are the key audit matters for our audit.

How the matter was addressed in our audit :

Our principal audit procedures on the impairment assessment of accounts receivable of the investments accounted for using equity method included assessing whether the impairment of accounts receivable has been set aside in accordance with the Company' s policy, including inquiring from the Management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the appropriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable. With respect to the evaluation of inventories, our principal audit procedures included: to understand whether the accounting policy for inventory evaluation is consistency with the Company; examine the accuracy of the aging of inventories by sampling and analyses the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance(including the Audit Committee) are responsible for overseeing the Company' s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying only financial statements are intended only to present the 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 only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying only 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' audit report and only financial statements, the Chinese version shall prevail.

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents (note 6(a))	\$ 493,857	7	698,742	9	2100	Short-term borrowings (note 6(i))	\$ 1,000,000	13	850,000	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	35,006	-	32,052	-	2170	Notes and accounts payable	121,210	2	104,108	1
1170	Accounts receivable, net (notes 6(c) and 7)	207,661	3	244,439	3	2180	Accounts payable to related parties (note 7)	20,581	-	37,750	-
130X	Inventories (note 6(d))	9,403	-	14,424	-	2230	Current tax liabilities	63,028	1	85,725	1
1470	Other current assets	22,824	-	13,156	-	2280	Current lease liabilities (note 6(k))	2,715	-	3,998	-
1476	Other current financial assets (note 7)	188,790	3	218,100	3	2300	Other current liabilities (note 6(q))	106,738	1	122,849	3
		957,541	13	1,220,913	15	2320	Long-term liabilities, current portion (note 6(j))	200,000	3	50,000	1
Non-current assets:								1,514,272	20	1,254,430	17
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	203,426	3	189,543	2	Non-Current liabilities:					
1535	Non-current financial assets at amortised cost, net (note 6(e))	1,547,894	20	1,471,919	19	2540	Long-term borrowings (note 6(j))	850,000	11	1,300,000	16
1551	Investments accounted for using equity method (notes 6(f) and 7)	4,507,183	60	4,720,368	60	2570	Deferred tax liabilities (note 6(m))	722,569	10	729,801	9
1600	Property, plant and equipment (note 6(g))	295,608	4	297,524	4	2580	Non-Current lease liabilities (note 6(k))	-	-	2,715	-
1755	Right-of-use assets (note 6(h))	2,687	-	6,673	-			1,572,569	21	2,032,516	25
1840	Deferred income tax assets (note 6(m))	22,562	-	20,812	-		Total liabilities	3,086,841	41	3,286,946	42
1990	Other non-current asset	240	-	5,571	-		Equity attributable to owners (notes 6(n) and (o)):				
		6,579,600	87	6,712,410	85	3110	Ordinary share	630,402	8	630,482	8
						3200	Capital surplus	973,549	13	973,766	12
						Retained earnings:					
						3310	Legal reserve	741,898	10	670,934	9
						3320	Special reserve	264,595	4	344,942	4
						3350	Unappropriated retained earnings	2,179,701	29	2,313,463	29
								3,186,194	43	3,329,339	42
						3400	Other equity	(339,845)	(5)	(287,210)	(4)
							Total equity	4,450,300	59	4,646,377	58
Total assets		\$ 7,537,141	100	7,933,323	100	Total liabilities and equity		\$ 7,537,141	100	7,933,323	100

NISHOKU TECHNOLOGY INC.**Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)**

		2023		2022	
		Amount	%	Amount	%
4110	Sales revenue (notes 6(q) and 7)	\$ 956,088	100	1,127,042	100
4170	Less: Sales returns	336	-	765	-
	Net Operating revenues	955,752	100	1,126,277	100
5000	Operating costs (notes 6(d), (g), (l), 7 and 12)	687,628	72	792,068	70
5910	Less: Unrealized profit from sales	(15,546)	(2)	8,302	1
	Gross profit from operations	283,670	30	325,907	29
6000	Operating expenses (notes 6(c), (g), (l), (o) and 12)				
6100	Selling expenses	10,185	1	7,864	1
6200	Administrative expenses	137,647	15	150,240	13
6300	Research and development expenses	13,508	1	16,542	1
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	-	-	(113)	-
		161,340	17	174,533	15
	Net operating income	122,330	13	151,374	14
	Non-operating income and expenses:				
7010	Other income (note 6(s))	119,326	12	43,519	4
7020	Other gains and losses, net (note 6(t))	21,531	2	263,152	23
7050	Finance costs, net (note 6(k))	(37,686)	(4)	(29,309)	(3)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	389,728	41	456,630	41
	Total non-operating income and expenses	492,899	51	733,992	65
7900	Profit before tax	615,229	64	885,366	79
7950	Less: Income tax expenses (note 6(m))	128,132	13	175,723	16
	Profit	487,097	51	709,643	63
8300	Other comprehensive income (loss):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(78,435)	(8)	100,434	9
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	15,687	(1)	(20,087)	(2)
8300	Other comprehensive income (after tax)	(62,748)	(7)	80,347	7
8500	Total comprehensive income	\$ 424,349	44	789,990	70
9750	Basic earnings per share (NT dollars) (note 6(p))	\$ 7.77		11.32	
9850	Diluted earnings per share (NT dollars) (note 6(p))	\$ 7.71		11.24	

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

NISHOKU TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Other equity</u> <u>Exchange</u> <u>differences on</u> <u>translation of</u> <u>foreign</u> <u>financial</u> <u>statements</u>	<u>Unearned</u> <u>Stock-Based</u> <u>Employee</u> <u>Compensation</u>	<u>Total equity</u>
	<u>Ordinary</u> <u>shares</u>	<u>Capital</u> <u>surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated</u> <u>retained</u> <u>earnings</u>			
Balance at January 1, 2022	\$ 626,712	981,485	610,265	310,459	2,231,720	(344,942)	–	4,415,699
Profit for the year ended December 31, 2022	–	–	–	–	709,643	–	–	709,643
Other comprehensive income for the year ended December 31, 2022	–	–	–	–	–	80,347	–	80,347
Total comprehensive income for the year ended December 31, 2022	–	–	–	–	709,643	80,347	–	789,990
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	–	–	60,669	–	(60,669)	–	–	–
Special reserve appropriated	–	–	–	34,483	(34,483)	–	–	–
Cash dividends of ordinary share	–	–	–	–	(532,748)	–	–	(532,748)
Capital surplus at cash dividends	–	(31,338)	–	–	–	–	–	(31,338)
Issuance of shares exercise of employee stock option	50	258	–	–	–	–	–	308
Restricted employee stock	3,720	23,361	–	–	–	–	(22,615)	4,466
Balance at December 31, 2022	630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377
Profit for the year ended December 31, 2023	–	–	–	–	487,097	–	–	487,097
Other comprehensive income for the year ended December 31, 2023	–	–	–	–	–	(62,748)	–	(62,748)
Total comprehensive income for the year ended December 31, 2023	–	–	–	–	487,097	(62,748)	–	424,349
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	–	–	70,964	–	(70,964)	–	–	–
Special reserve appropriated	–	–	–	(80,347)	80,347	–	–	–
Cash dividends of ordinary share	–	–	–	–	(630,242)	–	–	(630,242)
Retirement of restricted employee stock	(320)	(2,010)	–	–	–	–	2,330	–
Restricted employee stock	240	1,793	–	–	–	–	7,783	9,816
Balance at December 31, 2023	\$ 630,402	973,549	741,898	264,595	2,179,701	(327,343)	(12,502)	4,450,300

NISHOKU TECHNOLOGY INC.**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 615,229	885,366
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	8,862	9,307
Reversal of impairment loss determined in accordance with IFRS 9	–	(113)
Interest expense	37,686	29,309
Interest income	(116,963)	(43,218)
Remuneration cost of restricted employee stock	9,816	4,466
Share of profit of subsidiaries accounted for using equity method	(389,728)	(456,630)
Gain (loss) on financial assets at fair value through profit or loss	(16,838)	23,103
Gain on disposal of property, plant and equipment	–	(5)
Unrealized loss (profit) from sales	(15,546)	8,302
Recognition losses on (reversal of) inventory valuation and obsolescence	(2,799)	3,249
Total adjustments to reconcile profit (loss)	<u>(485,510)</u>	<u>(422,230)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable (including related parties)	36,778	57,224
Inventories	7,820	10,422
Other current assets and other financial assets	<u>(4,406)</u>	<u>3,726</u>
	<u>40,192</u>	<u>71,372</u>
Changes in operating liabilities:		
Notes and accounts payable (including related parties)	(67)	(34,803)
Other current liabilities	<u>(10,606)</u>	<u>10,106</u>
	<u>(10,673)</u>	<u>(24,697)</u>
Total changes in operating assets and liabilities	<u>29,519</u>	<u>46,675</u>
Total adjustments	<u>(455,991)</u>	<u>(375,555)</u>
Cash inflow generated from operations	159,238	509,811
Interest received	116,734	43,340
Interest paid	(37,639)	(29,196)
Income taxes paid	<u>(151,133)</u>	<u>(104,835)</u>
Net cash flows from operating activities	<u>87,200</u>	<u>419,120</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(75,975)	(207,852)
Acquisition of Non-Current financial assets at fair value through profit or loss-non-current	–	(13,820)
Acquisition of investments accounted for using equity method	(188,160)	–
Cash dividends from investments accounted for using equity method	391,684	217,378
Refund of capital reduction from subsidiary	336,500	392,480
Acquisition of property, plant and equipment	(1,106)	(674)
Proceeds from disposal of property, plant and equipment	–	5
Decrease in other receivables due from related parties	29,539	31,654
Increase in other non-current assets	<u>(280)</u>	<u>(395)</u>
Net cash flows from investing activities	<u>492,202</u>	<u>418,776</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	150,000	(650,000)
Decrease in short-term notes and bills payable	–	(100,000)
Proceeds from (repayments of) long-term borrowings	(300,000)	200,000
Payment of lease liabilities	(4,045)	(4,045)
Cash dividends paid	(630,242)	(564,086)
Exercise of employee share options	–	308
Net cash flows used in financing activities	<u>(784,287)</u>	<u>(1,117,823)</u>
Net decrease in cash and cash equivalents	<u>(204,885)</u>	<u>(279,927)</u>
Cash and cash equivalents at beginning of period	698,742	978,669
Cash and cash equivalents at end of period	<u><u>\$ 493,857</u></u>	<u><u>698,742</u></u>

(English Translation of Financial Statements Originally Issued in Chinese)

NISHOKU TECHNOLOGY INC.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

NISHOKU TECHNOLOGY INC. (the “Company”) was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company primarily is involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export Trade.

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

These financial statements were authorized for issue by the board of directors on February 29, 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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”

In accordance with Ruling No.1120383437 issued by the FSC on August 16, 2023, the Company 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 Company 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 financial statements:

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

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

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

The Company 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 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The accompanying 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 financial statements, the Chinese version shall prevail.

