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Annual report information inquiry website:
http://mops.twse.com.tw
http://www.nafco.com.tw

National Aerospace Fasteners Corporation

2023 Annual Report

Printing date: March 31, 2024

I. Name, position, contact telephone and e-mail of company's spokesman and acting spokesman.
Spokesman: Wen-Cheng Li
Title: Vice President and Accounting Supervisor, Corporate Governance Officer
Acting spokesman: Wei-Tsun Lin
Title: President
Tel: 886-3-450-8868
E-mail: IR@nafco.com.tw

II. Address and telephone number of Head-office, branch office and factory
Factory address: No. 1, Taiping E. Road, Ping Zheng District, Taoyuan City
Factory address: No. 5, Taiping E. Road, Ping Zhen District, Taoyuan City
Factory address: No. 38, Lane 99, Taiping W. Road, Ping Zhen District, Taoyuan City
Tel: 886-3-450-8868

III. Name, address, website and telephone of Stock Transfer Agency:
Name: Transfer Agency Department, CTBC Bank Co., Ltd.
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Website: http://www.ctbcbank.com
Tel: 886-2-6636-5566

IV. Name of CPA certifying the previous year's financial report together with name, address, website and telephone of the office.
Name of CPA: WU, Wei-Hao and LI, Yen-Na
Name of office: PricewaterhouseCoopers Taiwan (Pricewaterhouse Coopers, Taiwan)
Address: F30, No. 1092, ZhongZheng Road, Taoyuan District, Taoyuan City
Website: http://www.pwc.tw
Tel:886-3-315-8888

V. Name of transaction location for overseas marketable stock listing transaction and method for inquiring the information of such overseas marketable stock: None.

VI. Website: http://www.nafco.com.tw

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One. Report to shareholders

Ladies and gentlemen:

In 2023, global air passenger traffic volume has recovered from the impact of the pandemic, driving an overall increase in customer demand. National Aerospace Fasteners Corporation (hereinafter referred to as the Company) reported 2023 consolidated revenue of NT$3.07 billion, an increase of 40.02% compared to NT$2.193 billion in 2022. The Company's 2023 net profit after tax was NT$307 million, with earnings per share after tax of NT$5.77.

Financial performance

Expressed in thousands of New Taiwan Dollars

Year / Item	2023	2022	Increase/decrease amount	Change ratio (%)
Net revenue amount	3,070,624	2,192,921	877,703	40.02%
Operating costs	(2,258,080)	(1,681,287)	576,793	-34.31%
Gross profit	812,544	511,634	300,910	58.81%
Operating expenses	(469,135)	(384,786)	84,349	-21.92%
Operating gains and losses	343,409	126,848	216,561	170.72%
Non-operating income and expenses	11,864	18,206	(6,342)	-34.83%
Income tax (expenses) profit	(47,670)	4,921	52,591	1068.71%
Current-term net income (loss)	307,603	149,975	157,628	105.10%
Earnings (loss) per share after taxation	5.77	2.85	2.92	102.46%

Business Outlook, Technological Development and Prospect

Operation overview:

Based on the global aviation development forecast information provided by Boeing and Airbus for the following 20 years (2023~2042), it is estimated that new aircraft demand and turnover demand are 42,575 units and 40,850 units, respectively, both up from 2022 estimates and suggesting continuously stable growth in the aerospace industry in the next 20 years.

However, due to the impacts of inflation and the U.S.' interest rate hikes, in addition to an increase in prices in the global aerospace raw material market, the labor shortage issue in the supply chain also extended material lead times to over a year. In order to cope with the continuously lengthening lead times for raw materials, the Company procured materials in advance. By the second half of 2023, the necessary materials had been gradually prepared, resolving the issue of material shortages.

Influenced by geopolitical factors and considering the overall layout of production bases for the aerospace and automotive industries, the Company initiated a plan to invest in setting up a new plant in Malaysia in October 2023.

Technical development aspect:

1. Smart manufacturing: It will be developed continuously towards vertical integration and smart-based automated manufacturing. Driven by the Big Data collected from the privately implemented automation equipment and the smart-based monitoring system, we introduced the AI smart manufacturing technology to key process gradually, including defect and anomaly monitoring, tool life and product quality monitoring. Currently, we have deployed 3 smart-based production lines. In addition to expanding smart production line, the Company will focus more on the application of AI in management.

2. Aerospace market: By 2023, the Company had introduced more than 8,000 new products and will continue to develop in terms of product depth and breadth.

3. Automotive industry market: By working with the vehicle factories and the Tier-1 vendors, we continued the research and development of custom-made parts for specific application demands.

Future challenges and prospect:

Overall, in 2023, with the recovery of passenger traffic in the aerospace market, increasing demand for new aircraft, and the Company's proactive material procurement efforts, coupled with the dedication of the management team, the overall revenue performance has surpassed pre-pandemic levels. The Company continues to progress towards becoming a key global supplier of aerospace components, thereby seeking to maximize benefits for all shareholders.

Two. Introduction of the company

I. Incorporation date: October 14, 1997

II. Company History

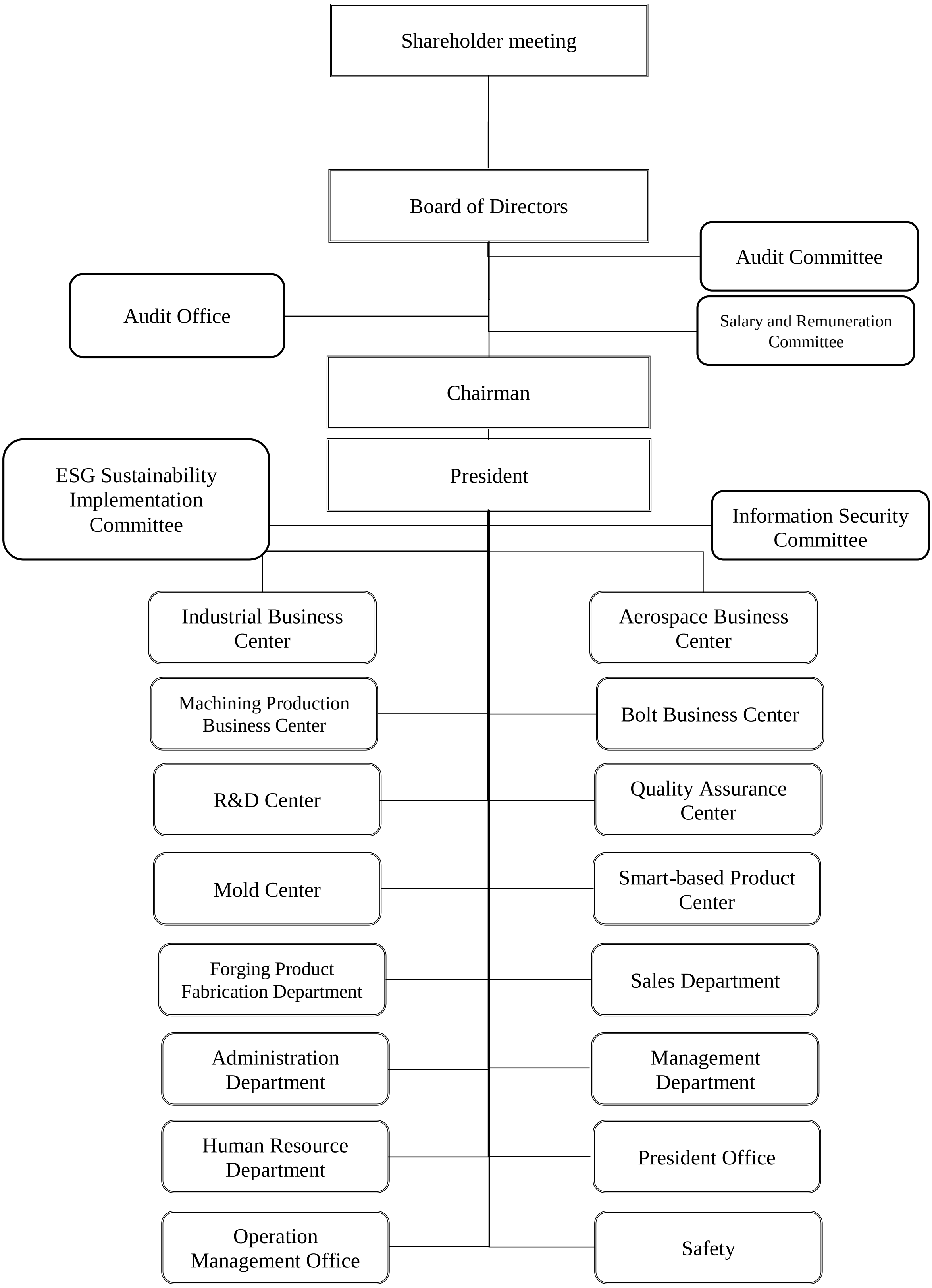
October 1997	This company is jointly established by an American technical team specializing in the aerospace fastener manufacturing and a local enterprise group. The initially registered capital fund is NT$800 million and the paid-in capital is a sum of NT$200 million in total. This Company is mainly engaging in the manufacturing of the fastener products for aerospace, electronical and high-level industrial sectors. In the same year, we purchase the plant house located in Ping Zhen City, Taoyuan for use as the manufacturing base.
September 1998	Completed the factory erection.
December 1999	Collected a further NT$120 million fund through cash capital increase and the paid-in capital is therefore increased to NT$420 million in which, 7% of equity is invested by Groupe Dassault, France (the Mirage 2000 fighter jet manufacturer). The increased fund is mainly used in purchasing the land, erecting the plant houses and buying new machines and equipment, etc.
April 2000	Awarded the "Comments for Distribution of Stocks by Technological Industry and Success in Product Development and Marketability" issued by Industrial Development Bureau (IDB), Ministry of Economic Affairs, which has permitted that this Company is applicable for the technologic business for distributing the stocks publicly with the qualification of technologic industry.
June 2000	Secured a land lot located at Sub-section Dongshi of Section Dongshi in Ping Zhen District, Taoyuan City for the purpose of expanding the plant.
April 2001	Attained "GE Aircraft Engine" certification in serving as the only aerospace fastener manufacturer being recognized by GEAE in the Asian-Pacific Region.
May 2001	New plant was completed.
June 2001	Collected further NT$180 million fund through cash capital increase and the paid-in capital is therefore increased to NT$600 million through which, the government fund and important strategic partner are introduced.
September 2001	The stock market listing application case was approved by Securities and Futures Institute.
February 2002	Launched the official stock market listing in Taiwan Stock Exchange.
June 2003	Attained IHI and French Snecma aerospace certification.
November 2003	Attained AS9100 aerospace quality system certification.
August 2005	Attained ISO/TS-16949 certification.
February 2006	Attained NADCAP certification for special aerospace manufacturing process.
March 2007	Honored with the GE Excellent Supplier Award.
June 2007	Attained NDT NADCAP certification
March 2008	Honored with the Snecma Excellent Supplier Award.
October 2008	Honored with the GE Delivery Award.
November 2008	Changed the company name to "National Aerospace Fasteners Corporation".
January 2010	Included AS9100 aerospace certification in Plant #2 of this Company.
October 2011	Honored with the "Remarkable Enterprise Social Responsibility Award" in Taiwan Merger Jing Shin Award.
December 2011	Honored with the Snecma Excellent Supplier Award.

February 2012	Established Suzhou Nafco Precision Limited (NSP).
May 2013	To uphold the public service purpose, established “NAFCO Social Charity Foundation” to fulfill the social responsibility pertaining to the enterprise.
September 2013	Honored with the GE Growth (Systems) Excellence Award.
September 2013	Honored with the GE Innovation Excellence Award.
December 2013	Honored as a TEI ‘Class A’ Supplier.
March 2015	Honored with the Snecma Supplier Performance Award.
May 2016	Honored as a Pattonair Best New Supplier.
May 2016	Honored by Snecma Quality & Delivery
July 2016	Acquired Ping Zhen Plant #3 through bidding method for which, the land occupies 7,424.43 pings and the plant house occupies 6,637.17 pings .
June 2017	Made the debut in Paris Aviation Show.
August 2017	The laboratory passed the TAF audit and attained ISO/IEC 17025 certification.
December 2017	Honored with the “Taoyuan City 2017 New Resident Friendly Enterprise Award”.
November 2018	Honored with Pattonair Special Recognition.
October 2019	Honored with the Safran Supplier Performance Award
October 2019	Attained NADCAP Metallic Materials Manufacturing (MMM) certification
July 2021	Acquired the aerospace forging piece supplier certification qualification from Safran Aircraft Engines, a world-famed aerospace engine manufacturer.
August 2021	Attained ISO45001 certification for occupational safety and health management system.
July 2022	Acquired ISO 27001:2017 accreditation certificate for information security management system.
November 2022	Acquired ISO 14064-1:2018 Greenhouse Gas Verification Statement.
November 2023	Completion of 2022 Sustainability Report

Three. Company management

I. Company's organizational system

(I) Organization system



(II) Businesses operated by each department

Department	Duties
President Office	1. Launch annual operation policy, execute annual plan, analyze operation indicators, implement annual operation policy, improve the process and establish the system. 2. Project planning and execution 3. Contract preparing, revising, management and legal affairs management.
Audit Office	Plan and implement internal control system as well as plan and execute internal audit system.
Information Security Committee	Formulate information security policies and goals, chair management review meetings, supervise the approval and implementation of the ISMS system and specifications; coordinate relevant resources and allocations required for ISMS.
ESG Sustainability Implementation Committee	1. Establish corporate sustainable development policy in accordance with the corporate governance guidelines. 2. Supervise the implementation of the Executive Committee. 3. Review of short-, medium- and long-term goals for sustainable development. 4. Coordination of related resources and assignment of tasks.
Aerospace Business Center	1. Responsible for the production and manufacturing of aerospace fastener products. 2. Execute the product R&D and design, integrate and develop the product specifications, establish the specification as well as revise and review the product process. 3. Responsible for production and sales coordination and tracking system establishment, production planning, analysis of shipped products (to facilitate order planning reference), and analysis of new business opportunities (to facilitate directional grasp). 4. Production plan scheduling and tracking 5. Production and sales coordination as well as developing the subcontract plan. 6. Finished product receiving and warehousing. Delivery preparation and shipping. 7. Warehouse account processing. 8. Inventory checking operation planning.
Industrial Business Center	1. Responsible for the manufacturing of industrial, automotive and standard fastener products. 2. Execute the product R&D and design, integrate and develop the product specifications, establish the specification as well as revise and review the product process. 3. Responsible for production and sales coordination and tracking system establishment, production planning, analysis of shipped products (to facilitate order planning reference), and analysis of new business opportunities (to facilitate directional grasp). 4. Production plan scheduling and tracking 5. Production and sales coordination as well as developing the subcontract plan. 6. Finished product receiving and warehousing. Delivery preparation and shipping. 7. Warehouse account processing. 8. Inventory checking operation planning.
Machining Production Business Center	1. Responsible for the manufacturing of the machining product. 2. Execute the product R&D and design, integrate and develop the product specifications, establish the specification as well as revise and review the product process. 3. Responsible for production and sales coordination and tracking system establishment, production planning, analysis of shipped products (to facilitate order planning reference), and analysis of new business opportunities (to facilitate directional grasp). 4. Production plan scheduling and tracking 5. Production and sales coordination as well as developing the subcontract plan. 6. Finished product receiving and warehousing. Delivery preparation and shipping. 7. Warehouse account processing. 8. Inventory checking operation planning.
Bolt Business Center	1. Responsible for the manufacturing of bolt fastener products. 2. Execute the product R&D and design, integrate and develop the product specifications, establish the specification as well as revise and review the product process. 3. Responsible for production and sales coordination and tracking system establishment, production planning, analysis of shipped products (to facilitate order planning reference), and analysis of new business opportunities (to facilitate directional grasp).
Quality Assurance Center	1. Develop and promote the QA policy 2. Quality system establishment/audit. 3. Develop and execute the calibration system. 4. Control and maintain the quality system documents. 5. Conduct the education and training for the quality management method.

	6. Develop and execute the company's quality plan as well as execute the product quality inspection and control.
R&D Center	Develop and design new products. Integrate the development and develop the respective project.
Mold Center	1. Manufacture and modify the die punching clamps required for developing new product. 2. Fabricate and modify the manufactured tool punching jigs. 3. Design, fabricate and modify the measuring jigs. 4. Fabricate emergency samples. 5. Design and fabricate the die jigs required for the fabrication of mass production parts for reducing the cost. 6. Without affecting the function, the tool die fabrication is not only simple in machining steps but also reduces the production cost. 7. Flexible deployment for urgent tasks. 8. Design, change and modify the tool die jigs and testers required for the mass production process.
Smart-based Product Center	1. Implement the design core rear-end AI/ML/DL system and platform. 2. Data modeling, mining, model analysis, data visualization, and software engineering for ML/AI/DL solutions 3. Product equipment operation and maintenance 4. Plan the mechanism hardware and electrical control hardware system. 5. Design the mechanism and electrical control components. 6. Develop and manufacture the automation equipment. 7. Collect The Big Data and develop the program.
Forging Product Fabrication Department	1. Responsible for the production of forged products. 2. Execute the product R&D and design, integrate and develop the product specifications, establish the specification as well as revise and review the product process. 3. Responsible for production and sales coordination and tracking system establishment, production planning, analysis of shipped products (to facilitate order planning reference), and analysis of new business opportunities (to facilitate directional grasp). 4. Production plan scheduling and tracking 5. Production and sales coordination as well as developing the subcontract plan. 6. Finished product receiving and warehousing. Delivery preparation and shipping. 7. Warehouse account processing. 8. Inventory checking operation planning.
Administration Department	1. Responsible for the overall administrative affairs of the Company, and the planning and management of fire safety. 2. Responsible for the planning and management of medical and health care for the Company's employees. 3. Provide administrative support for and execute all kinds of company's activities, rallies, rituals, ceremony activities, visitor reception. 4. Responsible for overseeing the operation, maintenance, and planning/management of the Company's administrative and facility-related public equipment, as well as construction projects. 5. Responsible for the operational safety planning and management of the Company's environmental protection affairs.
Sales Department	Expand the business, provide customer service, collect and establish the market information and develop the product sales plan.
Management Department	1. Purchase and manage the raw materials and parts required for the product. 2. Plan the capital fund, report the taxes and accounting process for the respective account. 3. Develop and maintain the company's system as well as manage and maintain the hardware and network environment. 4. Cutters and tools storage and management. 5. Material receiving, warehousing, storage, releasing and account keeping. 6. Material Requisition Plan (MRP) launching and inclusion follow-up. 7. Warehouse account processing. 8. Inventory checking operation planning.
Human Resource Department	Manage the personnel, attendance, recruitment, training and performance evaluation related activities.
Work Safety Office	Manage the health, work safety, fire-fighting and environmental safety system inside the Company.
Operation Management	1. Analyze the cost of major capital expenditures (including plant house and equipment).

Office	2. The main function of ERP System is to monitor and analyze the joint operation data of the parent company and the subsidiaries. 3. Analyze and improve the structure of the company's operating cost (analyze and improve the cost structure and variation for major parts). 4. Cost analysis and control for main production materials. 5. Plan and design the management system and reports.

II. Information of directors, President, Vice President, Associate General Manager, each department and branch office supervisors

(I) Directors information

March 23, 2024

Position	Nationality or registration place	Name	Gender/age	Appointment (serving) date	Term of office	Initial appointment date	Shares held when appointed (Note)		Current shares		Shares currently held by spouse and minor children		Shares held under the name of other persons		Main resume (education)	Position in this company and other company.	Other unit chief, director or supervisor in relationship serving as the spouse or within 2nd-degree relative.			Remark (Note 1)
							Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
Chairman	Republic of China	Representative: Feng-Tzu Tsai	Male Age: 71~80	May 25, 2023	3	April 25, 2008	30,000	0.06%	75,000	0.14%	-	-	-	-	Computing and Control Engineering Department at National Jiao Tung University Vice President to Linkkytech Co. Ltd. ; Vice President to Sales Department of Mitac Inc. Vice Chairman to MITAC INTERNATIONAL CORPORATION Chairman/CEO to Getac Holdings Corporation	Chairman to Waffer Technology Corporation Vice Chairman to Getac Holdings Corporation	-	-	-	-
Director	Republic of China	Getac Holdings Corporation	-	May 25, 2023		April 25, 2008	20,578,174	39.08%	20,578,174	37.85%	-	-	-	-	N/A	N/A	-	-	-	-
	Republic of China	Representative: MIAO, Hua-Bing	Male Age: 51~60	May 25, 2023	3	June 19, 2014	-	-	-	-	-	-	-	-	PhD, Information Management Department, Business School of National Chengchi University Vice President to Mitac Inc. Special Assistant to the Chairman of MiTAC-Synnex Group	Vice President to Mitac Inc. Chairman to Mitac Hikari Corporation Vice Chairman to Linde Lienhwa Industrial Gases Co., Ltd. Chairman to May Foong Development Co., Ltd. Director of Getac Holdings Corporation	-	-	-	-
	Republic of China	Representative: LIN, Wei-Tsun	Male Age: 51~60	May 25, 2023		June 16, 2020	-	-	-	-	-	-	-	-	MBA, National Central University Managing Director of Mitac Precision Technology (Kunshan) Co., Ltd.	President to National Aerospace Fasteners Corporation President to NAFCO Suzhou Precision Co., Ltd.	-	-	-	-
Director	Republic of China	National Development Fund, Executive Yuan	-	May 25, 2023		June 15, 2001	3,773,188	7.17%	3,773,188	6.94%	-	-	-	-	N/A	N/A	-	-	-	-
	Republic of China	Representative: Kun-Chung Li	Male Age: 51~60	May 25, 2023	3	May 25, 2023	-	-	-	-	-	-	-	-	MBA, University of Texas at Dallas Department of Accounting, Tunghai University Researcher, National Development Fund, Executive Yuan	Acting Chief of General Affairs Division, National Development Fund, Executive Yuan Director, Taiwan Biotech Co., Ltd.	-	-	-	-

Position	Nationality or registration place	Name	Gender/age	Appointment (serving) date	Term of office	Initial appointment date	Shares held when appointed (Note)		Current shares		Shares currently held by spouse and minor children		Shares held under the name of other persons		Main resume (education)	Position in this company and other company.	Other unit chief, director or supervisor in relationship serving as the spouse or within 2nd-degree relative.			Remark (Note 1)
							Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
Director	Republic of China	Lien Jie Er Investment Co., Ltd.	-	May 25, 2023	3	February 25, 2026	10,000	0.02%	10,000	0.02%	-	-	-	-	N/A	N/A	-	-	-	-
	Republic of China	Representative: HSIEH, Feng-Ruen	Male Age: 61~70	May 25, 2023		June 19, 2014	-	-	-	-	-	-	-	-	Computer Engineering Department at Electrical Institute, University of Southern California Senior Vice President to Getac Holdings Corporation Senior Consultant of Getac Holdings Corporation	N/A	-	-	-	-
Independent Director	Republic of China	Zao, Hsin-Che	Male Age: 61~70	May 25, 2023	3	June 21, 2018	-	-	-	-	-	-	-	-	MBA at University of Chicago CEO to Morgan Stanley (Taiwan) President to UBS Group AG	Independent Director of TSRC Corporation Independent Director of Hannstar Display Corp.	-	-	-	-
Independent Director	Republic of China	LI, Li-Hang	Male Age: 71~80	May 25, 2023	3	June 18, 2017	-	-	-	-	-	-	-	-	Master in Industrial Engineering at University of Iowa. Master in Business Management at University of Chicago. Senior Vice President to Bank of America (Asian business) Chief Executive to First Data in The Greater China Area). Chairman and President to Enterprise Development Group (China Area) of American Express Vice President to PayPal (Global Area). General Manager of North Asian Region	N/A	-	-	-	-

Position	Nationality or registration place	Name	Gender/age	Appointment (serving) date	Term of office	Initial appointment date	Shares held when appointed (Note)		Current shares		Shares currently held by spouse and minor children		Shares held under the name of other persons		Main resume (education)	Position in this company and other company.	Other unit chief, director or supervisor in relationship serving as the spouse or within 2nd-degree relative.			Remark (Note 1)
							Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
Independent Director	Republic of China	WEN, Wang-Shou	Male Age: 71~80	May 25, 2023	3	June 16, 2020	-	-	-	-	-	-	-	-	Electronic Physics Department at National Jiao Tung University CEO to Hannstar Display Corp. Executive Vice President to Winbond Electronics Corporation Consultant, Winbond Electronics Corporation	Independent Director of Micro Silicon Electronics Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Chiu-Chi Huang	Female Age: 61~70	May 25, 2023	3	May 25, 2023	-	-	-	-	-	-	-	-	Graduate Institute of Business Administration, Indiana University Vice President of Citibank Head of Finance Department/Associate Vice President/Vice President, Winbond Electronics Corporation CFO, Winbond Electronics Corporation	Consultant, Winbond Electronics Corporation	-	-	-	-

Note 1: If the Chairman and the President or the person serving an equivalent position (the highest manager) are the same person, or are spouses or first-degree relatives, please explain the reasons, the rationality, the necessity and the responding actions (e.g. increasing the number of Independent Directors, or, the majority of directors not concurrently serving as employees or managers, etc.): None

Note 2: The information is valid up to March 23, 2024, which is the ownership transfer date of the Shareholder’s Regular Meeting according to the shareholder list.

(II) Main shareholder of legal person shareholder

March 31, 2024

Name of legal person shareholder (Note 1)	Main shareholder of legal person shareholder (Note 2)	Ratio of ownership
Getac Holdings Corporation	MITAC INTERNATIONAL CORPORATION	31.12%
	Capital Taiwan Select High Yield ETF Account	4.84%
	Yuanta Taiwan High Dividend Fund Account	4.66%
	Yuanta Taiwan Value High Interest ETF Securities Investment Trust Account at Hua Nan Bank	2.58%
	MEI-AN Investment Co., Ltd.	2.51%
	Yuanta Taiwan High Dividend Quality Leading Securities Investment Trust Account at Chang Hwa Bank	1.69%
	Tse Feng Investment Co., Ltd.	1.36%
	Lien Hwa Industrial Holdings Corporation	1.18%
	Chang Hua Commercial Bank Ltd.	1.10%
	New labor retirement fund system	0.93%
National Development Fund, Executive Yuan	In view that the "Sino-America Economical & Social Development Fund" carries the similar nature as the "National Development Fund", both funds were combined by the Executive Yuan in 2006 according to "Regulations Governing the Management of Central Government Special Fund" and the "National Development Fund Management Board, Executive Yuan" was organized for handling the fund management and implementation. At this stage, Mr. GONG, Ming-Shin, the Chief Member of National Development Board" is appointed for serving as the convener of "National Development Fund Management Board", with Ms. WANG, Mei-Hua, Minister of Ministry of Economic Affairs, served as the Deputy Convener. In the meantime, the chiefs of other sectors, scholars and experts are also invited to serve as the members of the Management Board. In total, the Management Board comprises 12 members	-
Lien Jie Er Investment Co., Ltd.	MITAC INTERNATIONAL CORPORATION	32.50%
	Getac Holdings Corporation	48.75%
	MiTAC Inc.	16.25%
	Harbinger Venture Management Co., Ltd.	2.50%

Note 1: If the director or the supervisor is represented by the legal person shareholder, please indicate the name of the legal person shareholder.

Note 2: Please indicate the name and the Ratio of ownership of the main shareholder (with the Ratio of ownership ranked among the Top 10) of such legal person shareholder. If the main shareholder belongs to the legal person, please fill out the following form.

(III) If the main shareholder belongs to a legal person, please indicate such main shareholder

March 31, 2024

Name of legal person	Main shareholder of legal person	
	Name of shareholder	Ratio of ownership
MITAC INTERNATIONAL CORPORATION	MiTAC Holdings Corporation	100.00%
MEI-AN Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25%
	JumpStart Investments Ltd.	16.67%
	Others	1.08%
Tse Feng Investment Co., Ltd.	MITAC INTERNATIONAL CORPORATION	100.00%
Lien Hwa Industrial Holdings Corporation	UPC Technology Corporation	9.68%
	Yi Yuan Investment Co., Ltd.	9.14%
	Yi Feng Investment Co., Ltd.	4.86%
	MIAO, Feng-Chiang	3.19%
	MIAO, Feng-Chuan	3.02%
	Yu Shiu Education Foundation, a legal entity	3.00%
	Employee Welfare Committee of Lien Hwa Industrial Holdings Corporation	2.82%
	MITAC INTERNATIONAL CORPORATION	2.79%
	CHOU, Tsu-An	2.51%
	MIAO, Feng-Sheng	2.23%
Chang Hua Commercial Bank Ltd. (Note 1)	Ministry of Finance	12.19%
	Taishin Financial Holding Co., Ltd.	10.35%
	Chunghwa Post. Co., ltd.	7.50%
	National Development Fund, Executive Yuan	5.42%
	First Commercial Bank Co., Ltd.	4.99%
	EXCEL Chemical Corporation	2.54%
	Taiwan Cooperative Bank	2.39%
	Hua Nan Commercial Bank Ltd.	2.23%
	BANK OF TAIWAN	1.81%
	Land Bank of Taiwan	1.80%
MiTAC Inc. (Note 2)	Lien Hwa Industrial Holdings Corporation	35.29%
	Synnex Technology International Corp.	18.39%
	MEI-AN Investment Co., Ltd.	10.56%
	MITAC INTERNATIONAL CORPORATION	8.71%
	Tse Feng Investment Co., Ltd.	5.37%
	Hsu, Ai-Cheng	1.98%
	Parawin Venture Capital Corp.	1.92%
	MIAO, Feng-Chiang	1.08%
	Yi Feng Investment Co., Ltd.	0.75%
	Hong Ding Investment Co., Ltd.	0.74%
Harbinger Venture Management Co., Ltd.	Parawin Venture Capital Corp.	19.99%
	Taiwan Union International Investment Corporation	19.99%
	Synnex Technology International Corp.	19.99%
	Tse Feng Investment Co., Ltd.	19.99%
	Lien Jie Er Investment Co., Ltd.	19.99%
	ZHOU, Der-Chien	0.05%

Note 1: It means the information available up to March 31, 2024.
Note 2: Means the latest information available until the annual report printing date (April/18/2023 and June/28/2023).

(IV) Information of directors

1. Disclosure of professional qualification for directors and independency information of independent director:

Conditions / Name	Professional qualification and experience (Note 1)	Independency conditions (Note 1)	Number of independent directors served for other public offering companies at the same time.
Feng-Tzu Tsai	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, IT channel deployment, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (6)(7)(9)(10)(11)(12)	N/A
Getac Holdings Corporation Representative: MIAO, Hua-Bing	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of IT channel deployment, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(3)(4)(6)(7)(8)(9)(10)(11)	N/A
Getac Holdings Corporation Representative: Wei-Tsun Lin	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (2)(3)(5)(6)(7)(8)(9)(10)(11)	N/A
Representative of National Development Fund, Executive Yuan: Kun-Chung Li	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, business operation, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	N/A
Lien Jie Er Investment Co., Ltd. Representative: HSIEH, Feng-Jen	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, IT channel deployment, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	N/A
Zao, Hsin-Che	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of financial and technologic industries, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	2
LI, Li-Hang	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of financial and technologic industries, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	N/A
WEN, Wang-Shou	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of technologic industry, global production, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Chiu-Chi Huang	Possessing over 5 years of working experiences as well as the experience required for the commercial, legal, financial, accounting or company's business operation. Possessing the operation ability in the field of aerospace industry, business operation, joint venture, strategic alliance and venture investment, etc.	Meet the independency conditions. (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	N/A

Note 1

(1) Employees not hired by the company or its affiliates.

(2) Directors and supervisors not appointed by the company or its affiliates (except where the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).

(3) Natural person shareholders holding over 1% of the distributed shares or who are ranked among the Top 10 shareholders and where the shares are not registered under the name of the principal and its spouse, minor children or others.

(4) Managers not listed in (1) or the spouse or the relatives within second degree or the direct blood relative within third degree as being listed in (2) and (3).

(5) Directors, supervisors or employees of the legal person shareholder that is indirectly holding over 5% of the total shares being distributed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act, or that is ranked among Top 5 in share ownership, or where such person is being appointed to serve as the company's director or supervisor (except when it is the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).

(6) Directors, supervisors or employees of another company that is not controlled by the same person who is the director of the company or who is holding more than half of shares entitled to the voting right (except when it is the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).

(7) The director (director member), supervisor (supervisor member) or employee of another company or entity that is not the same person as or the spouse of the company's Chairman, President or the person serving the equivalent position (except when it is the company or its parent company, subsidiary or the subsidiary under the same parent company or where it is mutually served by the independent directors being appointed according to this Act or the laws of the local country).

(8) The company or the director (director member), supervisor (supervisor member, manager or the shareholder holding more than 5% of shares, who has not engaged in the financial or business deals with the company (except where such specific company or the entity is holding more than 20% up to 50% of the shares distributed by the company and where the independent director is appointed by the company and its parent company, subsidiary or the subsidiary of the same parent company according to this Act or local laws at the same time).

(9) The professional person, the corporate owner running the business in sole proprietorship, partner, company or entity type, the partner, director (director member), supervisor (supervisor member), manager and its spouse that is engaging in the commercial, legal, financial and accounting services, who is not providing the audit service for the company or its affiliate or where the accumulated remuneration being received is less than NT$500,000 during the past two years. Except for the members of Salary and Remuneration Committee, Public Acquisition Review Committee or Special Merger Committee who are executing their duties according to "Securities and Exchange Act" or "Business Mergers and Acquisitions Act".

(10) The person that is neither the spouse nor a relative within the 2nd degree with other directors.

(11) The person that is not engaging in the matters specified in the applicable clauses under Article 30 of the Company Act.

(12) The person that is not appointed by the government, legal person or its representative according to the regulations specified in Article 27 of the Company Act.

2. Diversity and independency of Board of Directors

(1) Diversity of Board of Directors: Specify the diversity policy of the Board of Director together with the target and result. The diversity policy shall include but is not limited to the director selection standard, the professional qualification and experience pertaining to the Board of Director as well as the organization conditions or percentage in the aspects of gender, age, nationality and culture. In the meantime, the aforesaid policy shall also define the substantial target and its accomplishing status for the company.

Diversity policy

In terms of the structure of the Board of Director of this Company, over 5 persons shall be appointed to serve as the directors according to the scale of the company's operation development, the share owning status of main shareholders and practical business operation. The diversity will be considered when appointing the members of the Board of Director. Except that the directors serving as the company manager at the same time shall not be over one-third of the director positions, appropriate diversity approaches shall be determined according to the company's operation status, operation pattern and development requirements. It shall include but is not limited to the standard established for the following two aspects:

1. Basic conditions and value: Gender, age, nationality and culture for which, the ratio of female directors shall account for one-third of the director positions.
2. Professional knowledge and skills: Professional background (e.g. legal, accounting, industry, finance, marketing or technology), know-how and industrial experiences, etc.

The members of the Board of Director shall possess the knowledge, skills and proficiency required for executing the duties. To achieve the ideal target for the company operation, provided below is the ability that should be possessed by the Board of Directors:

1. Operation judgment ability
2. Accounting and financial analysis ability
3. Operation management ability
4. Crisis responding ability
5. Industrial knowledge
6. International market prospect
7. Leadership
8. Decision ability

Physical management objectives

In Chapter 3: "Reinforcing the competence of Board of Directors" under "Corporate Governance Best Practice Principles", the diversified approaches have been established and detailed content is disclosed in the company's website.

The nomination and the selection of the members of the Board of Directors are established according to the company rules for which, the candidate nomination system is adopted. In addition to evaluating the education and working experience qualification of each candidate, they are also required to comply with the requirements specified in "Director Selection Procedure" and "Corporate Governance Best Practice Principles" to ensure the diversity and the independency of the director members.

Current accomplishment and the overall ability pertaining to the Board of Directors

1. In line with its diversity policy and to strengthen corporate governance while promoting a sound composition and structure of the Board of Directors, the Company adheres to the candidate nomination system as stipulated in the Company's Articles of Incorporation for nominating director candidates. The qualifications of the nominated candidates are carefully evaluated, and upon approval by the Board of Directors, the candidates are submitted to the shareholders' meeting for election. The Company re-elected directors at the shareholders' meeting on May 25, 2023. The Board of Directors consists of 5 directors and 4 independent directors (including 1 female independent director). The specific management goals and achievements of the diversity of the Board

of Directors are as follows:

(1) The main focus of this Company is on the operation judgment ability, operation management and crisis responding ability. For this purpose, more than half of the directors shall have the ability in handling the core items:
Operation judgment ability: 9/9 (100%), Operation management skills: 9/9 (100%), Crisis management ability: 9/9 (100%).