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

- (a) Statement of compliance

These 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”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the financial instruments at fair value through profit or loss are measured at fair value, the financial statements have been prepared on a historical cost basis.

- (ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company 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 transaction.

(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 Company's presentation currency at the average 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 Company disposes of any 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 interest. When the Company disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary 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.

(d) 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.

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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 Company 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.

(e) 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.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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

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- 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 amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company’ s claim to cash flows from specified assets (e.g. non-recourse features).

4) Impairment of financial assets

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

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The Company measures loss allowances at an amount equal to lifetime expected credit loss (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 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 trade receivables are always measured at an amount equal to lifetime ECL.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month 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 ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

ECLs 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

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5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company 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) Other financial liabilities

Financial liabilities are classified as measured at amortized cost, which comprise loans and borrowings, and trade and other payables. Interest expense and foreign exchange gains and losses are recognized in profit or loss, and is included in financial costs under non-operating income or expenses. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expired. The Company 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. 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.

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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 Company 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.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on 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.

(h) Investment in subsidiaries

Investments in subsidiaries are accounted for using the equity method. There is no difference between net income and comprehensive income in the Company's financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(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 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.

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(ii) Subsequent cost

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

(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.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 50 years
- 2) Accessory equipment of buildings: 8~10 years
- 3) Machinery and equipment: 3~8 years
- 4) Office and other equipment: 3~8 years

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

(j) Lease

At inception of a contract, the Company 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 Company 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.

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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 Company's incremental borrowing rate. Generally, the Company 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 payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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 Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is 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 Company 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 Company 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 Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(k) Impairment of non-financial assets

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

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.

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 to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

(l) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company 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 Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells plastic goods and molds. The Company recognizes revenue when control of the products has transferred, a point in time 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 Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, since this is the point in time when the Company has a right to receive an amount of consideration unconditionally.

(ii) Financing components

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

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(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(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 Company 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.

(n) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(o) 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 shall be 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 are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes 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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company 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 asset 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 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (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 intend 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.
- (p) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company dividend by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee remuneration, employee stock options, and restricted employee stock.

- (q) Operating segments

Please refer to Company' s consolidated financial statements for the years ended December 31, 2023 and 2022, for further details.

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

The preparation of the financial statements in conformity with the Regulations requires management to make 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.

There are no critical judgment made in applying the accounting policies that have significant effects on amounts recognized in financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the following year is as follows:

(a) The loss allowance of accounts receivable of subsidiaries accounted for using equity method

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs.

(b) Valuation of inventories of subsidiaries accounted for using equity method

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 changes in the net realizable value of inventories.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Company will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.**
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).**
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.**

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For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(u) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash Equivalents

	December 31, 2023	December 31, 2022
Cash and demand deposits	\$ 162,160	176,672
Time deposits	92,115	491,360
Bond acquired under repurchase agreement	239,582	30,710
Cash and cash equivalents in the statement of cash flows	<u>\$ 493,857</u>	<u>698,742</u>

Please refer to note 6(u) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Fund investments — current	<u>\$ 35,006</u>	<u>32,052</u>
Fund investments — non-current	<u>\$ 203,426</u>	<u>189,543</u>

(i) Please refer to note 6(e) for fund investments-non-current.

(ii) Please refer to note 6(u) for credit risk and market risk.

(iii) As of December 31, 2023 and 2022, the Company did not provide any financial assets as collateral for its loans.

(c) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable (including related parties)	<u>\$ 207,661</u>	<u>244,439</u>

The Company 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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provisions were determined as follows:

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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 206,203	-%	-
0 to 120 days past due	1,458	0%~1%	-
	<u>\$ 207,661</u>		<u>-</u>

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	<u>\$ 244,439</u>	-%	<u>-</u>

The movement in the allowance for notes and accounts receivables were as follows:

	2023	2022
Balance at January 1	\$ -	113
Impairment losses recognized (reversed)	-	(113)
Balance at December 31	<u>\$ -</u>	<u>-</u>

(d) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 1,563	5,005
Work in process and semi-finished products	271	994
Finished goods	3,499	5,759
Merchandise	4,070	2,666
	<u>\$ 9,403</u>	<u>14,424</u>

For the years ended December 31, 2023 and 2022, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$687,628 thousand and \$792,068 thousand, respectively. For the years ended December 31, 2023 and 2022, the Company recognized the losses (reversal of gains) on inventory valuation and obsolescence as cost of goods sold amounting to \$(2,799) thousand and \$3,249 thousand, respectively.

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

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(e) Non-current financial assets at amortized cost

	December 31, 2023	December 31, 2022
Restricted bank deposit-non current	\$ 1,487,071	1,411,086
Bonds	60,823	60,833
	<u>\$ 1,547,894</u>	<u>1,471,919</u>

3. In June 2021, May and July 2020, the Company applied to the IRS for the application of “ The Management, Utilization, and Taxation of Repatriated Offshore Funds Act ” (hereinafter referred to as the “Act”), which was approved; and thereafter, its overseas funds had been remitted to Taiwan within one month based on the Act. According to the Act, the funds need to be deposited in a special-purpose account for five years, in which 5% of the funds can be used without restriction, 25% can be used on financial investment, and a minimum of 70% can be used for substantive investment. In the 6th year, the funds can only be redeemed within 3 consecutive years. For funds used on financial investment, please refer to note 6(b) “ Fund investments noncurrent” .

The Company assessed that these corporate bonds held until maturity to collect contractual cash flows, which are solely for the payment of the principal and interest of the outstanding principal, shall be presented as financial assets at amortized cost.

As of December 31, 2023 and December 31 2022, the Company did not provide any financial assets as collateral.

(f) Investments accounted for using equity method

A summary of the Company’ s financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 4,507,183</u>	<u>4,720,368</u>

(i) Subsidiaries

Please refer to the Company’ s consolidated financial statements for the year ended December 31, 2023, for details of subsidiaries.

(ii) As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

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(g) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Building	Machinery and equipment	Office and other equipment	Total
Cost or deemed cost:					
Balance at January 1, 2023	\$ 179,672	219,005	22,132	3,625	424,434
Additions	-	-	1,413	1,194	2,607
Disposals	-	-	(88)	-	(88)
Balance at December 31, 2023	<u>\$ 179,672</u>	<u>219,005</u>	<u>23,457</u>	<u>4,819</u>	<u>426,953</u>
Balance at January 1, 2022	\$ 179,672	219,005	21,852	3,416	423,945
Additions	-	-	465	209	674
Disposals	-	-	(185)	-	(185)
Balance at December 31, 2022	<u>\$ 179,672</u>	<u>219,005</u>	<u>22,132</u>	<u>3,625</u>	<u>424,434</u>
Depreciation and impairments loss:					
Balance at January 1, 2023	\$ -	108,842	14,977	3,091	126,910
Depreciation	-	2,910	1,262	351	4,523
Disposals	-	-	(88)	-	(88)
Balance at December 31, 2023	<u>\$ -</u>	<u>111,752</u>	<u>16,151</u>	<u>3,442</u>	<u>131,345</u>
Balance at January 1, 2022	\$ -	105,605	13,673	2,892	122,170
Depreciation	-	3,237	1,489	199	4,925
Disposals	-	-	(185)	-	(185)
Balance at December 31, 2022	<u>\$ -</u>	<u>108,842</u>	<u>14,977</u>	<u>3,091</u>	<u>126,910</u>
Carrying amounts:					
Balance at December 31, 2023	<u>\$ 179,672</u>	<u>107,253</u>	<u>7,306</u>	<u>1,377</u>	<u>295,608</u>
Balance at December 31, 2022	<u>\$ 179,672</u>	<u>110,163</u>	<u>7,155</u>	<u>534</u>	<u>297,524</u>

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had not been pledged as collateral.

(h) Right-of-use assets

The Company leases vehicles. Information about leases for which the Company as a lessee was presented below:

	Vehicles
Cost:	
Balance at December 31, 2023 (equal to balance at January 1, 2023)	<u>\$ 11,958</u>
Balance at December 31, 2022 (equal to balance at January 1, 2022)	<u>\$ 11,958</u>

NISHOKU TECHNOLOGY INC.
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	<u>Vehicles</u>
Accumulated depreciation and impairment losses:	
Balance at January 1, 2023	\$ 5,285
Depreciation for the year	<u>3,986</u>
Balance at December 31, 2023	<u><u>\$ 9,271</u></u>
Balance at January 1, 2022	\$ 1,300
Depreciation for the year	<u>3,985</u>
Balance at December 31, 2022	<u><u>\$ 5,285</u></u>
Carrying amount:	
Balance at December 31, 2023	<u><u>\$ 2,687</u></u>
Balance at December 31, 2022	<u><u>\$ 6,673</u></u>

(i) Short-term borrowings

The Short-term borrowings were summarized as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit loans, no pledge	<u><u>\$ 1,000,000</u></u>	<u><u>850,000</u></u>
Interest rate range	<u><u>1.655%~1.77%</u></u>	<u><u>1.505%~1.62%</u></u>

(j) Long-term borrowings

The detail were as follows:

	<u>December 31, 2023</u>			
	<u>Currency</u>	<u>Interest rate range</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.65%~2.1%	2025	\$ 1,050,000
Less: current portion	"	1.65%	2024	<u>(200,000)</u>
Total				<u><u>\$ 850,000</u></u>
	<u>December 31, 2022</u>			
	<u>Currency</u>	<u>Interest rate range</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.505%~1.975%	2024	\$ 1,350,000
Less: current portion	"	1.571289%	2023	<u>(50,000)</u>
Total				<u><u>\$ 1,300,000</u></u>

Please refer to note 6(u) for the exchange rate risk, the interest rate risk, and the sensitivity analysis of the financial assets and liabilities of the Company.

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(k) Lease liabilities

	December 31, 2023	December 31, 2022
Current	\$ 2,715	3,998
Non-current financial assets	\$ -	2,715

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest expenses on lease liabilities	\$ 46	84

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

	2023	2022
Total cash outflow for leases	\$ 4,045	4,045

(l) Employee benefits

The Company 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 Labor Insurance amounted to \$3,460 thousand and \$3,532 thousand for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

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

	2023	2022
Current tax expense	\$ 121,427	133,916
Deferred tax expense	6,705	41,807
	\$ 128,132	175,723

(ii) The amounts of income tax expense (profit) recognized in other comprehensive income or loss for 2023 and 2022 was as follows:

	2023	2022
Foreign currency translation differences for foreign operations	\$ (15,687)	20,087

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(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 was as follows:

	2023	2022
Profit excluding income tax	\$ 615,229	885,366
Income tax using the Company's domestic tax rate	123,046	177,073
Undistributed earnings additional tax	4,439	-
Others	647	(1,350)
	<u>\$ 128,132</u>	<u>175,723</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

There were no unrecognized deferred tax liabilities and the unrecognized deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Unrealized investment losses	<u>\$ 75,022</u>	<u>75,022</u>

2) Recognized deferred tax liabilities

Changes in the amounts of deferred tax liabilities for 2023 and 2022, were as of follows:

	Investment income recognized under the equity method	Foreign currency translation differences for foreign operations	Others	Total
Deferred tax liabilities				
Balance at January 1, 2023	\$ 793,783	(64,191)	209	729,801
Recognized in profit or loss	8,656	-	(201)	8,455
Foreign currency translation differences for foreign operations	-	(15,687)	-	(15,687)
Balance at December 31, 2023	<u>\$ 802,439</u>	<u>(79,878)</u>	<u>8</u>	<u>722,569</u>
Balance at January 1, 2022	\$ 748,011	(84,278)	8	663,741
Recognized in profit or loss	45,772	-	201	45,973
Foreign currency translation differences for foreign operations	-	20,087	-	20,087
Balance at December 31, 2022	<u>\$ 793,783</u>	<u>(64,191)</u>	<u>209</u>	<u>729,801</u>

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3) Recognized deferred tax assets

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

	Loss on inventory valuation	Others	Total
Deferred tax assets			
Balance at January 1, 2023	\$ (1,109)	(19,703)	(20,812)
Recognized in profit or loss	560	(2,310)	(1,750)
Balance at December 31, 2023	<u>\$ (549)</u>	<u>(22,013)</u>	<u>(22,562)</u>
Balance at January 1, 2022	\$ (459)	(16,187)	(16,646)
Recognized in profit or loss	(650)	(3,516)	(4,166)
Balance at December 31, 2022	<u>\$ (1,109)</u>	<u>(19,703)</u>	<u>(20,812)</u>

(v) The Company income tax returns have been examined by the tax authority through the years up to 2021.

(n) Capital and other equity

As of December 31, 2023 and 2022, the total value of authorized ordinary shares each amounted to \$1,500,000 thousand, of which, 150,000 thousands shares, with par value of \$10 per share, at the amount of \$20,000 thousand, were reserved as employee stock options. Thereafter, 63,040 thousand and 63,048 thousand ordinary shares, respectively, were issued and paid upon issuance. All related registration procedures for both periods had been completed as of the reporting dates.

The issued and registered shares of common stock in 2023 and 2022 were as follows (expressed in thousands of shares)

	Ordinary shares	
	2023	2022
Balance on January 1	63,048	62,671
Exercise of employee stock option	-	5
Restricted employee stock	24	372
Retirement of restricted employee stock	(32)	-
Balance on December 31	<u>63,040</u>	<u>63,048</u>

(i) Issuance of common stock

The Company issued 5 new shares of common stock, with par value of \$10 per share, for employee stock options in 2022. All related registration procedures had been completed as of the reporting date.

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The issuance of restricted employee stock had been approved by shareholders' meeting held on June 15, 2022. The board of directors approved to issue 24 and 372 thousand shares on July 5, 2023 and August 3, 2022, with the issued price of NT\$0 per share. The rights and obligations of the issuance of ordinary shares are the same as the other issued ordinary shares except for the right to transfer the shares that are restricted before the employees achieve the vesting conditions.

During the second quarter of 2023, the Company reclaimed its 24 thousand employee restricted shares, which were cancelled thereafter, with the approval of its board on April 28, 2023. All relevant registration procedures have been completed as of the reporting date.

In addition, during the fourth quarter of 2023, the Company reclaimed its 8 thousand unvested employee restricted shares, which were cancelled thereafter, with the approval of its board on December 27, 2023. All relevant registration procedures have been not completed as of the reporting date.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 939,513	939,513
Employee share options	10,892	10,892
Restricted employee stock	23,144	23,361
	<u>\$ 973,549</u>	<u>973,766</u>

According to the ROC 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 paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

The Company distributed capital surplus allocated to common stock owners according to the distribution plan via the special resolution meeting of the board of directors held on April 28, 2022.

	2021
	Dividend per share Amount
capital surplus allocated to common stock owners	<u>\$ 0.5 31,338</u>

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(iii) Retained earnings

The Company's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid-in capital. Aside from the aforesaid legal reserve, the Company shall appropriate or reverse another sum as special earnings reserve in accordance with relevant laws or regulations or requested by the authorities in charge. The 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.

According to the amendment of the of Article 240 and Article 241 of the ROC Company Act, the Company authorized the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current-year retained earnings available for distribution only if the current-year retained earnings available for distribution does not reach \$0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock, and cash dividend in the distribution shall not be less than 30%.

1) Legal reserve

According to the amendment of the ROC Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. 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.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be set aside as special earnings reserve during earnings distribution. The amount to be set aside should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be set aside as special earnings reserve (and can not be distributed) 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. As of December 31, 2023, special earnings reserve amounted to \$264,595 thousand.

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3) Earnings distribution

Earnings distribution for 2022 and 2021 were decided via the special resolution of the board of directors held on April 28, 2023, and April 28, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders				
Cash	\$ 10.0	<u>630,242</u>	8.5	<u>532,748</u>

(o) Share-based payment

(i) Restricted stock

A resolution had been decided during the shareholders' meeting held on June 15, 2022 for the Company to issue a maximum of 400 thousand restricted stocks for its qualified fulltime employees, with the approval of the Financial Supervisory Commission. On July 5, 2023 and August 3 2022, the board of directors approved to issue 24 and 372 thousand shares respectively.

As of December 31, 2023 the restricted stock plans of the Company were as follows:

	Restricted stock for Employees 2022-1	Restricted stock for Employees 2022-2
	August 3, 2022	July 5, 2023
Grant date	August 3, 2022	July 5, 2023
Fair value (per share)(in dollars)	72.8	84.7
Exercise price (in dollars)	0	0
Granted units (thousand shares)	372	24
Vesting period	2-4 years	2-4 years

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or by any other means, disposed of the third parties during the custodian period. The voting rights of these shares are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Group will cancel the unvested shares thereafter.

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The related information on restricted stock of the Group was as follows:

(in thousands of shares)

	<u>2023</u>	<u>2022</u>
Outstanding at beginning of period	372	-
Granted during the period	24	372
Vested during the period	-	-
Forfeited during the period	(32)	-
Outstanding at end of period	<u><u>364</u></u>	<u><u>372</u></u>

- (ii) The Company issued 600 units of employee stock options, at 1,000 shares per unit, to its employees and its subsidiaries' who met certain requirements on July 28, 2017. The duration of the employee stock options is five year. 50%, 75%, and 100% of the stock options are exercisable 2 years, 3 years, and 4 years, respectively, after the grant date. Those qualified employees are entitled to purchase the shares at the closing price of ordinary shares of the Company on the same day. After the grant of the stock options, any changes in the ordinary shares of the Company, the exercise price of the share options will be adjusted according to the prescribed formula.

- (iii) Details of the employee stock options were as follows:

	<u>2022</u>	
	<u>Weighted average exercise price</u>	<u>Number of options</u>
Outstanding at January 1	\$ 61.60	5
Granted during the year	-	-
Exercised during the year	61.60	(5)
Outstanding at December 31	-	<u><u>-</u></u>
Exercisable at December 31		<u><u>-</u></u>
The weighted average price of the stock options		<u><u>18.15</u></u>

- (iv) The Company used the Black-Scholes pricing model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>2017 employee stock option</u>
Exercise price (NT dollars)	81.80
Share price at grant date (NT dollars)	81.80
Expected dividend (%)	- %
Expected volatility (%)	26.78%~27.89%
Risk-free interest rate (%)	0.67%~0.73%
Expected life (years)	5 years

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- (v) Expenses resulting from share-based payments

	2023	2022
Restricted stock for employees	<u><u>\$ 9,816</u></u>	<u><u>4,466</u></u>

- (p) Earnings per share

- (i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2023 and 2022, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2023	2022
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 487,097</u></u>	<u><u>709,643</u></u>
Weighted-average number of ordinary shares (thousand shares)	<u><u>62,675</u></u>	<u><u>62,675</u></u>
Basic earnings per share	<u><u>\$ 7.77</u></u>	<u><u>11.32</u></u>

- (ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2023 and 2022, were based on the profit attributable to the ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2023	2022
Profit attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ 487,097</u></u>	<u><u>709,643</u></u>
Weighted-average number of ordinary shares (diluted) (thousand shares)		
	2023	2022
Weighted-average number of ordinary shares (basic)	62,675	62,675
Effect of employee stock bonuses	276	400
Effect of restricted stock	244	51
Weighted-average number of ordinary shares (diluted)	<u><u>63,195</u></u>	<u><u>63,126</u></u>
Diluted earnings per share	<u><u>7.71</u></u>	<u><u>11.24</u></u>

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(q) Revenue from contracts with customers

(i) Details of revenue

	<u>2023</u>	<u>2022</u>
<u>Primary geographical markets</u>		
North America	\$ 172,726	231,325
Asia	764,698	858,547
Europe	18,328	36,405
	<u><u>\$ 955,752</u></u>	<u><u>1,126,277</u></u>
 <u>Major products</u>		
Plastic injection	\$ 867,128	1,036,570
Mold	84,764	88,453
Others	3,860	1,254
	<u><u>\$ 955,752</u></u>	<u><u>1,126,277</u></u>

(ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities	<u><u>\$ 9,030</u></u>	<u><u>7,327</u></u>	<u><u>10,571</u></u>

For details on accounts receivable, please refer to note 6 (c).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was \$7,014 thousand and \$10,571 thousand, respectively.

(r) Employee, board of directors' compensation

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

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For the years ended December 31, 2023 and 2022, the Company accrued and recognized its employee remunerations amounting to \$24,300 thousand and \$27,000 thousand, respectively; as well as its remunerations to directors amounting to \$8,720 thousand and \$10,200 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remunerations to employees, directors, multiplied by the distribution of ratio of the remunerations to employees, and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the next year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting.

There were no difference between the estimated and actual amounts in 2023 and 2022.

The related information can be accessed from the Market Observation Post System website.

(s) Other revenue

	2023	2022
Interest income	\$ 116,963	43,218
Others	2,363	301
	<u>\$ 119,326</u>	<u>43,519</u>

(t) Other gains and losses

The other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Foreign exchange gains, net	\$ 4,693	286,250
Gains (losses) on financial assets at fair value through profit or loss	16,838	(23,103)
Gains on disposal of property, plant and equipment, net	-	5
	<u>\$ 21,531</u>	<u>263,152</u>

(u) Financial Instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Company's accounts receivable and investments.

1) Accounts receivable and others receivables

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. These criterias are reviewed periodically.

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2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes their counterparts do not have significant default risk, therefore, the credit risk is insignificant.

3) Credit risk exposure

As of December 31, 2023 and 2022, the Company's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the statements of financial position and amounted to \$2,676,634 thousand and \$2,854,795 thousand, respectively. The Company had deposited these bank deposits in different financial institutions, and the Company believes that there is no significant credit risk from the above mentioned financial institutions.