(2) Ratio of independent directors: 4/9 (44%).

(3) The number of directors concurrently serving as the Company's managers should not exceed one-third of the total number of directors, in order to achieve the purpose of supervision. The percentage of directors with employee status in the Company is: 2/9 (22%).

Objectives	Status of achievement
The number of independent directors exceeds one-third of the total number of directors.	V
It is advisable that the number of directors who also serve as the Company's managers shall not exceed one-third of the total number of directors	V
Independent directors who have served less than 3 terms	V
Adequate and diversified professional knowledge and skills	V
Addition of one female independent director	V

2. The members of the Board of Directors shall have rich experience and specialty in the field of finance, business and management. Provided below is the execution status:

Position	Name	Gender	Age	Nationality	Co-acting as the employee	Term of office for independent director			Professional background	Operation judgment ability	Accounting and financial analysis ability	Operation management ability	Crisis responding ability	Industrial knowledge			International market prospect	Leadership	Decision ability
						Below 3 years	3 years to 9 years	Over 9 years						Technology	Venture	Finance			
Chairman	Feng-Tzu Tsai	Male	>50	Republic of China	V				Industry	V	V	V	V	V	V		V	V	V
Director	MIAO, Hua-Bing	Male	>50	Republic of China					Industry	V	V	V	V	V	V		V	V	V
Director	LIN, Wei-Tsun	Male	>50	Republic of China	V				Industry	V	V	V	V	V			V	V	V
Director	Kun-Chung Li	Male	>50	Republic of China					Industry	V	V	V	V	V			V	V	V
Director	HSIEH, Feng-Ruen	Male	>50	Republic of China					Industry	V		V	V	V			V	V	V
Independent Director	Zao, Hsin-Che	Male	>50	Republic of China			V		Finance	V	V	V	V	V	V	V	V	V	V
Independent Director	LI, Li-Hang	Male	>50	Republic of China			V		Finance	V	V	V	V	V	V	V	V	V	V

Independent Director	WEN, Wang-Shou	Male	>50	Republic of China			V		Industry	V	V	V	V	V			V	V	V
Independent Director	Chiu-Chi Huang	Female	>50	Republic of China		V			Finance	V	V	V	V	V		V	V	V	V

(2) Independency of Board of Directors: Define the number and the Ratio of the directors together with the independence of the Board of Directors. In the meantime, reasons shall also be provided to explain if involved is any event specified in Item 3 and Item 4 under Article 26-3 of "Securities and Exchange Act", including an explanation on whether the relationship of spouses or relatives within the 2nd degree exist between directors, supervisors and between directors and supervisors.

Currently, the Board of Directors of this Company is composed by 5 directors and 4 independent directors (44%) and the relative relationship specified in Item 3 and Item 4 under Article 26-3 of "Securities and Exchange Act" does not exist between. In the meantime, the Audit Committee is also organized by this Company to exercise their duties independently.

(V) Information of the President, Vice President, Associate General Manager as well as the unit chief of each department and branch offices

March 23, 2024

Position (Note 1)	Nationality	Name	Gender	Selection (Appointment) date	Shares owned		Shares owned by spouse and minor children		Shares held under the name of other persons		Main working experience (education) (Note 2)	Co-acting duties served in other company	Manager possessing the spouse or within 2-degree relative relationship			Remarks (Note 3)
					Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership			Position	Name	Relation	
President	Republic of China	LIN, Wei-Tsun	Male	January 01, 2019	-	-	-	-	-	-	MBA, National Central University Managing Director of Mitac Precision Technology (Kunshan) Co., Ltd.	President to NAFCO Suzhou Precision Co., Ltd. MY NAFCO PRECISION SDN. Director of BHD	-	-	-	-
Vice President	Republic of China	LI, Jia-Jui	Male	August 18, 2008	64,443	0.12%	2,127	0.00%	-	-	PhD in physics at William & Mary, U.S.A. PhD QA Leader to Aerospace Center, ITRI	-	-	-	-	-
Vice President and Accounting Supervisor, Corporate Governance Officer	Republic of China	LI, Wen-Cheng	Male	September 05, 2008	22,000	0.04%	-	-	-	-	National Aerospace Fasteners Corporation Audit Supervisor, Chief Financial Officer	Supervisor of NAFCO Suzhou Precision MY NAFCO PRECISION SDN. Director of BHD	-	-	-	-
Vice President	Republic of China	CHANG, Ya-Chu	Female	March 01, 2022	-	-	-	-	-	-	Master in inter-culture communication at Université Paris VIII Master News Department at Shih Hsin University	-	-	-	-	-

Note 1: Including the information of the President, Vice President, Associate General Manager as well as the unit chief of each department and branch offices, together with the information of the personnel serving the position equivalent to President, Vice President or Associate General Manager regardless of the title.

Note 2: The experience related to the position currently served. If such person has served in the audit and CPA office or its affiliate during the aforesaid period, then describe the position and the duties being served.

Note 3: In the event the President or person (the Highest Manager) serving the equivalent position is the Chairman or the spouse of the Chairman or is a 1st degree relative, then explain the reasons, rationality, necessity and responding actions (e.g. increasing the number of Independent Directors, and, ensuring the majority of directors are not concurrently serving as employees or managers, etc.)

Note 4: The information is valid up to March 23, 2024, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

III. Remuneration for directors, President and Vice President

(I) Remuneration for general directors and independent directors

<u>Remuneration to general directors and independent directors</u> 2023 unit: NTD thousand, thousand shares

<table>
<tr><th rowspan="4">Position</th><th rowspan="4">Name</th><th colspan="8">Remuneration for directors</th><th colspan="2" rowspan="2">Percentage (%) of total amount for Item A, B, C and D and the after-tax net profit (net loss).</th><th colspan="8">Remuneration for co-acting employee.</th><th colspan="2" rowspan="2">Percentage (%) of total amount for Item A, B, C, D, E, F and G and the after-tax net profit (net loss).</th><th rowspan="4">The remuneration received from the reinvestment or the parent company other than the subsidiaries.</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Severance pension (B)</th><th colspan="2">Director remuneration (C) (Note 1)</th><th colspan="2">Business execution expenses (D)</th><th colspan="2">Salary, bonus and special allowance (E)</th><th colspan="2">Severance pension (F)</th><th colspan="4">Employee remuneration (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th colspan="2">The Company</th><th colspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Feng-Tzu Tsai</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">1,102-</td><td rowspan="10">1,102</td><td rowspan="10">1,329</td><td rowspan="10">1,329</td><td rowspan="10">0.7901</td><td rowspan="10">0.7901</td><td rowspan="10">8,170</td><td rowspan="10">8,170</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">-</td><td rowspan="10">3.4462</td><td rowspan="10">3.4462</td><td rowspan="10">948</td></tr>
<tr><td rowspan="9">Director</td><td>Getac Holdings Corporation</td></tr>
<tr><td>Representative: MIAO, Hua-Bing</td></tr>
<tr><td>Representative: Wei-Tsun Lin</td></tr>
<tr><td>National Development Fund, Executive Yuan</td></tr>
<tr><td>Representative: Kun-Chung Li</td></tr>
<tr><td>Representative: Song-Chu Zhu (expired on May 25, 2023)</td></tr>
<tr><td>Lien Jie Er Investment Co., Ltd. (Newly appointed on May 25, 2023)</td></tr>
<tr><td>Representative: HSIEH, Feng-Jen</td></tr>
<tr><td>Der-Chien Zhou (expired on May 25, 2023)</td></tr>
<tr><td rowspan="4">Independent Director</td><td>LI, Li-Hang</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">1,077</td><td rowspan="4">1,077</td><td rowspan="4">1,742</td><td rowspan="4">1,742</td><td rowspan="4">0.9166</td><td rowspan="4">0.9166</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">-</td><td rowspan="4">0.9166</td><td rowspan="4">0.9166</td><td rowspan="4">-</td></tr>
<tr><td>Zao, Hsin-Che</td></tr>
<tr><td>WEN, Wang-Shou</td></tr>
<tr><td>Chiu-Chi Huang (new position on May 25, 2023)</td></tr>
<tr><td colspan="23">1. Please describe the payment policy, system, standard and structure relating to the independent director remuneration as well as the correlation between the amount of remuneration and the factors that should be assumed such as duties, risks and invested time. When paying the director’s remunerations, in addition to the director’s performance evaluation result and the requirements specified in the company rules, the Board of Directors is also authorized to determine such remunerations according to the suggestions of Salary and Remuneration Committee, the extent of engaging in the company’s operation and the salary paying method practiced by other companies and this Company.
2. Apart from the disclosure through the aforesaid table, the remuneration received by the directors for the services provided in recent year (for example, serving as the non-employee consultant for the parent company, all companies mentioned in the Financial Report and reinvested business): None</td></tr>
</table>

Remuneration grade table

Grade of remuneration paid to each directorof the company	Director name			
	Total amount of remunerations from the aforesaid 4 items (A+B+C+D)		Total amount of remunerations from the aforesaid 4 items (A+B+C+D+E+F+G)	
	The Company	All companies mentioned in the Financial Report H	The Company	All companies mentioned in the Financial Report I
Less than $1,000,000.00	Feng-Su Tsai/Hua-Bing Miao/Wei-Tsun Lin/National Development Fund, Executive Yuan/Kun-Chung Li/Song-Chu Zhu/Feng-Ruen Hsieh/Der-Chien Zhou/Hsin-Che Zhao/Li-Hang Li/Wang-Shou Wen/Chiu-Chi Huang	Feng-Su Tsai/Hua-Bing Miao/Wei-Tsun Lin/National Development Fund, Executive Yuan/Kun-Chung Li/Song-Chu Zhu/Feng-Ruen Hsieh/Der-Chien Zhou/Hsin-Che Zhao/Li-Hang Li/Wang-Shou Wen/Chiu-Chi Huang	Hua-Bing Miao/National Development Fund, Executive Yuan/Kun-Chung Li/Song-Chu Zhu/Feng-Ruen Hsieh/Der-Chien Zhou/Hsin-Che Zhao/Li-Hang Li/Wang-Shou Wen/Chiu-Chi Huang	Hua-Bing Miao/National Development Fund, Executive Yuan/Kun-Chung Li/Song-Chu Zhu/Feng-Ruen Hsieh/Der-Chien Zhou/Hsin-Che Zhao/Li-Hang Li/Wang-Shou Wen/Chiu-Chi Huang
$1,000,000 (including) ~ $2,000,000 (excluding)				
$2,000,000 (including) ~ $3,500,000 (excluding)			Feng-Tzu Tsai	Feng-Tzu Tsai
$3,500,000 (including) ~ $5,000,000 (excluding)				
$5,000,000 (including) ~ $10,000,000 (excluding)			LIN, Wei-Tsun	LIN, Wei-Tsun
$10,000,000 (including) ~ $15,000,000 (excluding)				
$15,000,000 (including) ~ $30,000,000 (excluding)				
$30,000,000 (including) ~ $50,000,000 (excluding)				
$50,000,000 (including) ~ $100,000,000 (excluding)				
Over $100,000,000				
Grand Total	12	12	12	12

Note 1: The amount that should be distributed as being approved by the Board of Directors in the most recent year and it will be reported to the Regular Meeting of Shareholders.
Note 2: The content of the remuneration disclosed in this form is different from the income concept specified in the Income Tax Act. Therefore, this form is mainly used for disclosing the information and will not be used for the purpose of taxation.

(II) Remuneration to President and Vice President

2023 unit: NTD thousand, thousand shares

Position	Name	Salary (A)		Severance pension (B)		Bonus and special allowance (C)		Amount of employee remuneration (D)				Percentage (%) of total amount for Item A, B, C and D and the after-tax net profit (net loss).		The remuneration received from the reinvestment or the parent company other than the subsidiaries.
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	LIN, Wei-Tsun	9,492	9,492	-	-	5,135	5,135	-	-	-	-	14,627 4.76%	14,627 4.76%	-
Vice President	LI, Jia-Jui													
Vice President and Accounting Supervisor, Corporate Governance Officer	LI, Wen-Cheng													
Vice President	CHANG, Ya-Chu													
Vice President	Yu-Cheng Li (Note 1)													

Remuneration grade table

Grade of the remunerations paid to each President and Vice President of this Company.	Name of President and Vice President	
	The Company	All companies in the Financial Report
Less than $1,000,000.00		
$1,000,000 (including) ~ $2,000,000 (excluding)	Yu-Cheng Li (Note 1)	Yu-Cheng Li (Note 1)
$2,000,000 (including) ~ $3,500,000 (excluding)	Jia-Jui Li/Ya-Chu Chang/Wen-Cheng Li	Jia-Jui Li/Ya-Chu Chang/Wen-Cheng Li
$3,500,000 (including) ~ $5,000,000 (excluding)		
$5,000,000 (including) ~ $10,000,000 (excluding)	LIN, Wei-Tsun	LIN, Wei-Tsun
$10,000,000 (including) ~ $15,000,000 (excluding)		
$15,000,000 (including) ~ $30,000,000 (excluding)		
$30,000,000 (including) ~ $50,000,000 (excluding)		
$50,000,000 (including) ~ $100,000,000 (excluding)		
Over $100,000,000		
Grand Total	5	5

Note 1: Dismissed on February 02, 2023

Note 2: The content of the remuneration disclosed in this form is different from the income concept specified in the Income Tax Act. Therefore, this form is mainly used for disclosing the information and will not be used for the purpose of taxation.

(III) Name of managers entitled to employee remunerations and the distribution result

	Position	Name	Stock amount	Cash amount	Grand Total	Ratio of total amount from the after-tax net profit (%)
Manager	President	LIN, Wei-Tsun	-	-	-	-
	Vice President	LI, Jia-Jui				
	Vice President and Accounting Supervisor, Corporate Governance Officer	LI, Wen-Cheng				
	Vice President	CHANG, Ya-Chu				
	Vice President	Yu-Cheng Li (Note 1)				

Note 1: Dismissed on February 02, 2023

(IV) They are compared respectively. Its purpose is to analyze the ratio of the total remunerations, as being paid to the directors, supervisors, presidents and vice president during past two years, in the after-tax net profit that is specified in the individual finance report. In the meantime, it also explains the policy, standard and portfolio established for the remuneration payment, the remuneration paying procedure, and its correlation with the operation performance and the future risks.

(1) The analysis on the Ratio of the total remunerations, as being paid to the directors, supervisors, presidents and vice president during past two years, in the after-tax net profit that is specified in the individual finance report:

Item / Position	2023		2022		Increase/decrease percentage (%)
	The Company	Combine the reports prepared by all companies.	The Company	Combine the reports prepared by all companies.	
Director	4.3628%	4.3628%	5.43%	5.43%	(19.65%)
President and Vice President	4.76%	4.76%	7.15%	7.15%	(33.43%)

Note: The Audit Committee was organized by this Company on June 16, 2020. Therefore, the duties of the original supervisor have been replaced by the Audit Committee.

(2) The policy, standard and portfolio established for paying the remunerations to the directors and supervisors, together with the remuneration paying procedure, and its correlation with the operation performance and the future risks:

A. Based on the requirements specified in Article 13-1 of the Company Rules: The Board of Directors is authorized to determine the remunerations that should be paid to the Chairman and the directors according to the suggestions of the Salary and Remuneration Committee, the extent of their engagement in the company operation, the value of contribution, the level of other companies and the salary payment method of this Company.

B. Pursuant to Article 18 of the Company’s Articles of Incorporation: if the Company has profit in a certain year (profit before tax less profit before remuneration to employees and directors), it shall set aside no less than 1% and no more than 10% of the profit as remuneration to employees, and no more than 2% as remuneration to Directors. The distribution shall be resolved by the Board of Directors.

(3) The policy, standard and portfolio established for paying the remunerations to the presidents and vice president, together with the remuneration paying procedure and its correlation with the operation performance and the future risks:

A. The remunerations shall be paid to the president and the vice president of this Company according to their personal performance, the contribution to the overall operation of the company, industry standards and the operation risks of the company in the future. By doing so, the Salary and Remuneration Committee shall submit the proposal to the Board of Directors for discussion in order to determine the final result.

B. Pursuant to Article 18 of the Company's Articles of Incorporation: if the Company has profit in a certain year (profit before tax less profit before remuneration to employees and directors), it shall set aside no less than 1% and no more than 10% of the profit as remuneration to employees, and no more than 2% as remuneration to Directors. The distribution shall be resolved by the Board of Directors.

IV. Company management operating status

(I) Information of Board of Directors operating status

In previous year, 6 sessions of meetings were convened by the Board of Directors (A) and provided below is the presence status of directors:

Position	Name	Number of actual presence (attendance)-B	Number of authorized presence	Actual presence (attendance) rate (%) B/A	Remarks
Director	Feng-Tzu Tsai	6	-	100.00	At the shareholders' meeting, there was a full re-election of directors with certain directors re-elected on May 25, 2023
Director	Getac Holdings Corporation Representative: MIAO, Hua-Bing	3	3	50.00	
Director	Getac Holdings Corporation Representative: Wei-Tsun Lin	3	-	100.00	
Director	National Development Fund, Executive Yuan Representative: Kun-Chung Li	3	-	100.00	
Director	Lien Jie Er Investment Co., Ltd. Representative: HSIEH, Feng-Jen	3	-	100.00	At the shareholders' meeting, there was a full re-election of directors with certain directors newly elected on May 25, 2023.
Director	National Development Fund, Executive Yuan Representative: ZHU, Song-Chu	3	-	100.00	At the shareholders' meeting, there was a full re-election of directors with certain directors renewed on May 25, 2023.
Director	MiTac Technology Corporation Representative: Wei-Tsun Lin	3	-	100.00	
Director	Lien Jie Investment Co., Ltd. Representative: HSIEH, Feng-Jen	3	-	100.00	
Director	ZHOU, Der-Chien	3	-	100.00	
Independent Director	LI, Li-Hang	6	-	100.00	At the shareholders' meeting, there was a full re-election of directors with certain directors re-elected on May 25, 2023
Independent Director	Zao, Hsin-Che	6	-	100.00	
Independent Director	WEN, Wang-Shou	6	-	100.00	
Independent Director	Chiu-Chi Huang	3	-	100.00	At the shareholders' meeting, there was a full re-election of directors with certain directors newly elected on May 25, 2023.

Other notations:

I. If any of the following events occurs to the operation of Board of Directors, please explain the Board of Directors date, session, discussion content, the comments of all independent directors and company's solutions for the comments raised by the independent directors.

(I) Items listed in Article 14-3 of Securities and Exchange Act:

Board of Directors Date, session	Discussion content	Comments raised by independent directors	Company's solutions for the comments raised by the independent directors.

January 13, 2023 16th Meeting, Session 9	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	No objections	N/A
	Distribution of bonuses and remuneration for the vice president of this Company in 2022.	No objections	N/A
	Distribution of bonuses and remuneration for the president of this Company in 2022.	No objections	N/A
	Distribution of bonuses and remuneration for the chairman of this Company in 2022.	No objections	N/A
February 22, 2023 17th Meeting, Session-9	Amendment to the “Rules and Procedures of Shareholders’ Meeting” in part.	No objections	N/A
	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	No objections	N/A
	The Company's 2023 managerial officer (excluding Chairman and President) performance and reward plan	No objections	N/A
	The Company's 2023 Presidential performance and remuneration plan	No objections	N/A
	The remuneration plan for the Chairman of the Company for 2023	No objections	N/A
April 28, 2023 18th Meeting, Session 9	Capital loan to NAFCO Suzhou Precision by this Company.	No objections	N/A
	External endorsement guarantee case provided by this Company.	No objections	N/A
	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	No objections	N/A
June 2, 2023 1st Meeting, Session 10	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	No objections	N/A
July 28, 2023 2nd Meeting, Session 10	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	No objections	N/A
October 27, 2023 3rd Meeting, Session 10	The Company's indirect investment in Malaysia through the establishment of overseas subsidiary	No objections	N/A
	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	No objections	N/A

(II) Except for the aforesaid matters, the resolutions reached in the Board of Directors that are rejected or resolved with comments reserved by the independent director and that are provided with record or the written statement: None

II. When executing cases in which a director has recused themselves due to a conflict of interest, it is required to record the name of the director, the discussion content, the reasons for the recusal and the voting status:

Date of the Board of Directors	Name of director subjecting to the avoidance of interests	Discussion content	Reasons for the avoidance of interests	Voting status
January 13, 2023	LIN, Wei-Tsun	Distribution of bonuses and remuneration for the president of this Company in 2022.	Has manager status.	Due to a potential conflict of interest, Mr. LIN, Wei-Tsun, the President, explained the important content of his interests involved, and voluntarily recused himself from the discussion and voting. After consulting the directors present who had no objections, the proposal was approved as originally proposed.
January 13, 2023	Feng-Tzu Tsai	Distribution of bonuses and remuneration for the chairman of this Company in 2022.	Has manager status.	Due to a potential conflict of interest, Mr. Feng-Su Tsai, the Chairman, explained the important content of his interests involved, and voluntarily recused himself from the discussion and voting. After consulting the directors present who had no objections, the proposal was approved as originally proposed.

February 22, 2023	LIN, Wei-Tsun	The Company's 2023 Presidential performance and remuneration plan	Has manager status.	Due to the avoidance of interests, Mr. LIN, Wei-Tsun, the President, excused himself from the discussion and the voting after explaining the important content of the interest confliction. After inquiring the opinions of the presented directors, the case is unanimously approved and the avoidance of Mr. LIN, Wei-Tsun is therefore permitted.
February 22, 2023	Feng-Tzu Tsai	The remuneration plan for the Chairman of the Company for 2023	Has manager status.	Due to a potential conflict of interest, Mr. Feng-Su Tsai, the Chairman, explained the important content of his interests involved, and voluntarily recused himself from the discussion and voting. After consulting the directors present who had no objections, the proposal was approved as originally proposed after director Li-Hang Li acted as the chairman.

III. Execution status of evaluation cycle and period, evaluation scope, method and evaluation content relating to the self (or associate)-assessment by the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluated once per year	January 1, 2023-December 31, 2023	1. Entire Board of Directors 2. Individual director member 3. Audit Committee 4. Salary and Remuneration Committee	1. Director member self-evaluation 2. Functional member self-evaluation	I. Board of Directors performance evaluation: 1. Extent of engagement in the company operation 2. Elevating the decision-making quality for Board of Directors 3. Organization and structure of Board of Directors 4. Appointment of directors and advanced study 5. Internal control II. Performance evaluation of individual director member: 1. Company target and mission control 2. Perception of director duties 3. Extent of engagement in the company operation 4. Internal relationship maintaining and communication 5. Specialty of directors and advanced study 6. Internal control III. Functional Committee (Audit Committee, Salary and Remuneration Committee) 1. Extent of engagement in the company operation 2. Perception of duties for Functional Committee 3. Elevating the decision-making quality for Functional Committee 4. Organization of Functional Committee and selection of members 5. Internal control

IV. Target of reinforcing the competence of Board of Directors for current year and previous year (e.g. setting up Audit Committee and elevating the information transparency, etc.) and evaluation of execution status:

(I) Based on the applicable regulations, this Company has developed the “Board of Directors Meeting Rules” and it will be amended periodically in order to maintain an effective Board of Directors management system, to maintain a sound supervisory function and to intensify the management mechanism.

(II) Through the “Company management” field on the Public information observatory, this Company disclosed the present status of directors and supervisor and their learning progress to the public investors periodically in order to provide real-time and transparent information.

(III) Based on the applicable regulations, this Company has developed the “Corporate Governance Best Practice Principles” in order to intensify the competence of the Board of Directors and to implement an efficiency company management framework.

(IV) This Company has developed the “Board of Directors Performance Evaluation Method” in order to realize the company management, intensify the Board of Directors function and improve the operating efficiency of the Board of Directors. In the meantime, this Company also conducted the internal Board of Directors performance evaluation at least once per year and also reported the result to the Board of Directors.

(V) To improve the duties of the Functional Committee and to maintain well-balanced company management, this Company has organized the Audit Committee to replace the duties of the supervisors.

(VI) In the following year, this Company will improve the competence required for the Board of Directors according to the regulations of the applicable laws and the company’s management demands.

Note: If the director and the supervisor is served by the legal person, then the name of legal person shareholder and its representative shall be disclosed.

(II) Operating status of the Audit Committee

1. This Company has organized the Audit Committee which is composed by 4 independent directors. Based on a professional and objective point of view, the Committee shall convene at least 4 sessions in order to fulfill the following duties and shall also submit the resolutions to the Board of Directors for discussion: The Committee will be operated by focusing on the supervision of following matters:

(1) Appropriate expression of the company's financial report.
(2) Appointment (dismissal) of CPA as well as independency and performance.
(3) Effective execution of the company's internal control.
(4) Ensure that the company will comply with applicable laws and rules.
(5) Control of the company's existence or potential risks.

2. Described below are the duties of this Committee:

(1) Develop or amend the internal control system according to the regulations specified in Article 14-1 of "Securities and Exchange Act".
(2) Evaluate the effectiveness of the internal control system.
(3) Based on the regulations specified in Article 36-1 of "Securities and Exchange Act", develop or amend or acquire or dispose the asset, engage in the transaction of derivative merchandise, load fund to others, provide endorsement for others, or provide the guarantee for the handling procedure of major financial operation behaviors.
(4) The matters involving the private interests of the director.
(5) Execute the transaction of major assets or derivative merchandise.
(6) Loan or endorse major fund or provide guarantee.
(7) Solicit, issue or engage in the private offering of marketable securities bearing the equity nature.
(8) Appoint or dismiss the CPA or provide the remuneration.
(9) Appoint and dismiss the financial, accounting or internal audit supervisor.
(10) The annual financial report signed or stamped by the Chairman, manager and accounting supervisor.
(11) Other major event specified by the company or the competent authority.

3. In the recent year (2023), the Audit Committee convened 6 sessions of meeting (A) and provided below is the presence (attendance) status of independent directors:

Position	Name	Number of personal presence (B)	Number of authorized presence	Personal presence rate (%) (B/A) (Note)	Remarks
Independent Director	Zao, Hsin-Che	6	-	100%	At the shareholders' meeting, there was a full re-election of directors with certain directors re-elected on May 25, 2023
Independent Director	LI, Li-Hang	6	-	100%	
Independent Director	WEN, Wang-Shou	6	-	100%	
Independent Director	Chiu-Chi Huang	3	-	100%	At the shareholders' meeting, there was a full re-election of directors with certain directors newly elected on May 25, 2023.

Other notations:

I. If any of the following events occurs to the operation of Audit Committee, please describe the Audit Committee Meeting convening date, session, content of discussion, independent director's opposing comments, reserved comments or major suggestions together with the resolutions reached by the Audit Committee and company's handling of comments raised by the Audit Committee.

(I) The matters listed in Article 14-5 of "Securities and Exchange Act".

Audit Committee Date/session	Discussion content	Opposing comments, reserved comments or major suggestions raised by independent directors.	Audit Committee Resolutions	Company's handling of comments raised by Audit Committee.
January 13, 2023 15th Meeting, Session 1	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.	N/A	Reviewed and approved by attending committee members	N/A
February 22, 2023 16th Meeting, Session 1	2022 Annual Operation Report and Financial Report case of this Company			
	The Company's proposal of distribution of 2022 earnings.			
	2022 Effective Internal Control Self-evaluation Statement case of this Company			
	"Company Rules" amendment case of this Company			
	CPA independency and competency of the Company			
	Acquisition and disposition of derivative financial merchandise recognition case of this company			
April 28, 2023 17th Meeting, Session 1	The Company's 2023 Q1 parent company and subsidiaries' consolidated financial report			
	Capital loan to NAFCO Suzhou Precision by this Company.			
	External endorsement guarantee case provided by this Company.			
	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.			
June 2, 2023 1st Meeting, Session 2	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.			
July 28, 2023 2nd Meeting, Session 2	The Company's 2023 Q2 parent company and subsidiaries' consolidated financial report			
	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.			
October 27, 2023 3rd Meeting, Session 2	The Company's 2023 Q3 parent company and subsidiaries' consolidated financial report			
	The Company's indirect investment in Malaysia through the establishment of overseas subsidiary			
	Recognition for the transaction of derivative financial merchandise acquired and disposed by the company.			

(II) Except for the aforesaid matters, the resolutions reached in the Board of Directors that are not agreed upon by the Audit Committee but are approved by over two-thirds of the total directors: None

II. The performance of independent directors in recusing themselves from conflict of interest proposals should be stated, including the names of the independent directors, the content of the proposals, the reasons for recusal due to conflict of interest, and their participation in voting.: None

III. Communication status between the independent director, the internal audit supervisor and the CPA (including the major event, method and result that should be communicated for the company's financial and business operation status, etc.)

(I) Communication between independent director and the internal audit supervisor: In addition to conduct the audit operation report in the Audit Committee Meeting regularly, the internal audit supervisor is also required to conduct independent communication meeting with the independent director for at least once per year.

Date	Nature	Communication subject	Suggestions and the company's handling status
February 22, 2023	Audit Committee	2022 Q4 Audit Defect and Improvement Tracking Report Self-evaluation operation for 2022 internal control system	No comments After passing the review, the case was reported to the Board of Directors
April 28, 2023	Audit Committee	2023 Q1 Audit Defect and Improvement Tracking Report	No comments
July 28, 2023	Audit Committee	2023 Q2 Audit Defect and Improvement Tracking Report	No comments
October 27, 2023	Audit Committee	2023 Q3 Audit Defect and Improvement Tracking Report 2024 Annual Audit Plan	No comments Reported to the Board of Directors
October 27, 2023	Communication meeting	Communicate and understand the planning and the execution status of Internal Audit Plan and defect improvement status.	Strengthen factory safety inspections (including environmental protection, fire safety, and labor safety), link them to the reward and punishment system, enhance safety awareness, and establish a good safety environment.

(II) Communication status between the independent director and the CPA: The independent directors of the Audit Committee shall work with the CPA to audit or review the financial report and communicate the updating of the applicable laws during the Audit Committee Meeting. If required, the CPA will conduct the communication and the discussion in written form and shall conduct an independent meeting with the independent director at least once per year.

Date	Nature	Communication subject	Suggestions and the company's handling status
February 22, 2023	16th Meeting, Session 1 Audit Committee	1. The CPA is presented at the Audit Committee to report and explain the audit scope of the 2022 consolidated financial report, relevant conclusions, major accounting estimates, the evaluation of the impact imposed by COVID-19, and the impact of IESBA Code on non-certification services. 2. Being affected by COVID-19, the audits for the subsidiaries in Mainland China are conducted by remote working operation in order to obtain the guidance required for securing the audit evidence.	No comments
April 28, 2023	17th Meeting, Session 1 Audit Committee	1. The CPA is presented at the Audit Committee to report and explain the impact of the audit scope of 2023 Q1 consolidated financial report, relevant conclusions, and major accounting estimates. 2. 2023 Communication Plan 3. Role and responsibility of the dominating CPA 4. Audit Plan 5. Independency of the CPA	No comments
July 28, 2023	2nd Meeting, Session 2 Audit Committee	The CPA is presented at the Audit Committee to report and explain the impact of the audit scope of 2023 Q2 consolidated financial report, relevant conclusions, and major accounting estimates.	No comments
October 27, 2023	3rd Meeting, Session 2 Audit Committee	The CPA is presented at the Audit Committee to report and explain the impact of the audit scope of 2023 Q3 consolidated financial report, relevant conclusions, and major accounting estimates.	No comments
October 27, 2023	Communication meeting	Exchange, communicate and discuss with the accountants the Company's key audit matters, business operations, operational risks, internal control audits, and audit operations.	No comments

(III) Company's management operation status and its variation with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Y	N	Summary	
I. Is the company developing and disclosing the company's practical management rules according to "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		This Company has developed the "Corporate Governance Best Practice Principles" in order to maintain a well-balanced and efficient company management system and structure. In the meantime, this Company also disclosed the company's practical management rules on the company's website and the public information observatory.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
II. Company's equity structure and the shareholder's equity (I) Has the company developed the internal operation procedure for dealing with the suggestions, questions, dispute and lawsuit raised by shareholders and executed accordingly?	V		This Company has established the spokesman and acting spokesman system for handling the shareholder's suggestions or disputes	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
(II) Is the company maintaining the main shareholders that are actually controlling the company and the final controller list of these main shareholders?	V		This Company is able to maintain the main shareholders that are actually controlling the company and the final controller list of these main shareholders. Based on the regulations of "Securities and Exchange Act", we also reported the number of shares owned by the directors and the main shareholders.	
(III) Has the company established and implemented the risk control and the firewall mechanism with your affiliates?	V		Based on the applicable laws, we have established the internal control related system and put it into execution. We have maintained the well-defined personnel, asset and financial management responsibilities between out affiliates. In the meantime, we also audited the accounts book and the internal control system of these affiliates and have also developed appropriate risk control and firewall mechanisms. The operation of this Company and the affiliates is conducted individually and we also developed the "Subsidiary Monitoring Operation Method".	