4) Concentration of credit risk

The credit risk exposure of the Company comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the years ended December 31, 2023 and 2022, sales to the individual customers whose revenue constituting over 10% of net revenue are 76% and 71% of total revenues respectively. As of December 31, 2023 and 2022, 84% and 73%, of accounts receivable were for those customers, respectively.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
December 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,000,000	1,002,171	1,002,171	-
Long-term borrowings	850,000	878,744	16,285	862,459
Long-term borrowings, current portion	200,000	201,247	201,247	-
Non-interest bearing liabilities				
Notes and accounts payable (including related parties)	141,791	141,791	141,791	-
Lease liabilities	2,715	2,715	2,715	-
Other financial liabilities	11,045	11,045	11,045	-
	\$ 2,205,551	2,237,713	1,375,254	862,459

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	Carrying amount	Contractual cash flows	within 1 year	1-2 years
December 31, 2022				
Non-derivative financial liabilities				
Short-term borrowings	\$ 850,000	853,247	853,247	-
Long-term borrowings	1,300,000	1,337,050	22,283	1,314,767
Long-term borrowings, current portion	50,000	50,637	50,637	-
Non-interest bearing liabilities				
Notes and accounts payable (including related parties)	141,858	141,858	141,858	-
Lease liabilities	6,713	6,713	3,998	2,715
Other financial liabilities	20,165	20,165	20,165	-
	\$ 2,368,736	2,409,670	1,092,188	1,317,482

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Exchange rate risk

The Company's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary Items</u>						
USD	\$ 76,770	30.705	2,357,238	84,200	30.710	2,585,767
EUR	444	33.980	15,079	690	32.720	22,589
<u>Financial liabilities</u>						
<u>Monetary Items</u>						
USD	3,709	30.705	113,880	4,297	30.710	131,953

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, accounts payable and other payables that are denominated in foreign currency.

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A weakening (strengthening) of 1% of the NTD against the USD, CNY and EUR at December 31, 2023 and 2022, would have increased or decreased the net profit before tax by \$22,584 thousand and \$24,764 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$4,693 thousand and \$286,250 thousand, respectively.

2) Interest rate analysis

The details of financial instruments exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Fixed-rate instruments:		
Financial assets	\$ 1,835,655	1,972,530
Financial liabilities	(600,000)	(150,000)
	<u>\$ 1,235,655</u>	<u>1,822,530</u>
Variable-rate instruments:		
Financial assets	\$ 205,996	198,031
Financial liabilities	(1,450,000)	(2,050,000)
	<u>\$ (1,244,004)</u>	<u>(1,851,969)</u>

The sensitivity analysis is based on the exposure to the interest rate risk of nonderivative 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 increases or decreases 1 basis points when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, the Company's net income would have decreased / increased by \$3,110 thousand and \$4,630 thousand for the years ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and bank deposits in variable-rate bills.

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company' s financial assets, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2023				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Current Fund investment	\$	<u>35,006</u>	<u>35,006</u>	<u>-</u>	<u>-</u>	<u>35,006</u>
Non-current Fund investment	\$	<u>203,426</u>	<u>203,426</u>	<u>-</u>	<u>-</u>	<u>203,426</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	493,857				
Notes and accounts receivable, net		207,661				
Other financial assets-current		188,790				
Refundable deposits		4,680				
Non-current financial assets measured at amortized cost		<u>1,547,894</u>				
	\$	<u>2,442,882</u>				
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	2,050,000				
Notes and accounts payable (including related parties)		141,791				
Lease liabilities		2,715				
Other payables		<u>11,045</u>				
	\$	<u>2,205,551</u>				

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

		December 31, 2022				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Current Fund investment	\$	32,052	32,052	-	-	32,052
Non-Current Fund investment	\$	189,543	189,543	-	-	189,543
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	698,742				
Accounts receivable, net (including related parties)		244,439				
Other financial assets-current		218,100				
Refundable deposits		4,680				
Non-current financial assets measured at amortized cost		1,471,919				
		<u>\$ 2,637,880</u>				
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	2,200,000				
Notes and accounts payable (including related parties)		141,858				
Lease liabilities		6,713				
Other payables		20,165				
		<u>\$ 2,368,736</u>				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

- 3) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value are derivative financial assets. The financial assets' fair value are using third-party pricing information. The unobservable inputs are not set up as the Company measures fair value, therefore, the quantified information of significant unobservable inputs are not disclosed.

(v) Financial risk management

(i) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors the management to ensure compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The board of directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(ii) The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

For more disclosures about the quantitative effects of these risks exposures and the Company's objectives, policies and processes for measuring and managing the above mentioned risks, please refer to note 6(u).

(w) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, paid-in capital, retained earnings, and other equity. As of December 31, 2023 and 2022, the Company's equity to asset ratios were 59% and 58%, respectively. There were no changes in the Company's approach to capital management as of December 31, 2023.

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(x) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

- (i) For acquisition of right-of-use assets, please refer to note 6(h).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Others	December 31, 2022
Short-term borrowings	\$ 850,000	150,000	-	1,000,000
Long-term borrowings, including current portion	1,350,000	(300,000)	-	1,050,000
Lease liabilities	6,713	(4,045)	47	2,715
Total liabilities from financing activities	<u>\$ 2,206,713</u>	<u>(154,045)</u>	<u>47</u>	<u>2,052,715</u>

	January 1, 2022	Cash flows	Others	December 31, 2023
Short-term borrowings	\$ 1,500,000	(650,000)	-	850,000
Short-term notes and bills payable	99,971	(100,000)	29	-
Long-term borrowings, including current portion	1,150,000	200,000	-	1,350,000
Lease liabilities	10,673	(4,045)	85	6,713
Total liabilities from financing activities	<u>\$ 2,760,644</u>	<u>(554,045)</u>	<u>114</u>	<u>2,206,713</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that had transaction with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
NISHOKU BOUEKI CO., LTD. (NISHOKU BOUEKI)	The Company's subsidiaries
NISHOKU TECHNOLOGY VIETNAM CO.,LTD. (NISHOKU VIETNAM)	The Company's subsidiaries
SAME START LIMITED (Anguilla) (SAME START (Anguilla))	The Company's subsidiaries
NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. (NISHOKU (SHENZHEN))	The Company's subsidiaries
KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	The Company's subsidiaries

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(b) Significant transactions with related parties

- (i) The amounts of sales by the Company to related parties and the outstanding balance were as follows:

	Sales		Accounts receivable-related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary company				
KUNSHAN NISHOKU PLASTIC	\$ 445,646	566,837	116,224	120,800
NISHOKU VIETNAM	284,299	229,455	58,761	58,759
Other	274	2,290	157	60
	\$ 730,219	798,582	175,142	179,619

The credit terms were 90 days for related parties. The general credit terms were 30 to 150 days for non-related parties. The product sale to related parties was different from other clients, therefore, the sales prices cannot be compared to other clients.

- (ii) The amounts of purchase by the Company to related parties and the outstanding balance were as follows:

	Purchases		Accounts payable- related parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiary company				
SAME START (Anguilla)	\$ 132,898	197,602	20,269	37,145
Other	10,683	-	312	-
	\$ 143,581	197,602	20,581	37,145

The payment terms were 90 days for related parties. The general credit terms for vendors other than related parties are 60 to 120 days. The Company do not purchase the same product from other vendors, therefore, the purchase prices cannot be compared to other vendors.

- (iii) Guarantees and endorsements

The amounts of guarantees notes issued as collateral for bank loans were as follows:

	December 31, 2023	December 31, 2022
Guarantees notes issued	\$ 1,406,289	1,406,518
Actual usage amount	\$ 368,460	307,100

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(iv) Loans to Related Parties

The loans to related parties were as follows:

Relationship	December 31, 2023	December 31, 2022
Subsidiary company:		
NISHOKU VIETNAM	<u>\$ 184,230</u>	<u>214,970</u>

The loans to related parties are unsecured. There are no impairment loss required after the management's assessment.

For the loans to related parties, the Company recognized interest income of \$8,726 thousand and \$4,135 thousand, for the years end 2023 and 2022, respectively. The interests receivable of \$4,318 thousand and \$3,117 thousand, as of December 31, 2023 and 2022, respectively.

(v) Other

The Company sold machinery and controlled items to both NISHOKU VIETNAM and KUNSHAN NISHOKU PLASTIC, wherein the unrealized gains from disposal, recognized as deductions of the investments accounted for using equity method, had been recorded as realized gains in the following years. The realized gain recognized in 2023 and 2022 were \$316 thousand and \$309 thousand, respectively.

In 2022, the Company purchased machinery from NISHOKU (SHENZHEN) at the amount of \$605 thousand, recognized as accounts payable, as of December 31, 2022. There were no transactions in 2023.

(c) Transaction of key management personnel

(i) Key management personnel compensation

Key management personnel compensation comprise:

	2023	2022
Short-term employee benefits	\$ 42,220	46,268
Post-employment benefits	324	324
	<u>\$ 42,544</u>	<u>46,592</u>

(8) Pledged assets: None

(9) Significant Commitments and Contingencies:

Please refer note 7 for guarantees to subsidiaries.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salary	13,315	101,272	114,587	16,678	113,639	130,317
Labor and health insurance	1,663	6,309	7,972	1,963	6,172	8,135
Pension	723	2,737	3,460	869	2,663	3,532
Remuneration of directors	–	9,280	9,280	–	10,860	10,860
Others	723	1,227	1,950	930	1,274	2,204
Depreciation	3,252	5,257	8,509	3,566	5,344	8,910
Amortization	4	349	353	4	393	397

The number of the Company's employees and the additional information of employee benefits were as follows:

	2023	2022
Employees	<u>73</u>	<u>85</u>
Non concurrently as employees of directors	<u>5</u>	<u>5</u>
Average of employee benefit expenses	<u>\$ 1,882</u>	<u>1,802</u>
Average of employee salary expenses	<u>\$ 1,685</u>	<u>1,629</u>
Adjustment of employee salary expenses	<u>3.44%</u>	<u>4.76%</u>
Remuneration of supervisor	<u>\$ -</u>	<u>-</u>

The Company compensation policies are as follows:

(a) Director of the Board:

The compensation paid to the directors includes remuneration and meeting travel allowances, which is not fixed monthly remuneration.

The compensation is in accordance with Article 20 of the Company's Articles of Incorporation, the Company shall allocate at a maximum of 5% of the profit as remuneration to directors for the year, and the Company shall base on its determination of an individual director's remuneration on the evaluation results of his or her performance.

NISHOKU TECHNOLOGY INC.

Notes to the Financial Statements

(b) Managerial officer:

In addition to referring to the employee remuneration policy, the remuneration is determined by the Company's overall operating performance, the individual performance, contribution to the Company's operations, special achievements and peer salary levels.

Aforementioned directors' and managers' compensation is evaluated by the remuneration committee, and is submitted to the Board of Directors for resolution.