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Y	N	Summary	
(IV) Have you established the internal rules for preventing your employees from buying and selling the marketable securities with the undisclosed market information?	V		We have established "Internal Major Information Handling Procedure" and "Honest Operation Rules". On a regular basis, we also communicated these rules to the directors and managers as well as the personnel that will be able to learn about the important internal information of the company through the identity, duties or control relationship. Further, we also urged the members involved to evade conflicts of interest relating to their duties in order to prevent using inside information and realizing such a system. When assigning the internal employee to assume its duties, we also provided the rules that should be followed according to the applicable laws	
III. Organization and responsibility of the Board of Director (I) Has the Board of Directors developed the diversity policy and the substantial management target for its members and has the policy been put into execution?	V		1. In our "Corporate Governance Best Practice Principles", the diversity policy has been specified in Chapter 3: "Strengthening the Competence of the Board of Directors". The members of our Board of Directors are nominated and selected according to the requirements specified in the Company Rules for which, the candidate nomination system is implemented. In addition to evaluating the education and working experience qualification of each candidate, they are also required to comply with "Director Appointment Procedure" and "Corporate Governance Best Practice Principles" to ensure the diversity and the independency of the director members. 2. Aiming at the member composition, the diversified policy is developed by the Board of Directors. The diversified policy of the director members is specified in Article 20 of "Corporate Governance Best Practice Principles" and the detailed content is disclosed on our website. 3. For detailed management target of the diversified members of the Board of Directors and its execution status, please refer to Page 16-18.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
(II) In addition to the Salary and Remuneration Committee and the Audit Committee, will you voluntarily organize other types of functional committees?	V		In addition to the Salary and Remuneration Committee and the Audit Committee, other types of functional committees will be organized according to actual demand of the company.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Y	N	Summary	
(III) Has the company set up the Board of Directors performance evaluation method and its evaluation method and conducted the performance evaluation regularly each year? Have you reported the result of performance evaluation to the Board of Directors and used it as the reference of determining the salary and remuneration for each individual director and for renewing their nomination?	V		We have developed the "Board of Directors Performance Evaluation Method". Upon the end of each fiscal year, we will conduct the internal Board of Directors performance evaluation for at least once. In this respect, we have reported the "2023 Board of Directors self-evaluation" and the director self-evaluation result in the Board of Director Meeting held on February 23, 2024. In the meantime, we also posted the evaluation result in the "Company management" field of our website for checking. The remunerations due to the directors shall be offered according to the company rules. By doing so, we will offer reasonable remunerations according to the company's operation result and their contribution to the company's performance. The company's "Board of Directors Performance Evaluation Method" is used as the basis of evaluation for setting up the amount of remuneration. Apart from referencing to the company's overall operation performance and future industrial operation risks and development trend, consideration is also given to the personal performance accomplishment rate and their contribution to the company performance. Further, we also reviewed the remuneration system in due time according to actual operation status and the applicable laws in order to maintain a balanced sustainable operation and risk control.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
(IV) Have you evaluated the independency of the CPA regularly?	V		We will evaluate the independence and the competence of the hired CPA every year. Based on the requirements specified in Item 5 under Article 32 of "Corporate Governance Best Practice Principles" and that established for the Audit Quality Indicators (AQI), we evaluated Mr. WU, Wei-Hao and Ms. LI, Yen-Na, the CPAs of Pricewaterhouse Coopers, Taiwan. Aiming to the professional qualification of the aforesaid CPAs, we provided the audit services for several consecutive years to check if they have any interest relationship with the company (e.g. putting investment in this Company or co-acting the duties of this Company), if they are relatives of the company's responsible person or any manager and if they are taking advanced lessons periodically. In the meantime, we also reported the evaluation report to the Audit Committee Meeting held on February 23, 2024 and it was also approved by the Board of Directors.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status</th><th rowspan="2">Variation with the” Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td>IV. Has the listed and OTC companies appointed appropriate number of competent company management persons and assigned the company management supervisor to execute the company management related matters (including but not limited to the information required for the directors and supervisors to execute the business operation, help the directors and supervisors comply with the statutory regulations, handle the Board of Directors’ meetings and the regular shareholders’ meetings related matters, as well as prepare the Board of Directors’ meetings and the regular shareholders’ meetings minutes?</td><td>V</td><td></td><td>(I) To implement corporate governance and enable the effective functioning of the Board of Directors, the Company has resolved in the Board of Directors meeting on April 28, 2023 to appoint Wen-Cheng Li as the Company's Corporate Governance Officer, who will be the highest-ranking officer responsible for corporate governance-related affairs. Each relevant department will also have designated corporate governance personnel to carry out various corporate governance matters.
(II) Main duties and business execution status:
1. To handle matters related to the meetings of the Board of Directors and the Audit Committee in accordance with the law, and to prepare meeting minutes.
2. Assisting in onboarding and continuing education of directors.
3. According to the Company's "Board of Directors Performance Evaluation Regulations," the performance evaluation of the Board of Directors and various functional committees is regularly evaluated to enhance the efficiency of the Board of Directors and various functional committees.
4. Provide information required by directors to carry out their duties.
5. Assist directors in complying with laws and regulations.
6. To handle matters related to the meetings of shareholders’ meeting in accordance with the law, and to prepare meeting minutes.
7. Report to the Board of Directors on whether the qualification of independent directors complies with relevant laws and regulations at the time of nomination, election, and term of office.
8. Handle matters related to the change of directors.
9. Other matters stipulated in the Company's Articles of Incorporation or contracts.
(III) Continuing education in 2023 and 2024:
<table>
<tr><th>Organizer</th><th>Course name</th><th>Hours of advanced studies</th></tr>
<tr><td>Securities and Futures Institute</td><td>Advanced practice seminar for directors, supervisors (including independent directors and supervisors) and corporate governance officer - Carbon Trading System and Its Application in Corporate Management</td><td>3</td></tr>
<tr><td>Securities and Futures Institute</td><td>Advanced practice seminar for directors, supervisors (including independent directors and supervisors) and corporate governance officers - Concepts, Practices, and Tools of Group Tax Governance</td><td>3</td></tr>
<tr><td>Securities and Futures Institute</td><td>Advanced practice seminar for directors, supervisors (including independent directors and supervisors) and corporate governance officer</td><td>12</td></tr>
</table></td><td>Accord with the conception of “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and execute the operation.</td></tr>
</table>

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Y	N	Summary	
V. Has the company provided a communication channel for the stakeholders (including but not limited to the shareholders, employees, customers and suppliers, etc.)? Has the company provided a stakeholder field in your website and properly responded to the important corporate social responsibility related issues of concern to the stakeholders?	V		(I) We have provided the "Stakeholder field" on our website. Through the "Stakeholder field", we are able to respond to the important corporate social responsibility related issues of concern to the stakeholders. Our sustainability report is also on the website for stakeholders to download. (II) In the meantime, the stakeholders are also allowed to communicate with the company through the spokesman and the acting spokesman channel officially. TEL: (03)450-8688，E-mail: IR@nafco.com.tw Stakeholder field: https://www.nafco.com.tw/society-tw/stakeholders-tw/ Sustainability report download: https://www.nafco.com.tw/society-tw/corporate-social-responsibility-tw/	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
VI. Has the company authorized the professional stock affairs agency to handle matters relating to shareholders' meetings?	V		We have authorized the professional stock affairs agency established by the Stock Affairs Department of CTBC Bank to handle matters relating to shareholders' meetings.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
VII. Disclosure of information (I) Has the Company set up a website to disclose the financial and corporate governance information?	V		We have set up an official website (www.nafco.com.tw.) and have disclosed the financial operation and the company management related information under the "Investor relationship" field.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
(II) Has the company implemented other types of information disclosure method (for example, set up an English website, assign a special person to collect and disclose company's information, set up the spokesman system and set up the company's website during the investor conference process)?	V		We have set up the Standard Chinese, Simplified Chinese and English websites and assigned a responsible unit and staff to collect and disclose the information of the company. In addition to the spokesman, we also set up the acting spokesman system and disclose relevant information in accordance with the law. In the meantime, we also published the investor conference related information on our website and public information observatory for the investors to analyze and to check.	Accord with the conception of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status</th><th rowspan="2">Variation with the” Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td>(III) Has the company published and submitted the annual financial report within 2 months after the fiscal year has ended? Has the company published and submitted Q1, Q2 and Q3 financial reports and the operation status of each month before the specified timeline?</td><td>V</td><td></td><td>We published and submitted the 2023 annual financial report on February 27, 2024, and published and submitted Q1, Q2 and Q3 financial reports and the operation status of each month before the specified timeline</td><td>Accord with the conception of “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and execute the operation.</td></tr>
<tr><td>VIII. Do you have any other important information that will help understand the Company’s management operation status (including but not limited to the employee equity, employee care, investor relationship, supplier relationship, stakeholder’s right, the advanced study status of directors and supervisors, the execution status of risk management policy and risk measuring standard, the execution status of customer policy, and the insurance policy that should be purchased by the company for directors and supervisors, etc.)?</td><td>V</td><td></td><td>(I) Employee equity
Described below are the benefits, equity and welfare provided by the company for our employees:
1. Provide labor insurance, National Health Insurance and allocate pension as per the law. Establish a sound and lawful retirement system.
2. Welfare measures such as operation performance bonus, employee commercial group insurance, festival and birthday bonus or gift, yearly free health inspection, sponsor or support employee travel, provide legal consultation for employees, employee canteen, aerial garden, fitness center and breastfeeding room, etc.
3. Provide occupational safety and health related protection appliances and spare parts. Conduct labor safety seminar periodically.
4. Organize well-planned employee welfare committees. Convene meetings periodically for organizing all kinds of employee welfare measures and activities so as to condense employee’s fellowship and intensify their cohesion for the company.
5. Provide periodic education and training for all employees in the factory and organize employee’s annual occupation study plan.
6. Set up professional medical care personnel to provide labor care, employee health education and injury/disease consultation, plan the improvement of human-factor engineering as well as prevent over-working, occupational bullying and female employee protection plan.
(II) Employee care
1. We provide an employee communication meeting periodically to clearly communicate the Company’s operation status and the target to the employees so as to motivate and encourage them to work together for achieving the required quality, delivery time and profit. In this way, we may create the maximum profit for the company, the employees and the shareholders.
2. Provide a workplace with gender equality, personnel dignity, and non-discriminating and friendly environment.
3. Promote the tobacco prevention policy to improve the health and the production ability of</td><td>Accord with the conception of “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and execute the operation.</td></tr>
</table>

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Y	N	Summary	
			employees and we also established smoking control regulations. 4. Maintain the cleanliness of foreign worker dormitories and disseminate epidemic prevention measures in order to promote the employee's consciousness in maintaining residential hygiene and the disease prevention. 5. Work with the NAFCO Social Charity Foundation in providing distress assistance and care for all employees. 6. Care about the mental and physical health of all employees. Conducted the pressure-releasing activities periodically such as staff dining, festival activities and additional dishes. (III) Relationship with the investor: Abiding by honest, impartial principles, we promoted a transparent company management policy for announcing company operation and financial related messages to shareholders and stakeholders periodically. In the meantime, we also set up the spokesman and acting spokesman system for serving as the communication bridge between the company and the shareholders so as to fulfill due responsibilities and obligations in disclosing the company's information. In addition, we also set up the spokesman and the acting spokesman e-mail for dealing with the suggestions and the questions raised by the investors. (IV) Relationship with the supplier We hope to maintain mutual long-term relationships with our suppliers. Through the complete and rich industrial experiences being accumulated over the past years and the amiable relationship with the suppliers, it is hoped that all materials will be supplied continuously according to the quantity being planned. (V) Rights of stakeholders To handle the requirements from the stakeholders such as shareholders and employees, we authorized the stock agent to provide services and maintain their rights through the following channels such as the investor service specialist, e-mail and employee relationship specialist, etc. (VI) Advanced study of directors and supervisors All directors of this Company possess the professional industrial background and the duration of advanced study in 2023 has been executed as required. In the meantime, we also disclosed the advanced study details in the "Company management" field of Public Information Observatory for reference by the investors. (VII) Execution status of risk management policy and risk measuring standard Pursuant to the applicable law, we have developed a variety of internal rules for conducting the risk management and evaluation. (VIII) Execution status of customer policy Based on the techniques and the production ability being accumulated over the past years, we are	

Evaluation item	Operation status			Variation with the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Y	N	Summary	
			able to service the customer through efficient resource integration so as to meet the customer's demand for quality, cost and delivery time. In this way, we will maintain a longer relationship with the customer. (IX) Purchasing of liability insurance policy for directors Pursuant to the regulations specified in "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", we purchased liability insurance policy for our directors and it is also disclosed in the "Company management" field of Public Information Observatory.	

Insurance target	Insurance company	Coverage (NT$ thousand)	Insurance period (starting/ending)
All directors	Fubon Insurance Co., Ltd.	255,280	September 2, 2023 to September 2, 2024

IX. Please explain the status of the items being improved according to the company management assessment result published by the Company Governance Center of The Taiwan Stock Exchange Corporation in previous years. Please also explain the items that should be improved in top priority and relevant strengthening measures. (Do not indicate the company that is not included in the evaluation list)

(I) Please explain the improvement being executed according to the company management assessment result being published in previous years.

Session-10 Assessment Indicators	Improvement status
Does the company not have any government agencies or single corporate organizations and their subsidiaries occupying more than one-third of the seats on the Board of Directors?	There was no such situation after the Company's 2023 re-election.
Does the Board of Directors include at least one female director?	One female director was added to the Board of Directors after the 2023 re-election.
Has the Company formulated policies on greenhouse gas reduction, water conservation, or other waste management, including reduction targets, implementation measures, and progress achieved?	We have disclosed the details in our website and annual report.
Has the Company compiled and uploaded its sustainability report to the Market Observation Post System (MOPS) and the Company's website by the end of September in accordance with the GRI Guidelines issued by the Global Reporting Initiative (GRI)?	The Company has uploaded the sustainability report to MOPS and the Company's website.

(II) Priority strengthening items and measures for the items not improved according to the company management assessment result published in the latest year (2023):

Based on the regulations imposed by the competent authority, we have conducted the company management self-assessment and have proposed the priority improvement measures according to the company's existing status for the items not improved so as to improve the company's management step by step. Besides, We also established a well-organized and effective company management system and framework in order to elevate the information transparency and the company management image.

(IV) If the Salary and Remuneration Committee is organized by the company, please disclose its composition, duties and operation status

1. We have organized the Salary and Remuneration Committee. In each year, the committee will convene at least two sessions in order to fulfill the following duties and submit the suggestions to the Board of Directors for discussion:
   (1) Periodically review the company rules and propose amendment suggestions.
   (2) Set and periodically review the performance evaluation standard for the directors and the managers of this Company, the yearly and long-term performance target as well as the salary and the remuneration related policy, system, standard and structure.
   (3) Periodically evaluate the performance target accomplishment status of the directors and the managers of this Company. Based on the evaluation result obtained from the performance evaluation standard, set up the content and the amount of the respective salary and remuneration.

2. Information of Salary and Remuneration Committee members

<table>
<tr><th>Identity (Note 1)</th><th>Conditions
Name</th><th>Professional qualification and experience</th><th>Status of independency (Note 3)</th><th>Number of the members serving as the Salary and Remuneration Committee member of other public offering company.</th></tr>
<tr><td>Independence Director (Convener)</td><td>LI, Li-Hang</td><td rowspan="4">Please refer to the information disclosed in Page 14 regarding the professional qualification of the director and the independency of the independent directors.</td><td rowspan="4">1. Employees not hired by this Company and the affiliates.
2. Directors and supervisors not appointed by this Company and the affiliates.
3. Natural person shareholders owning over 1% of the total distributed shares or being among the Top 10 shareholders, which is not registered under the name of the principal and its spouse or minor children or others.
4. Employees not mentioned in the aforesaid Item 1 or the spouse, the direct-blood relative within 2nd-degree or within 3rd-degree as mentioned in Item 2 and Item 3.
5. Legal person shareholders that are neither directly owning over 5% of shares of the total shares distributed by this Company nor listed among the Top 5 in share owning; nor the director, supervisor or employee of the legal person shareholder that is appointed as the representative to serve as the director or the supervisor of this Company, as specified in Item 1 or Item 2 under Article 27 of Company Act.
6. The director, supervisor or employee of another company that is not controlled by the same person who is the director of the company or who is holding more than half of shares entitled to the voting right
7. The director (director member), supervisor (supervisor member) or employee of other company or entity that is not the same person as or the spouse of the company's Chairman, President or the person serving the equivalent position
8. The director (director member), supervisor (supervisor member), the manager or the shareholder owning over 5% of shares of another company or entity that is not engaging in financial or business transactions with this Company.
9. The professional person or the owner of the sole proprietorship company, the partner company, the incorporated company or its partner, director (director member), supervisor (supervisor member), manager and its spouse that is not engaging in the audit service for this Company or any affiliate or where the amount of accumulated remunerations received for the commercial, legal, financial or accounting related services within the recent 2 years is less than NT$500,000 during previous two years.
10. Not maintaining the spouse or within 2nd-degree relative relationship with other directors.
11. Not performing any of the actions specified in the clauses under Article 30 of Company Act.
12. Not appointing the government official, legal person or its representative as the members according to Article 27 of Company Act.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Zao, Hsin-Che</td><td>2</td></tr>
<tr><td>Independent Director</td><td>WEN, Wang-Shou</td><td>1</td></tr>
<tr><td>Independent Director</td><td>Chiu-Chi Huang</td><td>0</td></tr>
</table>

3. Operation status information of Salary and Remuneration Committee

(1) The Salary and Remuneration Committee of this Company is composed by 4 members.

(2) Term of Office for the existing members: From June 2, 2023 to May 24, 2026 and 4 sessions of meetings (A) have been convened for the Salary and Remuneration Committee during the recent year (2023). Described below is the qualification of members and their presence status:

Position	Name	Number of personal presence (B)	Number of authorized presence	Personal presence rate (%) (B/A) (Note)	Remarks
Convener	LI, Li-Hang	4	-	100%	At the shareholders' meeting, there was a full re-election of directors with certain directors re-elected on May 25, 2023
Committee member	Zao, Hsin-Che	4	-	100%	
Committee member	WEN, Wang-Shou	4	-	100%	
Committee member	Chiu-Chi Huang	1	-	100%	At the shareholders' meeting, there was a full re-election of directors with certain directors newly elected on May 25, 2023.

Other notations:

I. When rejecting or amending the suggestions raised by the Salary and Remuneration Committee, the Board of Directors shall describe the Board of Director meeting date, session, discussion content, Board of Director resolutions and the handling of comments raised by the Salary and Remuneration Committee (if the salary and remuneration granted by the Board of Directors is higher than that suggested by the Salary and Remuneration Committee, then describe the variation and reasons): None

II. If any member is opposing the resolutions made by the Salary and Remuneration Committee or reserved comments and where record or written statement is maintained, then describe the Salary and Remuneration Committee meeting date, session, discussion content, comments raised by all members and the handling of member's comments: None

III. Meeting date held by the Salary and Remuneration Committee in recent year as well as session, discussion content and resolutions together with the handling of the comments raised by the Salary and Remuneration Committee.

Salary and Remuneration Committee meeting date and session.	Discussion content	Resolutions	Company's handling of the comments raised by the Salary and Remuneration Committee.
January 13, 2023 8th Meeting, Session-4	2022 Board of Directors performance evaluation indicator case of the Company	Unanimously agreed by all of the presented members.	N/A
	Distribution of bonuses and remuneration for the vice president of this Company in 2022.	Unanimously agreed by all of the presented members.	N/A
	Distribution of bonuses and remuneration for the president of this Company in 2022.	Unanimously agreed by all of the presented members.	N/A
	Distribution of bonuses and remuneration for the chairman of this Company in 2022.	Unanimously agreed by all of the presented members.	N/A
February 22, 2023	2022 employee, director and supervisor	Unanimously agreed by all	N/A

9th Meeting, Session-4	remuneration distribution case of this Company	of the presented members.	
	Distribution of 2022 directors' remuneration	Unanimously agreed by all of the presented members.	N/A
	The Company's 2023 managerial officer (excluding Chairman and President) performance and reward plan	Unanimously agreed by all of the presented members.	N/A
	The Company's 2023 Presidential performance and remuneration plan	Unanimously agreed by all of the presented members.	N/A
	The remuneration plan for the Chairman of the Company for 2023	Unanimously agreed by all of the presented members.	N/A
April 28, 2023 10th Meeting, Session-4	Appointment of Corporate Governance Officer of the Company	Unanimously agreed by all of the presented members.	N/A
July 28, 2023 1st Meeting, Session-5	Vice president salary adjustment case of the Company	Unanimously agreed by all of the presented members.	N/A
	President salary adjustment case of the Company	Unanimously agreed by all of the presented members.	N/A

4. Combined description of director and manager performance evaluation and remuneration

Based on the requirements specified in Article 18 of Company Rules: When earning the profit each year (i.e. the profit before deducting the employee, director and supervisor remunerations from the pre-tax profit), this Company shall allocate more than 1% for distributing the remunerations in which, the remuneration for the employee shall not be over 10% and that for the directors and supervisor shall not be over 2%.
The performance evaluation and the salary/remuneration for directors and managers are proposed by Salary and Remuneration Committee according to the salary paying standard of other companies, personal performance, company's operation performance and the correlated rationality of future risks and then it will be submitted to the Board of Directors for decision.

Provided below are the performance evaluation indicators of directors and managers:

Scope	Director member	Manager
Indicators	Control level of company target and missions. Awareness level of director duties. Engagement level of company operation. Internal relationship maintaining and communication. Specialty and advanced study. Internal control	Financial indicators (revenue, profit target) Major job indicators (key performance indicator for responsible function) Sustainability Performance

(1) In order to motivate senior managers, and all employees to attach importance to the sustainability performance indicators set by the Company, and to link the incentive system with sustainability performance, the sustainability performance indicators of senior managers and each unit are defined as follows:
A. President: Sustainability performance (10%); weights: increase electricity intensity by 10% (5%), increase water intensity by 2% (5%).
B. Senior manager (one of the key executives responsible for sustainable development strategy): sustainable development ESG indicators (25%), occupational safety (10%), internal audit defects and improvement (5%).

(2) Short-term, mid-term and long-term performance targets:
The President and all the officers of the Company have long adhered to the business philosophy of honesty, integrity, integrity, and simplicity, stimulated financial and key work indicators, committed to increasing shareholder value, and strengthened risk management, with a weighted ratio of more than 15%.
In addition, under the leadership of the President and senior executives, all employees of National Aerospace Fasteners Corporation make a commitment to product safety and truly achieve sustainable operation.

(3) Short-term goals:
A. Regularly receive product safety awareness training and human factors promotion
B. Comply with the latest laws and regulations
C. Energy conservation and carbon reduction (increase of electricity and water intensity)

D. Green solar energy continues to be established

(4) Long-term goals:

A. Maintain product safety through Zero Defect

B. Cultivate outstanding talents to control products

C. Achieving net zero carbon emissions in line with government policies

5. Committee member nomination related information and operation status related information: Not applicable because the nomination committee is not established by this Company.

(V) Sustainable development promotion status as well as the variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
I. Has the company implemented the management framework required for promoting the sustainable development and established the sustainable development special (co-acting) unit for which, the Top Management is authorized by the Board of Directors to oversee and the execution status is also supervised by the Board of Directors?	V		To promote efforts in sustainability, the Company established a Sustainability Promotion Committee in 2023 with the President as the Chief Commissioner. The Committee comprises relevant units with corresponding responsibilities organized into the Corporate Governance Team, Sustainable Environment Team, and Social Care Team. These teams are respectively responsible for promoting and monitoring the implementation progress of various sustainable development initiatives, such as human rights, employee benefits, environmental safety and health, supplier relations, corporate ethics education and training, employee performance evaluation, stakeholder rights, corporate governance, and others. The teams consolidate and report on the matters handled to the President (President's Office). The President then regularly submits operational governance reports to the Board of Directors.	Abiding by the concept of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.

<table>
<tr><th rowspan="2">Promoted item</th><th colspan="3">Execution status (Note1)</th><th rowspan="2">Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:</th></tr>
<tr><th>Y</th><th>N</th><th>Summary (Note 2)</th></tr>
<tr><td>II. Has the company conducted risk evaluation according to the criticality principle for the company’s operating related environment, social and company management issues and developed the risk management policy or strategies?</td><td>V</td><td></td><td>In accordance with the principle of materiality, the Company has conducted risk assessments on ESG (environmental, social, and corporate governance) issues relevant to its operations. Based on feedback from relevant stakeholders and matrix analysis to evaluate material issues and risks, the Company has formulated relevant risk management policies or strategies, which are disclosed in the ESG report as below:
<table>
<tr><th>Major issues</th><th>Risk evaluation items</th><th>Risk management policy or strategies</th></tr>
<tr><td>Environment</td><td>1. Climate change and energy conservation/carbon reduction</td><td>1. Maintain the effectiveness of the certified ISO14001 environment management system
2. Execute the waste and emission reduction approaches
3. Maintain the green energy certificate policy</td></tr>
<tr><td>Social</td><td>1. Employee occupational safety and health
2. Employee health promotion and caring
3. Promote social corporate and donate charity/public service</td><td>1. Introduce the certification of ISO45001 occupational safety management system
2. Accredited by the Health Promotion Administration, Ministry of Health and Welfare, as a Healthy Workplace.
3. Maintain the public service donation policy established by NAFCO Social Charity Foundation.</td></tr>
<tr><td>Company management</td><td>1. Commercial strategies and operation performance
2. Occupational ethics and honest behavior
3. Information security</td><td>1. Corresponding to the rapid change if the international market and the internal/external objective environmental factors, the strategic meeting and the operation meeting will be held periodically in order to adjust the strategic objectives and the operating direction.
2. Maintain periodic announcement and dissemination of the honest and credible operation rules as well as the employee training approaches.
3. Help promote the ISO27001 information security management system.</td></tr>
</table></td><td>Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and execute the operation.</td></tr>
</table>

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
III. Environmental issues (I) Has the company developed suitable environmental management system according to its industrial characteristics?	V		Based on the industrial characteristics, this Company has established Work Safety Office and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with the applicable regulations. To meet the global trend and customer requirements, we also set up an efficient environment management system according to the planned schedule; for example, ISO14001: In 2015, the company attained the ISO14001 certification and it will be valid until May 2024. We also set up special Work Safety Office, Wastewater Operation Division and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with applicable regulations. To meet the global trend and customer requirements, we also set up efficient environment management system and regulations according to the planned schedule. 1. Based on the environmental regulations established by the competent environmental protection bureau for handling the wastewater, wastes, air pollution and specific chemical substances, we also appointed the operators and the administrators who are granted Class-A/Class-B qualification licenses. 2. This Company (together with each plant site) also maintains the validity of the certificates that meet the international verification qualification required for ISO14001 environmental safety management system. In this respect, the verification qualification certificate will be valid until May 2024. 3. Based on the applicable regulations, we also reported the wastewater treatment equipment, waste disposal and treatment and air pollution equipment to the local competent environmental protection authority. In the meantime, we also passed the periodic inspection and have been awarded the qualification certificate issued by the competent environmental protection authority.	Abiding by the concept of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and execute the operation.
(II) Has the company engaged in enhancing the energy utilization efficiency and using the recyclable materials	V		1. Based on the "only one earth" concept, active measures have been taken to enhance the performance of dealing with climate change,	Abiding by and implementing the concept of "Corporate Governance

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
that will bring about low impact to the environmental load?			pollution prevention and control, energy and resource conservation, waste reduction, safety and health management and fire prevention in order to minimize the environmental protection, safety and health related risks. 2. Internally, to enhance the efficiency of resource utilization, the Company has implemented various energy-saving measures such as installing solar panels, introducing a digital power monitoring platform (smart meters), using LED energy-saving light fixtures, rainwater recycling, automatic sensor faucets and water conservation measures, and incorporating waste reduction equipment, among others. To reduce environmental impact, the Company promotes paperless e-operations, encourages employees to use double-sided printing, and selects recycled plastic garbage bags, among other measures. In the fiscal year 2023, the Company significantly enhanced its energy usage efficiency. Specifically, the solar power generation in 2023 increased by 48.6% compared to 2022. The electricity intensity in 2023 was up by 21.2% compared to 2022, reflecting higher electricity efficiency. The water intensity in 2023 improved by 2.8% compared to 2022, indicating better water efficiency. The waste intensity in 2023 increased by 6.8% compared to 2022, representing a higher waste reduction rate. 3. External sectors: To catch up with the international trend and target of carbon reduction and carbon neutrality, we also promoted the green transition for the upstream supply chain. The goal is to realize the green purchase while ensuring that the provided products will not contain restricted substances.	Best Practice Principles for TWSE/TPEx Listed Companies".
(III) Have you evaluated the potential risks and opportunities that may imposed by the climate change to the company at present time and in the future, and taken the required responding actions?	V		To deal with the impact of climate change to the company's operation and to execute information disclosure relating to the climate change, this Company has worked with its subsidiaries to conduct a business operations audit and risk identification in order to deal with climate change. In this regard, the measures taken include the analysis of the physical impact resulting from the extreme climate directly or indirectly, the transformation impact required by the statutory regulations, techniques or market, as well as the risks	Abiding by and implementing the concept of "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
			and the opportunities will be brought by the social aspect to the company's operation activities. Based on the analysis result, it is hoped that we may intensify the company's ability in dealing with the climate change, including the launching of ISO14064-1 GHG Inventory and the development of objectives and strategies for the carbon reduction and emission, with smart meters monitoring and lifting electricity efficiency. The purpose is to evaluate the financial correlatively systematically so as to minimize the risks and control over the business opportunities. Being affected by climate change, extreme weather is more frequently seen all over the world. The elevated consciousness in climate risks has also influenced the corporation operation and the consuming behavior of the consumers directly or indirectly. Based on the TCFD (Task Force on Climate-related Financial Disclosure), the company is managed according to the following four core objectives and they are governance, strategy, risk management and indicator/target. Based on the schedule specified in the applicable laws, we will present the sustainable development report required for the period after 2024. The Company has four pillars for management, and plans to follow the regulatory schedule, which is planned to be presented in the sustainability report after 2024. Through this, it is hoped that the stakeholders will understand the responding actions developed by NAFCO in dealing with the impact of climate change to the risks and opportunities in minimizing the risks. Climate change management framework: **Governance:** When executing the climate risk management, the ESG Sustainability Promotion Committee is commissioned to discuss, evaluate and reach climate change related resolutions. As a next step, ESG Chief Member and Executive Member will report to the Top Management about the execution progress of the working plan and the required improvement suggestions. Based on the schedule specified in the applicable laws, the sustainability report will be presented after 2024. After that, ESG will explain and report the annual promotion result and the working plan of the following year. In this case, ESG will make the correction according to the comments rendered by the Board of Directors. It will be	

<table>
<tr><th rowspan="2">Promoted item</th><th colspan="3">Execution status (Note1)</th><th rowspan="2">Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:</th></tr>
<tr><th>Y</th><th>N</th><th>Summary (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>included in the climate change risk related issues and its management objectives</td></tr>
<tr><td>Strategies</td><td>Based on the schedule specified in the applicable laws, we will evaluate the impact of climate change related risks and opportunities to the strategies and the planning of this Company after 2024. Based on the climate change related scenario analysis conducted by TCFC, we will use the qualitative and quantitative analysis method in order to take the responding actions. Based on the short-term, middle-term and long-term definition discussed during the ESG Sustainability Promotion Committee Meeting as mentioned in “Reference 2 ℃ Scenario (2DS), we set the short-term as “1-3 years”, the middle-term as “3-5 years” and the long-term as “6-10 years”. Such data will be used to assess the climate related risks and opportunities. The climate related risks comprise the following two types, i.e. transition risks and physical risks. These risks will be sub-divided into policy, statutory regulations, techniques, market, goodwill, immediacy and chronicity. The opportunities will be sub-divided into the following 5 categories, i.e. resource efficiency, energy source, product, service, market and organizational resilience.</td></tr>
<tr><td>Risk management</td><td>Based on the schedule specified in the applicable laws, we will complete the assessment of the aforesaid risks during the “TCFD Climate Change related Financial Disclosure Discussion Meeting” held by the ESG Sustainability Promotion Committee after 2024. During the meeting, we will discuss the climate change factors that are provided by the units involved and that may create the transition and physical risks and opportunities to the company’s operation.</td></tr>
<tr><td>Indicators and objectives</td><td>1. To minimize the impact to the ambient environment during the operation process, we have invested huge amounts of resources on all of the environmental indicators; for example, launching the energy conservation/carbon reduction, energy using efficiency, water resource using efficiency, pollution prevention, hazardous substance management in order to pursue the planned vision of sustainable development.
2. We also completed the GHG Inventory</td></tr>
</table></td><td></td></tr>
<tr><td>(IV) Have you calculated the GHG emission amount, water consumption and total waste weight for the past two years, and have you developed the GHG reduction, water consumption reduction or other waste management policy?</td><td>V</td><td></td><td>The impact of climate change is one of the major environmental issues encountered by all countries on this planet. Through the process improvement, the development and the implementation of energy-saving policy, it is hoped that we may realize the objectives of energy conservation, carbon reduction, lower pollution, lower energy consumption and being eco-friendly.</td><td>Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and execute the operation.</td></tr>
</table>

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
			The Company has completed the inventory of its total greenhouse gas emissions for the past two years, which has been verified and certified by the third-party verification company, Afnor International: In 2021, the scope 1 greenhouse gas emission was 140.49 tons CO2e, the scope 2 greenhouse gas emission was 7,510.58 tons CO2e, accounting for 20% of total emission, and the scope 3 (category 1 to 6) greenhouse gas emission was 30,401.59 tons CO2e, accounting for 80%. . In 2022, the scope 1 greenhouse gas emissions was 396.69 tons CO2e, the scope 2 greenhouse gas emission was 8,722.23 tons CO2e, accounting for 76% of total emission, and the scope 3 (category 1 to 6) greenhouse gas emission was 2,793.58 tons CO2e, accounting for 24%. The scope 1 and scope 2 greenhouse gas emission intensity in 2022 was jointly reduced to 4.63 tons of CO2e per NTD million emitted, which is equivalent to 5.89 tons of CO2e in 2021, down by 21.3%. In 2023, a smart meter monitoring platform has been established to effectively control the use of electricity and energy. In 2023, the scope 1 plus scope 2 greenhouse gas emission intensity is expected to be reduced by another 10%. Starting from 2019, active moves have been taken by the Company in operating the environmental protection and energy conservation policy, promoting the environmental education, establishing the environmental protection and energy conservation culture and executing the environmental protection and energy conservation measures. 1. Solar power generation statistics: The Company has installed solar power generation systems at all its plant sites (Plant #1, Plant #2 and Plant #3). In 2021, the solar power generation amounted to 170,835 kWh, and the Company obtained 69 Renewable Energy Certificates from the Ministry of Economic Affairs. In 2022, the solar power generation was 148,739 kWh, and the Company obtained 60 Renewable Energy Certificates from the Ministry of Economic Affairs. The solar power generated 221,094 kWh in 2023, and 74 renewable energy certificates were obtained from the Ministry of Economic	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			Affairs. It is expected to continue to build solar power generation facilities in 2024 and adopt green energy. 2. Water consumption statistics: The total tap water consumption of the Company's plants (Plant #1, Plant #2 and Plant #3) was 79,877 tons in 2021 and 96,743 tons in 2022. In the past two years, the water consumption per NTD million of revenue has decreased from 61.53 tons to 49.16 tons, effectively saving 20.10%. The Company continues to implement various water-saving measures, and in 2023 the water intensity was 47.79 tons per million in revenue. Reduction in water consumption of 2.7% from the previous year. 3. A rainwater recycling system was built to reduce water consumption. Rainwater recycled: The volume of rainwater recycled by each of the Company's plants (Plant #1, Plant #2 and Plant #3) was 896 tons in 2021, 899 tons in 2022, and 652 tons in 2023. In 2023, the figure was 652 tons. 4. Waste statistics: The weight of hazardous waste in 2021 was 134.86 tons (35%) and non-hazardous waste was 252.43 tons (65%), for a total weight of 387.29 tons; The weight of hazardous waste in 2022 was 127.32 tons (31%) and non-hazardous waste was 284.71 tons (69%), for a total weight of 412.03 tons. The weight of hazardous waste in 2023 was 241.91 tons (45%) and non-hazardous waste was 293.63 tons (55%), for a total weight of 535.54 tons. In 2022, the waste generation intensity decreased to 0.209 tons per million NTD of output, compared to 0.298 tons in 2021, representing a 29.8% reduction. In 2023, the waste generation intensity decreased to 0.196 tons per million NTD of output, compared to 0.209 tons in 2022, representing another reduction of 6.2%. 5. With the wastewater reduction equipment of the low temperature vacuum process continuously operated, the plant can reuse 75% of the returned production process wastewater as the sub-grade household water through the water separating	

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			system. In this way, 30% of waste/wastewater can be reduced. 6. We also promoted the energy-saving activities such as elevated the utilization efficiency of the respective resource, used the solar power, remodeled the green lighting, installed the energy-saving LED lamps, used the variable-frequency devices, and changed to automatic A/C control, etc. 7. Installed the RO hard water recovery system to reduce the water consumption. 8. We promoted the paper-free e-based operation by encouraging employees to use double-side paper and use the recyclable plastic trash bags, etc.	
IV. Social issues (I) Has your company developed the required management policy and procedure according to the competent laws and International Bill of Human Rights?	V		1. Pursuant to the requirements specified in “The Convention on the Elimination of all Forms of Discrimination Against Women-CEDAW”, “Convention on the Rights of the Child-CRC” and “Convention on the Elimination of All Forms of Racial Discrimination-ICERD”, we respect the internationally recognized basic human rights; including the elimination of all types of discrimination against individuals, organization, corporate to female employees, children and different races and the protection of the reproductive right. 2. To protect legal rights of employees, we established the “Working Rules“ in order to specify the rights and obligations related to the company and the employees. The purpose is to ensure that each individual employee will be treated and respected fairly and decently. We also developed the “Sexual Harassment Prevention Measures and Punishment Method” and provided a complaint channel to protect employee’s rights. 3. We organized the “Employee Appraisal Committee and confirmed that differential treatment will not occur to the human resource implementation policy in terms of gender, race, social/economic class, age, marriage and family status. Its purpose is to realize the fairness and impartiality for employment, hiring conditions, salary, welfare, training, evaluation and promotion opportunities, etc.	Abiding by the concept of “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and execute the operation.
(II) Have you developed and implemented reasonable employee welfare measures (including salary, vacation	V		1. Employee salary and welfare measures: (1) The average salary of the entire factory in 2023 was	Abiding by and implementing the concept of “Sustainable Development

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
and other welfares, etc.) and reflected the operation performance or results appropriately in the employee salary?			NT$49,548, and the average salary of female employees in the factory in 2023 was NT$49,929. (2) It has been specified in the company rules that if profit is earned by the company in that year (the profit before deducting the remunerations of employees, directors and supervisors from the pre-tax profit), then the company will allocate over 1% in which, less than 10% will be allocated as the employee remunerations. (3) Based on the Labor Standards Act, the company has developed the "Working Rules" and it comprise salary, bonus, working time, vacation, presence, evaluation and welfare measure sections. For detailed employee welfare measures, please refer to the description of labor-employer relationship provided in this Annual Report. 2. Reflecting the operation performance in employee salary: To encourage and to urge employee's devotion and diligence, we have set up the well-defined reward and punishment standard and bonus system. When discovering the breaching behavior, apart from asking immediate improvement, we will report the offender for punishment and the punishment result will be connected with the reward and remunerations established for the performance evaluation system. In the meantime, the company's performance result is also connected with the employee bonus and its purpose is to expect all employees will follow applicable regulations and the internal control mechanism when performing all types of operation activities. 3. Occupational diversity and equality (1) In this Company, the ratio of female employees is 22% and the ratio of the high-level female supervisors (above the Deputy Section Chief level) is 20%. (2) The employee welfare measures (for example: employee salary occupational diversity and equality, vacation, allowances, cash gift and subsidies, etc.) will remain unchanged in terms of gender or race.	Best Practice Principles for TWSE/TPEx Listed Companies".
(III) Have you provided a safe and health working environment for the employees and conducted the employee safety and health education periodically?	V		We will comply with the "Occupational Safety and Health Act" and fulfill the following requirements: 1. System and measures: The purpose is to protect the safety of	Abiding by and implementing the concept of "Sustainable Development Best Practice Principles for

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			the working environment and the employees, execute the ISO45001 certified occupational safety and health management system, create a safe and hygiene working environment, promote the safety and health operation conception continuously, set zero safety and health incidents as the management target and urge all employees to abide by the safety and health rules and system. 2. Pursuant to the Occupational Safety and Health Act, we have set up special Work Safety Office and Factory Medical Room. In accordance with the applicable laws, each plant site (Plant #1, Plant #2 and Plant #3) of this Company is provided with Occupational Safety Administrator, Occupational Safety Staff and Occupational Safety Supervisor that possess the required qualification license. 3. An online audit system is implemented, where deficient items are automatically sent via email to auditees, unit supervisors, with improvement deadlines and reminder schedules set. This allows for immediate corrective actions and case closure. 4. Occupational safety and health committee meetings are convened on a quarterly basis to review production line non-conformities, work-related injuries, education and training, contractor work, and other safety and health issues. Occupational safety risk awareness is raised through practical case studies. 5. The annual contractor agreement organization meeting is held to review the annual non-conformities, the construction application process, hazard notices and commitments, etc. It is explicitly required to comply with the company's contractor management regulations. 6. In 2021, we have acquired the ISO45001 occupational safety and health management system certification for each plant site (Plant #1, Plant #2 and Plant #3) of this company and such certification will be valid until June 2024. The scope of such certificate shall include each plant site of this Company. 7. The Company has contracted occupational medicine physicians and labor health service physicians to provide on-site services and provide health education and guidance for employees who	TWSE/TPEx Listed Companies”.