(c) Employees:

The salary for each employee is based on the Company's salary management regulations, which include the fixed salary, allowances, and the variable pay, as well as performance bonuses and special dividends. The rewards are given according to the seniority, rank, and work performance, etc..

(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 Company:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	219,940	184,230	184,230	5.82%	Necessary to loan other parties	-	Operating capital	-	-	-	445,030 (Note 1)	1,780,120 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company's net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company's net worth in the last financial statement.

Note 2: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	NISHOKU VIETNAM	2	4,450,300	1,420,215	1,406,289	368,460	-	31.60%	4,450,300	Y	N	N
0	"	NISHOKU BOUEKI	2	4,450,300	60,070	-	-	-	- %	4,450,300	"	"	"

NISHOKU TECHNOLOGY INC.

Notes to the Financial Statements

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company's net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company's net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

- 1) Business relationship between the Company
- 2) The Company directly or indirectly holds over 50% of subsidiaries' shares;
- 3) The parent company and its subsidiaries holds over 50% of investees' shares
- 4) A subsidiary jointed owned over 50% by the Company and the Company's directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss - current	-	8,334	- %	8,334	
"	JPMorgan Investment Funds – Global High Yield Bond Fund	"	"	-	9,192	- %	9,192	
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"	-	5,837	- %	5,837	
"	BGF ESG Multi-Asset Fund	"	"	-	11,643	- %	11,643	
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"	-	5,103	- %	5,103	
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss - non current	-	39,340	- %	39,340	
"	PineBridge Global ESG Quantitative Bond Fund	"	"	-	45,430	- %	45,430	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"	-	39,875	- %	39,875	
"	Nomura Global Financial Bond Fund	"	"	-	22,290	- %	22,290	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"	-	12,502	- %	12,502	
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"	-	17,859	- %	17,859	
"	Allianz Global Investors Income and Growth Fund	"	"	-	26,130	- %	26,130	
"	FORMOSA GROUP 15/25	"	Financial assets at amortised cost-non current	-	15,360	- %	15,029	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	15,089	- %	14,255	
"	STAND. CHART. 15/25 REGS	"	"	-	7,630	- %	7,479	
"	APPLE 16/26	"	"	-	15,062	- %	14,708	
"	BARCLAYS 15/25	"	"	-	7,682	- %	7,553	

- (iv) Individual securities acquired or disposed of with 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 amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

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Notes to the Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SAME START (Anguilla)	KUNSHAN NISHOKU PLASTIC	Associate	Purchase	126,605	95%	Net 90 Days	Note 1	Note 1	(19,484)	(96)%	Note 1
KUNSHAN NISHOKU PLASTIC	SAME START (Anguilla)	"	Sale	(126,605)	(5)%	"	"	"	19,484	2%	"
The Company	KUNSHAN NISHOKU PLASTIC	"	Sale	(445,646)	(47)%	"	"	"	116,224	56%	"
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	445,646	47%	"	"	"	(116,224)	(29)%	"
The Company	NISHOKU VIETNAM	"	Sale	(284,299)	(30)%	"	"	"	58,761	28%	"
NISHOKU VIETNAM	The Company	"	Purchase	284,299	75%	"	"	"	(58,761)	(49)%	"
SAME START (Anguilla)	The Company	"	Sale	(132,898)	(99)%	"	"	"	20,269	100%	"
The Company	SAME START (Anguilla)	"	Purchase	132,898	20%	"	"	"	(20,269)	(14)%	"

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price cannot be compared. In addition, the receipt terms of related parties were not significant different to third parties.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Associate	116,224	3.76	-		38,267	-

Note 1: Until February 16, 2024.

(ix) Trading in derivative instruments: None

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

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	SUN NICE (SAMOA)	SAMOA	Holding	427,214	738,714	12,468	100.00%	4,173,760	397,991	397,991	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	300	100.00%	10,919	919	919	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	696,594 (USD 22,500 thousand)	508,434 (USD 16,500 thousand)	-	100.00%	322,504	(9,498)	(9,182)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100.00%	(14,624)	132	9,278	
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousand)	1,442,881 (USD 45,915 thousand)	40,298	100.00%	3,177,289	276,525	276,525	
"	SUN NICE (BVI)	BVI	Holding	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100.00%	1,042,802	109,914	109,914	

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD1,288 thousands	Indirect investment through third area	335,657 (USD10,939 thousand)	-	306,844 (USD10,000 thousand)	28,813 (USD939 thousand)	(5,523)	100.00%	(5,523)	532,118	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	"	1,674,270 (USD52,524 thousand)	-	-	1,674,270 (USD52,524 thousand)	389,584	100.00%	385,659	3,648,806	1,237,950

(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
1,703,083	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China were based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs when investing abroad, allowing it to start operating of its headquarters. As a result, there is no limitation on investment to Mainland China for the Company.

NISHOKU TECHNOLOGY INC.
Notes to the Financial Statements

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” .

(d) Major shareholders:

Shareholder’ s Name	Shareholding	Shares	Percentage
Yi Feng Investment Limited		4, 736, 000	7. 51%
Ji Teng Investment Limited		4, 500, 000	7. 13%
Yun Ding Investment Limited		4, 050, 000	6. 42%
Jin Hong Investment Limited		3, 600, 000	5. 70%

(14) Segment information:

Please refer to the Company’ s consolidated financial statements for the year ended December 31, 2023 for details.

6.6 Financial Difficulties Encountered By the Company and the Related Party in the Most Recent Year and Up to the Date of the Annual Report: None.

7. Review of Financial Position, Management Performance and Risk Management

7.1 Financial Status

7.1.1 Analysis of Financial Status – Consolidated

Unit: NT\$ thousands; %

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	5,177,670	5,569,291	(391,621)	-7.03%
Property, plant and equipment	1,420,753	1,479,566	(58,813)	-3.98%
Non-current assets	1,931,084	1,865,034	66,050	3.54%
Total Assets	8,529,507	8,913,891	(384,384)	-4.31%
Current Liabilities	2,470,922	2,173,457	297,465	13.69%
Long-term liabilities	850,000	1,300,000	(450,000)	-34.62%
Other liabilities	758,285	794,057	(35,772)	-4.50%
Total Liabilities	4,079,207	4,267,514	(188,307)	-4.41%
Capital stock	630,402	630,482	(80)	-0.01%
Capital Surplus	973,549	973,766	(217)	-0.02%
Retained earnings	3,186,194	3,329,339	(143,145)	-4.30%
Total Stockholders' Equity	4,450,300	4,646,377	(196,077)	-4.22%
<p>The reasons of the material change (significant current variations amounting to 20% and the amount of changes reached NTD 10 million) of assets, liabilities and equity above in the later period and within 2 years and the responses of the Company. Please specify the future countermeasures if the effects are significant:</p> <p>(1) Decreased Long-term liabilities: Mainly due to the reclassification of some long-term borrowings to current liabilities, resulting in the one-year maturity of long-term borrowings.</p> <p>Future countermeasures: None.</p>				

7.1.2 Analysis of Financial Status - Individual

Unit: NTD thousand; %

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	957,541	1,220,913	(263,372)	-21.57%
Refers to investments accounted for under equity method.	4,507,183	4,720,368	(213,185)	-4.52%
Property, plant and equipment	295,608	297,524	(1,916)	-0.64%
Non-current assets	1,776,809	1,694,518	82,291	4.86%
Total Assets	7,537,141	7,933,323	(396,182)	-4.99%
Current Liabilities	1,514,272	1,254,430	259,842	20.71%
Long-term liabilities	850,000	1,300,000	(450,000)	-34.62%
Other liabilities	722,569	732,516	(9,947)	-1.36%
Total Liabilities	3,086,841	3,286,946	(200,105)	-6.09%
Capital stock	630,402	630,482	(80)	-0.01%
Capital Surplus	973,549	973,766	(217)	-0.02%
Retained earnings	3,186,194	3,329,339	(143,145)	-4.30%
Total Stockholders' Equity	4,450,300	4,646,377	(196,077)	-4.22%
<p>The reasons of the material change (significant current variations amounting to 20% and the amount of changes reached NTD 10 million) of assets, liabilities and equity above in the later period and within 2 years and the responses of the Company. Please specify the future countermeasures if the effects are</p>				

significant:

- (1) Decreased current assets : It is mainly because the Company repaid bank loans in 2023..
- (2) Increased current liabilities and Decreased Long-term liabilities : Mainly due to the reclassification of some long-term borrowings to current liabilities, resulting in the one-year maturity of long-term borrowings.

Future countermeasures: None.

7.2 Operating Results

7.2.1 Analysis of Operating Results - Consolidated

Unit: NTD thousand; %

Item \ Year	2023	2022	Difference	
			Amount	%
Net Sales	3,508,729	3,927,929	(419,200)	-10.67%
Cost of Sales	2,592,872	2,996,260	(403,388)	-13.46%
Gross Profit	915,857	931,669	(15,812)	-1.70%
Operating Expense	444,597	475,151	(30,554)	-6.43%
Results from operating activities	471,260	456,518	14,742	3.23%
Non-operating Income and Expenses	199,541	503,684	(304,143)	-60.38%
Profit Before Tax	670,801	960,202	(289,401)	-30.14%
Income Tax Expense	183,704	250,559	(66,855)	-26.68%
Profit for the year	487,097	709,643	(222,546)	-31.36%
<p>The main reasons and expected sales volume of the significant changes (significant current variations amounting to 20% and the amount of changes reached NTD 10 million) in operating income, operating net profit and net profit before tax in the last two years that may affect the company's future financial business and plan for the response:</p> <p>(1) Decrease in Profit Before Tax and Profit for the year : Mainly due to the decrease in operating revenue of 2023 from the previous year, resulting in a decrease in profit.</p> <p>(2) Decrease in non-operating income and expenses: Mainly due to the appreciation of non-US currencies in 2023, resulting in less exchange gains compared to the previous year.</p> <p>(3) Decrease in income tax expenses: Mainly due to the decrease in operating revenue of 2023 and foreign exchange gains from the previous year, resulting in a decrease in net profit before tax.</p>				

7.2.2 Analysis of Operating Results - Individual

Unit: NTD thousand; %

Item \ Year	2023	2022	Difference	
			Amount	%
Net Sales	955,752	1,126,277	(170,525)	-15.14%
Cost of Sales	687,628	792,068	(104,440)	-13.19%
Gross Profit	283,670	325,907	(42,237)	-12.96%
Operating Expense	161,340	174,533	(13,193)	-7.56%
Results from operating activities	122,330	151,374	(29,044)	-19.19%
Non-operating Income and Expenses	492,899	733,992	(241,093)	-32.85%
Profit Before Tax	615,229	885,366	(270,137)	-30.51%

Income Tax Expense	128,132	175,723	(47,591)	-27.08%
Profit for the year	487,097	709,643	(222,546)	-31.36%
<p>The main reasons and expected sales volume of the significant changes (significant current variations amounting to 20% and the amount of changes reached NTD 10 million) in operating income, operating net profit and net profit before tax in the last two years that may affect the company's future financial business and plan for the response:</p> <p>(1) Decrease in net profit before tax decreased: Mainly due to the decrease in operating revenue of 2023 from the previous year, resulting in a decrease in profit.</p> <p>(2) Decrease in Profit for the year: Mainly due to the appreciation of non-US currencies in 2023, resulting in less exchange gains compared to the previous year.</p> <p>(3) Decrease in non-operating income and expenses: Mainly due to the appreciation of non-US currencies in 2023, resulting in less exchange gains compared to the previous year.</p> <p>(4) Decrease in income tax expenses: Mainly due to the decrease in operating revenue of 2023 and foreign exchange gains from the previous year, resulting in a decrease in net profit before tax.</p>				

7.2.3 The possible impact and response plans regarding the expected sales volume and their basis:

The Company's sales in 2023 was based on the condition of overall supply and demand of the industry, and used the production capacity planning and past operating performance as basis which shall not pose any effect on the Company's future financial business.