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
			are assessed to be at high occupational safety or health risks. 8. The number of annual employee occupational injury cases (excluding traffic accidents) reported by each plant of the Company (Plant #1, Plant #2 and Plant #3): 4 cases in 2023 9. Each plant site (Plant #1, Plant #2 and Plant #3) of this Company will provide a safe and health working environment for all employees, including the required safety protection gears and equipment as well as health and first aid facilities. In the meantime, efforts have also been taken by each plant site to minimize the hazardous factors that will jeopardize the safety and health of employees in order to prevent the occupational hazard. 10. Pursuant to the applicable laws, this Company provided the required safety and health education and training programs that will be suitable for newcomers to perform the respective work. To protect the safety and the health of all workers, they are required to coordinate with and engage in the emergency incident responding actions, the learning of the fire fighting and first aid related basic knowledge and drills. In the meantime, we also disseminated safety, hygiene and health knowledge that is relating to the worker's operation. In terms of the working safety, the employee's emergency responding ability and safety concept are also sharpened through continuous education, training and dissemination. Its purpose is to reinforce employee's perception ability in order to reduce accident events that may be caused by unsafe actions. 11. Pursuant to the applicable laws, we conducted labor working environment monitoring semi-yearly in order to learn about actual situations of their operating environment and the worker's exposure status. 12. Conducting semi-annual fire drills, annual fire equipment safety inspection reporting, and building safety inspection reporting. 13. The company has set up the entrance control system to monitor the real-time status of the system and the security guards. In addition, we also conducted the regular inspection and the 24-hour monitoring for the plant site safety.	

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
			14. We set up a health-care center to protect employee health and the center is also granted with a occupational health promotion certification issued by the Health Promotion Administration, Ministry of Health and Welfare. 15. Going beyond legal requirements, the Company conducts company-wide employee health examinations every two years, annual health examinations for employees engaged in special operations, and annual health examinations for employees aged 65 and above. In 2023, health examinations for employees engaged in special operations and company-wide employee health examinations were completed. Subsequently, the Company will analyze the health examination reports and provide follow-up health management and care for employees. 16. The Company has set up a fitness center and nursing rooms, encouraging employees to develop healthy exercise habits. It has implemented a maternity health protection program in accordance with the Occupational Safety and Health Act to ensure the physical and mental well-being of female employees during pregnancy, postpartum, and breastfeeding periods, achieving the goal of protecting the health of maternity employees. The Company has also implemented an abnormal workload hazard prevention program to create a friendly and healthy work environment. 17. In 2023, there were 0 fire cases and 0 casualties reported.	
(IV) Has the company developed an efficient occupational ability development training plan for employees?	V		It is the goal of the company to create an efficient environment for the occupational development of the employees. Based on the need of the work, the department supervisor shall assign its associate to participate in the professional training. The purpose is to help the employees develop deeper knowledge and higher competence, enhance their working efficiency and quality so that the learning and the growth of the employees will be linked to the company's development objectives. Based on duties or professionalism, the employee may raise be allowed to continue advanced studies. Pursuant to the statutory regulation, we also allow the employees to attend the continuous or qualification related advanced study in order to acquire the required licenses or professional skills so as to intensify their ability in occupational development. During the	Abiding by and implementing the concept of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".

Promoted item	Execution status (Note1)			Variation with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:
	Y	N	Summary (Note 2)	
			personnel performance evaluation and the promotion operation, we also referenced the employee's performance status. We encouraged the employee to engage in self-learning and to intensify their competence so that further harmony will be achieved in the aspect of individuals, family and work. To that extent, the virtuous cycle can be achieved in terms of talent training, talent retaining and personal growth. In the appropriate manner, we reflected the company's operation performance or result to the employee salary policy to ensure the recruitment, retention and encouragement will be achieved for the human resources so as to attain the sustainable operation goal.	
(V) Regarding the issues of the product and service related customer health and safety, customer privacy, marketing and labeling, do you following the applicable laws and international criteria and develop the policy and complaint procedure in order to protect the equity of consumers or customers?	V		Our marketing and labeling of the product and service are conducted pursuant to the applicable laws and international criteria. The marketing and the labeling of the product are conducted according to the requirements of ISO and TS quality system and customer's demand. Product marketing is conducted according to requirements of international criteria and local regulations. In the meantime, we also developed the customer right and privacy protection policy and complaint procedure such as "Service Management Procedure", "Customer Rejection & Complaint Management Method", "Confidential Information Protection Policy" and "Customer Satisfaction Investigation Method" so that we may protect the equity pertaining to the consumers during R&D, purchase, production, operation and service processes. To elevate customer's a confidence in the company's information security, we also introduced the ISO27001 information security management system to strengthen hacking prevention ability and to acquire a third-party certification in the meantime.	Abiding by and implementing the concept of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".
(VI) Have you developed a supplier management policy to urge that suppliers should comply with the established requirements when handling the environmental protection, occupational safety and health or labor human rights issues and how about its execution status?	V		1. We developed the "Purchase Management Procedure" to specify the supplier screening conditions in terms of environmental protection, human rights, health and sustainable development as well as the demand and expectation for the suppliers in the aspects of environment safety and health risks, ethics standard and honest operation, etc. 2. We also organized the supplier guidance project. By using cooperation as the basis, it is hoped that the sustainability will	Abiding by and implementing the concept of "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".

Promoted item	Execution status (Note1)			Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:
	Y	N	Summary (Note 2)	
			be realized in the daily supply chain management through supplier selection, audit guidance, performance evaluation, training and supplier forum. In 2023, the cooperating suppliers of this company have completely (100%) met the following conditions.	

Supplier evaluation	1. All suppliers must pass the supplier assessment and follow the supplier conduct code. 2. The process-related aerospace raw material supplier must pass certification for AS9100 quality management system, and the industrial raw material supplier must pass the certification of ISO9100 quality management system. 3. The factory affairs and relevant operation contractors must secure the certification for ISO45001 occupational safety and health management system.
Supplier audit	This Company has organized the Audit Team and the Guidance Team for monitoring supplier’s defect improvement progress so that they may work together to elevate the quality and techniques, reinforce the environmental protection related safety and health performance, and introduce the automation for improving the production capacity.
Supplier training	On an irregular basis, the company will guide and communicate with the supplier through supplier seminars and yearly audit assessments in order to enhance their performance in environmental protection, safety and health while meeting the international standard. The training courses shall include occupational hygiene, employee health, fire fighting maintenance, carbon inventory, climate change, legal risks and occupational ethics, etc.
Supplier forum and citation	On an irregular basis, this Company will hold the supplier seminars. In addition to communicating company’s sustainability concept and target, we also recognized suppliers that have performed excellently and that have made superior contributions in the aspects of quality elevation, cost reduction, on-time delivery and sustainable performance.

<table>
<tr><th rowspan="2">Promoted item</th><th colspan="3">Execution status <u>(Note1)</u></th><th rowspan="2">Variation with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and reasons:</th></tr>
<tr><th><u>Y</u></th><th><u>N</u></th><th><u>Summary (Note 2)</u></th></tr>
<tr><td>V. Have you referenced the common international reports for compiling the criteria or guide or sustainability report that will be used to disclose company’s non-financial information? Have the aforesaid report been provided with the validation or guarantee comments by the third-party verification unit?</td><td>V</td><td></td><td>With reference to the international standards or guidelines for the preparation of GRI reports, the Company has completed the 2023 greenhouse gas inventory report of 2022 ISO14064-1 and its assurance, and has completed the preparation and publication of the 2022 ESG sustainability report in 2023 .</td><td>It doesnot meet the requirements of “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” yet.</td></tr>
<tr><td colspan="5">VI. If the company has compiled the sustainable development rules according to “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please explain the variations between its operation and the established rules.
Although we haven’t compiled the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, however we also appointed the responsible unit to handle the employee equity, environmental protection, environment safety and community relationship issues, etc.</td></tr>
</table>

VII. Other important information that will help promote the execution of sustainable development:

(I) Environmental protection: Please refer to the description of “III. Environmental issues.

(II) Community engagement, social contribution, social service and public service:

1. We have organized the “NAFCO Social Charity Foundation” belonging to Taoyuan City. We provide social contributions and the public service donation each year that should be executed by the social enterprise:

(1) On an irregular basis, we contribute our donation to the social welfare groups and education groups and the public service feedback. In the meantime, we also encourage the rural children to acquire more learning opportunities.

(2) On a regular basis, we keep close contact with other social welfare groups to discuss their status and the assistance required for the scheduled activity plans.

(3) Irregularly we conduct volunteer activities and also encourage our employees to participate. We host a caring garden party with the Company’s vocational welfare association to jointly care for the disadvantaged groups.

(4) The Company's 2023 donations and care actions are as follows:

a. The Company donated NT$100,000 to Private Pingzhen Care Institution, Taoyuan City, a non-profit organization, to support the accommodation and care of 55 severely and extremely disabled or mobility-impaired individuals. The donation covered organizing a parent-child outdoor day trip activity, taking residents out for walks, repairing the bathroom facilities in the dormitories, and providing related living assistance.

b. The Company makes an annual fixed donation to the Taoyuan City Police Friends Association to assist in the promotion of various police affairs in the City. This helps in joint efforts to prevent crimes, expand safety campaigns, maintain law enforcement functions, promote police-community cooperation, and ensure that residents in Taoyuan City can maintain a simple and honest lifestyle.

c. The Company donated NT$260,000 to the Hui Lung Underprivileged Family Care Center of the Presbyterian Church in Shulin District, New Taipei City, to provide care services for 80 underprivileged children from families such as single-parent families, skip-generation families, or children of foreign spouses. The donation also supported the organization of various festive events (such as Mother's Day activities, summer camps, and Christmas parent-child activities). Additionally, the Company arranged for its in-house nurses to conduct an annual health education seminar for the children at the center.

d. The Company made a total donation of NT$500,000 for educational purposes, including the President's Lecture Program at the National Yang Ming Chiao Tung University, aimed at retaining and nurturing highly-educated technical doctoral talents in Taiwan for their deep-rooted development.

(III) Consumer’s right: Please refer to the description of “IV. Social issues.

(IV) Human rights

1. Abiding by the spirit of concern about workers and complying with the local labor laws strictly and openly, we will observe human rights, labor and child labor related laws and regulations so as to respect human rights, improve the working environment continuously and promote amiable labor-employer relationship in the hope that we will become the corporate employer that is credible, honest and that is worthy of trust .

2. To maintain gender equality in work and personal dignity, we have set up the rules to prohibit the sexual harassment in the job location and we also put up the posters around the job location to disseminate such message.

(1) System and measures:

a. Prohibiting forced labor. No hiring of child labor.

b. The working hours, salary and welfare that are equal to or greater than the statutory regulations.

c. Humane treatment, diversified gender equality and non-discrimination: The employment standard will be the employee’s working ability. All employees will be treated equally regardless of gender, religion, race, nationality or political party. Such approaches will be expressly specified in the employment policy to ensure that the applicants and the employees will be fairly treated in the aspects of recruitment, appointment, development, evaluation and reward, etc. Protect the human rights of workers. They will not suffer from differential treatment in employment or work regardless of any distinction in the aspects of race, color, gender, language, religion, politics or other viewpoints, nationality or social level, property, birth or other identity, etc. Maintain the working equality and dignity for the diversified gender. Prohibit the sexual harassment in the job location in order to present a working environment emphasizing the diversified gender equality.

d. Provide a health and safe environment.

(2) Execution status

a. The company has never hired non-voluntary employees by means of threatening, guarantee or contract. The company has neither hired any person under 15 years in age nor a person that is lower than the age of compulsory education.

b. We comply with the normal working hours specified by the law. We also exercised the labor relationship and paid the equivalent remuneration on the meeting of mind basis between both parties. We recognize the contribution of diversified employees. The addition of hiring conditions or the approach amendment is executed through the communication and negotiation by both parties during the Labor and Employer Meeting. The Welfare Committee elected by the employees will convene the Welfare Committee Meeting regularly and provide relevant welfare activities for labors. Enhance the employee's physical and mental health as well as maintain pleasant mood in performing the work. No dispute until now.

c. We respect every employee and prohibit sexual harassment, physical punishment, mental or verbal scolding for any purpose. We also commit and guarantee that different standards and unequal treatment will not be exercised when dealing with the salary, promotion, reward and training opportunities by making the human species, color, age, gender, race or political party as the excuse. The aforesaid requirements are expressly specified in the company management rules. In addition to communicating the newcomer onboarding training courses and set up the anonymous suggestion box, we also printed posters and posted them on the bulletin in order to provide a most secure working environment for all employees. No dispute until now.

d. By law, we also set up a medical care physician and the labor safety and health administrator and provided the pre-job and the on-the-job health, safety and hygiene related education and training. The medical care physician will trace the health status of high-risk employees periodically as well as help and instruct the employee to refrain from the behaviors or habits that may harm the health. Pursuant to the applicable laws, we also provided the protection gears required for the job location in order to provide a safest and most healthy working environment for all employees. Until now, all programs are operating normally.

(V) Safety and health:

1. System and measures:

a. To protect the working environment and the employee's safety, we planned the ISO45001 international certification for the occupational safety and health management system in order to create a safe and hygiene working environment. Its purpose is to promote the safety and health related operation conception continuously so as to achieve the management target of zero safety and health incident and to urge all employees to observe the safety and health related regulations and systems.

b. The Company has established a Health Center to care for employees' health and has obtained the Healthy Workplace Accreditation from the Health Promotion Administration under the Ministry of Health and Welfare.

2. Execution status:

a. With the ISO45001 certification acquired, we are able to implement the occupational safety and health management system in order to elevate the safety and health management performance continuously.

b. On a regular basis, we conducted the health inspection and health promotion activities in order to provide the health-care services in the hope that all employees may maintain a healthy physical and mental conditions.

c. We developed the "Production Work Safety and Health Operation Method for Manufacturing Location" to prevent the occupational hazard from occurring. We also created a safe and healthy working environment and promoted the safe and healthy operation conception continuously. In the meantime, we also set zero safety and health incident as the management target. Further, all employees are required to observe the safety and health related regulations and system.

d. In addition to the aforesaid Production Work Safety and Health Operation Method for Manufacturing Location", the Work Safety Office also audited the safety and health activities in the job location periodically to prevent the hazard from occurring.

e. Through the employee education and training, we have executed more effective protection measures for the working environment and employee's personal safety so as to protect the employees from the occupational injury.

f. By setting up standardized working safety, the employee's sense of safety has been elevated to prevent the incident. Through the safety and health management works, it is our hope to provide a comfortable and safety environment as the target for the work safety policy.

(V-I) Listed and OTC company climate related information

1. Execution status of climate-related information

Item	Execution status
1. Describe the supervision and the governance that will be executed by the Board of Directors and the Top Management for the climate-related risks and opportunities. 2. Describe how the identified climate-related risks and opportunities will affect the business, strategies and finance of the company (short-term, middle-term, long-term). 3. Describe the impact of extreme climate event and transition action to the financial status. 4. Describe how the climate risk identification, evaluation and management process can be incorporated in the overall risk management system. 5. When using the scenario analysis evaluation for the resilience of climate change risks, explain the used scenarios, parameters, hypothesis, analytical factors and primary financial impact. 6. If a transition plan is available for responding to climate-related risk management, explain the content of the plan as well as the indicators and the target used to identify and manage physical risks and transition risks. 7. When using the internal carbon pricing as the planning tool, explain the price setting standard. 8. When setting the climate-related target, explain the covered activities, the GHG emission category, the planned schedule and yearly progress accomplishment. When using the carbon offset or RECs (Renewable Energy Certificate) in order to achieve the planned target, explain the allowance source and the quantity of the offset carbon reduction or the quantity of RECs. 9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).	1. The NAFCO climate risk management will be discussed and evaluated by the ESG Sustainability Promotion Committee. After reaching the climate change related resolutions, the ESG Chief Member/Executive Member will report to the Top Management about the working plan execution progress and the required improvement suggestions. Based on the schedule specified in the applicable laws, the sustainability report will be presented after 2024. After that, ESG will explain and report the annual promotion result and the working plan of the following year. In this case, ESG will make the correction according to the comments rendered by the Board of Directors. It will be included in the climate change risk related issues and its management objectives 2. Based on the schedule specified in the applicable laws, the identified climate change risk category will be presented in the Sustainability Report after 2024. Such report will also explain the influencing period and the level of impact. Through this, it is hoped that the stakeholders will understand the responding actions developed by NAFCO in dealing with the impact of climate change to the risks and opportunities in minimizing the risks. 3. Nowadays, more frequent extreme weather has been seen due to the climate change. With the rising understanding of the global climate crisis, it has also affected the enterprise operation and the consumer's consuming behaviors directly or indirectly. Therefore, the report prepared by the TCFD (Task Force on Climate-Related Financial Disclosures) is referenced to carry out the management for the following four core aspects, i.e., governance, strategies, risk management and indicator/target. 4. Based on the schedule specified in the applicable laws, it is the plan of NAFCO to complete the risk assessment during the "TCFD Climate Change related Financial Disclosure Discussion Meeting" that will be held by ESG Sustainability Promotion Committee after 2024. During the meeting, the discussion will be conducted for the company's operation transition and physical risks and opportunities that might be caused by the climate change related factors as being provided by the units involved. 5. Based on the schedule specified in the applicable laws and the TCFD-related climate scenario analysis result, it is the plan of NAFCO to use the quantitative and qualitative analysis method for analyzing the impact of the climate-related risks and opportunities to this company's strategies and plans that will be developed after 2024. Based on the short-term, middle-term and long-term definition discussed during the ESG Sustainability Promotion Committee Meeting as mentioned in "Reference 2 ℃ Scenario (2DS), we set the short-term as "1-3 years", the middle-term as "3-5 years" and the long-term as "6-10 years". Such data will be used to assess the climate related risks and opportunities. The climate related risks comprise the following two types, i.e. transition risks and physical risks. These risks will be sub-divided into policy, statutory regulations, techniques, market, goodwill, immediacy and chronicity. The opportunities will be sub-divided into the following 5 categories, i.e. resource efficiency, energy source, product, service, market and organizational resilience.

	6. Based on the schedule specified in the applicable laws, the TCFD report will be referenced to explain the method of reducing the impact of the identified climate change risks in the Sustainability Report that will be prepared after 2024. Through this, it is hoped that the stakeholders will understand the responding actions developed by NAFCO in dealing with the impact of climate change to the risks and opportunities in minimizing the risks. 7. We plan to wait for the relevant competent authorities to formulate corresponding carbon pricing guidelines, as a reference and compliance basis for internal carbon pricing. 8. The Company has set up the solar power generation system. Until now, we are granted with 296 pieces of REC certificates. For details, please refer to the information disclosed in our annual report. The goal is to improve the efficiency of energy use, and increase the scope 2 greenhouse gas emission efficiency in 2024 by 10% compared with that in 2023, and strive to achieve the goal of carbon neutrality between 2035 and 2050. 9. The Company has completed the 2022 Greenhouse Gas Report (ISO 14064-1) and obtained the assurance verification certificate from Afnor Group's AFAQ-AFNOR International (Bureau Veritas) certification body. Please refer to sections 1-1 and 1-2 for relevant reduction targets, strategies, and concrete action plans.

1-1 The Company's greenhouse gas inventory and assurance in the recent two years

1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emission volume (tons of CO2e), intensity (tons of CO2e/NTD million), and data coverage for the most recent two years.
***2021: 1. The greenhouse gas emissions inventoried in accordance with ISO 14064-1 and verified by the Afnor Group's AFAQ-AFNOR International (Bureau Veritas) certification body are as follows: (1) Direct emissions <scope 1>: 140.50 tons of CO2e, (2) Energy indirect emissions <scope 2>: 7,510.58 tons of CO2e, (3) Other indirect emissions <scope 3-6>: 30,401.59 tons of CO2e 2. The total emission volume of scope 1 - 6 abovementioned greenhouse gases: 38,052.67 tons of CO2e, and the greenhouse gas emission intensity (tons of CO2e/NTD million): 5.84 tons of CO2e. ***2022: 1. The greenhouse gas emissions inventoried in accordance with ISO 14064-1 and verified by the Afnor Group's AFAQ-AFNOR International (Bureau Veritas) certification body are as follows: (1) Direct emissions <scope 1>: 396.69 tons of CO2e, (2) Energy indirect emissions <scope 2>: 8,722.24 tons of CO2e, (3) Other indirect emissions <scope 3-6>: 2,793.58 tons of CO2e 2. The total emission volume of scope 1 - 6 abovementioned greenhouse gases: 11,912.51 tons of CO2e, and the greenhouse gas emission intensity (tons of CO2e/NTD million): 4.63 tons of CO2e ***Compared with 2021, the Company has more effectively reduced greenhouse gas emission by 21.36% in 2022, and is expected to maintain carbon emission intensity by 10-20% in 2023. *** Information with confidence will be disclosed on the Market Observation Post System, Annual Report, Sustainability Report and the Company's official website.

Note 1: Direct emissions (scope 1, referring to emissions directly from sources owned or controlled by the company), energy indirect emissions (scope 2, referring to indirect greenhouse gas emissions from the generation of purchased electricity, heat, or steam), and other indirect emissions (scope 3, referring to emissions from the company's activities but not included in energy indirect emissions, originating from sources not owned or controlled by the company).

Note 2: The density of the GHG emission may be calculated according to the per unit product/service or revenue method, but it shall at least disclose the data being calculated according to the revenue (NT$million).

1-1-2 Greenhouse gas assurance information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.
***2021: 1. Validation entity: AFAQ - Afnor Group and Afnor International Co., Ltd. 2. Scope of verification: National Aerospace Fasteners Corporation is located at No. 1, Taiping E. Road, Ping Zheng District, Taoyuan City/No. 5, Taiping E. Road, Ping Zheng District, Taoyuan City/No. 38, Lane 99, Taiping W. Road, Ping Zheng District, Taoyuan City. 3. Assurance verification standard: ISO 14064-1:2018 4. Verification period: from January 1, 2021 to December 31, 2021 5. Assurance of verified data: (1) Direct emissions <scope 1>: 140.50 tons of CO2e, (2) Indirect energy emissions <scope 2>: 7,510.58 tons of CO2e, (3) Other indirect emissions < scope 3 - 6): 30,401.59 tons of CO2e 6. GWP: Based on the 5th Assessment Report of IPCC, 2013 7. Type of confident opinion: unqualified opinion 8. Verification assurance opinion conclusion: It is confirmed that the organization has presented the greenhouse gas statement in accordance with the agreed verification criteria, and has fairly presented the greenhouse gas data and related information consistently with the agreed verification scope, objectives and criteria. Declare the reasonable assurance level of inventory data as Category 1 and Category 2. ***2022: 1. Validation entity: AFAQ - Afnor Group and Afnor International Co., Ltd. 2. Scope of verification: National Aerospace Fasteners Corporation is located at No. 1, Taiping E. Road, Ping Zheng District, Taoyuan City/No. 5, Taiping E. Road, Ping Zheng District, Taoyuan City/No. 38, Lane 99, Taiping W. Road, Ping Zheng District, Taoyuan City. 3. Assurance verification standard: ISO 14064-1:2018 4. Verification period: from January 1, 2022 to December 31, 2022 5. Assurance of verified data: (1) Direct emissions <scope 1>: 396.69 tons of CO2e, (2) Indirect energy emissions <scope 2>: 8,722.24 tons of CO2e, (3) Other indirect emissions < scope 3 - 6): 2,793.58 tons of CO2e 6. GWP: Based on the 6th Assessment Report of IPCC, 2021 7. Type of confident opinion: unqualified opinion 8. Verification assurance opinion conclusion: It is confirmed that the organization has presented the greenhouse gas statement in accordance with the agreed verification criteria, and has fairly presented the greenhouse gas data and related information consistently with the agreed verification scope, objectives and criteria. Declare the reasonable assurance level of inventory data as Category 1 and Category 2. ***Compared with 2021, the Company has more effectively reduced greenhouse gas emission by 21.36% in 2022, and is expected to maintain carbon emission intensity by 10-20% in 2023. *** Information with confidence will be disclosed on the Market Observation Post System, Annual Report, Sustainability Report and the Company's official website.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.
(I) Base year of greenhouse gas reduction and its data: 2021. The total emission volume of scope 1 - 6 greenhouse gases: 38,052.67 tons of CO2e, and the greenhouse gas emission intensity (tons of CO2e/NTD million): 5.84 tons of CO2e. The greenhouse gas emissions inventoried in accordance with ISO 14064-1 and verified by the Afnor Group's AFAQ-AFNOR International (Bureau Veritas) certification body are as follows: (1) Direct emissions <scope 1>: 140.50 tons of CO2e, (2) Energy indirect emissions <scope 2>: 7,510.58 tons of CO2e, (3) Other indirect emissions <scope 3-6>: 30,401.59 tons of CO2e (II) Reduction target: Improve energy efficiency, continue to optimize annual greenhouse gas emission intensity by 10-20%, and strive to achieve carbon neutrality from 2035 to 2050. (III) Strategy and concrete action plan: 1. To implement environmental protection concepts and fulfill social responsibilities, the Company has promoted energy conservation, carbon reduction and water resource conservation measures. It has invested in the installation of solar panels, wastewater treatment equipment, water recycling equipment, digital power monitoring systems, and more, fulfilling its corporate citizenship responsibilities to jointly protect the Earth. 2. In addition to continuous energy efficiency optimization, energy conservation, green energy sources establishment, conducting greenhouse gas inventories in accordance with ISO 14064-1, and tracking and disclosing information in the ESG Sustainability Report, the Company also plans to devote efforts to implementing digital power monitoring, ISO 50001 energy management, purchasing green energy, ISO 14067 carbon footprint assessments, and evaluating the execution of other related programs. 3. Climate change impact is one of the common global environmental issues. Since 2019, the Company has been actively investing in environmental protection and energy conservation policies, promoting environmental education, establishing an eco-friendly and energy-saving culture, and implementing environmental protection and energy-saving measures. Through continuous process improvements, formulation and implementation of energy-saving policies, the Company aims to achieve the goals of energy conservation, waste reduction, low pollution, low energy consumption, and environmental friendliness. The specific actions taken by the Company in recent years are described as follows: (1) The Company has completed the inventory of total greenhouse gas emissions in the past two years, and the results have been verified by the third-party verification company Afnor International (scope 1 and scope 2), which are 7,651.0748 tons of CO2e in 2021 and 9,118.9295 tons of CO2e in 2022, respectively. 2021 revenue was NT$1,298,303 thousand, and 2022 revenue was NT$1,967,894 thousand. The overall energy carbon emission per NTD million of revenue was reduced from 5.8391 tons of CO2e in 2021 to 4.6338 tons of CO2e in 2022, effectively reducing greenhouse gas carbon emissions by 21.36%. In 2023, a smart meter monitoring platform has been built to effectively control the use of electricity and energy. The carbon emission intensity is expected to continue to be 10-20% in 2023. (2) Effects of adding solar panels: The solar power generation system installed at each of the Company's plants (Plant #1, Plant #2 and Plant #3) recovered power of 84,508 kWh in 2019, 168,144 kWh in 2020, and 170,835 kWh in 2021, equivalent to a reduction in greenhouse gas emission of 85,417.5 kg/CO2e. The Company obtained 69 renewable energy certificates from the Ministry of Economic Affairs; the solar energy recovered 148,739 kWh of power in 2022, equivalent to reducing greenhouse gas emission by 74,369.5 kg/CO2e, and obtained 60 national renewable energy certificates. In 2023, solar power was generated by 221,094 kWh, equivalent to a greenhouse gas emission reduction of 110,547 kg/CO2e; it is expected to continue building solar power facilities in 2024, adopting green energy and establishing a real-time power monitoring and management platform. (3) Effects of water-saving equipment: Among the Company’s various plants (Plant #1, Plant #2 and Plant #3), in 2019, the tap water consumption is 113,667 tons and the rainwater recovered is 1,005 tons. In 2020, the tap water consumption is 93,647 tons and the rainwater recovered is 903 tons. In 2021, the tap water consumption is 79,877 tons and the rainwater recovered is 896 tons. In 2022, the tap water consumption is 96,743 tons and the rainwater recovered is 899 tons. In the past two years, the water consumption per NTD million of revenue has decreased from 61.53 tons to 49.16 tons, effectively saving 20.10%. The Company continues to implement various water-saving measures, and in 2023 the water intensity was 47.79 tons per million in revenue. Reduction in water consumption of 2.7% from the previous year. (4) Effects of waste reduction: The total waste volume of the Company's plants (Plant #1, Plant #2 and Plant #3) was 387.29 tons in 2021 and 412.03 tons in 2022. The waste output per NTD million of revenue is reduced from 0.298 tons in 2021 to 0.209 tons in 2022, effectively reducing waste output by 29.81%. In 2023, waste reduction equipment was purchased, and the total amount of waste was 535.535 tons. 0.196 tons/NTD million of revenue, down 6.38% from the previous year. (5) Other outcomes: With the wastewater reduction equipment of the low temperature vacuum process continuously operated, the plant can reuse 75% of the returned production process wastewater as the sub-grade household water through the water separating system. In this way, 30% of waste/wastewater can be reduced. We also promoted the energy-saving activities such as elevated the utilization efficiency of the respective resource, used the solar power, remodeled the green lighting, installed the energy-saving LED lamps, used the variable-frequency devices, and changed to automatic A/C control, etc. Installed the RO hard water recovery system to reduce the water consumption. We promoted the paper-free e-based operation by encouraging employees to use double-side paper and use the recyclable plastic trash bags, etc. (IV) Status of reduction targets achieved: In 2022, compared with 2021, we more effectively reduced greenhouse gas emissions by 21.36%; improved energy efficiency, continued to optimize greenhouse gas emission intensity by 10-20% each year, and committed to the goal of carbon neutrality from 2035 to 2050.

(VI) Status of fulfilling the honest operation as well as the variations with the "Honest Operation Rules for Listed and OTC Companies" and reasons.

Evaluation item	Operation status			variations with the "Honest Operation Rules for Listed and OTC Companies" and reasons.
	Y	N	Summary	
I. Developing the honest operation policy and solutions (I) Has the company developed the honest operation policy that is approved by the Board of Directors? Have the company rules and external documents defined the honest operation policy and approaches together with the commitment that the Board of Directors and the Top Management will execute the operation policy proactively?	V		We have developed the "Honest Operation Rules" and it has been approved by the Board of Directors. Further, we have published the rules on our website and defined the honest operation policy in the aforesaid rules. Based on the aforesaid rules, the Board of Directors and the Top Management will execute the required operations. This Company will engage in the commercial activities according to the fair, honest, credible and transparent principles. To realize the honest operation policy and prevent the dishonest behaviors, we urge all of our employees (including the subsidiaries) to obey and comply when executing the operations. In the aspect of proactive execution being committed by the Board of Directors and the Top Management, all directors of this Company are abiding by the high-level of self-discipline rules. When dealing with the issues that may present conflicts of interests with themselves or the representing legal person that will impair company's benefits, they will provide comments and answer the questions only without being involved in the discussion. In the meantime, they will recuse themselves during the discussion and the voting and will not represent other directors in exercising their voting right. All directors are also abiding by the self-discipline rules and will not collude with each other improperly.	Abide by the honest operation rules required for the listed and OTC companies.
(II) Has the company established the dishonest behavior related risk assessment mechanism? Has the company analyzed the business activities periodically to learn about the business operations that may present higher dishonest behavior risks and developed the dishonest behavior prevention solutions according to the analysis result? Further, such assessment mechanisms shall at least cover the prevention measures against the behaviors specified in the clauses of Item 2 under Article 7 of "Honest Operation Rules for the Listed and OTC companies".	V		In the "Honest Operation Rules", this Company has defined the prevention measures that will be taken for dealing with the business activities carrying higher dishonest behavior risks within the operation scope. It also contains the rules prohibiting the offering and the receiving of bribery, the offering of illegal politic contribution, the improper charity donation or sponsorship as well as the offering or receiving of unreasonable gift, services, entertainment or other improper benefits and the engagement in unfair competition, etc. As such, the rules will be proactively disseminated in order to realize the honest operation policy.	Abide by the honest operation rules required for the listed and OTC companies.

Evaluation item	Operation status			variations with the “Honest Operation Rules for Listed and OTC Companies” and reasons.
	Y	N	Summary	
(III) Has the company defined the operation procedure, conduct guideline, violation punishment and complaint system in the dishonest behavior prevention solution and has it been strictly executed, reviewed and corrected periodically?	V		In the “Honest Operation Rules”, this Company has clearly and comprehensively defined the dishonest behavior prevention solution (including employee conduct rules and employee complaint management method, etc.) and it has been strictly executed during the internal management and commercial activities. In this Company, the Human Resource Department is responsible for the compilation and the supervision of honest operation policy and prevention solutions. In the meantime, the internal audit unit will check the compliance status periodically and then submit the prepared audit report to the Board of Directors.	Abide by the honest operation rules required for the listed and OTC companies.
II. Implementing the honest operation (I) Has the company evaluated the credibility record of the transaction target and defined the honest behavior clauses in the contract signed with the business transaction target?	V		We have signed the “Integrity Guarantee Agreement” with the distributor, supplier, customer of other business transaction target.	Abide by the honest operation rules required for the listed and OTC companies.
(II) Has the company set up the special unit that belongs to the Board of Directors for promoting the honest operation and that shall report to the Board of Directors about the honest operation policy, the dishonest behavior prevention solution and the supervising result?	V		This Company has assigned the Human Resource Department to develop and supervise the honest operation policy and the prevention solution. In the meantime, the internal audit unit will check the compliance status irregularly and then submit the prepared audit report to the Board of Directors. The Board of Director will fulfil the duty of care pertaining to a good-faith administrator in order to supervise and prevent dishonest behaviors. In addition, the Board of Directors will also review the execution effect and will execute the continuous improvement to ensure that the honest operation policy will be strictly executed. The Company implements the ethical management policy, and the implementation in 2023 is as follows: 1. Anti-corruption courses (ethics) Compulsory courses for new recruits 2. The Legal Department disseminates the "Employee Code of Conduct" to employees every six months to determine whether	Abide by the honest operation rules required for the listed and OTC companies.
(III) Has the company developed the interest confliction prevention policy, provided appropriate explanation channel and put it into execution?	V		This Company has developed the interest confliction prevention policy and also has provided an appropriate channel for the Board of Directors and the managers to explain if any potential interest conflict exists within the company.	Abide by the honest operation rules required for the listed and OTC companies.

Evaluation item	Operation status			variations with the "Honest Operation Rules for Listed and OTC Companies" and reasons.
	Y	N	Summary	
(IV) Has the company executed the honest operation and developed an effective accounting system and internal control system? Has the company authorized the internal audit unit to develop an audit plan according to the dishonest behavior risk evaluation result in order to audit the compliance when executing the dishonest behavior prevention solution or authorized the CPA to execute the audit?	V		This Company has developed an effective accounting system and internal control system. Based on the risk assessment result, we developed the Annual Audit Plan in order to execute the respective internal audit. In this regard, we also reported the Audit Plan execution status and the subsequent improvement solution to the Audit Committee and the Board of Directors in order to realize the audit effect. Through the annual company internal self-evaluation, we urged each department subsidiary to design the self-inspection internal control system in order to confirm the execution effectiveness.	Abide by the honest operation rules required for the listed and OTC companies.
(V) Have you provided the internal and external education and training for honest operation periodically?	V		On an irregular basis, we will conduct the education and training and dissemination so that the employees will understand company's determination in executing the honest operation, policy and prevention solution as well as the consequences breaching the honest behavior. In 2023, the Company has provided mandatory education and training on anti-corruption courses (code of ethics), with 126 employees receiving a total of approximately 189 hours of training.	Abide by the honest operation rules required for the listed and OTC companies.
III. Operation status of the company's offence-reporting system (I) Has the company developed a practical offence-reporting and reward system, implemented convenient offence-reporting channel and assigned the case-accepting person for dealing with the reported target?	V		This Company has set up a practical offence-reporting system, implemented and announced the independent internal offence-reporting box and direct line for use by the person inside and outside the company . We also assigned special person or unit to accept the reported case and conduct the investigation.	Abide by the honest operation rules required for the listed and OTC companies.
(II) Has the company developed a standard investigation operation procedure for accepting the offence-reporting case as well as the subsequent measures and relevant confidential mechanism that should be taken after completing the investigation?	V		This Company has appointed the special person or unit to accept reports and establish the category of the reported case and relevant standard investigation operation procedure. Establish a reporting confidentiality mechanism to ensure case investigations and audit documents are confidentially stored.	Abide by the honest operation rules required for the listed and OTC companies.
(III) Has the company taken the measures for protecting the reporting person from improper disposition due to the reporting action?	V		We have taken the measures for protecting the reporting person from improper disposition due to the reporting action.	Abide by the honest operation rules required for the listed and OTC companies.
IV. Reinforcing the information disclosure (I) Has the company disclosed the content of the developed honest operation rules and the promotion effect on your website and Public Information Observatory?	V		We have developed the "Honest Operation Rules" and have also published on our website and Public Information Observatory. In addition, we also disclosed the execution information about the "Honest Operation Rules".	Abide by the honest operation rules required for the listed and OTC companies.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status</th><th rowspan="2">variations with the “Honest Operation Rules for Listed and OTC Companies” and reasons.</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td colspan="5">V. If you have developed your “Honest Operation Rules” according to “Honest Operation Rules for the Listed and OTC Companies”, please explain the variation between its operation and the developed rules.
We have developed the “Honest Operation Rules” and it also meets the conception and the execution requirements specified in the “Honest Operation Rules for the Listed and OTC Companies”.</td></tr>
<tr><td colspan="5">VI. Other important information that will help understand the company’s honest operation status: (for example, company’s review and correction of the developed “Honest Operation Rules”): None</td></tr>
</table>

(VII) If the company has developed the company governance rules and relevant regulations, please disclose its inquiry method:

Regarding the company governance related rules developed by this Company, please visit the “Company governance” field of our website and it has also been published on the Public Information Observatory. For detailed information, please visit the Public Information Observatory where you can inquire the desired content by clicking “Company governance/Develop company governance related rules”.

(VIII) Please also disclose other important information that will help further understand the company’s governance operation status: None

(IX) Execution status of internal control system

1. Internal Control Statement

National Aerospace Fasteners Corporation
Internal Control System Statement

Date: January 26, 2024

Based on the self-evaluation result, we hereby certify the internal control system for 2023 as below:

I. We are aware of that the development, execution and maintenance of internal control system are the responsibilities that should be fulfilled by the Board of Directors and managers. By now, we have established such system. It is developed to provide a reasonable guarantee for achieving the target being established for the operation effect and efficiency (including profit-earning, performance and asset safety protection, etc.), the reliability, timeliness and transparency of the report as well as the compliance with applicable requirements and applicable regulations.

II. The internal control system has its innate limitation. Regardless of how perfect the design will be, an effective internal control system will provide reasonable guarantee for the accomplishment of the aforesaid three targets only. Besides, the effectiveness of the internal control system may change along with the change of the environment and the situation. In spite of this, our internal control system is equipped with a self-monitoring mechanism. Once identifying the defect, it allows this Company to take corrective action immediately.

III. Pursuant to the internal control system effectiveness judgment items specified in the "Regulations Governing Establishment of Internal Control System by Public Companies" (hereunder briefed as the "Governing Regulations", we are able to determine whether the design and the execution of internal control system are effective or not. Based on the judgment items of the internal system control adopted by the "Governing Regulations" and the management control process, the internal control system is divided into the following 5 composing elements: 1) Environment control; 2) Risk assessment; 3) Control operation; 4) Information and communication; and 5) Supervision operation. Each composing element also comprises several items. For details of the aforesaid items, please refer to the regulations specified in "Governing Regulations".

IV. Based on the judgment items of the aforesaid internal control system, we evaluated the effectiveness of the design and the execution of the internal control system.

V. Based on the aforesaid evaluation result, we consider that the internal control system reported on December 31, 2023 (including the supervision and the management of subsidiaries), including the accomplishment extent of operation effect and efficiency target, is reliable, timely, transparent and meeting the applicable requirements and laws. As such, it is concluded that the design and the execution of the internal control system are effective and that it can guarantee the accomplishment of aforesaid target in reasonable way.

VI. This Statement will become the main content of the Annual Report and the Prospectus of this Company and it will be disclosed to the public as well. If any illegal forgery and hiding occurs to the aforesaid disclosed content, then we shall be subject to the legal responsibilities specified in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This is to certify that the Statement has been approved by the Board of Directors of this Company on January 26, 2024. Among 9 presented directors, none of them are holding objections and so this Statement is approved by all of the directors unanimously.

National Aerospace Fasteners Corporation

Chairman: Signature and seal
President: Signature and seal

2. When authorizing the CPA is to review the internal control system in project type, the CPA review report should be disclosed: None

(X) If punishment is imposed on the company and its internal employee by the law in previous year and up to the Annual Report printing date or if punishment is imposed on the company and its internal employee due to breaching the requirements of internal control system and where the punishment result may bring about major impact to the shareholder's equity or the stock price, please indicate the punishment content, main defects and improvement status: None.

(XI) Important resolutions reached in Shareholder Meeting and Board of Directors in previous year and up to the Annual Report printing date:

Shareholder's meeting

Meeting date:	Important motions	Resolutions	Execution status
May 25, 2023	1. 2022 operation report and financial report recognition case	The case is approved after the voting.	Execute the resolution result.
	2. Admission of 2022 proposal of distribution of earnings. Shareholder dividend: (cash dividend at NT$1.02/share).	The case is approved after the voting.	Set March 31, 2023 as the base date of distribution and distributed cash dividend on April 26, 2023
	3. Discussion on the amendment case for part of the clauses provided in "Company Rules"	The case is approved after the voting.	Operate according to the amended "Company Rules".
	4. Amendment to the "Rules and Procedures of Shareholders' Meeting" in part.	The case is approved after the voting.	Implemented in accordance with the amended "Rules and Procedures of Shareholders' Meeting"
	5. Re-lection of new directors	9 directors elected (including 4 independent directors)	Already complied with the election result.
	6. Discussion of motion of removing the ban on competition of Directors to avoid the conflict of interest	The case is approved after the voting.	The resolution result has been complied with.

Board of Directors

Meeting date:	Summary of important motions
February 22, 2023	1. Approved 2022 employee and director remuneration distribution: Employee remuneration: NT$2,500 thousand in cash. Director remuneration: NT$1,610 thousand
	2. Approved 2022 profit distribution case: Shareholder bonus: Cash dividend per share – NT$1.02
	3. Approved the "Company Rules" amendment case.
	4. Approved the "Rules and Procedures of Shareholders' Meeting" amendment case.
	5. Director election case.
	6. List of candidates to the seats of Directors (including Independent Directors) approved
	7. Released the director's non-compete restriction case.
	8. Approved 2023 shareholder's regular meeting convening date, convening reasons, shareholder motion and director candidate list period setting case.
	9. CPA independency and competency of the Company
April 28, 2023	1. Approved the capital loaning case required by NAFCO Suzhou Precision.
	2. Approved the external endorsement guarantee.
	3. Approved and "Corporate Governance Best Practice Principles" amendment case.
	4. Approved appointment of Corporate Governance Officer.
	5. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. May 1, 2023 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 12,000 shares.
June 2, 2023	1. Election of the Chairman of the Board.
	2. Appointment of the 5th Remuneration Committee members.
July 28, 2023	1. Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. August 10, 2023 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 655,000 shares.
October 27,	1. Indirect investment in Malaysia through the establishment of overseas subsidiary.

2023	2 Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. November 27, 2023 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 488,000 shares.
January 26, 2024	1. Indirect capital increase in Malaysia through the establishment of overseas subsidiary.
	2 Resolved to issue new shares for the employee stock options that have been exercised to subscribe for common shares. February 16, 2024 was set as the base date for issuance of new shares. The number of common shares that the stock option holders have requested to subscribe for is 204,000 shares.
February 23, 2024	1. Approved 2023 employee and director remuneration distribution: Employee remuneration: NT$4,000 thousand in cash. Director remuneration: NT$2,179 thousand.
	2. Approved 2023 profit distribution case: Shareholder bonus: Cash dividend per share – NT$2.5
	3. Approved the "Company Rules" amendment case.
	4. Approved the "Rules and Procedures of Shareholders' Meeting" amendment case.
	5. Released the director's non-compete restriction case.
	6. Approved the "2024 shareholder regular meeting convening date, convening reasons and shareholder motion raising period".
	7. Assessment of the Company's CPA independency and competency.

(XII) In the previous year and up to the Annual Report printing date, controversies are held by the director or the supervisor for the important resolutions reached in the Board of Directors, with the record or written statement being maintained; the main content: None

(XIII) Summarized report is maintained for the resignation and the dismissal of the company's Chairman, President, accounting supervisor, financial supervisor, internal audit supervisor, company governance supervisor and R&D supervisor: None

V. Public charge information relating to the CPA

(I) Charge information relating to the CPA

Amount unit: NT$ thousand

Name of CPA office:	Name of CPA:	CPA auditing period:	Auditing charge	Non-auditing charge	Total	Remark
Pricewaterhouse Coopers	Wei-Hao Wu	January 1, 2023-December 31, 2023	2,290	527	2,817	
	Yen-Na Li	January 1, 2023-December 31, 2023				

Note 1: If CPA or the CPA office should be changed by this Company in the current year, please indicate the audit period and then explain the reasons for such change in the Remarks column.

Note 2: The non-auditing charge is a sum of NT$527 thousand, which is required for transferring the fixed review charge, the CPA's report checking and the disbursement fee.

(II) If the change of CPA office and the paid audit charge during the change year is less than that of the year before the change, then disclose the amount of audit charges before and after the change and the reasons: No such situation.

(III) If the audit charge is less than that of previous year by more than 10%, then disclose the amount of the reduced audit charge together with its percentage and reasons: No such situation.

VI. CPA change information: N/A.

VII. If the company's Chairman, President, or the manager responsible for the financial or accounting matters has served in the office or its affiliate owned by the CPA in previous year, please disclose the name, the position and the period working in the office or its affiliate owned by the CPA: None.

VIII. Equity transfer and pledged share change status of the director, supervisor, manager and the shareholder owning the shares more than 10%, which has occurred in previous year and up to the Annual Report printing date:

(I) Equity change status of directors, supervisors, managers and major shareholders

Position	Name	2023		Up to March 23, 2024	
		Share increase (decrease):	Pledge share increase (decrease)	Share increase (decrease):	Pledge share increase (decrease)
Chairman	Feng-Tzu Tsai	45,000	-	-	-
Director	Getac Holdings Corporation	-	-	-	-
	Representative: MIAO, Hua-Bing	-	-	-	-
	Representative: Wei-Tsun Lin				
More than 10% of shareholders	Getac Holdings Corporation	-	-	-	-
Director	National Development Fund, Executive Yuan	-	-	-	-
	Representative: Kun-Chung Li	-	-	-	-
Directors (Note 1)	Lien Jie Er Investment Co., Ltd.	-	-	-	-
	Representative: HSIEH, Feng-Jen	-	-	-	-
Independent Director	LI, Li-Hang				
Independent Director	Zao, Hsin-Che	-	-	-	-
Independent Director	WEN, Wang-Shou	-	-	-	-
Independent Directors (Note 1)	Chiu-Chi Huang	-	-	-	-
President	LIN, Wei-Tsun	-	-	-	-
Vice President	LI, Jia-Jui	-	-	-	-
Vice President and Accounting Supervisor, Corporate Governance Officer	LI, Wen-Cheng	10,000	-	12,000	-
Vice President	CHANG, Ya-Chu	(3,000)	-	-	-
Directors (Note 2)	MiTac Technology Corporation	-	-	-	-
	Representative: Wei-Tsun Lin		-	-	-
Directors (Note 2)	Lien Jie Investment Co., Ltd.	-	-	-	-
	Representative: HSIEH, Feng-Jen	-	-	-	-
Directors (Note 2)	ZHOU, Der-Chien	-	-	-	-
Vice President (Note 3)	LI, Yu-Cheng	-	-	-	-

Note 1: Appointed on May 25, 2023
Note 2: Dismissed on May 25, 2023
Note 3: Resigned on February 02, 2023
Note 4: The shareholders owning more than 10% of the total shares issued by the company shall be indicated as major shareholders and they should be listed separately.
Note 5: If the opponent of the equity transfer or the equity pledge target is serving as the interested party, then such person shall be indicated in the following table.

(II) Equity transfer information: N/A

(III) Equity pledge information: N/A

IX. The information of the shareholders owning shares among the Top 10, who are serving as the interested party or the spouse or the relative within 2nd-degree with each other:

March 23, 2024

Name (Note 1)	Shares owned by the principal.		Shares owned by spouse and minor children		Total shares owned under the names of others		If the interested party or spouse or relative within 2nd-degree is existed amount the Top 10 shareholders, please indicate the title or name and relationship (Note 3)		Remarks
	Shares	Ratio of shares (%)	Shares	Ratio of shares (%)	Shares	Ratio of shares (%)	Title (or name)	Relation	
Getac Holdings Corporation Representative: HUANG, Ming-Han	20,578,174	37.85	-	-	-	-	-	-	-
National Development Fund, Executive Yuan	3,773,188	6.94	-	-	-	-	-	-	-
Management Committee of Yaohua Glass Co., Ltd.	1,915,304	3.52	-	-	-	-	-	-	-
Cheng Shi Investment Co., Ltd. Representative: Da Kuan Capital Co., Ltd.	1,244,000	2.29	-	-	-	-	-	-	-
Lih Ta Fasteners Co., Ltd. Representative: WANG, Tsang-Chung	849,616	1.56	-	-	-	-	-	-	-
Wei-hong Cheng	790,000	1.45	-	-	-	-			-
Lien Chuang Investment Co., Ltd Representative: CHANG, Chih-Cheng	709,000	1.30	-	-	-	-			-
Shih-Hsiang Lin	458,000	0.84	-	-	-	-	-	-	-
Citibank as custodian of Berkeley Capital SBL/PB investment account	417,000	0.77	-	-	-	-	-	-	-
CAPITAL SECURITIES CORP.	400,000	0.74	-	-	-	-	-	-	-

Note 1: The Top 10 shareholders shall be listed. In case of the legal person shareholder, the name of the legal person shareholder and the name of the representative should be listed separately.

Note 2: The Ratio of shares is calculated under the name of the principal, the spouse, the minor children or others.

Note 3: The relationship between the shareholders, including legal person and natural person, being listed above shall be disclosed according to the requirements of “Financial Report Compilation Criteria for Share Distribution Companies”.

Note 4: The information is valid up to March 23, 2024, which is the ownership transfer date of the Shareholder’s Regular Meeting according to the shareholder list.

X. The shares of the same reinvestment business that are owned by the company, the company’s director, supervisor, manager or the business directly or indirectly controlled by the company and the Ratio of share owning shall be calculated altogether:

Unit: Shares
March 31, 2024

Reinvestment business (Note)	Invested in this Company		The investment made by the director, the supervisor or the business directly or indirectly controlled by the company.		Summary of investment	
	Shares	Ratio of ownership	Shares	Ratio of ownership	Shares	Ratio of ownership
NAFCO Group Ltd.	13,000,000	100.00%	-	-	13,000,000	100.00%
NAFCO Holdings Ltd.	13,000,000	100.00%	-	-	13,000,000	100.00%
CYPRESS SKY INVESTMENT LTD	5,500,000	100.00%	-	-	5,500,000	100.00%
NAFCO Suzhou Precision (Note 1)	-	100.00%	-	-	-	100.00%
MY NAFCO PRECISION SDN. BHD.	25,838,401	100.00%			25,838,401	100.00%

Note 1: The subsidiary in Mainland China is organized in Limited Company type that does not own any shares.
Note 2: The long-term investment conducted by the company pursuant to “Equity Law”.

Four. Fund raising status

I. Capital and shares

(I) Distributed shares

March 31, 2024
Unit: NT$ thousand / thousand shares

Year and month	Distributed price (NT$/share)	Approved capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Source of fund	Offsetting the capital with the properties other than cash.	Others
2015.01	10	580,000	5,800,000	52,550	525,501	Cash capital increase: 10,000	-	
2015.03	10	580,000	5,800,000	52,647	526,472	Employee Stock Option: 97	-	Jing-Shou-Shang-Tze-10401101680 Letter of June 01, 2015
2013.05	10	580,000	5,800,000	52,659	526,591	Employee Stock Option: 12	-	Jing-Shou-Shang-Tze 11230082110 dated May 19, 2023
2023.08	10	580,000	5,800,000	53,314	533,141	Employee Stock Option: 655	-	Jing-Shou-Shang-Tze 11230166110 dated August 24, 2023
2023.12	10	580,000	5,800,000	53,802	538,021	Employee Stock Option: 488	-	Jing-Shou-Shang-Tze 11230237850 dated December 19, 2023
2024.03	10	580,000	5,800,000	54,006	540,061	Employee Stock Option: 204	-	Jing-Shou-Shang-Tze 11330033110 dated March 12, 2024
2024.03	10	580,000	5,800,000	54,370	543,701	Employee Stock Option: 364	-	Change registration not handled yet

(II) Type of shares

March 23, 2024

Type of shares	Approved capital				Remarks
	Circulated shares		Undistributed shares	Total	
	Listed (OTC)	Note listed (OTC)			
Common stock	54,370,155	0	525,629,845	580,000,000	N/A

(III) Structure of shareholders

March 23, 2024

Structure of shareholders / Quantity	Government institution	Financial institution	Other legal person	Foreign institution and foreigners	Individuals	Treasury stock	Total
Number of shareholders	1	5	196	47	15,467	0	15,716
Shares held	3,773,188	418,182	26,495,178	1,686,005	21,997,602	0	54,370,155
Ratio of shares (%)	6.94%	0.77%	48.73%	3.10%	40.46%	0.00%	100.00%

Note 1: The firstly listed (OTC) company and the OTC company shall disclose the Ratio of shares owned by Mainland China investors. The Mainland China investor refers to the people, legal person, group, other institution that is based in the Mainland China or the company putting the investment in the third area as specified in Article 3 of “Regulations Governing the Permit of Investment in Taiwan by the People of Mainland China”.
Note 2: The information is valid up to March 23, 2024, which is the ownership transfer date of the Shareholder’s Regular Meeting according to the shareholder list.

(IV) Equity distribution status

1. Common stock

NT$10 face value per share

March 23, 2024

Classification of share owning	Number of shareholders	Shares held	Ratio of shares (%)
1-999	11,427	425,885	0.78%
1,000-5,000	3,632	6,570,586	12.08%
5,001-10,000	321	2,580,895	4.75%
10,001-15,000	88	1,133,624	2.09%
15,001-20,000	69	1,267,615	2.33%
20,001-30,000	64	1,636,750	3.01%
30,001-40,000	29	1,031,188	1.90%
40,001-50,000	22	1,016,360	1.87%
50,001-100,000	25	1,802,056	3.31%
100,001-200,000	17	2,411,057	4.43%
200,001-400,000	13	3,759,857	6.92%
400,001-600,000	2	875,000	1.61%
600,001-800,000	2	1,499,000	2.76%
800,001-1,000,000	1	849,616	1.56%
Over 1,000,001 shares	4	27,510,666	50.60%
Total	15,716	54,370,155	100.00%

Note: The information is valid up to March 23, 2024, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

2. Preferred stock: N/A

(V) Main shareholder list: The names of shareholders owning more than 5% of shares or the shareholders listed among the Top 10 in share owning together with the quantity and Ratio of shares.

March 23, 2024

Shares / Name of major shareholders	Shares held	Ratio of shares
Getac Holdings Corporation	20,578,174	37.85%
National Development Fund, Executive Yuan	3,773,188	6.94%

Note: The information is valid up to March 23, 2024, which is the ownership transfer date of the Shareholder's Regular Meeting according to the shareholder list.

(VI) The market price per share, net value, profit, dividend and relevant information in previous 2 years.

Unit: NT$ thousand / thousand shares

Item \ Year			2022 Before adjustment	2022 After adjustment	2023 Before adjustment	2023 After adjustment	Current year is up to March 31 (Note 6)
Market price per share	Highest		78.8	78.8	124.00	122.98	117.50
	Lowest		49.7	49.7	69.00	67.98	88.50
	Average (Note 2)		66.68		101.05		102.38
Net value per share	Before distribution		36.99		43.15		-
	After distribution		35.97		40.65		-
Profit per share	Weighted average number of shares		52,647	52,647 (Note 1)	53,280	53,280 (Note 1)	-
	Profit per share		2.85	2.85 (Note 1)	5.77	5.77 (Note 1)	-
Dividend per share	Cash dividend		1.02	1.01976756	2.50	2.48363073	-
	Stock grants	Surplus allotments	-		-		-
		Capital surplus allotments	-		-		-
	Cumulative unpaid dividend		-		-		-
Investment return analysis	P/E ratio (Note 3)		21.86		16.11		-
	Divident/price ratio (Note 4)		61.09 (Note 1)		37.19 (Note 1)		-
	Cash dividend yield (Note 5)		1.64% (Note 1)		2.69% (Note 1)		-

Note 1: 2023 profit distribution case was approved by the Board of Directors, but it has not been recognized by the Shareholder’s Meeting yet.

Note 2: The average market price of each year is calculated according to the transaction value and the turnover of each year.

Note 3: P/E ratio = Current year average closing price per share ÷ Profit per share

Note 4: Dividend/price ratio = Current year average closing price per share ÷ Cash dividend per share

Note 5: Cash dividend yield = Cash dividend per share ÷ Current year average closing price per share

Note 6: Net value per share and profit per share are the data being certified by the CPA in the quarter before the Annual Report printing date. The rest of other columns are showing the current year data up to the Annual Report printing date.

(VII) Company dividend policy and execution status:

1. Described below is the dividend policy being developed according to the "Company Rules":

If the annual general final accounts reveal that profits are earned, then this Company shall allocate the due income tax and remedy the yearly loss first and then allocate 10% for using as the statutory surplus reserve; except where the statutory surplus reserve has reached the total capital amount of the company. As a next step, the company will allocate or revolve special surplus reserve pursuant to the regulations imposed by the law or the competent authority. If reserve still remains, then its balance will be added with the cumulative undistributed surplus for the Board of Directors to conclude the distribution. If the reserve is issued by distributing new shares, then this Company shall submit the case to the Shareholder's Meeting for determining the distribution method. If the reserve is issued to distributing the cash, then the Board of Director will be authorized, pursuant to the regulations specified in Item 5 under Article 240 of Company Act, to distribute according to the resolutions that have been agreed by over two-thirds of the presented directors and over half of the presented directors. After that, the aforesaid distribution will be reported to the shareholder's meeting.

Regarding the Ratio of cash dividend, it shall be determined by the Board of Directors according to the company's financial structure, future capital demand and profit-earning status and then it will be distributed in the percentage not less than 10% of the total dividend.

2. It is the plan of this Company to maintain stabilized dividend policy and the distributed dividend will not be less than 30% of the reserve that can be distributed in that year according to the company's demand of future development. However, the actual amount to be distributed shall be discussed and resolved by the Board of Directors.

3. Discussion of dividend distribution of the current-term Board of Directors meeting:

(1) According to the regulations specified in Item 5 under Article 240 of Company Act and Item 3 under Article 18 of Company Rules, where the dividend will be distributed in cash, it shall be authorized to the Board of Directors for determining the distribution method and then the result will also be reported to the Shareholder's Meeting.

(2) On February 23, 2024, a decision has been resolved by this Company that a sum of NT$135,035,388 will be distributed as the cash dividend for the shareholders in which, a sum of NT$2.50 will be distributed as the cash dividend (due to the change of shares resulting from the right of employees for participating in the Stock Option certificate required for subscribing to common stocks, the payout ratio is adjusted as distributing NT$2.48363073 for each share). For this reason, the cash dividend will be distributed on April 19, 2024.

4. Briefing on the anticipated significant change of dividend policy: It is estimated that significant change will not occur to the company's dividend policy.

(VIII) Impact of stock grants to be discussed in the shareholder's meeting to the company's performance and the reserve per share:

Not applicable because the stock grants case has not been executed for the 2023 reserve distribution.

(IX) Remuneration to employees and directors:

1. Portion or scope of remunerations for the employees and directors as mentioned in the Company Rules:

If the Company makes profit (the earnings before taxation and the deduction of remuneration to the employees and the Directors) in the fiscal year, appropriate 1% to 10% of the said profit as remuneration to the employees, and no more than 2% of the said profit as remuneration to the Directors pending on the resolution of the Board. If the Company has carryforward loss, the Company shall appropriate the profit for covering carryforward loss.

The target qualified for receiving the stock or cash for using as the remunerations shall include the employees of the companies controlled by and subordinating to this Company that meet the specified conditions. In this regard, the Chairman will be authorized to determine the specified conditions

2. The recognition of the remuneration amount for employees and directors estimated for current term: The basis for calculating the number of shares that will be distributed to the employee as the remuneration and the accounting process when actual amount to be distributed is different from the estimated recognition number:

(1) Recognition of the amount allocated for employee and director remunerations: In 2023, the employee remunerations are recognized at 1%~10% of the profit before deducting the employee and director remunerations from the pre-tax profit; whereas, the remunerations for directors are recognized

according to the estimated distribution amount.

(2)The basis for calculating the number of shares that will be distributed to the employee as the remuneration and the accounting process when actual amount to be distributed is different from the estimated recognition number: Not applicable because the stock distribution has not been executed for using as the employees remuneration in 2023.

(3) Accounting process when actual amount to be distributed is different from the estimated recognition number: If variation exists between the distributed amount and the recognized amount; If variation exists between the distributed amount and the recognized amount, then it will be listed as a gain or loss of the following year.

3. Approving of remuneration distribution by the Board of Directors:

(1) In 2023, if the employee remuneration distributed by means of cash or stock and the remuneration amount for directors and supervisors are different from the amount of the expense recognition year, please explain the amount of variation, reasons and handling status:

Provided below are the employee remunerations and the director/supervisor remunerations that will be distributed according to the resolutions reached in Board of Director on February 23, 2024:

Expressed in thousands of New Taiwan Dollars

Distribution items	Distributed amount (A)	Recognized amount (B)	Variation (A) – (B)	Variation reasons and handling status
Employee cash remuneration	4,000	4,000	-	It is because of the variations estimated by Accounting and such variation amount will be adjusted as a gain or loss for 2024.
Director remuneration	2,179	3,600	(1,421)	

(2) Ratio of employee remuneration through stock distribution in the remuneration amount of directors: Not applicable because cash dividend will be distributed for the current-term fiscal year.

4. Distribution status of employee, director remunerations in 2022 (including distributed stocks, amount and stock price). If variation exists among the recognized employee, director remunerations, please explain the variation amount, reasons and handling status:

Expressed in thousands of New Taiwan Dollars

Distribution items	Distributed amount (A)	Recognized amount (B)	Variation (A) – (B)	Variation reasons and handling status
Employee cash remuneration	2,500	2,500	-	It is because of the variations estimated by Accounting and such variation amount will be adjusted as a gain or loss for 2023.
Director remuneration	1,610	2,500	(890)	

(X) Company's buying back the stocks of this Company: None.

II. Company debt handling status: None.

III. Preferred stock handling status: None.

IV. Depository Receipt (DR) handling status: None.

V. Employee Stock Option certificate handling status:

(I) Handling status for disclosing the undue Employee Stock Option certificate up to the Annual Report printing date and its impact to the shareholder's equity:

March 31, 2024

Type of Employee Stock Option certificate	5th Employee Stock Option certificate	6th Employee Stock Option certificate
Reporting effective date and total number of units	December 19, 2018 3,560 (Note 1)	August 26, 2022 2,412 (Note 1)
Distribution (execution) date	December 13, 2019	October 21, 2022
Number of outstanding units	3,560 (Note 1)	2,412 (Note 1)
Distribution unit number available	-	-
Ratio of the stock option number in the total distributed shares	6.76%	4.58%
Stock option existence period	6 years	6 years
Contract execution method	Distributing new shares	Distributing new shares
Restrictive stock subscription period and percentage (%)	Two years after the authorized Employee Stock Option certificate until 10 days before the expiry date, except for the ownership transfer suspension period, the share subscriber may exercise the stock option right according to the schedule provided below. Schedule / Ratio of stock option available Expired for 2 years 50% Expired for 3 years 75% Expired for 4 years 100%	Two years after the authorized Employee Stock Option certificate until 10 days before the expiry date, except for the ownership transfer suspension period, the share subscriber may exercise the stock option right according to the schedule provided below. Schedule / Ratio of stock option available Expired for 2 years 50% Expired for 3 years 75% Expired for 4 years 100%
Number of shares subscribed	1,723,000 shares	0 share
Share subscription amount paid	NTD 150,590,200	-
Number of shares not subscribed (Note 2)	927,000 shares	2,187,000 shares
Subscription price per share for the shares not subscribed	NT$85.3	NT$56.2
Ratio of share not subscribed in the total distributed shares (%)	1.70%	4.02%
Impact to shareholder's equity	Two years after the expiry of the authorized Employee Stock Operation certificate, the stock subscriber of this Company will be allowed to exercise the stock option according to the schedule provided in this Method. Therefore, it will not bring about significant impact to shareholder's equity.	Two years after the expiry of the authorized Employee Stock Operation certificate, the stock subscriber of this Company will be allowed to exercise the stock option according to the schedule provided in this Method. Therefore, it will not bring about significant impact to shareholder's equity.

Note 1: Each individual unit of Stock Operation certificate may subscribe 1,000 shares of common stock distributed by this Company.

Note 2: The result by deducting the shares being confiscated or overdue.

(II) The name, acquisition and subscription status of the managers that have acquired the Employee Stock Option certificate and the Top 10 employees that have acquired the shares permitted by the certificate until the Annual Report printing date.

Unit: NT$thousand / share
March 31, 2024

<table>
<tr><th rowspan="2"></th><th rowspan="2">Position</th><th rowspan="2">Name</th><th rowspan="2">Number of shares subscribed</th><th rowspan="2">Ratio of subscribed shares in the total distributed shares</th><th colspan="4">Subscribed</th><th colspan="4">Not subscribed</th></tr>
<tr><th>Number of shares subscribed</th><th>Price of shares subscribed</th><th>Amount of subscription</th><th>Ratio of subscribed shares in the total distributed shares</th><th>Number of shares subscribed</th><th>Price of shares subscribed</th><th>Amount of subscription</th><th>Ratio of subscribed shares in the total distributed shares</th></tr>
<tr><td rowspan="4">Manager</td><td>President</td><td>LIN, Wei-Tsun</td><td rowspan="4">390,000</td><td rowspan="4">0.72%</td><td rowspan="4">22,000</td><td rowspan="4">87.4</td><td rowspan="4">1,923</td><td rowspan="4">0.04%</td><td rowspan="4">368,000</td><td rowspan="4">85.30
56.20</td><td rowspan="4">24,232</td><td rowspan="4">0.68%</td></tr>
<tr><td>Vice President</td><td>LI, Jia-Jui</td></tr>
<tr><td>Vice President and Accounting Supervisor</td><td>LI, Wen-Cheng</td></tr>
<tr><td>Vice President</td><td>CHANG, Ya-Chu</td></tr>
<tr><td rowspan="10">Employee</td><td>Manager</td><td>TSENG, Chi-Feng</td><td rowspan="10">618,000</td><td rowspan="10">1.14%</td><td rowspan="10">143,000</td><td rowspan="10">87.4</td><td rowspan="10">12,498</td><td rowspan="10">0.26%</td><td rowspan="10">475,000</td><td rowspan="10">85.30
56.20</td><td rowspan="10">31,206</td><td rowspan="10">0.87%</td></tr>
<tr><td>Managing Director</td><td>LIU, Min-Kung</td></tr>
<tr><td>Manager</td><td>CHANG, Ting-Chia</td></tr>
<tr><td>Managing Director</td><td>HO, Ming-Tang</td></tr>
<tr><td>Manager</td><td>TSENG, Shuan-Ching</td></tr>
<tr><td>Manager</td><td>LI, Tse-Jian</td></tr>
<tr><td>Managing Director</td><td>CHEN, Chih-Ruon</td></tr>
<tr><td>Manager</td><td>CHI, Chih-Jieh</td></tr>
<tr><td>Assistant Manager</td><td>Hui-Ye Luan</td></tr>
<tr><td>Manager</td><td>Yu-Ching Tao</td></tr>
</table>

VI. Employee right restriction execution status: None

VII. Execution status of merging or acquiring new share distributed by other companies:

VIII. Capital implementation plan execution status: None.

Five. Overview of operation

I. Business operation content

(I) Scope of business operation

The main products manufactured by this Company are the fasteners that meet the requirements of Aerospace Quality System (AS9100) and Automotive Quality System (TS16949). These products are primarily applied in the aerospace engine structural body, thin-plate bonding system and automotive equipment, etc.