7.3 Analysis of Cash Flow

7.3.1 Analysis of cash flows in the most recent year:

1. Consolidated Financial Statements

Unit: NTD thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Annual Cash Outflows	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
3,865,998	721,064	(1,051,986)	3,535,076	None	None
<p>1. Analysis of changes in cash flows</p> <p>(1) Operating business: Net cash inflows of NTD 721,064 thousand was mainly due to operating profits.</p> <p>(2) Investment activities: Net cash outflows of NTD 246,052 thousand was mainly due to acquisitions property, plant, and equipment.</p> <p>(3) Financing activities: Net cash outflows of NTD 743,239 thousand was mainly due to the distribution of cash dividends.</p> <p>(4) Impact on cash and cash equivalents : NTD 65,689 thousand °</p> <p>2. Expected remedies for cash deficits and liquidity analysis: No occurrence of cash deficits and liquidity.</p>					

2. Non-Consolidated Financial Statements

Unit: NTD thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Annual Cash inflows	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan

698,742	87,200	(292,085)	493,857	None	None
1. Analysis of changes in cash flows (1) Operating business: Net cash inflows of NTD 87,200 thousand was mainly due to operating profits. (2) Investment activities: Net cash inflows of NTD 492,202 thousand was mainly due to the capital reduction and profit repatriation from subsidiaries. (3) Financing activities: Net cash outflows of NTD 784,287 thousand was mainly due to the distribution of cash dividends. 2. Expected remedies for cash deficits and liquidity analysis: No occurrence of cash deficits and liquidity.					

7.3.2 Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

7.3.3 Cash Flow Analysis for the Coming Year:

1. Consolidated Financial Statements

Unit: NT\$ thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Annual Cash Outflows	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
3,535,076	643,815	1,100,569	3,078,321	None	None
1. Analysis of changes in cash flows (1) Operating business: Mainly due to the estimated stable coming year that generates cash inflows. (2) Investment activities: purchase of machinery and equipment. (3) Financing activities: Mainly due to the estimated cash dividends being distributed, and if the NTD continues to depreciate, the bank borrowings will be repaid using USD. 2. Expected remedies for cash deficits and liquidity analysis: No occurrence of cash deficits and liquidity.					

2. Non-Consolidated Financial Statements

Unit: NTD thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Annual Cash Outflows	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
493,857	230,844	(417,265)	307,436	None	None
1. Analysis of changes in cash flows (1) Operating activities: Mainly due to the return of earnings from offshore subsidiary in the coming year. (2) Investment activities: Mainly due to the expected repatriation of surplus of overseas subsidiaries in the coming year. (3) Financing activities: Mainly due to the estimated distribution of cash dividends. 2. Expected remedies for cash deficits and liquidity analysis: No occurrence of cash deficits and liquidity.					

7.4 Major Capital Expenditure Items:

The Company does not have material capital expenditure plans, it is therefore not applicable.

7.5 Investment Policy in the Last year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1 Investment policy

The Company's decision-making authority makes investments in consideration of operational needs or Company's future growth. Professional information is first provided by related units and after the Finance Unit compiles information and makes suggestions to the Authorization Manager, a motion of investment suggestion is produced. The investee Company's history and future prospects, market situation and management shall be evaluated to be used as the basis for decision-making authority to proceed with the investment.

7.5.2 Investment policies, main reasons for investment gains or losses, improvement plans in the most recent year

Unit: NTD thousand

Name of Subsidiary	Recognized in 2023 Amount of gains or losses (Note 1)	Main reason for gains or losses	Improvement plan
SUN NICE Ltd. (SAMOA)	397,991	Due to the profit of the investee company.	None
NISHOKU BOUEKI CO., LTD.	919	Fair operation condition with stable profit.	None
Nishoku TechnologyVietnam Co.,Ltd.	(9,498)	The operating gross profit is low, and the yield rate needs to be improved.	Continued to increase sales of new products to original customers, expanded new customer sources and improved the manufacturing process within the plant.
SAME START Ltd. (Anguilla)	132	Fair operation condition with stable profit.	None
NISHOKU HONG KONG HOLDING LIMITED	276,525	The investment of the China subsidiary runs fair operation with stable profit.	None

Name of Subsidiary	Recognized in 2023 Amount of gains or losses (Note 1)	Main reason for gains or losses	Improvement plan
SUN NICE Ltd. (B.V.I)	109,914	The investment of the China subsidiary runs fair operation with stable profit.	None
NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.	(5,523)	Revenue not yet achieved the scale of economics	None
KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.	389,584	Fair operation condition with stable profit.	None

Note 1: The amounts stated in the 2023 financial report were certified by the CPAs.

7.5.3 Investment plan for the coming year: The Company does not have new investment plans for the coming year.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation of Corporate Finance, and Future Response Measures

1. Impact of interest rate changes

Unit: NTD thousand

Item	2023 Consolidated		
	Amount	As a percentage of operating income	As a percentage of pre-tax net profit
Interest expenses	55,887	1.59%	8.33%

A. The balance of the Group's consolidated long-term and short-term borrowings was NT\$2,418,460 thousand and interest expenses was NT\$55,887 thousand at the end of 2023. The above table shows that the ratio of interest expenses to the Company's profit and loss is relatively small. The Company also regularly evaluates bank borrowing rates and maintains good relations with banks in order to obtain a more favorable interest rate and at the same time reducing interest expenses.

B. If the interest rate had increased / decreased by 1 basis points, the Group's net income would have decreased / increased by \$1,637 thousand and \$535 thousand for the year ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and bank deposits in variable-rate bills. °

2. Impact of exchange rate changes

A. For years 2023, foreign exchange gain (including realized and unrealized portions)

amounted to \$29,665 thousand, respectively., 0.85% of net operating income ,
The overall exchange rate factor has a certain degree of risk burden of profitability 。
exposure to foreign currency risk arises from the translation of the foreign
currency exchange gains and losses on cash and cash equivalents, accounts
receivables, accounts payable and other payables that are denominated in foreign
currency 。

B. A weakening (strengthening) of 1% of the NTD against the USD 、EUR and CNY
at December 31, 2023 and 2022, would have increased or decreased the net
profit before tax by \$39,088 thousand and \$40,406 thousand, respectively. The
analysis assumes that all other variables remain constant and ignores any impact
of forecasted sales and purchases. The analysis is performed on the same basis for
both periods.

C. Future countermeasures: In order to respond to external complex changes, the
Company uses its basic strategy and aims to offset assets and liabilities to reduce
its exposure to net positions of exchange rate fluctuations. Hedging operation: The
main principle is to flatten the above net positions.

3. Impact on inflation

According to the increase rate of 2.71% of Consumer Price Index (CPI) in 2023
released by the Directorate General of Budget, Accounting and Statistics, the inflation
situation does not impose material impact on the Company's profit or loss. The
Company keeps a close eye on the fluctuation of market prices, and makes adjustments of
sales prices, raw materials and inventory amount accordingly. The Company currently
does not have any immediate material impact due to inflation.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-Risk, High-Leverage Investment, Loaning or Endorsement Guarantees and Derivatives Transactions

1. Engagement of high-risk and highly-leveraged investments

The Company and its subsidiaries focus on the management of the industry and do
not make any investment in high-leveraged industry.

2. Engagement of lending fund to others or endorsement guarantees, and derivatives transactions:

The Company's lending fund to others or endorsement guarantees, and
derivatives transactions are handled according to policies and countermeasures in the
Company's "Operating Procedures for Lending Funds to Others", "Operating Procedures
for Endorsements/Guarantees", and "Acquisition or Disposal of Assets". Related
operations are executed in the consideration of risk situation and applicable regulations.

(1) The status Of Endorsement And Guarantee of the company and its subsidiaries in 2023 is stated as follows:

December 31, 2023 Unit: NT\$ thousand

Company Name Of Endorser	Endorseees		Balance Of Endorsements -End	Accumulative Endorsement as a Percentage of current net worth (%)
	Company Name	Relation		
Nishoku Technology Inc.	Nishoku Technology Vietnam Co., Ltd.	Subsidiary, 100% owned by Nishoku Technology Inc.	1,406,289	31.60%
Total (the Company)			1,406,289	-

The object of endorsement/guarantee of the Company and its subsidiaries are all subsidiaries to be directly or indirectly 100% owned by the Company. The purposes of endorsements and guarantees for subsidiaries are the derivative liabilities of guarantee resulting from group sharing of credit line of bank; the purpose of subsidiaries making endorsements and guarantees for affiliates is to be liable for the responsibility derived from guarantee purchases

(2) Lending funds to others in the end of 2023:

December 31, 2023, unit: NT\$ thousand

Creditor	Borrower	Whether the borrower is a related party	Balance of lending funds to others in the end of the period	Actually amount provided	Fund lending and its nature
Nishoku Technology Inc.	Nishoku Technology Vietnam Co., Ltd.	Yes	184,230	184,230	The necessity for short-term financing

The object who the Company loans funds to are all subsidiaries which the Company directly or indirectly holds 100% shares of, and there is no limit as to the amount of when providing a loan. However, the loaning of fund may not exceed the net worth of the Company's most recent financial statements.

(3) Derivatives in the end of 2023:

The Company did not engage in derivatives in the end of 2023.

7.6.3 Future Research & Development Projects and Corresponding Budget

The Company's 2024 R&D plans include application products such as the development of IMF and OMD. The proportion of R&D expenses the Company and its

subsidiaries expect to invest in is approximately 2 to 3% of the Company's operating income. With the growth of the future turnover, the annual R&D expenses may be gradually increased. By supporting our future R&D plans, we hope to improve the Company's competitiveness in the market.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

Under the issue of China and US trade war and fierce product competition, the overall industrial competition is even more challenging. Aside from continuing to facilitate automation and process optimization of various operations, we will also accelerate the expansion of market development and production economic scales in Vietnam. We will make every effort to understand customer needs and try our utmost to develop strategically positioned star products while focusing on external competitions in order to make response measures according to the market change. We will strive to grasp the change of relevant laws and regulations in order to make preparation and adapt applicable countermeasures to reduce operational risks of future industry and the overall environment.