1. Provided below is the main business operation content and the operation percentage currently executed by this Company in 2023:

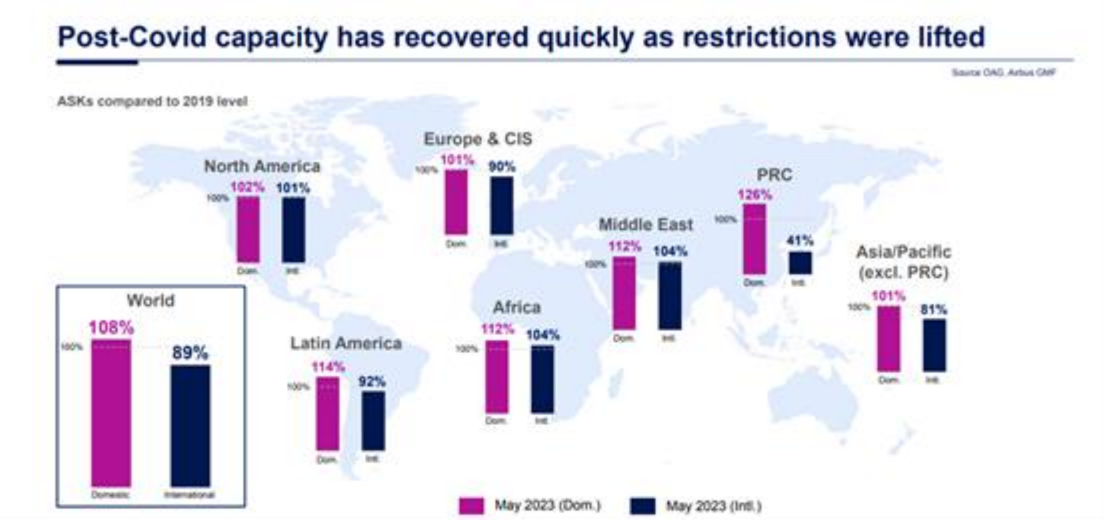
Main business operation content	Percentage in revenue
Aerospace fasteners and aerospace turning-processed parts.	87.94%
Industrial fasteners	12.06%

2. Merchandises and service items rendered by this Company up until now
Abiding by the higher level of professional ethics, this Company is providing excellent core competence in the aspects of manufacturing and services. The company is operated by focusing on the manufacturing of “aerospace-class parts and special automotive fasteners”. Our purpose is to provide the advanced professional precision fasteners and turning-processed parts for the global aerospace sector, the structural vendors and the custom-made automotive products. On this basis, we provide the following full-face manufacturing services for our customers:
a. Manufacturing, fabrication, distribution and transaction of fasteners and structural parts used by aircrafts and vessels.
b. Manufacturing, fabrication, distribution and transaction of fasteners and structural parts used by vehicles and industries.
c. Import/export trading business for the products manufactured by the aforesaid local and foreign vendors.
d. Agent operation of marketing business for the products manufactured by local and foreign vendors.

3. New product to be developed
For the product that will be developed in the current year, please refer to the R&D plan of the coming years as mentioned in the Overview of R&D provided in the following item.

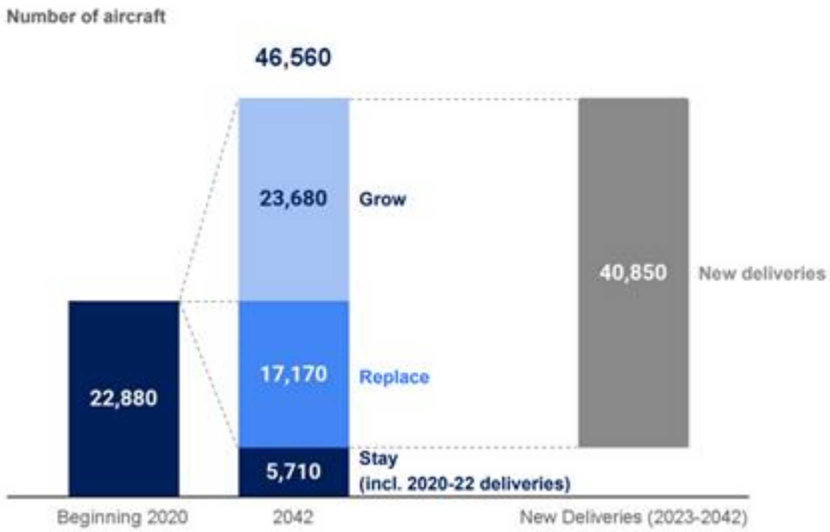
(II) Overview of the industry

1. Present industrial status and development
In 2020, the aerospace industry was severely impacted, with a significant decrease in global air passenger traffic. However, by 2023, the domestic air transportation situation worldwide had surpassed pre-pandemic levels. While China still had restrictions on international routes, they gradually began to open up at the end of 2023. Overall growth is expected to reach 12% by 2024, a pre-pandemic level



Source: IATA

With the recovery of international air traffic and domestic air travel reaching the level before the pandemic, the passenger flow continues to exceed the global economic growth of 2.6%. The two major aircraft manufacturers predict that by 2042, the global demand for new commercial aircraft will reach 42,595. Approximately 50% of the deliveries will be made by replacing outdated aircraft with more energy-efficient and environment-friendly models to reduce emissions.

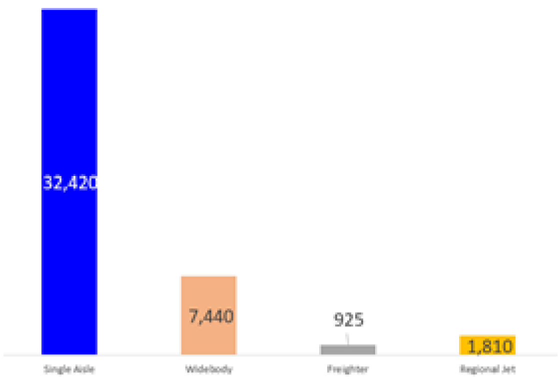


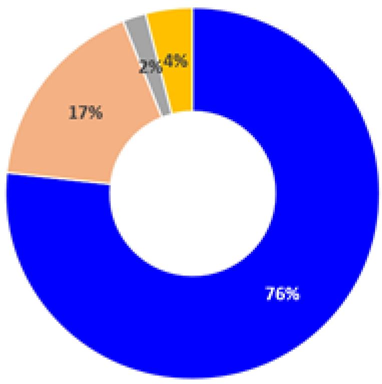
During the 20-year forecast period, the airline companies expect the demand for the following aircraft types:

(1)New single-aisle aircraft will account for more than 75% of new aircraft deliveries, slightly higher than the forecast for 2022.

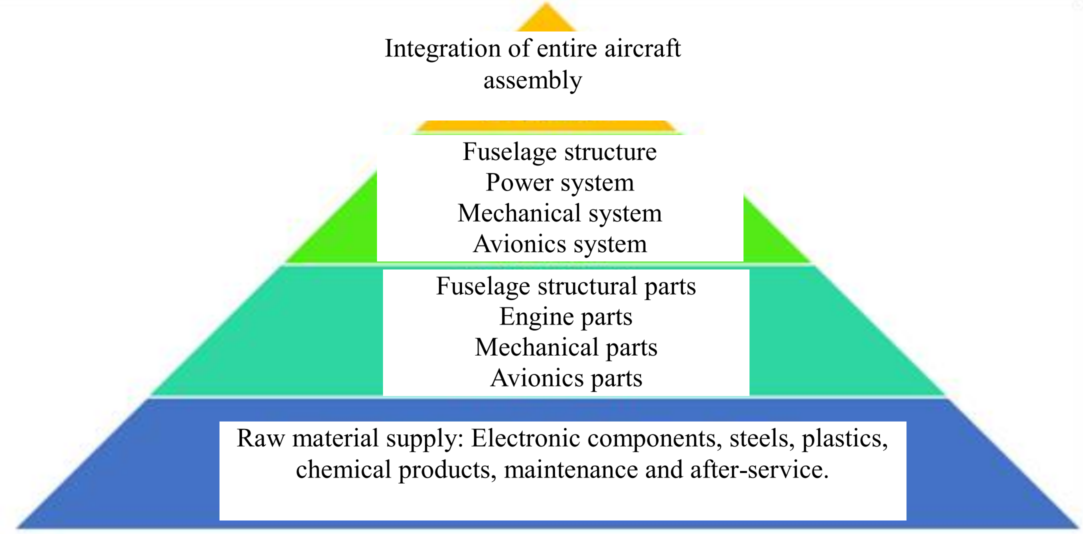
(2)The new wide-body aircraft will account for nearly 20% of the deliveries, or more than 7,400 aircraft, allowing the airline companies to more effectively explore new markets and provide services to existing routes.

(3)Cargo aviation will continue to outpace global trade growth, requiring 2,800 dedicated cargo aircraft, including more than 900 new wide-body aircraft, as well as modified narrow-body and wide-body models.





2. Correlativity between upstream, middle stream and downstream of the industry



At present stage, the commercial aircrafts of the world ae mainly manufactured and assembled by Boeing and Airbus companies for which, the main engine suppliers are GE, Rolls-Royce, Pratt & Whitney and Safran S.A. groups. This Company is mainly engaging in the manufacturing of parts and fasteners required for the engine, fuselage structure, brake and landing gear system.
In addition to supplying aerospace fasteners, we also cooperated with special automotive fasteners and Tier 1 vehicle manufacturers in developing custom-made automotive fasteners. These fasteners are mainly designed for the vehicle body and the chassis.

3. Product development trends and competition status
Since the outbreak of the pandemic, the supply chain has undergone several changes, including the impact of labor shortage and inflation. These factors led to conflicts in the production capacity of competitors in Europe and the US. After one year, the lack of work is still difficult to resolve. As the pandemic is over, the number of passengers carried around the world is on the rise, which further makes it difficult for manufacturers in Europe and the US to meet the needs of end users. To alleviate supply chain issues, customers are looking for the second source of supply.

(III) Overview of techniques and R&D:

The R&D expenses invested in current fiscal year and the techniques or the products successfully developed:

High-temperature engine self-lock nuts	The fasteners mainly used for the high temperature environment where the jet engine is operated. Including the reversible nuts, handle-mounted nuts, flat plate nuts.
Gang Channel	The rail-molding techniques. It is used for the self-lock nuts secured by anchoring method. By saving the drilling and rivet installation time, it achieves faster assembly and dismantling.
Automotive Front End fasteners	As these fasteners are mainly the parts designed for the automotive Front End module, they can help the company expand the revenue scale.
Milling techniques	These techniques are mainly used for the CNC machining of the aerospace parts in order to develop more complicated assembly parts.
Special Process	By implementing Special Process, it not only elevates the add-on value for the aerospace products but also expands the revenue scale of the company.
Aerospace engine bolts	We developed the bolts that can be used for assembling the aerospace fuselage and the engine.

We also established the R&D Center and Smart-base Development Department to focus on carrying out the forging and the smart-base production. Until March 31, 2024, all R&D plans are being executed in this Company.

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

1. Long-term Business Development Plan
(1) Expand the production line, ranging from the aircraft engine to the fuselage parts.
(2) Contact the aircraft parts distributor system proactively in order to expand more types of the company’s customer group.
(3) Transform from the OEM market to the automotive assembly direct supply market. For this purpose, we have taken active moves in cooperating with the Tier 1 Suppliers of the automotive industry.

2. Short-term Business Development Plan

(1) Corresponding to the approaching of post-epidemic era and the border relief of each county, we will take actions to expedite the quality certification for each individual product and production process

(2) Active move will be taken to expand the T1 suppliers in the European and American marketplaces for the automotive industry. To achieve this, we will maintain mutual cooperation with the customers in order to solve their problems with the production line assembly. Further, we will also develop our ability in providing the custom-made products.

(3) Optimize quality, promote automated and machine learning production, strengthen existing customer relations, and actively develop and introduce new customers.

(4) We will provide efficient custom-made services in order to develop the automotive and industrial fastener customers.

II. Overview of market and marketing

(I) Market analysis

1. Sales region of main merchandises:

The products of this Company are mainly sold to the important channel vendors in other countries. In this respect, 98.78% of our products is sold to foreign companies based in America, Europe and Asia. Provided below is the turnover being sold to each region over the past 3 years:

Expressed in thousands of New Taiwan Dollars

Region \ Year		2021		2022		2023	
		Amount	%	Amount	%	Amount	%
Export	American market	630,847	44.23	951,260	43.38	1,393,336	45.38
	European market	483,247	33.88	860,877	39.26	1,135,716	36.99
	Asian market	258,092	18.10	337,008	15.36	501,695	16.34
	Mid-East market	-	-	-	-	-	-
	Australian market	2,951	0.21	2,405	0.11	2,300	0.07
	African market	-	-	-	-	-	-
Domestic market		51,068	3.58	41,371	1.89	37,577	1.22
Total		1,426,205	100.00	2,192,921	100.00	3,070,624	100.00

(II) Market share

Expressed in thousands of New Taiwan Dollars

Product items	Net turnover	Market share in Taiwan
Aerospace fasteners and aerospace turning-processed parts.	2,700,384	Note
Industrial fasteners	370,240	Note
2023 revenue	3,070,624	

Note: The products manufactured by this Company are mainly intended for export purposes, and the export ratio in 2023 was 98.78%. As such, the market share in Taiwan will not be applicable for our products.

1. Market supply-demand status and growth in the future

By now, sophisticated manufacturing techniques have been achieved in terms of the industrial fasteners in local market. Besides, local industry is also equipped with the ability in developing new product that stronger competitiveness is armed for competing in the international market. Currently, the yearly production ability is about 1.30 million tons which represents some US$1.8 billion for the annual production value. In this regard, the export accounts for 86% and the main focus is the American market which takes about 48%. In nature, this Company is the aerospace fastener supplier and we are one of the few companies in the Asian-Pacific Region that have been certified by the engine manufacturers. For this reason, we are listed together with Howmet Aerospace, PCC and LISI as the No. 4 aerospace engine fastener manufacturers. Among them, this Company is the smallest that can exhibit the biggest develop potential. Nowadays, active moves have been taken by China and India in supporting their

aerospace net industries in order to supply the growing demand of the Asian market.
Normally, the aircraft parts market comprises the following two aspects, i.e. the parts required for manufacturing new aircrafts and secondly, the parts required for the backup and the maintenance in supporting the operation of old aircrafts.

(1) Aerospace fastener market:
Being affected by the epidemic, labor shortage and the Russia-Ukraine War, the production capacity of the aerospace fastener manufacturers in the America and the Europe are significantly affected. When encountering further cost pressure brought by the inflation, these aerospace engine manufacturers are forced to shift their strategies to develop the Asian suppliers.

(2) Automotive fastener market:
On average, some 2,000 fasteners are used by a single car in the American market and they are mainly used with different subsystems such as engine, suspension system, interior decoration and exhaustion system, etc. In the future, the annual growth rate of the total demand for fasteners in the US automotive industry will be 3.3%.

2. Competitive niche:
Based on the strategic method, it is our plan to work with major international plants to develop the international and the Asian markets. In this respect, the niche available for both parties is the utilization of the R&D ability, manufacturing capacity, specific production efficiency and production method that are developed by NAFCO. The main objectives will be focusing on the reduction of production cost in order to present the most competitive price strategies. On this basis, we may set a firm base in the international market by incorporating the market experiences, reputation and sales network being established by the major international plants. Further, we will be allowed to cut into the rapidly growing Asian market by combining NAFCO's successful experience in the Asian market with the well-organized production line and the systematic sales strategies of major international plants. To this extent, we will not only acquire the existing market but will also develop wider application scope in order to expedite the revenue growth and to expand the market share.

3. Advantageous and disadvantageous factors for the development vision and the responding actions

(1) Advantageous factors

A. Higher added-value, stabilized supply-and-demand and replacing the import:
Since the company was established in October 1997, we have been engaging in the manufacturing, fabrication, agent operation and transaction of aerospace fasteners and structural parts as the main business items. As indicated in the report issued by Metal Industries Research & Development Center (MIRDC), MOEA, the following 3 product categories of aerospace fasteners, automotive fasteners as well as architectural and bridge high-strength fasteners will be the items that are worthy of development and investment by the domestic fastener manufacturers at current stage. The primary business opportunity is the higher added-value in which, the automotive fasteners will be focusing on the higher added-value custom-made product that can be jointly designed and developed with the customer. In terms of the aerospace fasteners, the demand is relatively stable because of higher aircraft development cost and longer model life cycle. In the meantime, the aircraft replacement wave is also stimulated by the launching of the newer generation engines.

B. We are equipped with stronger international competitiveness by acquiring a number of certifications from domestic and foreign institutions:
We have been granted the ISO9001/TS-16949. In addition, we were also honored a number of original manufacturer certifications such as the military equipment qualified manufacturer certification in national defense industry, qualified manufacturer certification in AIDC assessment as well as the qualified manufacturer certification granted by international enterprises like GE, Safran Group, Rolls-Royce, Collins Aerospace, Honeywell and Moog, etc., together with the certification by international automotive T1 manufacturer, aerospace NADCAP and AS-9100 certifications, etc. Summing up, the aforesaid certifications are the solid evidence in justifying that this Company is equipped with the world-class competitiveness.

C. In terms of the supply and sales aspects, the conventional industrial fastener manufacturers in Taiwan are not in a position of replacing the advantageous standing of this Company.
This Company can sell the fasteners directly to the fastener manufacturers, suppliers, electronic consuming vendors, automotive parts manufacturers and airlines. As for the conventional industrial fastener manufacturers in Taiwan, their sales channels are restricted to the relationship between them and the manufacturers or they are selling the product through the trader and importer/exporter channel. As such, they are considered as the conventional OEM vendors.

D. Because we are cooperating with the primary suppliers through the strategic partner operation mode, we are able to maintain a healthy purchase and supply price mechanism. Despite the rapid eastward moving trend of the western industries, the suppliers that possess the integral competitive level are not so many. Driven by the market development potential and growth in the future and facing the price-cutting pressure, the major international manufacturers are expediting their pace in moving the product towards the east. Being restricted by the cost, quality and techniques, the suppliers that can satisfy the demands of these major manufacturers are still few. Since the incorporation, the company is operated by setting the high quality and the high techniques as the development target and so, we will be the most ideal cooperation target for the aforesaid major manufacturers.

(2) Disadvantageous factors and countermeasures:

A. Longer material delivery time:

Due to the impact of the pandemic, after a year, labor shortages among manufacturers in Europe and the United States still persist, resulting in lead times for raw material suppliers extending by over a year.

Responding actions of this Company:

Faced with the challenge of gradually lengthening material lead times, our company actively engages with customers through our production and sales mechanism to confirm demand and encourage early ordering for material preparation. As a result, by the second half of 2023, the materials gradually arrived, reducing the impact of extended lead times.

B. Facing the international market testing and the historical competition from competitors:

In view that lower demand will be presented by local market for the high-precision fasteners manufactured through aerospace techniques, the economic scale kind of production capacity cannot be achieved by local manufacturers at current stage. When engaging in the production, manufacturing and transaction of aerospace-class fasteners, the vendor must consider the global market demands; in other words, they must encounter the test posed by the international market directly. To the new rise vendors, it is undoubtedly a cruel change. Besides, all of the competitors are experienced western enterprises possessing sophisticated production ability and techniques. To meet the price reduction demanded by the customers, they are forced to erect factories in the low-cost countries (e.g. Mexico, India, Turkey and North Africa) in order to enhance their market competitiveness.

Responding actions of this Company:

By considering the product value and the production ability of local market, the primary product will be positioned at moderate and high unit price structural fastening system for the aviation engines. In the meantime, we will take active moves in applying for and acquiring the required certifications in order to prove that the products manufactured by this Company shall meet the stringent quality requirements established for the aerospace industry. By acquiring the certification from major international manufacturers, we will expand the required channels in the hope to expand the market share for the same products so as to achieve the economic scale at an earlier stage. Further, we will keep promoting product technique improvement projects with a hope to reduce the production cost, improve the quality, shorten the delivery time, and develop new products for the engine bolt. The final purpose is to intensify the market competition standard and to expand the market share.

C. Facing the climbing pressure of raw material prices:

Responding actions of this Company:

(A) In terms of the technical development, we will keep developing the super alloy forging techniques, promoting the automation, combining the optical inspection techniques and conducting the vertical integration in order to achieve higher production efficiency and quality. Through the privately developed smart-based manufacturing system, it is our hope to optimize the production process, elevate the Yield rate and reduce the production cost to ensure that the long-term competitiveness will be maintained for the company.

(B) By promoting the TPS (Toyota Production System) and the near line production. Further, the production process will be adjusted according to the product line concept. Through the advanced production scheduling system and the production IoT, we will integrate the production schedule in order to elevate the production capacity and the production efficiency for the company.

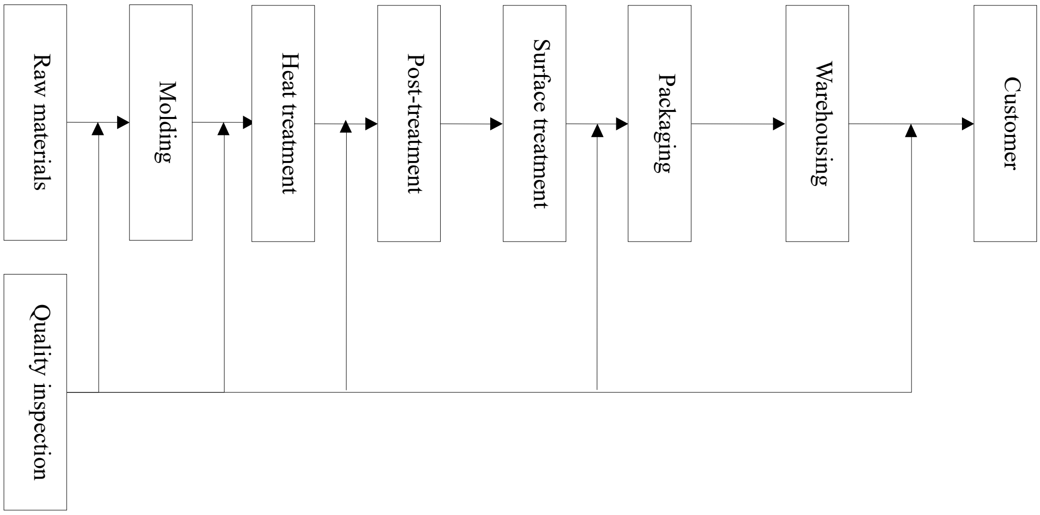
(C) We will raise the price increase demand to the customer in order to reflect the pressure imposed on the raw material cost.

(III) Important purpose of primary products and production process

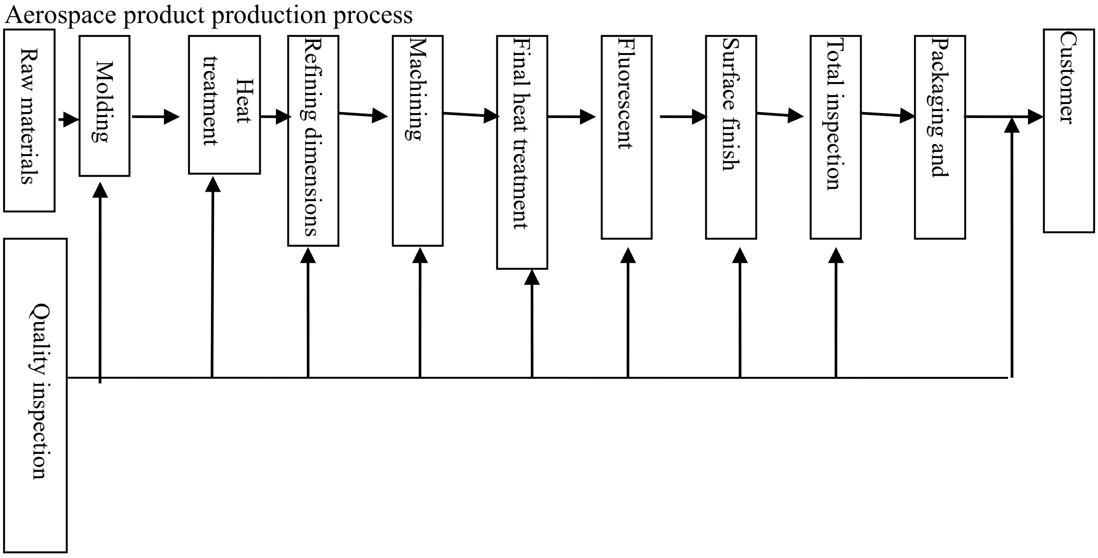
1. Purpose of primary product

Name of product	Important function of purpose (scope that can be applied)
INSERT	Electronic/communication/aerospace/automobile/ high-speed rail/medial
BRASS INSERT	Electronic/communication/aerospace/ high-speed rail/medial
Fixed Nut	Aerospace power structure system/automotive engine system
Special Bolt & Screw	Aerospace / electronic/ communication/ high-speed rail/automobile
GangChannel	Aerospace power structure system
Tube Cap	Aerospace hydraulic pipeline

2.(1) Industrial product production process



(2) Aerospace product production process



(IV) Supplying status of primary materials

Primary materials	Main supply source	Supplying status
Nickel Alloy Steel	C Company	Stabilized
Nickel Alloy Steel	ATS Company	Stabilized
Nickel Alloy Steel	HA Company	Stabilized
C3604 Free Cutting Copper	S Company	Stabilized
Nickel Alloy Steel	ATF Company	Stabilized
Nickel Alloy Steel	TW Company	Stabilized
Nickel Alloy Steel	T Company	Stabilized
Nickel alloy steel and stainless steel	B Company	Stabilized
Nickel Alloy Steel	U Company	Stabilized
Nickel alloy steel and stainless steel	Company TB	Stabilized

(V) Name of customers that has accounted for over 10% of the total sales amount in any year of the past two years as well as its purchase/sales amount and percentage

1. Supplier list that has accounted for over 10% of total purchase/sales amount for its purchase in the past two years: Unit: NT$ thousand

Item	2022				2023			
	Title	Amount	Ratio of net purchase in the entire year (%)	Relationship with the publisher	Title	Amount	Ratio of net purchase in the entire year (%)	Relationship with the publisher
1	C	206,038	30.47	N/A	C	694,472	52.31	N/A
2	ATS	96,653	14.29	N/A	ATS	138,386	10.42	N/A
	Others	373,536	55.24	N/A	Others	494,797	37.27	N/A
	Net purchase amount	676,226	100.00	N/A	Net purchase amount	1,327,655	100.00	N/A

Note 1: Please indicate the name of the supplier that has accounted for over 10% of total purchase amount in the past two years, together with its purchase amount and percentage; however the code can be indicated for such supplier if it has specified in the contract that the name of such supplier cannot be disclosed or where the target is the individual and not the interested party.

Note 2: If the company has been listed or engaging in the transaction in the business office of the securities firm up the Annual Report printing date, then its financial being lately audited, certified or reviewed by the CPA should be disclosed.

2. Customer list that has accounted for over 10% of total sales amount for its sales in past two years: Unit: NT$ thousand

Item	2022				2023			
	Title	Amount	Ratio of net sales amount in the entire year (%)	Relationship with the publisher	Title	Amount	Ratio of net sales amount in the entire year (%)	Relationship with the publisher
1	B	509,511	23.24	N/A	B	741,182	24.13	N/A
2	S	307,294	14.01	N/A	S	399,975	13.03	N/A
	Others	1,376,116	62.75		Others	1,929,467	62.84	
	Net sales amount	2,192,921	100.00		Net sales amount	3,070,624	100.00	

Note 1: Please indicate the name of the customer that has accounted for over 10% of total sales amount in the past two years, together with sales amount and percentage; however the code can be indicated for such customer if it has specified in the contract that the name of such customer cannot be disclosed or where the target is the individual and not the interested party.

Note 2: If the company has been listed or engaging in the transaction in the business office of the securities firm up the Annual Report printing date, then its financial being lately audited, certified or reviewed by the CPA should be disclosed.

(VI) Production capacity/value table in recent two years

Unit: thousand-PC; NT$ thousand

Year / Production capacity/value / Primary product	2022			2023		
	Productivity	Production capacity	Production value	Productivity	Production capacity	Production value
Aerospace fasteners and aerospace turning-processed parts.	33,000	21,875	1,647,119	33,000	30,310	2,351,677
Industrial fasteners	400,000	180,549	261,565	400,000	157,133	287,473
Total	433,000	202,424	1,908,684	433,000	187,443	2,639,150

Note 1: The production capacity refers to the quantity that can be yielded with the existing production equipment under normal operation status when the company needs to shut down the work and during the holidays.

Note 2: If the production process of each product can be replaced with each other, then the production capacity can be calculated altogether and the explanation shall be provided accordingly.

(VII) Measured sales value table in recent two years

Unit: thousand-PC; NT$ thousand

Year / Measured sales value / Primary product	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Measured	values	Measured	values	Measured	values	Measured	values
Aerospace fasteners and aerospace turning-processed parts.	195	33,931	18,163	1,795,638	223	34,038	22,922	2,666,346
Industrial fasteners	5,175	7,440	158,279	355,912	2,701	3,539	132,245	366,701
Total	5,370	41,371	176,442	2,151,550	2,924	37,577	155,167	3,033,047

III. Overview of employees

Employee information in past 2 years and up to the Annual Report printing date:

Year		2022	2023	Current year, up to March 31, 2024
Employee number	Management person	143	161	160
	R&D, technical person	136	139	144
	Operators	396	407	420
	Total	675	707	724
Average age		37.50	37.89	37.91
Average service seniority		5.73	6.04	6.04
Education distribution rate	PhD	0.15%	0.14%	0.14%
	Master	6.52%	6.08%	5.80%
	College	61.78%	64.07%	61.33%
	Senior high school	27.70%	26.45%	29.42%
	Below senior high school	3.85%	3.25%	3.31%

IV. Information of environmental protection expenditures:

The losses resulting from the environment pollution in previous year and up to the Annual Report printing date (including the compensation and the item breaching the Environmental Protection Act as revealed by the environmental protection audit result, indicating the disposition date, disposition document number, statutory clauses offended, content of regulations offended and content of disposition). Please also disclose the estimated amount that may occur at present time and in the future as well as the responding actions. If the losses cannot be estimated reasonably, please explain the fact that cannot be reasonably estimated: The Company has not had losses resulting from the environment pollution in previous year and up to the Annual Report printing date.

(I) To realize the environmental protection conception and fulfill due social responsibilities, this Company will execute and follow the applicable environmental protection regulations. We will execute environmental protection according to the applicable laws and the specified discharge standard and we also authorized the qualified treatment disposal vendor to dispose the waste produced by the factory.

(II) In addition to observing the applicable environmental protection laws and the environmental protection requirements imposed by the competent authority, we also elevate employee's consciousness and concept for the environmental protection. Provided below are the environmental protection measures established by this Company:

1. Based on the industrial characteristics, this Company has established Work Safety Office and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with the applicable regulations. To meet the global trend and customer requirements, we also set up an efficient environment management system according to the planned schedule; for example, ISO14001: In 2015, the company attained the ISO14001 certification and it will be valid until May 2024. We also set up special Work Safety Office, Wastewater Operation Division and Environmental Engineering Section to implement the environment hygiene, public safety and environmental protection works in order to comply with applicable regulations. To meet the global trend and customer requirements, we also set up efficient environment management system and regulations according to the planned schedule.

2. Quality Certification System

   Each factory of this Company is operated according to the attributes of the product. By now, we have been honored the following management system certifications specified in the international standards such as ISO 9001 Quality Management System, ISO 14001 Environment Management System, IATF16949:2016 (ISO/TS16949) Automobile Industry Quality Management System, AS9100 Aerospace Quality Management System and ISO 45001 Occupational Safety and Health Management System.

3. The wastewater discharge and the waste management are executed according to the applicable regulations and the specified discharge standard. Based on the environmental regulations established by the competent environmental protection bureau for handling the wastewater, wastes, air pollution and specific chemical substances, we also appointed the operators and the administrators who are granted Class-A/Class-B qualification licenses. Based on the applicable regulations, we also reported the wastewater treatment equipment, waste disposal and treatment and air pollution equipment to the local competent environmental protection authority. In the meantime, we also passed the periodic inspection and have been awarded the qualification certificate issued by the competent environmental protection authority.

4. To realize the environmental protection conception and fulfill due social responsibilities, this Company initiated the following measures such as energy conservation/carbon reduction and cherish water resources as well as putting investment in installing solar panels, wastewater treatment facilities and water recovering equipment. It is our goal to fulfill the responsibilities due to the enterprise citizen in order to protect the earth.

5. Climate change impact is one of the common global environmental issues. Since 2019, the Company has been actively investing in environmental protection and energy conservation policies, promoting environmental education, establishing an eco-friendly and energy-saving culture, and implementing environmental protection and energy-saving measures. Through continuous process improvements, formulation and implementation of energy-saving policies, the Company aims to achieve the goals of energy conservation, waste reduction, low pollution, low energy consumption, and environmental friendliness. Described below are the examples of environment performance and measures executed by this Company:

   (1) The Company has completed the inventory of total greenhouse gas emissions in the past two years, and the results have been verified by the third-party verification company Afnor International (scope 1 and scope 2), which are 7,651.0748 tons of CO_2e in 2021 and 9,118.9295 tons of CO_2e in 2022, respectively. 2021 revenue was NT$1,298,303 thousand, and 2022 revenue was NT$1,967,894 thousand. The overall energy carbon emission per NTD million of revenue was reduced from 5.8391 tons of CO_2e in 2021 to 4.6338 tons of CO_2e in 2022, effectively reducing greenhouse gas carbon emissions by 21.36%. In 2023, a smart meter monitoring platform has been built to effectively control

the use of electricity and energy. The carbon emission intensity is expected to continue to be 10-20% in 2023.

(2) Effects of adding solar panels: The solar power generation system installed at each of the Company's plants (Plant #1, Plant #2 and Plant #3) recovered power of 84,508 kWh in 2019, 168,144 kWh in 2020, and 170,835 kWh in 2021, equivalent to a reduction in greenhouse gas emission of 85,417.5 kg/CO2e. The Company obtained 69 renewable energy certificates from the Ministry of Economic Affairs; the solar energy recovered 148,739 kWh of power in 2022, equivalent to reducing greenhouse gas emission by 74,369.5 kg/CO2e, and obtained 60 national renewable energy certificates. In 2023, solar power was generated by 221,094 kWh, equivalent to a greenhouse gas emission reduction of 110,547 kg/CO2e; it is expected to continue building solar power facilities in 2024, adopting green energy and establishing a real-time power monitoring and management platform.

(3) Effects of water-saving equipment: Among the Company's various plants (Plant #1, Plant #2 and Plant #3), in 2019, the tap water consumption is 113,667 tons and the rainwater recovered is 1,005 tons. In 2020, the tap water consumption is 93,647 tons and the rainwater recovered is 903 tons. In 2021, the tap water consumption is 79,877 tons and the rainwater recovered is 896 tons. In 2022, the tap water consumption is 96,743 tons and the rainwater recovered is 899 tons. In the past two years, the water consumption per NTD million of revenue has decreased from 61.53 tons to 49.16 tons, effectively saving 20.10%. The Company continues to implement various water-saving measures, and in 2023 the water intensity was 47.79 tons per million in revenue. Reduction in water consumption of 2.7% from the previous year.

(4) Effects of waste reduction: The total waste volume of the Company's plants (Plant #1, Plant #2 and Plant #3) was 387.29 tons in 2021 and 412.03 tons in 2022. The waste output per NTD million of revenue is reduced from 0.298 tons in 2021 to 0.209 tons in 2022, effectively reducing waste output by 29.81%. In 2023, waste reduction equipment was purchased, and the total amount of waste was 535.535 tons. 0.196 tons/NTD million of revenue, down 6.38% from the previous year.

(5) Other outcomes: With the wastewater reduction equipment of the low temperature vacuum process continuously operated, the plant can reuse 75% of the returned production process wastewater as the sub-grade household water through the water separating system. In this way, 30% of waste/wastewater can be reduced. We also promoted the energy-saving activities such as elevated the utilization efficiency of the respective resource, used the solar power, remodeled the green lighting, installed the energy-saving LED lamps, used the variable-frequency devices, and changed to automatic A/C control, etc. Installed the RO hard water recovery system to reduce the water consumption. We promoted the paper-free e-based operation by encouraging employees to use double-side paper and use the recyclable plastic trash bags, etc.

V. Labor-employer relationship:

(I) Described below are the employee's welfare measures, advanced study, training, retirement system and execution status as well as the agreement between labors and employer and the employee equity upholding measures:

1. Employee welfare measures

Listed below are the employee welfare measures provided by the company currently:

(1) Labor Insurance, National Health Insurance and Employee Commercial Group Insurance.
(2) Sponsoring or subsidizing employee travel.
(3) Yearly free health inspection
(4) Other welfare measures like employee legal consultation, employee canteen, aerial garden, fitness center and breastfeeding room, etc.
(5) Operation performance bonus, festival and birthday cash bonus and or/or gift.
(6) Appoint professional factory medical care physician to provide labor care, employee health education and injury/disease consultation, plan human-factor improvement measure, prevent over-working and occupation bullying, and develop female employee protection plan.

2. Retirement system

To appreciate and show solicitude for the employee's care and devotion, a well-based employee retirement method has been established in the Company Rules. In this Company, the employee's retirement system will be implemented according to the regulation specified in Labor Standards Act. For this purpose, the Labor Retirement Preparatory Fund Supervising Committee was organized on August 10, 1998 by the company. Currently, the pension will be allocated by retrieving 2% from the total monthly salary for using as the retirement reserve. Starting from October 1998, the retrieve pension fund was deposited in the bank account opened at Bank of Taiwan. Pursuant to "Enforcement Rules of the Labor Pension Act", the retrieving rate of the pension fund to be borne by the employees was changed to 6% of employee's monthly salary since July 1, 2005.

3. Advanced study and training system

This Company provides the newcomer training program for newcomers in order to help them to break into the working environment more quickly. We provide internal employee education and training programs for existing employees. In each year, we will also develop occupational advanced study plans for our employees.

4. Labor-employer agreement:

Abiding by the employee caring and profit-sharing conception and adequate coordination with employees, we will convene labor and employer coordination meetings irregularly.
In the meantime, we will also explain the company's operation status to our employees so that we may understand and reply their opinions and suggestions in order to maintain an amiable labor and employer relationship. Based on the concept of humane management, we will provide multiple communication channels in the future in order to intensify their cohesion for the company. Apart from maintaining the existing amiable relationship between employees and employer, we are hoping that the labor and employer relationship will be upgraded to another level.

5. Employee equity protecting measures:

(1) On a regular basis, we will convene a total employee communication meeting in order to clearly communicate the company's operating status and the target to all employees. In this way, we may expect and encourage our employees to work together with the company for achieving the required quality, delivery time and profits for the company. It is our ultimate goal to create the maximum benefits for the company, the employees and shareholders.
(2) Provide occupational safety and health related protection gears and spares, conduct the labor safety seminar periodically, and launch a complete occupational safety education and training plan.
(3) Organize the well-based Employee Welfare Committee. On a regular basis, we also convened the meeting for discussing the employee welfare measures and activities; for example, sponsoring the employee travel, Christmas luncheon, additional dishes for festivals, etc. The purpose is to achieve closer fellowship and intensify their cohesion for the company.
(4) By the end of each year, we collected the demands raised by each unit for compiling the training program of the following year. The training program will be supported with the contingent professional or generality training that will be held irregularly.
(5) In each year, we will evaluate company's profit-earning status of previous year or revenue profit status of current year. In the meantime, we will also adjust the company's salary policy according to the salary investigation result or consumer commodity price index.

(II) Social responsibilities and feedback:

In May 2013, we organized the "NAFCO Social Charity Foundation". Its main purpose is to donate and support the social charity institution of each county and city in Taiwan in conducting the charity activities. In the meantime, the NAFCO Foundation also provides the distress assistance and care for our employees.

1. On an irregular basis, we contribute our donation to the social welfare groups and education groups and the public service feedback. In the meantime, we also encourage the rural children to acquire more learning opportunities.
2. On a regular basis, we keep close contact with other social welfare groups to discuss their status and the assistance required for the scheduled activity plans.
3. Irregularly we conduct volunteer activities and also encourage our employees to participate. We host a caring garden party with the Company's vocational welfare association to jointly care for the disadvantaged groups.
4. The Company's charitable and educational donations totaled NT$1,050,000 in 2022, and the beneficiaries included: 1) Donated to the Taoyuan City Police Friends Association. 2) Donated to the Hui Lung Underprivileged Family Care Center of the Presbyterian Church (serving around 80 underprivileged children). 3) Donated to the Boai Social Welfare Foundation. 4) Donated to the National Yang Ming Chiao Tung University (President's Lecture Program) to support the retention and deep-rooted development of highly-educated technical doctoral talents in Taiwan.

In 2023, the NAFCO Social Charity Foundation still uphold the spirit of caring for the underprivileged and giving back to society. We continue to care about the situations of social welfare organizations and other institutions, such as the Hui Lung Presbyterian Church Underprivileged Family Care Center, the Boai Social Welfare Foundation, and the Taoyuan City Police Friends Association, among others, providing donations according to their needs. The NAFCO Social Charity Foundation provided the social contribution and the public service donation that should be executed by the social enterprise in 2023:
The Company made a total of NTD 1,110,000 in charitable and educational donations in 2023, which

beneficiaries include (1) the Taoyuan City Police Friends Association, (2) Quaker Care Center for Vulnerable Families (about 80 (3) Taoyuan City Private Pingzhen Correctional Institution; (4) the Company donated a total of NTD 500,000 to education-related public welfare in 2023; the National Yang Ming Chiao Tung University (president's lecture program); also, donations for doctoral talents in higher education technology Retention of talents for further development in Taiwan.

(III) The loss suffered from the labor and employer dispute in previous year and until the Annual Report printing date (including the case where the labor inspection result breaches the Labor Standards Act, listing the disposition date, disposition document reference number, statutory clause offended, regulations offended and disposition content). Please also disclose the estimated amount that may occur at present time and in the future, together with the responding measures. If reasonable estimation is impossible, please explain the fact that cannot be reasonably estimated:

There isn’t any loss case that is caused by the labor and employer dispute in previous year and until the Annual Report printing date.

VI. Cybersecurity management:

(I) Describe the cybersecurity risk management structure, cybersecurity policy, substantial management solution and the resources used in the cybersecurity management.

1. Information security risk management framework

To respond to the rapid changes in the technological environment and diversified business development, effectively protect the company's and customers' operational information, and provide sound information security governance in order to safeguard the information asset security of the company and relevant stakeholders, the company established an Information Security Committee in 2022, implemented the ISO 27001 information security standard specifications, and obtained relevant international information security certifications.


afaq
AFNOR CERTIFICATION

Certificat
Certificate

N° 2022/100987.1

AFNOR Certification certifies that the management system implemented by:
AFNOR Certification certifie que le système de management mis en place par :

NATIONAL AEROSPACE FASTENERS CORPORATION

for the following activities:
pour les activités suivantes :

MANAGEMENT DEPARTMENT MIS SUPPLY MAINTENANCE OF SERVER ROOM (INCLUDE BASE NETWORK CONFIGURATION) AND ERP SYSTEM. THIS IS IN ACCORDANCE WITH THE STATEMENT OF APPLICABILITY VERSION: A, DATED: JAN. 30, 2022.

has been assessed and found to meet the requirements of:
a été évalué et jugé conforme aux exigences requises par :

NF EN ISO/IEC 27001:2017 (Europe) - ISO/IEC 27001:2013 + COR 1:2014 + COR 2:2015 (International)

and is developed on the following locations:
et est déployé sur les sites suivants :

NO.1, TAI-PING E. RD., PINGZHEN DIST., TAOYUAN CITY 324, TAIWAN (R.O.C.)
NO.38, LN. 99, TAI-PING W. RD., PINGZHEN DIST., TAOYUAN CITY 324, TAIWAN (R.O.C.)

This certificate is valid from (year/month/day) 2022-07-08 until 2025-07-07

Julien NIZRI
Managing Director of AFNOR Certification
Directeur Général d'AFNOR Certification

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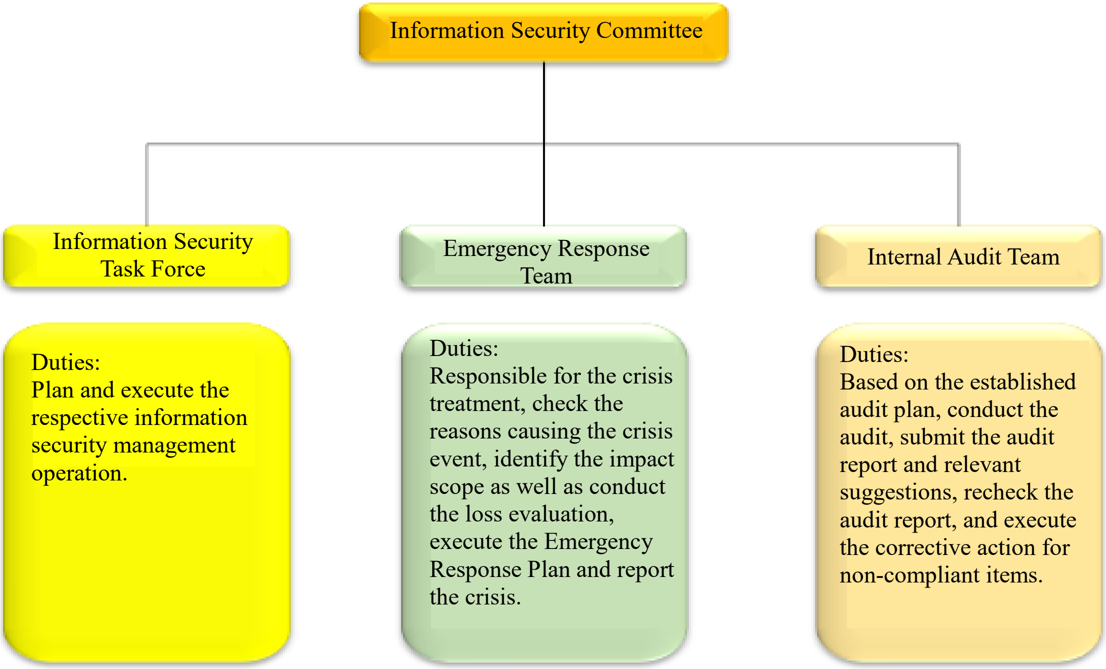
2. Information security management organization

The company has established the Information Security Committee to elevate the overall information service management performance of the company, to ensure the consistency between information and business requirements, and to execute the information security management effectively. The Vice President of the Management Department shall serve as the Chief Member and the Executive Secretary shall be served by the highest-ranking supervisor of Information Department. The Information Security Committee comprises Information Security Task Force, Internal Audit Team and Emergency Response Team. The information security policy and requirements of this Company are reviewed and amended according to the information security strategic approaches, the operation need of this Company, statutory regulation changes, customer security demands, technical changes and acceptable risk assessment, etc.

Organization operation mode: The PDCA (Plan-Do-Check-Act) circulation type of management is adopted to ensure that the reliability target will be accomplished and improved continuously. Based on the cybersecurity inspection and audit items specified in the Annual Audit Plan, the Audit Room will conduct the audit and then report the result to the Board of Directors.



3. Information security policies

(1) Establish an information security management organization to be responsible for the establishment and promotion of information security systems.
(2) Regularly implement information security education and training to promote information security policies and related implementation regulations.
(3) Establish a management mechanism for the use of mainframes and networks to coordinate the allocation and utilization of resources.
(4) Before installing new equipment, risks and safety factors must be taken into account to prevent situations that endanger system safety.
(5) Establish physical and environmental security protection measures for the IT room, and perform related maintenance on a regular basis.
(6) The access permissions of the network system are clearly regulated to prevent unauthorized access.
(7) Formulate an internal audit plan for the information security management system, regularly review the use of all personnel and equipment within the scope of the information security management system, and formulate and implement corrective and preventive measures according to the audit report.
(8) Formulate business continuity management regulations and practice drills to ensure the business continuity of this department.
(9) Maintain information security and comply with relevant information security management specifications.
(10) The information security management system document should have clear management specifications.

4. Invest resources in cyber security management

This Company will reinforce the information security related systems in order to prevent the new-rise malicious threat:

(1) Implement the physical network isolation and monitoring mechanism to prevent the external threat effectively.
(2) Implement the anti-virus system and proactive prevention warning platform. Intensify the monitoring of the known and the unknown information security threat.
(3) Implement the service backup platform and the multi-layer backup system.
(4) Execute the information security education and the case dissemination, which will be included in the compulsory courses of the employee education and training in order to elevate their consciousness of information security.
(5) Timely amend the hazardous factors and conduct responding actions in order to strengthen the internal information security of the company.
(6) Regarding various information security meetings, training, and drills: In 2023, the company has convened 2 information security management review meetings, 3 information security risk assessment meetings, 1 information security internal audit plan meeting, 16 monthly and quarterly report meetings on information security. Additionally, there was 1 company-wide social engineering drill and 8 company-wide information security case advocacy and training sessions.
(7) The Company invested NT$5,453 thousand in information security in 2023.

5. Information service continuity plan

Ensure that correct response measures can be taken when major hazard occurs to the information service so as to minimize its impact to the business operation and to restore the operation within the shortest period of time. This Company has developed the Information Service Continuous Management Plan which will be drilled and reviewed each year in order to maintain the responding ability and the company's continuous operation.

(II) Indicate the loss suffered from the major cybersecurity event in previous year and until the Annual Report printing date, as well as the potential impact and the responding measures. If reasonable estimation is impossible, please explain the fact that cannot be reasonably estimated.

There isn't losses resulting from the major cybersecurity event in previous year and until the Annual Report printing date.

VII. Important contract:

The supply and sales contract, the technical cooperation contract, the construction contract and the long-term loaning contract that is still effectively existence until the Annual Report printing date, together with the parties of important contract that will affect the shareholder's equity.

Nature of the contract	Parties	Contract starting/ending date	Main content	Restrictive clauses
PROCUREMENT AGREEMENT	Party B, Party C	We will supply the product to Party B and Party C starting from January 01, 2022 to December 31, 2026.	Provide products to Party B and C.	N/A
Long-term Loaning Contract	Land Bank of Taiwan	From December 29, 2016 to December 29, 2036.	To meet the requirements of operation and the purchase of land and erection of plant, the Land Bank of Taiwan hereby offers the credit for the long-term secured loan borrowed by this Company.	Per the agreement specified in the contract.
Long-term Loaning Contract	Taiwan Cooperative Bank	From September 11, 2013 to September 11, 2033.	To meet the requirements of operation and the purchase of land and erection of plant, the Taiwan Cooperative Bank hereby offers the credit for the long-term secured loan borrowed by this Company.	Per the agreement specified in the contract.

Six. Financial status

I. Simplified Balance Sheet and Statement of Comprehensive Income for the last 5 years

(I) Simplified Balance Sheet

1. Combined Simplified Balance Sheet – using the international financial statement criteria

Expressed in thousands of New Taiwan Dollars

Item \ Fiscal year		Financial information of recent 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		1,447,070	974,814	1,103,929	1,540,977	2,069,489
Property, plant and equipment		3,372,150	3,329,994	3,136,622	2,960,242	2,930,310
Intangible assets		21,168	17,711	14,089	9,631	7,296
Other assets		142,160	67,771	51,087	62,076	71,008
Total amount of assets		4,982,548	4,390,290	4,305,727	4,572,926	5,078,103
Current Liabilities	Before the distribution	1,133,102	528,662	675,277	1,074,349	1,280,644
	After the distribution	1,273,670	554,986	675,277	1,128,049	1,415,679
Non-current Liabilities		1,934,144	1,988,479	1,856,251	1,551,318	1,467,168
Total amount of liabilities	Before the distribution	3,067,246	2,517,141	2,531,528	2,625,667	2,747,812
	After the distribution	3,207,814	2,543,465	2,531,528	2,679,367	2,882,847
Equity due to owner of parent company		1,915,302	1,873,149	1,774,199	1,947,259	2,330,291
Capital stock		526,472	526,472	526,472	526,472	540,062
Capital surplus		341,785	373,241	398,499	411,394	536,531
Reserved surplus	Before the distribution	1,093,020	1,013,244	891,118	1,045,458	1,298,180
	After the distribution	952,452	986,920	891,118	991,758	1,163,145
Other equity		(45,975)	(39,808)	(41,890)	(36,065)	(44,482)
Treasury stock		-	-	-	-	-
Non-controlled equity		-	-	-	-	-
Total Equity	Before the distribution	1,915,302	1,873,149	1,774,199	1,947,259	2,330,291
	After the distribution	1,774,734	1,846,825	1,774,199	1,893,559	2,195,256

Note: 1. The financial information listed above has been certified by the CPA.

2. If the financial information quoted from International financial report criteria is less than 5 years, please prepare another type of financial information prepared according to the “Regulations Governing Financial and Accounting Criteria” enforced in Taiwan.

2. Simplified Individual Balance Sheet – using International financial report criteria

Expressed in thousands of New Taiwan Dollars

Item \ Fiscal year		Financial information of recent 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		1,303,014	916,675	1,059,354	1,419,767	1,808,136
Property, plant and equipment		3,010,294	2,940,372	2,805,685	2,721,410	2,737,734
Intangible assets		16,230	16,523	13,205	9,461	6,542
Other assets		488,636	438,760	368,882	364,484	449,013
Total amount of assets		4,818,174	4,312,330	4,247,126	4,515,122	5,001,425
Current Liabilities	Before the distribution	1,027,959	479,894	636,815	1,030,767	1,212,865
	After the distribution	1,168,527	506,218	636,815	1,084,467	1,347,900
Non-current Liabilities		1,874,913	1,959,287	1,836,112	1,537,096	1,458,269
Total amount of liabilities	Before the distribution	2,902,872	2,439,181	2,472,927	2,567,863	2,671,134
	After the distribution	3,043,440	2,465,505	2,472,927	2,621,563	2,806,169
Equity due to owner of parent company		1,915,302	1,873,149	1,774,199	1,947,259	2,330,291
Capital stock		526,472	526,472	526,472	526,472	540,062
Capital surplus		341,785	373,241	398,499	411,394	536,531
Reserved surplus	Before the distribution	1,093,020	1,013,244	891,118	1,045,458	1,298,180
	After the distribution	952,452	986,920	891,118	991,758	1,163,145
Other equity		(45,975)	(39,808)	(41,890)	(36,065)	(44,482)
Treasury stock		-	-	-	-	
Non-controlled equity		-	-	-	-	
Total Equity	Before the distribution	1,915,302	1,873,149	1,774,199	1,947,259	2,330,291
	After the distribution	1,774,734	1,846,825	1,774,199	1,893,559	2,195,256

Note: 1. The financial information listed above has been certified by the CPA.

(II) Simplified Statement of Comprehensive Income

1. Simplified Statement of Comprehensive Income – using International financial report criteria

Expressed in thousands of New Taiwan Dollars

Fiscal year / Item	Financial information of recent 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,816,190	1,704,031	1,426,205	2,192,921	3,070,624
Gross profit	848,520	325,967	166,088	511,634	812,544
Operating income/loss	473,471	33,645	(117,173)	126,848	343,409
Non-operating income and expenses	(15,633)	17,421	11,804	18,206	11,864
Pre-tax net profit	457,838	51,066	(105,369)	145,054	355,273
Current-term net profit of continuing operation unit	350,824	59,832	(96,729)	149,975	307,603
Loss of discontinued operating unit	-	-	-	-	-
Current-term net profit (loss)	350,824	59,832	(96,729)	149,975	307,603
Current-term other comprehensive income/loss (after-tax net amount)	(19,925)	7,127	(1,155)	10,190	(9,598)
Total current-term comprehensive income/loss	330,899	66,959	(97,884)	160,165	298,005
Net profit due to owner of parent company	350,824	59,832	(96,729)	149,975	307,603
Net profit due to non-controlled equity	-	-	-	-	-
Total comprehensive income/loss due to owner of parent company	330,899	66,959	(97,884)	160,165	298,005
Total comprehensive income/loss due to non-controlled equity	-	-	-	-	-
Profit per share	6.66	1.14	(1,84)	2.85	5.77

Note: 1. The financial information listed above has been certified by the CPA.

2. If the financial information quoted from International financial report criteria is less than 5 years, please prepare another type of financial information prepared according to the "Regulations Governing Financial and Accounting Criteria" enforced in Taiwan.

2. Simplified Parent Company Only Statement of Comprehensive Income – using International Financial Reporting Standards

Expressed in thousands of New Taiwan Dollars

Item \ Fiscal year	Financial information in recent 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,432,978	1,541,040	1,298,303	1,967,894	2,732,173
Gross profit	694,095	337,059	193,136	459,144	688,380
Operating income/loss	378,275	80,782	(48,552)	126,736	271,148
Non-operating income and expenses	54,546	(12,398)	(53,866)	18,318	89,284
Pre-tax net profit	432,821	68,384	(102,418)	145,054	360,432
Current-term net profit of continuing operation unit	350,824	59,832	(96,729)	149,975	307,603
Loss of discontinued operating unit	-	-	-	-	-
Current-term net profit (loss)	350,824	59,832	(96,729)	149,975	307,603
Current-term other comprehensive income/loss (after-tax net amount)	(19,925)	7,127	(1,155)	10,190	(9,598)
Total current-term comprehensive income/loss	330,899	66,959	(97,884)	160,165	298,005
Net profit due to owner of parent company	350,824	59,832	(96,729)	149,975	307,603
Net profit due to non-controlled equity	-	-	-	-	-
Total comprehensive income/loss due to owner of parent company	330,899	66,959	(97,884)	160,165	298,005
Total comprehensive income/loss due to non-controlled equity	-	-	-	-	-
Profit per share	6.66	1.14	(1.84)	2.85	5.77

Note: 1. The financial information listed above has been certified by the CPA.

(III) Name of the CPA and audit comments in recent 5 years

Year	Name of the CPA	Audit Opinion
2019	PricewaterhouseCoopers Taiwan. CPA: WU, Wei-Hao and SHUE, Shou-Hong	No comments
2020	PricewaterhouseCoopers Taiwan. CPA: WU, Wei-Hao and LI, Yen-Na	No comments
2021	PricewaterhouseCoopers Taiwan. CPA: WU, Wei-Hao and LI, Yen-Na	No comments
2022	PricewaterhouseCoopers Taiwan. CPA: WU, Wei-Hao and LI, Yen-Na	No comments
2023	PricewaterhouseCoopers Taiwan. CPA: WU, Wei-Hao and LI, Yen-Na	No comments

II. Financial analysis in recent 5 years

1. Combined financial analysis – using International financial report criteria

Analysis item \ Fiscal year (Note1)		Financial analysis in recent 5 years				
		2019	2020	2021	2022	2023
Financial structure (%)	Percentage taken by liabilities in assets	61.56	57.33	58.79	57.42	54.11
	Percentage taken by long-term capital in immovable asset, plant and equipment	111.67	114.26	114.36	117.34	129.00
Solvency (%)	Current Ratio	127.71	184.39	163.48	143.43	161.60
	Quick Ratio	66.41	84.14	71.23	67.18	65.42
	Interest Coverage Ratio	16.49	2.94	(3.37)	6.51	11.82
Operating ability	Account Receivable Turnover (time)	4.93	3.67	4.19	4.63	4.69
	Average cash collection days	74.04	99.46	87.11	78.83	77.83
	Inventory Turnover (time)	2.64	1.85	1.68	1.94	1.96
	Account Payable Turnover (time)	6.89	6.92	10.34	6.91	5.71
	Average sales days	138.26	197.30	217.26	188.14	186.22
	Immovable asset, Plant and Equipment Turnover (time)	0.86	0.51	0.44	0.72	1.04
	Total assets Turnover (time)	0.59	0.36	0.33	0.49	0.64
Profit-earning ability	Return On Asset (%)	7.82	1.73	(1.78)	3.85	6.92
	Return On Gains and losses (%)	19.33	3.16	(5.30)	8.06	14.38
	Percentage taken by Earnings-Before-Interest-and-Tax in paid-in capital (%)	86.96	9.70	(20.01)	27.55	65.78
	Profit rate (%)	12.46	3.51	(6.78)	6.84	10.02
	Earning per share (NT$)	6.66	1.14	(1.84)	2.85	5.77
Cash flow	Cash flow percentage (%)	46.66	99.57	10.89	23.36	17.21
	Cash flow equivalent ratio	41.83	49.67	72.20	78.61	79.39
	Cash reinvestment ratio (%)	7.43	6.87	0.84	4.41	2.70
Leverage	Operating leverage	2.23	18.00	(3.62)	5.47	2.87
	Financial leverage	1.07	4.58	0.83	1.26	1.11

Please explain the reasons for the changes in financial ratios in the last two years. (If the increase/decrease is less than 20%, the analysis is not required)

1. Increase in interest coverage ratio: higher profit driven by increased customer demand.
2. Increase in property, plant, and equipment turnover rate (times): higher profit driven by increased customer demand.
3. Increase in total assets turnover rate (times): higher profit driven by increased customer demand.
4. Increase in return on assets: higher profit driven by increased customer demand.
5. Increase in return on equity: higher profit driven by increased customer demand.
6. Increase in the ratio of net profit before tax to paid-in capital: higher profit driven by increased customer demand.
7. Increase in net profit margin: higher profit driven by increased customer demand.
8. Increase in earnings per share: higher profit driven by increased customer demand.
9. Decrease in cash flow ratio: an increase in customer demand, a decrease in net cash from operating activities required for operations, and an increase in current liabilities.
10. Decrease in cash reinvestment ratio: an increase in customer demand, a decrease in net cash from operating activities required for operations, and an increase in fixed assets and working capital.
11. Decrease in operating leverage: higher revenue and profit driven by increased customer demand, with higher expenditure on projects in 2023.

Note 1: The aforesaid annual financial information has been certified by the CPA.

2. If the financial information prepared according to international financial report criteria is less than 5 years, then another financial information shall be prepared according to the accounting criteria enforced in Taiwan, as below

3. The aforesaid financial information has been certified by the CPA.

2. Individual financial analysis – using international financial report criteria

Analysis item \ Fiscal year (Note 1)		Financial analysis in recent 5 years				
		2019	2020	2021	2022	2023
Financial structure (%	Percentage taken by liabilities in assets	60.25	56.56	58.23	56.87	53.41
	Percentage taken by long-term capital in immovable asset, plant and equipment	125.09	129.41	127.85	127.64	138.07
Solvency (%)	Current Ratio	126.76	191.02	166.35	137.74	149.08
	Quick Ratio	73.66	102.53	85.08	73.07	68.16
	Interest Coverage Ratio	14.21	3.69	(3.37)	6.58	12.01
Operating ability	Account Receivable Turnover (time)	4.96	3.82	4.23	4.77	5.00
	Average cash collection days	73.59	95.55	86.29	76.52	73.00
	Inventory Turnover (time)	3.00	2.05	1.82	2.17	2.26
	Account Payable Turnover (time)	6.92	6.51	8.84	6.00	5.16
	Average sales days	121.67	178.05	200.55	168.20	161.50
	Immovable asset, Plant and Equipment Turnover (time)	0.82	0.52	0.45	0.71	1.00
	Total assets Turnover (time)	0.52	0.34	0.30	0.45	0.57
Profit-earning ability	Return On Asset (%)	8.01	1.76	(1.82)	3.90	7.01
	Return On Gains and losses (%)	19.33	3.16	(5.30)	8.06	14.38
	Percentage taken by Earnings-Before-Interest-and-Tax in paid-in capital (%)	82.21	12.99	(19.45)	27.55	66.74
	Profit rate (%)	14.42	3.88	(7.45)	7.62	11.26
	Earning per share (NT$)	6.66	1.14	(1.84)	2.85	5.77
Cash flow	Cash flow percentage (%)	41.04	90.57	14.37	26.54	17.23
	Cash flow equivalent ratio	42.32	46.86	71.89	77.66	81.27
	Cash reinvestment ratio (%)	5.64	5.47	1.22	5.09	2.66
Leverage	Operating leverage	2.31	6.96	(8.21)	4.80	3.05
	Financial leverage	1.08	1.46	0.67	1.26	1.14

Please explain the reasons for the changes in financial ratios in the last two years. (If the increase/decrease is less than 20%, the analysis is not required)

1. Increase in interest coverage ratio: higher profit driven by increased customer demand.
2. Increase in property, plant, and equipment turnover rate (times): higher profit driven by increased customer demand.
3. Increase in total assets turnover rate (times): higher profit driven by increased customer demand.
4. Increase in return on assets: higher profit driven by increased customer demand.
5. Increase in return on equity: higher profit driven by increased customer demand.
6. Increase in the ratio of net profit before tax to paid-in capital: higher profit driven by increased customer demand.
7. Increase in net profit margin: higher profit driven by increased customer demand.
8. Increase in earnings per share: higher profit driven by increased customer demand.
9. Decrease in cash flow ratio: an increase in customer demand, a decrease in net cash from operating activities required for operations, and an increase in current liabilities.
10. Decrease in cash reinvestment ratio: an increase in customer demand, a decrease in net cash from operating activities required for operations, and an increase in fixed assets and working capital.
11. Decrease in operating leverage: higher revenue and profit driven by increased customer demand, with higher expenditure on projects in 2023.

Note: Calculation formula

1. Financial structure
   (1) Ratio of liabilities in asset = Total liabilities / Total assets
   (2) Ratio of long-term asset in immovable asset, plant and equipment = (Total equity + non-current liabilities) / Net amount of immovable asset, plant and equipment

2. Solvency
   (1) Current ratio = Current asset / Current liabilities
   (2) Quick ratio = (Current asset – Inventory – Pre-paid fee) / Current liabilities
   (3) Interest Coverage Ratio = Net income before tax and interest / Current-term interest expense
3. Operating ability
   (1) Account Receivable (including the notes receivable due from account receivables and business operation) Turnover = Net sales / Average account receivable of each term (including the notes receivable due from account receivables and business operation) Balance
   (2) Average cash collection days – 365/Account Receivable Turnover
   (3) Inventory Turnover = Sales cost / Average inventory
   (4) Account Payable (including the notes payable due from account payables and business operation) Balance = Sales cost / Average account payment of each term (including the notes payable due from account payables and business operation)
   (5) Average sales days = 365 / Inventory Turnover
   (6) Immovable, plant and equipment turnover = Net sales / Average net immovable asset, plant and equipment
   (7) Total assets Turnover = Net sales / Average asset total
4. Profit-earning ability
   (1) Asset Turnover = [After-tax income + Interest x (1 – Tax rate)] / Average total net asset
   (2) Return-on-Equity = After-tax profit-loss / Average total equity
   (3) Net profit ratio = After-tax profit-loss / Net sales
   (4) Earning Per Share = (Profit-loss due to owner of parent company) – Preferred stock dividend) / Weighted average distributed shares
5. Cash Flow
   (1) Cash Flow Ratio = Operating net cash flow / Current liabilities
   (2) Net cash flow equivalent ratio – Operating net cash flow in recent 5 years / Recent 5 years (capital expenditures + Increased inventory + Cash dividend)
   (3) Cash Reinvestment Ratio = (Net operating cash flow – Cash dividend) / (Gross immovable asset, plant and equipment + Long-term investment + Other non-immovable asset + operating capital)
6. Leverage:
   (1) Operating leverage = (Net sales income – Operating cost change or expenses) / Operating income
   (2) Financial leverage = Operating income / (Operating income – interest)

III. Audit report prepared by Audit Committee for previous year financial report: Please refer to Page 120.

IV. Previous year financial report and CPA Audit Report: Please refer to Page 121 to Page 186.

V. Company individual financial report certified by the CPA for previous year: Please refer to Page 187 to Page 245.

VI. If the financial revolving issues occurs to the company and the affiliate in previous years and until the Annual Report printing date, please explain its impact to this Company: None.

Seven. Review and analysis of financial status and financial performance and risks

I. Financial status

Expressed in thousands of New Taiwan Dollars

Fiscal year / Item	2023	2022	Variation	
			Amount	%
Current Assets	2,069,489	1,540,977	528,512	34.30%
Property, plant and equipment	2,930,310	2,960,242	(29,932)	-1.01%
Intangible assets	7,296	9,631	(2,335)	-24.24%
Other assets	71,008	62,076	8,932	14.39%
Total assets	5,078,103	4,572,926	505,177	11.05%
Current Liabilities	1,280,644	1,074,349	206,295	19.20%
Non-current Liabilities	1,467,168	1,551,318	(84,150)	-5.42%
Total Liabilities	2,747,812	2,625,667	122,145	4.65%
Capital stock	540,062	526,472	13,590	2.58%
Capital surplus	536,531	411,394	125,137	30.42%
Reserved surplus	1,298,180	1,045,458	252,722	24.17%
Total Equity	2,330,291	1,947,259	383,032	19.67%

Description of variation between the items that have significantly changed in terms of assets, liabilities and equity in recent 2 year: (The increase/decrease ratio is over 20% and the amount changed has reached NT$10 million)

1. Increase in current assets: an increase in customer demand, an increase in revenue, an increase in accounts receivable, advance preparation of materials in response to material shortage, an increase in inventory.
2. Decrease of intangible assets: Due to the amortization of software.
3. Increase in capital surplus: mainly due to the exercise of employee stock options in 2023.
4. Increase in retained earnings: higher profit driven by increased customer demand.

II. Financial performance

Expressed in thousands of New Taiwan Dollars

Fiscal year / Item	2023	2022	Variation	
			Amount	%
Net revenue amount	3,070,624	2,192,921	877,703	40.02%
Operating costs	(2,258,080)	(1,681,287)	576,793	34.31%
Gross profit	812,544	511,634	300,910	58.81%
Operating expenses	(469,135)	(384,786)	84,349	21.92%
Operating profit (loss)	343,409	126,848	216,561	170.72%
Non-operating income and expenses	11,864	18,206	(6,342)	-34.83%
Income tax (expenses) profit	(47,670)	4,921	52,591	1068.71%
Net current-term profit (loss)	307,603	149,975	157,628	105.10%

(I) Description of increase/decrease ratio analysis in previous 2 years: (The increase/decrease ratio is over 20% and the amount changed has reached NT$10 million)

1. Increase in net operating income: higher operating revenue driven by increased customer demand.
2. Increase in operating cost: higher operating cost driven by increased customer demand.
3. Increase in gross profit: higher gross profit driven by increased customer demand.
4. Increase in operating expenses: higher operating expenses driven by increased customer demand.
5. Increase in operating profit: higher profit driven by increased customer demand.
6. Decrease in non-operating income and expenses: lower non-operating income and expenses mainly due to higher borrowing rates and increased interest expenses.
7. Increase in income tax expenses: mainly due to the increase in income tax expenses in 2023, driven by profit, as compared to 2022.
8. Increase in net income for the current period: higher profit driven by increased customer demand.

(II) Estimated sales amount and its basis. Potential impact to future financial operation and the response plan.

In 2024, the sales amount planned by this Company will be about 158,091 thousand pieces. Based on the operating strategies developed by the company, the operation target and the budge of each unit will be estimated and planned reasonably according to the prospective development trend of the entire industry.

III. Cash flow

Expressed in thousands of New Taiwan Dollars

Beginning Cash Balance	Net cash flow due from the total year operating activities	Total year cash outflow	Remaining (shortage) cash amount	Remedies for cash shortage	
				Investment planning	Financial planning
$138,933	$220,400	($33,817)	$105,116	-	-

(I) Analysis of cash flow fluctuation in current year:

1. Operating activities: The cash in-flow for the operating activities in current-term is mainly due to an increase in pre-tax net profit.
2. Total year cash outflow: The cash outflow for the current year is mainly due to purchase of equipment, repayment of bank loans, and payment of cash dividends.

(II) Remedies for cash shortage and liquidity analysis: N/A.

(III) Cash liquidity analysis for the coming year:

Expressed in thousands of New Taiwan Dollars

Beginning Cash Balance	By estimate, it will from the operating activities in the entire year (net cash flow)	Estimated total year cash in-flow	Estimated cash remaining (shortage) amount	Remedies for the estimated cash shortage	
				Investment planning	Financial planning
$105,116	$223,286	$1,791	$106,907	-	-

1. Analysis of cash flow fluctuation:
   (1) Operating activities: The operating fund estimated for the business operation of this Company.
   (2) Total year cash inflow: The fund estimated for exercise of employee stock options, capital investment, and distribution of cash dividend.
2. Remedies for cash shortage and liquidity analysis: Not existed

IV. Impact of major capital expenditures to financial operation in previous year: None.

V. The main reasons causing the profit or the loss of the reinvestment policy in previous year together with the improvement plan and the investment plan of the coming year:

(I) Previous year reinvestment policy: Long-term strategies will be planned for reinvestment according to the future business requirements in order to achieve higher revenue and profit.

(II) Main reasons for the profit or loss from reinvestment in the year: The profit is mainly due to the increase in customer demand, proper cost control, and increased profit.

(III) Investment plan of the coming year: In the future, our investment plan will be developed according to the company’s operating strategies. Its purpose is to expand the investment that is connected with the company’s business operation, to develop the original business and to achieve higher operating performance.

VI. Risk aspect:

(I) The effect upon the Company's 2023 profits (losses) of exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. Impact of interest and foreign exchange change as well as inflation to the company’s gains and losses, as encountered during 2023.

Expressed in thousands of New Taiwan Dollars

Item	2023	
	Amount	Ratio in operating income (%)
Interest income (expenditure)	(31,795)	-1.04%
Foreign exchange income (loss)	6,252	-0.20%
Financial instrument assessment income (loss)	1,189	0.04%

Note: The inflation did not pose too much impact as far as the company’s profit and loss are concerned.