7.6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

The Company and its subsidiaries also pay attention and collect and analysis the application market and technological development changes of various plastic products to reduce the impact brought with the change of technology. At the same time, we will also improve the R&D of high value-added and high-profit products, allowing the Company's products to be more diverse, stable and ensure the source of profit. With our outstanding manufacturing process technology, we will continue to expand our strategic alliance in terms of design, mass production, logistic support, distribution, and after-sales service to our existing customers to strengthen the relationship of co-existence and prosperity. As of now, technological changes and industrial changes have not yet posed any impact on the Company's financial business.

To implement the cyber security management, the Company has established the "Information Security Policy and Regulations" and the enforcement rules pursuant to Article 8 and 9 of the Regulations Governing Establishment of Internal Control Systems by Public Companies, requiring the establishment of the control activities for the management of personal information protection and computerized information processing system, to be implemented accordingly; the "Management Procedures for the Personal

Information Protection” is established to manage the use of data and maintenance of security rigorously; and the “Management Procedures for E-Mail Accounts” is established to specify the rules of using email and the confidential and sensitive mails. As the information security is a emerging trend valued by corporates, the Company continues to enhance the implementation and mechanism of the information security protection policies. As of now, technological changes and industrial changes have not yet posed any impact on the Company's financial business.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

In recent years, the Company strives to strengthen corporate governance in order to respond to any possible corporate crisis. We also disclose various material information immediately in accordance with laws and regulations while continuing to invest in the environment and corporate responsibility, building a positive corporate image. In order to achieve the goal of environment and social responsibility, we integrate corporate social responsibility with our management strategy, including company policy, internal operation management, various business execution and education and training planning.

1. Environmental protection: Implement the Company's core value through the establishment of the ISO14001 system - "team, service, innovation, quality, and efficiency" to enhance the internal culture of the corporate, increase the quality of the workplace while being dedicated to the design and R&D of green products. Not only to meet the trend of environmental protection in the international market, we also treat the green concept as the basic obligation and duty as a corporate citizen.
2. Human rights protection: The Company implements human rights policies, including but not limited to prohibiting forced labor, child labor, discrimination, and ensuring occupational health and safety. We have established and regularly update relevant management regulations to safeguard human rights. In addition to the “Labor Management Policy and Implementation Regulations”, we have established the “Employment Management Regulations”, “Factory Rules and Working Codes”, “Employee Care and Welfare Program Application Methods”, and “Salary Management Methods”

to ensure the rights of employees in terms of working hours and rest, wages and insurance benefits, and prevention of harassment.

Employees are the Company's most valuable assets, aside from the basic company rules; we also value our employees' opinions. We hope to provide the space that employees can make the most of. The Company's employees may express their views with respect to their personal rights, welfare, management and workplace environment through department managers, senior managers and Management Department at any time. The Management Department conducts a survey of the employee canteen each year, allowing opinions of employees regarding the canteen environment. The survey is also used as an important reference basis to the continuous improvement of the workplace.

3. Safety and health: In order to show the determination of protecting the environment and maintaining employees' safety and health, the Company has formulated the "Company Environmental Safety and Health Policy". The Company integrates the implementation of environmental management, green products, occupational safety and health management to achieve the goal of corporate sustainable development.
4. Caring for the local community: The Group is headquartered in Xinzhuang, New Taipei City. Since the completion of the factory in 2011, the Group has participated in the "Xinzhuang District United Scholarship Program" through the Xinzhuang District Office (subsidy targets are mainly public/private universities and public/private high schools), to encourage the spirit of diligence and improvement of the outstanding, poor, and needy students in Xinzhuang District, and to cultivate talent for the country, society and the region. The Company has been supporting this talent

cultivation program for 12 years. The cumulative sponsorship amounted to NTD 800 thousand, and a total of 121 people received scholarships.

In addition, we make unscheduled visits to representatives of local groups and fire brigades adjacent to the plant to learn about material topics of concern to the local community. We also implement fire safety countermeasures and implement precautions for employees in the plant, hoping to keep the community safe and happy, and prevent risks of major hazards inside or outside the plant.

5. Rural community care: The Company adheres to its principle of “taking from the society and using in the society” and is devoted to the promotion of a variety of welfare activities. We try our best to fulfill corporate society responsibility and continues to improve the Company’s environment and culture by promoting corporate sustainable development as a means to further inspire other people in the society to facilitate social care and take importance of their living quality. Aside from the efforts in terms of talent cultivation and technology R&D, the Company uploads the spirit of being a corporate citizen to maintain the social culture while making a contribution with respect to the education of the next generation. In line with our corporate social responsibility of taking care of disadvantaged groups and narrowing the gap between urban and rural areas, Nishoku Technology Inc., has participated in KPMG’s second-hand computer donation event for 16 years straight. We have donated a total of 368 second-hand computers to remote digital opportunity centers, schools, and welfare organizations. This not only provides more learning opportunities and resources for people in rural areas but also enhances the quality of care provided by welfare organizations to disadvantaged individuals. At the same time, through participating in this event, we hope we can lead by example

and inspire other enterprises to join in effort to narrow the gap between urban and rural areas.

6. Donations to public welfare groups: In order to put together the power of the society, and the aim of caring for the lives of vulnerable groups, the Company proactively promotes welfare events in forms of money or donations, including facilitating environmental protection, caring for vulnerable groups, charitable events and development plans of communities. Each year, Nishoku allocates a certain amount of funds each year to regularly donate to charity, including official donation channels such as the Genesis Social Welfare Foundation, Mennonite Social Welfare Foundation, Taiwan Fund for Children and Families, the Christian Home for the blind, affiliated with the Huiming Blind Children's Nursery in Taichung, World Vision Taiwan, and Children Are Us Foundation, etc. Additionally, in February 2023, in line with humanitarian spirit of helping those in need, we responded to the earthquake relief efforts in Turkey by donating funds. As of the end of 2023, the total amount of donation reached NTD 1.23 million.

7.6.7 Expected Benefits and Risks Relating to and Response to Merger and Acquisition Plans

As of the publication date of the annual report, the Company and its subsidiaries do not have any M&A plan. If evaluation and execution of relevant plans are in consideration, they shall be handled according to applicable laws and regulations, and applicable management measures established by the Company.

7.6.8 Expected Benefits and Risks Relating to and Response to Factory Expansion Plans

As of now, the Company does not have expected plans of plant expansion, it is therefore not applicable.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and

Excessive Customer Concentration

1. Risks associated with concentration of purchases, and countermeasures:

The Company has established production base in China through investment and purchases products after the production is completed in China, so there is a concentration of purchases, a result of labor division between 2 countries in the industry. Other than the purchase of finished products, most of the raw materials purchased by the Company are designated by customers. The Company maintains 2 or more qualified suppliers for each raw material, ensuring uninterrupted supply while at the same time posing an advantage of negotiating the price, reaching the goal of reducing costs. In summary, the Company should not have any risk with respect to purchase concentration or interruption of materials.

2. Risks associated with concentration of sales, and countermeasures:

The Company will proactively expand and develop all types of different applications in the future by using its outstanding double injection die technology and die R&D capabilities to further continue developing different customer groups. The risk of concentration of sales is therefore very low.

7.6.10 Effects of Risks Relating to and Response to Large Share Transfer or Changes in

Shareholdings by Directors, Supervisors, or Shareholders with Shareholding of over 10%

In the most recent year and as of the publication date of the annual report, there are no events of large shares transfer or changes by directors, supervisors, and shareholders with 10% shareholdings or more to cause the operating risk.

7.6.11 Effects of Risks Relating to and Response to Changes in Control over the Company

In the most recent year and as of the publication date of the annual report, the structure of directors and supervisors remains stable; there are no events for the change of management.

7.6.12 For all litigious and non-litigious events, please expressly enumerate the involved facts, target amounts, starting dates of the litigation, major parties involved and the progress as of the printing date of this Annual Report for the cases where the Company, the Company's directors and supervisors, general manager, substantial responsible persons, key shareholders holding over 10% of the total outstanding shares and the auxiliary firms in the major litigious, non-litigious or administrative events the outcome of which might have a significant impact upon the shareholders' equity or stock prices:

1. For litigations and non-litigations with conclusive judgment or proceedings litigations, non-litigations, or administrative disputes with outcomes that might have major

influence on the interest of shareholder or price of securities, the disputed facts, subject-matter amount, initial date of litigation, main litigants, and the status on current proceedings in the past 2 years and as of the publication date of the public report: None.

2. The directors, supervisors, managerial officers and substantial principals of the company, the major shareholders and affiliated companies with a shareholding ratio of more than 10% have been determined or are included in the lawsuit; non litigation or administrative litigation results may have a significant effect on the company's shareholders' equity or securities price in the past 2 years and as of the publication date of the public report: None.
3. The directors, supervisors, managerial officers of the company, the major shareholders with a shareholding ratio of more than 10%, any occurrence of events stipulated in Article 157 of the Securities and Exchange Act in the past 2 years and as of the publication date of the public report: None.

7.6.13 The impact of information system impairment to our operation and financial status and our response to the impact:

1. The information system structure establishes a high-availability host backup and data backup mechanism according to its risk levels, ensuring uninterrupted service. The backup media is also sent to an off-site storage.
2. In order for the data system to recover its operation as soon as possible in the event of a damage to reduce possible loss and risks, the Company carries out computer room simulation tests and emergency response drills to the normal operation and data security of the data system which can reduce the risk of interruption over unwarranted natural disasters and system interruption caused by human negligence, ensuring the system recovery time meets the expectation. Data security mechanism has been established to strengthen the protection of data security, confirming the confidentiality of company data while protecting personal information.

7.6.14 Other important risks : None.

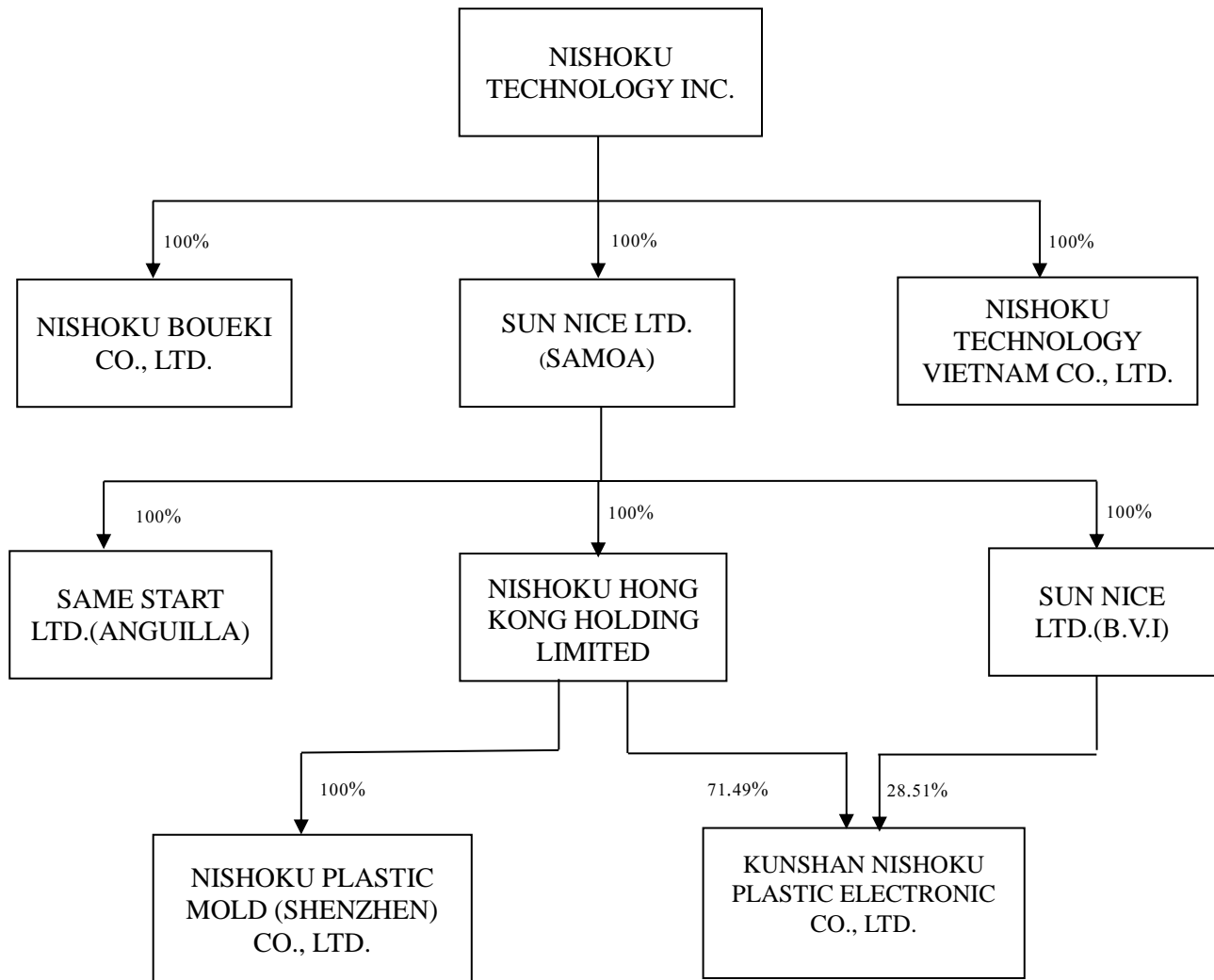
7.7 Other Major Risks: None.

8. Other Special Notes

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Business Report of Affiliated Companies

8.1.1.1 Affiliated Companies Chart



8.1.1.2Basic Information on Affiliates

December 31, 2023 Unit: NT\$ thousand

Name of subsidiary	Relation to the Company	Principal Activities	Location	Amount of paid-in capital	Percentage of shareholding
SUN NICE LTD. (SAMOA)	The Company's subsidiary	Holdng Company	Samoa	427,214	100%
NISHOKU BOUEKI CO., LTD.	The Company's subsidiary	Trading Company	Taiwan	3,000	100%
NISHOKU TECHNOLOGY VIETNAM CO.,LTD.	The Company's subsidiary	Produces dies and plastic products	Vietnam	696,594	100%
SAME START LTD.(ANGUILLA)	Subsidiary invested by the Company through SUN NICE (SAMOA)	Trading Company	Anguilla	30	100%
NISHOKU HONG KONG HOLDING LIMITED	Subsidiary invested by the Company through SUN NICE (SAMOA)	Holdng Company	HongKong	1,131,381	100%
SUN NICE LTD.(B.V.I)	Subsidiary invested by the Company through SUN NICE (SAMOA)	Holdng Company	British Virgin Islands	585,292	100%
NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.	Subsidiary invested by SUN NICE (SAMOA) NISHOKU HONG KONG HOLDING LIMITED	Manufacturing and sales of plastic products and dies	Shenzhen, China	36,998	100%
KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.	Subsidiary invested by SUN NICE (SAMOA) NISHOKU HONG KONG HOLDING LIMITED	Manufacturing and sales of plastic products and dies	Kunshan, China	1,531,330	100%

8.1.1.3 Shareholders presumed to have control and subordinate relationship with the same information: None.

8.1.1.4 Industries in which the affiliates operate

- (1) CQ01010 Die Manufacturing.
- (2) F106030 Wholesale of Die.
- (3) F206030 Retail Sale of Die.
- (4) C805990 Other Plastic Products Manufacturing.
- (5) F401010 International Trade.
- (6) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

8.1.1.5 Information on Directors, Supervisors, and President of Affiliates

December 31, 2023, unit: thousand shares, %

Company Name	Title	Name or Representative	Shares Held	
			Shares	%
NISHOKU BOUEKI CO., LTD.	Director	Nishoku Technology Inc. Rep.: Wu, Ying-Lan	300	100.00%
	Director	Nishoku Technology Inc. Rep.: Chen, Piao-Fu	300	100.00%
	Director	Nishoku Technology Inc. Rep.: Tsai, Chien-Sheng	300	100.00%
	Supervisor	Nishoku Technology Inc. Rep.: Chang, Wen-Hsien	300	100.00%
SUN NICE LTD.(SAMOA)	Director	Nishoku Technology Inc. Rep.: Chen, Piao-Fu	12,468	100.00%
	Director	Nishoku Technology Inc. Rep.: Tsai, Chien-Sheng	12,468	100.00%
	Director	Nishoku Technology Inc. Rep.: Chang, Wen-Hsien	12,468	100.00%
NISHOKU TECHNOLOGY VIETNAMCO. LTD.	Director	Nishoku Technology Inc. Rep.: Chen, Piao-Fu	0	100.00%
	Director	Nishoku Technology Inc. Rep.: Tsai, Chien-Sheng	0	100.00%
	Director	Nishoku Technology Inc. Rep.: Chang, Wen-Hsien	0	100.00%
SAME START LTD. (ANGUILLA)	Director	SUN NICE LTD. (SAMOA) Rep.: Chen, Piao-Fu	0	100.00%
	Director	SUN NICE LTD. (SAMOA) Rep.: Tsai, Chien-Sheng	0	100.00%
	Director	SUN NICE LTD. (SAMOA) Rep.: Chang, Wen-Hsien	0	100.00%
NISHOKU HONG KONG HOLDING LIMITED	Director	SUN NICE LTD. (SAMOA) Rep.: Chen, Piao-Fu	40,298	100.00%
	Director	SUN NICE LTD. (SAMOA) Rep.: Tsai, Chien-Sheng	40,298	100.00%
	Director	SUN NICE LTD. (SAMOA) Rep.: Chang, Wen-Hsien	40,298	100.00%

Company Name	Title	Name or Representative	Shares Held	
			Shares	%
SUN NICE LTD.(B.V.I)	Director	SUN NICE LTD. (SAMOA) Rep.: Tsai, Chien-Sheng	15,697	100.00%
NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.	Director	NISHOKU HONG KONG HOLDING LIMITED Rep.: Chen, Piao-Fu	0	100.00%
	Director	NISHOKU HONG KONG HOLDING LIMITED Rep.: Tsai, Chien-Sheng	0	100.00%
	Director	NISHOKU HONG KONG HOLDING LIMITED Rep.: Chang, Wen-Hsien	0	100.00%
KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.	Director	NISHOKU HONG KONG HOLDING LIMITED Rep.: Chen, Piao-Fu	0	100.00%
	Director	NISHOKU HONG KONG HOLDING LIMITED Rep.: Tsai, Chien-Sheng	0	100.00%
	Director	NISHOKU HONG KONG HOLDING LIMITED Rep.: Chang, Wen-Hsien	0	100.00%
	Supervisor	NISHOKU HONG KONG HOLDING LIMITED Rep.:Zheng, Qing-Wen	0	100.00%

8.1.1.6 Operational Overview of Affiliates

December 31, 2023, Unit: NT\$ thousand; (net earnings per shares \$)

Company Name	Capital	Total Assest	Total Liabilitties	Net Value	Revenues	OPerting Incomes	Net Incomes	EPS
NISHOKU BOUEKI CO., LTD.	3,000	11,060	141	10,919	0	(100)	919	(Note 1)
SUN NICE LTD.(SAMOA)	427,214	4,211,116	0	4,173,760	0	(294)	397,991	(Note 1)
NISHOKU TECHNOLOGY VIETNAM CO. LTD.	696,594	1,081,368	738,985	322,504	740,223	12,166	(9,498)	(Note 1)
SAME START LTD. (ANGUILLA)	29	21,593	20,327	(14,624)	133,848	109	132	(Note 1)
NISHOKU HONG KONG HOLDING LIMITED	1,131,381	3,177,289	0	3,177,289	187	(224)	276,525	(Note 1)
SUN NICE LTD. (B.V.I)	585,292	1,042,802	0	1,042,802	0	(100)	109,914	(Note 1)
NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD.	36,998	667,133	135,015	532,118	192,215	(28,071)	(5,523)	(Note 1)
KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD.	1,531,330	4,185,634	536,827	3,648,806	2,574,039	350,448	389,584	(Note 1)

Note 1: Refers to unlisted and limited companies, profit (loss) per share is therefore not calculated.

Note 2: The foreign exchange rate is based on the exchange rate on December 31, 2023. The exchange rate for balance sheet: USD30.705; income statement rate: 31.1548.

Representation Letter

The entities that are required to be included in the combined financial statements of NISHOKU TECHNOLOGY INC. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NISHOKU TECHNOLOGY INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NISHOKU TECHNOLOGY INC.

Chairman: Chen, Piao-Fu

Date: February 29, 2024

8.1.3 Affiliation Reports : NA °

8.2 Private Placement Securities in the Most Recent year:

In 2023, the Company's Board of Directors resolved to conduct a cash capital increase through private placement of common shares, which was discussed and approved in the shareholders' meeting on June 15, 2023. However, no private placement of securities had been conducted after the resolution of the annual shareholders' meeting as the deadline was about to expire. The private placement plan has been approved by the Audit Committee and the Board of Directors, and will be reported to the General shareholders' meeting on June 13, 2024.

8.3 The Shares of the Company Held or Disposed of by the Subsidiaries in the Most Recent year: None.

8.4 Any Other Special Notes to be specify: None.

8.5 Any Events in 2023 and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

Nishoku Technology Inc.

Chairman: Chen, Piao-Fu



Nishoku Technology Inc.