2. Provided below are practical actions responding to the interest and foreign exchange fluctuation and the inflation:
   (1) We have signed the contract when dealing with the monetary sum that will be borrowed by this Company. Based on the interest rate specified in the contract, we will pay the interest expenses required for settling the bank loans.
   (2) We will evaluate the bank’s loan interest periodically and will keep close contact with the bank in order to acquire more favorable loan interest so as to minimize the impact of interest fluctuation to the company’s gains and losses.
   (3) The main revenue of this Company is calculated in US$ currency. For this reason, we will engage in long-term foreign exchange transactions according to actual situation so as to evade the foreign exchange risks that may occur to the foreign currency net assets and the net liabilities. On a regular basis, we will also evaluate the gains and losses in order to minimize the impact of foreign exchange rate to the overall profit earning ability.
   (4) We will collect the foreign exchange fluctuation related information whenever required for controlling the fluctuation trends in order to take the required hedging actions.
   By doing so, we will add the fluctuation of foreign exchange rate in the price offered by Sales Department and will also adjust the selling price in order to reflect the cost.
   (5) On a monthly basis, the Financial Department will assess the hedging action that should be taken for the net foreign currency assets (liabilities) and then report he result to the Top Management.
   (6) Based on the regulations enforced by Securities and Futures Institute under Financial Supervisory Commission, we have developed the “Procedures Governing the Derivatives Transaction” in which, stringent rules are established to regulate the operating procedure for transaction of derivative financial instrument, risk management, supervision and audit. Its purpose is to execute stringent risk control when using the derivative financial instrument to evade the foreign exchange risks in the company.
   (7) There weren’t significant inflation events from 2023 until the Annual Report printing date.

(II) The policy relating to the high-risk and high leverage investment, the loaning to others, the guarantee endorsement and the transaction of derivatives, as well as the main reasons causing the profit or loss and subsequent responding actions:

1. In recent years, the company did not engage in high risk and high leverage investments. The balance endorsed by the company in 2023 and until March 31, 2024 was NT$27,635 thousand and NT$28,800 thousand, respectively. Relevant work was done in accordance with the “Procedures for Handling Endorsements and Guarantees" formulated by the Company.
2. When loaning the fund to others, it is executed according to “Operation Procedure for Loaning Fund to Others” established by the company. During 2023 and until March 31, 2024, the loaned fund and the total limit was NT$466,058 thousand and NT$466,058 thousand, respectively . Until December 31, 2023 and March 31, 2024, the loaning balance was NT$107,468 thousand and NT$112,000 thousand, respectively.
3. The transaction of derivatives is executed according to the “Procedure Governing the Derivatives Transaction” established by the company.

(III) Future R&D plan and estimated R&D investment cost

It is the plan of this Company to intensify the ability in core engineering, the development of new product project and the integration of AI automation. In terms of the R&D, the expenses that will be invested is estimated at about NT$93,970 thousand in 2024.

(IV) Impact of the change of local and foreign major policy and laws to the company's financial operation and the responding actions: None

(V). 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.

In response to fast changes in the tech. environment, information safety risks are rapidly increasing. Ensure that correct response measures can be taken when major hazard occurs to the information service so as to minimize its impact to the business operation and to restore the operation within the shortest period of time. This Company has developed the Information Service Continuous Management Plan which will be drilled and reviewed each year in order to maintain the responding ability and the company's continuous operation.

(VI) Impact of corporate image to company's enterprise risk management and the responding actions: None.

(VII) Anticipated effect of merger, potential risks and the responding actions: None

(VIII) Anticipated effect of plant expansion, potential risks and the responding actions: None

(IX) Risks encountered by the concentrated purchase and sales and the responding actions:

1. Purchase: Over the past years, this Company has maintained mutual long-term cooperation with our suppliers. Besides, we also signed the long-term contract with main suppliers to ensure that the required materials will be supplied continuously. Further, there hasn't been a supply shortage or interruption event over the past two years. Therefore, the supply is maintained as normal and is in satisfactory condition.
2. Sales: In previous years, the percentage of our sales for a single customer has been maintained at below 50%. Based on the techniques and production ability being accumulated over the past years, we are not only able to maintain long-term cooperation with the existing customers but also develop new customers in order to expand the fastener market. Further, we also adjusted the revenue weight with the customers so as to maintain stabilized growth.

(X) Impact of the massive transfer or change of equity by directors or shareholders owning over 10% of shares to the company and relevant risks and responding actions:

Until the Annual Report printing date, there hasn't been a massive equity transfer event that will be executed by the director or the major shareholder owning over 10% of shares of this Company. Based on the schedule specified in the regulations of Securities & Futures Act, this Company also reported the share owning status of the directors and the major shareholder owning over 10% of shares.

(XI) Impact of operation right change to the company as well as the risks and the responding actions: None

(XII) Law suit or non-litigation suit event:

1. The Company, its directors, general manager, actual responsible persons, major shareholders with over 10% ownership, and its subsidiaries have not been involved in any litigation, non-litigation, or administrative disputes as specified under Article 20, Paragraph 6, Subparagraph 12 of the "Regulations Governing the Preparation of Annual Reports by Public Companies", which may have a material impact on shareholders' rights or securities prices, in the most recent fiscal year and up to the date of publication of the annual report.
2. Regarding the disclosure of the information relating to Getac Holdings Corporation and Getac Technology Corporation, the directors of this Company, please refer to the description of litigation suit or non-litigation suit event specified in Chapter SEVEN contained in 2023 Annual Report prepared by Getac Holdings Corporation

(XIII) Other major risks and responding actions: None.

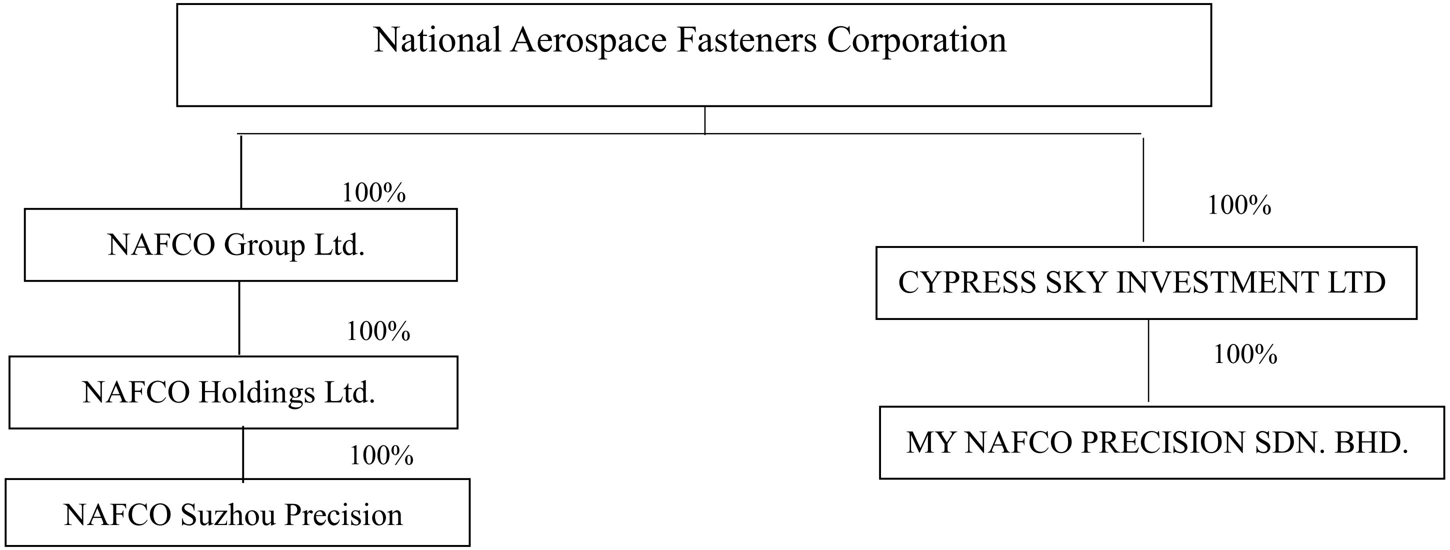
VII. Other important items: None.

Eight. Special items

I. Affiliate-related information:

(I) Affiliate organizational chart

1. Affiliate organizational chart



2. Basic information of the respective affiliate

Expressed in thousands of New Taiwan Dollars

Company name	Incorporation date	Address	Paid-in capital	Main business or production items
NAFCO Group Ltd.	Aug.15,2011	Intershore Chambers, P.O. Box 4342 Road Town, Tortola British Virgin Islands	US$13,000	General investment business
NAFCO Holdings Ltd.	Aug.17,2011	Intershore Chambers, P.O. Box 4342 Road Town, Tortola British Virgin Islands	US$13,000	General investment business
CYPRESS SKY INVESTMENT LTD	Oct. 30, 2023	3rd Floor, Quastisky Building, Road Town, Tortola, British Virgin Islands.	USD500	General investment business
NAFCO Suzhou Precision	December 13, 2011	No. 269, Ave. #2, Kungshan General Tax-bonded Park, Jiangsu Province	US$13,000	Production and sales of aircraft engines and airframe related components
MY NAFCO PRECISION SDN. BHD.	Nov. 14, 2023	PT 11652, Jalan Techvalley 6/2 Sendayan Techvalley71950 Bandar Sri Sendayan Negeri Sembilan Darul Khusus Malaysia	MYR2,176	Production and sales of aviation parts

3. Information of the same shareholders being concluded as that the controlled or the subordinating relationship is existed: None

4. The business covered by the operation of the affiliate and its connection:

Type of business	Name of affiliates	Correlativity with the business operated by other affiliates
Investment holdings company	NAFCO Group Ltd.	Investment of overseas subsidiaries
	NAFCO Holdings Ltd.	Investment of overseas subsidiaries
	CYPRESS SKY INVESTMENT LTD	Investment of overseas subsidiaries
Production and sales of aircraft engines and airframe related components	NAFCO Suzhou Precision	Production of high-performance basic parts for aerospace and engine transportation tools.
Production and sales of aviation parts	MY NAFCO PRECISION SDN. BHD.	Production of high-performance basic parts for aerospace and engine transportation tools.

4. The business covered by the operation of the affiliate and its connection:

Type of business	Name of affiliates	Correlativity with the business operated by other affiliates
Investment holdings company	NAFCO Group Ltd.	Investment of overseas subsidiaries
	NAFCO Holdings Ltd.	Investment of overseas subsidiaries
	CYPRESS SKY INVESTMENT LTD	Investment of overseas subsidiaries
Production and sales of aircraft engines and airframe related components	NAFCO Suzhou Precision	Production of high-performance basic parts for aerospace and engine transportation tools.
Production and sales of aviation parts	MY NAFCO PRECISION SDN. BHD.	Production of high-performance basic parts for aerospace and engine transportation tools.

5. Information of directors, supervisors and president of the respective affiliate

Company name	Position	Name or the representative	Shares owned	
			Shares	Ratio of ownership
NAFCO Group Ltd.	Director	Feng-Tzu Tsai	0	0.00%
	Director	LIN, Wei-Tsun	0	0.00%
	Director	ZHU, Wen-Hui	0	0.00%
NAFCO Holdings Ltd.	Director	Feng-Tzu Tsai	0	0.00%
	Director	LIN, Wei-Tsun	0	0.00%
	Director	ZHU, Wen-Hui	0	0.00%
CYPRESS SKY INVESTMENT LTD	Director	Feng-Tzu Tsai	0	0.00%
	Director	LIN, Wei-Tsun	0	0.00%
	Director	LI, Wen-Cheng	0	0.00%
NAFCO Suzhou Precision	Chairman	NAFCO Holdings Ltd. Representative: Feng-Su Tsai	N/A	100.00%
	Director	NAFCO Holdings Ltd. Representative: Wei-Tsun Lin	N/A	100.00%
	Director	NAFCO Holdings Ltd. Representative: Wen-Hui Zhu	N/A	100.00%
	Supervisor	NAFCO Holdings Ltd. Representative: Wen-Cheng Li	N/A	100.00%
	President	LIN, Wei-Tsun	N/A	0.00%
MY NAFCO PRECISION SDN. BHD.	Director	Feng-Tzu Tsai	N/A	100.00%
	Director	LIN, Wei-Tsun	N/A	100.00%
	Director	LI, Wen-Cheng	N/A	100.00%
	Director	LIM CHIN HENG	N/A	100.00%
	President	LIN, Wei-Tsun	N/A	0.00%

6. Overview of operation of the affiliate

Expressed in thousands of New Taiwan Dollars

Company name	Capital	Total amount of assets	Total amount of liabilities	Net value	Operating revenue	Operating gains and losses	Current-term net profit (after-tax)	Earning Per Share (NT$) (after-tax)
National Aerospace Fasteners Corporation	540,062	5,001,425	2,671,134	2,330,291	2,732,173	271,148	307,603	5.77
NAFCO Group Ltd.	405,897	381,852	-	381,852	-	-	77,301	1.90
NAFCO Holdings Ltd.	405,897	381,852	-	381,852	-	-	77,301	1.90
CYPRESS SKY INVESTMENT LTD	16,163	14,512	-	14,512	-	-	-	-
NAFCO Suzhou Precision	405,897	648,055	266,203	381,852	678,696	72,665	77,301	-
MY NAFCO PRECISION SDN. BHD.	16,163	14,512	-	14,512	-	-	-	-

(II) Consolidated financial statements of affiliates:

National Aerospace Fasteners Corporation

Representation Letter

The entities that are required to be included in the combined financial statements of National Aerospace Fasteners Corporation as of and for the year ended December 31, 2023, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 Consolidated Financial Statements. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, National Aerospace Fasteners Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declared by

National Aerospace Fasteners Corporation

Responsible Person: Feng-Tzu Tsai

February 23, 2024

(III) Relationship Report: N/A

II. Handling of private placement of marketable stocks in recent years and until the Annual Report printing date: None.

III. Subsidiary's owning or processing the stocks of this company in recent years and until the Annual Report printing date: None.

IV. Other supplementary description: None.

V. Please describe the event that has posed a major impact to the shareholder equity or the stock price, as specified in Clause 2, Item 3 under Article 36 of Securities and Exchange Act in recent year and until the Annual Report printing date: None.

National Aerospace Fasteners Corporation

Audit Committee Review Report

The Board of Directors has prepared the proposal for the distribution of earnings, Business Report and Financial Statements covering the period from January 1 to December 31, 2023. The Financial Statements as mentioned have been audited by PwC Taiwan with the issuance of Auditors' Report. We have reviewed the aforementioned proposal for the distribution of earnings, Business Report, and Financial Statements, which in our opinion were appropriately presented. We hereby issue this Review Report pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

Shareholders Meeting of National Aerospace Fasteners Corporation in regular session of 2024

National Aerospace Fasteners Corporation

Convenor of Audit Committee: Hsin-Che Chao

February 23, 2024

Independent Auditor's Report

(113)Cai-Shen-Bao Letter Number23003047

To the Board of Directors and Stockholders of National Aerospace Fasteners Corporation:

Audit Opinion

We have audited the accompanying consolidated balance sheets of National Aerospace Fasteners Corporation and Subsidiaries as of December 31, 2022 and 2023, and the related consolidated statements of comprehensive income, consolidated changes in equity, and consolidated cash flows, and notes to consolidated financial statements (including summary of significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Aerospace Fasteners Corporation and its subsidiaries (hereinafter referred to as "the Group") as of December 31, 2022 and 2023, and the results of the consolidated operations and the consolidated cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission (FSC).

Basis for Opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the "Responsibilities of Certified Public Accountants for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 2023. These matters were addressed in the content 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 those matters.

Key audit matters for the consolidated financial statements for the year ended 2023 are stated as follows:

Recognition of revenue from export sales

Description of Key Audit Matter

For accounting policies regarding recognition of revenues, please refer to Note 4 (27) of the consolidated financial statements. For explanation of revenue accounts, please refer to Note 6 (18) of the consolidated financial statements. The operating revenue of National Aerospace Fasteners Corporation and Subsidiaries for the year 2023 totaled NT$3,070,624 thousand.

The main products of National Aerospace Fasteners Corporation and Subsidiaries are aerospace and industrial fasteners. The Group mainly engages in export sales, and recognition of revenue varies from customers to customers, or depends on the trading terms of each individual orders. Thus, the recognition of revenue is relatively more complex, as the timing of revenue recognition has to be determined based on each order. Therefore, we believe that the recognition of revenue from export sales shall be included in Key Audit Matters.

How the matter was addressed in our audit

Our audit main procedures regarding the recognition of revenue from export sales are as follows:

1. We conducted walk through testing on export sales revenues to understand, evaluate and verify the implementation and design effectiveness of internal controls regarding recognition of revenue from export sales.
2. We sampled the trading terms of the recognized revenue in the verification systems, and the sampled items are consistent with the original contracts or orders with the customers.
3. For different transaction terms, we verified the delivery times entered in the customs system and they are consistent with the customer receipts or the courier receipts. The time of customer clearance entered in the customs system are consistent with the retained export declaration receipts.
4. We conducted cut-off tests on the sales revenue of different trading terms during the period from before to after the balance sheet date based on the revenue details obtained. Documents including export clearance and receipts are consistent with the information entered in the system.

Allowance to reduce inventories to market

Description of Key Audit Matter

For accounting policies regarding inventory evaluation, please refer to Note 4(12) attached to the consolidated financial report. For accounting estimates and assumptions of inventory evaluation, please refer to Note 5(2) attached to the consolidated financial report. For the explanation of allowance to reduce inventories to market, please refer to Note 6(4) attached to the consolidated financial report. On

December 31, 2023, the balance of inventories and allowance to reduce inventories to market of National Aerospace Fasteners Corporation and Subsidiaries amounted to NT$1,365,320 thousand and NT$196,227 thousand, respectively.

The Group engages in the manufacturing and sales of and industrial fasteners. Due to the high level of customization to accommodate to each individual product specification and customer requirements, the Group has a higher risk of falling prices or obsolescence of inventories. The inventory of the Group is measured by the lower amount between the cost or net realizable value. For the inventory over a certain age and the individually identified obsolete inventory, the net realizable value is extrapolated based on the historical information of the destocking process and level of discounts. As net realizable value involves a high level of subjective assumptions, it thus has high assumption uncertainties. In addition, as inventories and the allowance to reduce inventories to market have significant impacts on the financial statements, we believe that the Group's allowance to reduce inventories to market shall be listed as one of the key audit matters.

How the matter was addressed in our audit

Our audit main procedures regarding loss on inventory price decline or falling price loss due to obsolescence of each individual inventory are as follows:

1. We assessed the reasonableness of policies and procedures for the recognition of allowance for inventory valuation losses, including the historical source information of the categorization of inventories, level of destocking, and level of discounts which are used to determine the net realizable value of inventories. We also judge the reasonableness of obsolete inventory items.
2. We investigated the Group's warehousing procedures, reviewed its annual inventory planning, and participated in the annual inventory taking, so as to evaluate the effectiveness of management's categorization of management of obsolete inventories.
3. We verified if inventories are listed in the correct inventory age ranges, so as to ensure that obsolete inventories are listed in their corresponding categories.
4. We verified if losses on valuation of inventory are recognized according to policies for obsolete inventory items over a certain age, and correctly recognized an allowance to reduce inventory to market.

Other Matter - Parent-Only Financial Statements

National Aerospace Fasteners Corporation has additionally prepared its parent-only financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified audit 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, IFRIC, and 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 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 report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if, individually or aggregated, 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1.Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's 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 related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair representation.
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's 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 specified in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pricewaterhouse Coopers

Wei-Hao Wu

CPAs

Yen-Na Li

Financial Supervisory Commission
Approval Letter: Jin-Guan-Zheng-Shen - Zi Letter
No. 1080323093
Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan
Approval Letter: Jin-Guan-Zheng -Liu-Zi Letter
No. 0950122728

February 23, 2024

National Aerospace Fasteners Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Assets	Notes	Dec. 31, 2023 Amount	%	Dec. 31, 2022 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6 (1)	$ 105,116	2	$ 138,933	3
1110	Financial assets measured at fair value through profit or loss - current	6 (2)	2,447	-	2,452	-
1150	Notes receivable, net	6 (3)	-	-	169	-
1170	Accounts receivable, net	6 (3)	724,541	15	572,503	13
1180	Accounts receivable - related parties, net	6 (3), 7	-	-	1,671	-
1200	Other receivables		5,729	-	5,948	-
1210	Other receivables - related parties	7	-	-	38	-
130X	Inventories	6 (4)	1,169,093	23	752,871	17
1410	Prepayments		62,563	1	66,392	1
11XX	**Total current assets**		2,069,489	41	1,540,977	34
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income - non-current		-	-	-	-
1600	Property, plant and equipment	6 (5), 7, 8	2,930,310	58	2,960,242	65
1755	Right-of-use assets	6 (6), 7	2,532	-	6,207	-
1760	Investment property, net	6 (7)	24,864	-	21,662	-
1780	Intangible assets		7,296	-	9,631	-
1840	Deferred income tax assets	6 (23)	11,441	-	9,332	-
1900	Other non-current assets	6 (8), (13), 8	32,171	1	24,875	1
15XX	**Total non-current assets**		3,008,614	59	3,031,949	66
1XXX	**Total Assets**		$ 5,078,103	100	$ 4,572,926	100

(Continued)

National Aerospace Fasteners Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	Dec. 31, 2023 Amount	%	Dec. 31, 2022 Amount	%
	Current Liabilities					
2100	Short-term borrowings	6 (9)	$ 20,000	-	$ 21,497	1
2120	Financial liabilities measured at fair value through profit or loss - current	6 (2)	-	-	1,194	-
2130	Contract liabilities - current	6 (18)	21,420	1	17,873	-
2170	Accounts payable	6 (10)	466,094	9	324,520	7
2200	Other payables	6 (11)	324,886	6	236,450	5
2220	Other payables - related parties	7	8,171	-	9,246	-
2230	Current tax liabilities		62,254	1	27,981	1
2280	Lease liabilities - current	6 (6), 7	-	-	6,353	-
2320	Long-term liabilities - current portion	6 (12)	377,819	8	429,235	9
21XX	**Total current liabilities**		1,280,644	25	1,074,349	23
	Non-current Liabilities					
2540	Long-term borrowings	6 (12)	1,449,697	29	1,526,334	34
2570	Deferred tax liabilities	6 (23)	14,469	-	17,249	-
2580	Lease liabilities - non-current	6 (6), 7	-	-	-	-
2600	Other non-current liabilities		3,002	-	7,735	-
25XX	**Total non-current liabilities**		1,467,168	29	1,551,318	34
2XXX	**Total Liabilities**		2,747,812	54	2,625,667	57
	Equity due to owner of parent company					
	Capital stock	6 (15)				
3110	Common stock		540,062	11	526,472	12
	Capital surplus	6 (16)				
3200	Capital surplus		536,531	10	411,394	9
	Retained earnings	6 (17)				
3310	Legal reserve		187,015	4	171,581	4
3320	Special reserve		36,065	1	41,890	1
3350	Unappropriated retained earnings		1,075,100	21	831,987	18
	Other equity					
3400	Other equity		(44,482)	(1)	(36,065)	(1)
3XXX	**Total Equity**		2,330,291	46	1,947,259	43
	Significant commitments and contingencies	9				
	Major post-term items	XI				
3X2X	**Total Liabilities and Equity**		$ 5,078,103	100	$ 4,572,926	100

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai　　Managerial Officer: Wei-Tsun Lin　　Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars
(earnings per share expressed in New Taiwan Dollars)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6 (18), 7	$ 3,070,624	100	$ 2,192,921	100
5000	Operating costs	6 (4), (21), (22), 7	(2,258,080)	(74)	(1,681,287)	(77)
5900	Gross profit		812,544	26	511,634	23
	Operating expenses	6 (21), (22)				
6100	Selling expenses		(76,999)	(3)	(60,160)	(3)
6200	General and administrative expenses		(257,536)	(8)	(207,301)	(9)
6300	Research and development expenses		(132,850)	(4)	(118,191)	(5)
6450	Gain (loss) on expected credit loss	12 (2)	(1,750)	-	866	-
6000	Total operating expenses		(469,135)	(15)	(384,786)	(17)
6900	Operating income		343,409	11	126,848	6
	Non-operating income and expenses					
7100	Interest income		1,048	-	246	-
7010	Other income		625	-	1,036	-
7020	Other gains and losses	6 (19)	43,034	2	43,235	2
7050	Financial costs	6 (20) , 7	(32,843)	(1)	(26,311)	(1)
7000	Total non-operating revenues and expenses		11,864	1	18,206	1
7900	**Pre-tax net profit**		355,273	12	145,054	7
7950	Income tax (expenses) profit	6 (23)	(47,670)	(2)	4,921	-
8200	**Net current-term profit**		$ 307,603	10	$ 149,975	7
	Other comprehensive income					
8311	Remeasurements of defined benefit plans	6 (13)	($ 1,181)	-	$ 4,365	-
8310	Total items that will not be reclassified to profit or loss		(1,181)	-	4,365	-
	Items that may be subsequently reclassified to profit or loss					
8361	Exchange differences from the translation of financial statements of foreign operations		(8,417)	-	5,825	-
8360	Total items that may be subsequently reclassified to profit or loss		(8,417)	-	5,825	-
8300	**Other comprehensive income, net**		($ 9,598)	-	$ 10,190	-
8500	**Total comprehensive income**		$ 298,005	10	$ 160,165	7
	Basic earnings per share	6 (24)				
9750	Basic earnings per share		$	5.77	$	2.85
	Diluted earnings per share	6 (24)				
9850	Diluted earnings per share		$	5.66	$	2.85

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai　　Managerial Officer: Wei-Tsun Lin　　Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Notes	Equity attributable to owners of parent								Total Equity
			Capital surplus			Retained earnings				
		Common stock	Share premium	Employee share option	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from the translation of financial statements of foreign operations	**Total Equity**
2022										
Balance as of Jan. 1, 2022		$ 526,472	$ 340,105	$ 58,394	$ -	$ 171,581	$ 39,808	$ 679,729	($ 41,890)	$ 1,774,199
2022 net loss		-	-	-	-	-	-	149,975	-	149,975
2022 other comprehensive income		-	-	-	-	-	-	4,365	5,825	10,190
Total comprehensive income		-	-	-	-	-	-	154,340	5,825	160,165
Appropriation and distribution of earnings	6 (17)									
Special reserve		-	-	-	-	-	2,082	(2,082)	-	-
Expired employee share option	6 (14)	-	-	(2,247)	2,247	-	-	-	-	-
Employee stock option costs	6 (14)	-	-	12,895	-	-	-	-	-	12,895
Balance as of Dec. 31, 2022		$ 526,472	$ 340,105	$ 69,042	$ 2,247	$ 171,581	$ 41,890	$ 831,987	($ 36,065)	$ 1,947,259
2023										
Balance as of Jan. 1, 2023		$ 526,472	$ 340,105	$ 69,042	$ 2,247	$ 171,581	$ 41,890	$ 831,987	($ 36,065)	$ 1,947,259
2023 net loss		-	-	-	-	-	-	307,603	-	307,603
2023 other comprehensive income		-	-	-	-	-	-	(1,181)	(8,417)	(9,598)
Total comprehensive income		-	-	-	-	-	-	306,422	(8,417)	298,005
Appropriation and distribution of earnings	6 (17)									
Legal reserve		-	-	-	-	15,434	-	(15,434)	-	-
Special reserve		-	-	-	-	-	(5,825)	5,825	-	-
Cash dividends		-	-	-	-	-	-	(53,700)	-	(53,700)
Expired employee share option	6 (14)	-	-	(1,774)	1,774	-	-	-	-	-
Employee stock option costs	6 (14)	-	-	19,950	-	-	-	-	-	19,950
Exercise of Employee Stock Option certificate	6 (14)	13,590	138,984	(33,797)	-	-	-	-	-	118,777
Balance as of December 31, 2023		$ 540,062	$ 479,089	$ 53,421	$ 4,021	$ 187,015	$ 36,065	$ 1,075,100	($ 44,482)	$ 2,330,291

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai　　Managerial Officer: Wei-Tsun Lin　　Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Cash flow from operating activities			
Current pre-tax net profit		$ 355,273	$ 145,054
Adjustments			
Adjustments to reconcile profit or loss			
Gains on financial assets/liabilities measured at fair value through profit or loss, net	6 (19)	(1,189)	(374)
Expected credit impairment loss (gain)	12 (2)	1,750	(866)
Depreciation of property, plant and equipment and investment property	6 (21),	227,925	224,564
Depreciation of right-of-use assets	6 (21),	6,376	6,473
Amortizations	6 (21),	6,217	7,503
Losses from the disposal of property, plant and equipment	6 (19)	32	27,269
Interest income		(1,048)	(246)
Interest expenses	6 (20)	32,843	26,311
Cost of share-based payment as remuneration	6 (14)	19,950	12,895
Reversal gain of impairment loss on investment property	6 (19)	(3,344)	-
Changes in operating assets/liabilities			
Changes in operating assets, net			
Notes receivable, net		169	(169)
Accounts receivable		(153,779)	(206,940)
Accounts receivable - related parties, net		1,671	(1,671)
Other receivables		219	(706)
Other receivables - related parties		38	-
Inventories		(416,222)	(161,663)
Prepayments		4,004	(33,405)
Changes in operating liabilities, net			
Contract liabilities - current		3,547	16,280
Accounts payable		141,574	162,295
Accounts payable - related parties		-	(33)
Other payables		49,912	71,008
Other payables - related parties		(1,075)	927
Other non-current liabilities		(1,933)	(4,976)
Cash inflow from operating activities		272,910	289,530
Interest received		1,048	246
Interest paid		(32,635)	(26,025)
Income tax paid in current period		(20,923)	(12,835)
Net cash inflow from operating activities		220,400	250,916

(Continued)

National Aerospace Fasteners Corporation and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Cash flow from investing activities			
Acquisition of property, plant and equipment	6 (25)	($ 162,854)	($ 74,003)
Disposal of property, plant and equipment		21	6,922
Acquisition of right-of-use assets		(2,681)	-
Acquisition of intangible assets		(3,895)	(3,027)
Decrease in refundable deposits		248	419
Decrease (increase) in prepayments for equipment		6,216	(9,264)
Increase of other non-current assets		(14,941)	(333)
Net cash outflow from investing activities		(177,886)	(79,286)
Cash flow from financing activities			
Increase in short-term borrowings		635,931	294,191
Payments for short-term borrowings		(637,428)	(286,534)
Increase in long-term borrowings		469,264	151,317
Payments for long-term borrowings		(597,317)	(294,860)
Proceeds from exercise of employee share options	6 (14)	118,777	-
Payments for lease liabilities	6 (26)	(6,253)	(6,062)
Cash dividends	6 (17)	(53,700)	-
Net cash outflow from financing activities		(70,726)	(141,948)
Effects of changes in foreign exchange rates		(5,605)	(860)
Increase (decrease) in cash and cash equivalents		(33,817)	28,822
Cash and cash equivalents at beginning of period		138,933	110,111
Cash and cash equivalents at end of period		$ 105,116	$ 138,933

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai Managerial Officer: Wei-Tsun Lin Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended 2023 and 2022

Expressed in thousands of New Taiwan Dollars
(Unless otherwise specified)

1. Company History

National Aerospace Fasteners Corporation (hereinafter referred to as the "Company") was established on October 14, 1997 upon approval, and the Company's share was listed on Taipei Exchange (TPEx) starting February 25, 2002. The Company and subsidiaries (hereinafter referred to as the "Group") registered its businesses as the manufacture, processing, agency, trading of various types of fasteners and construction parts and related components of aircraft and automobiles. Getac Holdings Corp. holds 38.12% of the shareholding in the Company, and is the ultimate parent company of the Group.

2. Approval of Financial Statements

The consolidated financial statements were authorized for issuance by the Board of Directors on February 23, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that have been issued, entered into effect and endorsed by the Financial Supervisory Commission ("FSC").

Listed in the table below are the effective standards and the interpretations that have been newly published, amended and modified and that are applicable for 2023, as being approved and announced by Financial Supervisory Commission, R.O.C.:

New/Amended/Revised Standards and Interpretations	The effective date per IASB
Amendment to IAS 1 - "Disclosure of Accounting Policies"	Jan. 1, 2023
Amendment to IAS 8 - "Definition of Accounting Estimates"	Jan. 1, 2023
Amendments to IAS 12 - "Deferred tax Related to Assets and Liabilities Arising from a Single Transaction"	Jan. 1, 2023
Amendments to IAS 12, "International Tax Reform — Pillar Two Model Rules"	May 23, 2023

After evaluation, the aforementioned standards and interpretations have no significant impacts on the Group's financial position and financial performance.

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

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

New/Amended/Revised Standards and Interpretations	The effective date per IASB
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	Jan. 1, 2024
Amendment to IAS 1 - "Classification of Liabilities as Current or Non-current"	Jan. 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants"	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements"	Jan. 1, 2024

After evaluation, the aforementioned standards and interpretations have no significant impacts on the Group's financial position and financial performance.

(3) The impact of IFRS issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

New/Amended/Revised Standards and Interpretations	The effective date per IASB
Amendment to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	The effective date per IASB
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendment to IFSR 17 - " Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	Jan. 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	Jan. 1, 2025

After evaluation, the aforementioned standards and interpretations have no significant impacts on the Group's financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows. These policies have been consistently used throughout the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, and interpretations (collectively referred to as IFRSs) that have been issued, entered into effect and endorsed by the FSC.

(2) Basis of preparation

1. The consolidated financial statements are prepared based on historical data, except for the following:
   (1) Financial assets and liabilities measured at fair value through profit or loss (including derivatives)
   (2) Financial assets measured at fair value through other comprehensive income
   (3) Defined benefit liabilities measured at present value of defined benefit obligation less the fair value of plan assets
2. The preparation of financial statements in conformity with IFRSs requires the use of certain significant accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

1. Principles for preparation of consolidated financial statements
   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries refer to entities (incl. structured entities) controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (3) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

2. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main business and products	Percentage of ownership Dec. 31, 2023	Percentage of ownership Dec. 31, 2022	Description
The Company	NAFCO Group Ltd.(NGL)	Reinvestment related Business	100%	100%	
NGL	NAFCO Holdings Ltd.(NHL)	Reinvestment related Business	100%	100%	
NHL	NAFCO Suzhou Precision	Production and sales Aviation parts and components and Mold processing	100%	100%	
The Company	CYPRESS SKY INVESTMENT LTD(CSI)	Reinvestment related Business	100%	-	Note 1
CSI	MY NAFCO PRECISION SDN. BHD.(MYN)	Production and sales Aviation parts and components	100%	-	Note 2

Note 1: CYPRESS SKY INVESTMENT LTD was established on October 30, 2023.

Note 2: MY NAFCO PRECISION SDN. BHD. was established on November 14, 2023.

3. Subsidiaries not included in the consolidated financial statements:

None.

4. Adjustment for subsidiaries with different balance sheet date:

None.

5. The nature and limit of significant restrictions on the transfer of funds from subsidiaries to the parent company:

None.

6. Subsidiaries with material non-controlling interest to the Group:

None.

(4) Foreign currency translation

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

1. Foreign currency transactions and balances

(1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

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

at the dates of the initial transactions.

(4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income

2. Exchange from foreign operations

(1) The operating results and financial position of all the group entities, associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
C. All resulting exchange differences are recognized in other comprehensive income.

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

(5) Classification of current and non-current asset and liability items

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
(2) Assets arising mainly from trading activities.
(3) Assets that are expected to be realized within twelve months from the balance sheet date.
(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

All other assets that do not meet any of the above criteria are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle.
(2) Assets arising mainly from trading activities.
(3) Liabilities that are to be paid off within twelve months from the balance sheet date.
(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities that do not meet any of the above criteria are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

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

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

2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized using trade date accounting.

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

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

1. Refers to the irrevocable election made at initial recognition that allows the Company to present fair value changes of equity investment not held for trading in other comprehensive income:

(1) Financial assets held within a business model of which the objective of holding is to collect the contractual cash flows and to sell.

(2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.

2. The Group's financial assets measured at fair value through other comprehensive income in accordance with the trading conventions are accounted for on the trade date.

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

   The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the de-recognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

1. Accounts and notes receivable refer to the receivables with which the Group has an unconditional contractual right to consideration for goods or services that have been transferred.

2. As the Group's short-term accounts and notes receivables with no stated interest rate has no material discounting effect, they are measured at the original invoice amount.

(10) Impairments of financial assets

The Group measures the loss allowance for accounts receivable and contract assets containing significant financial components after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at lifetime expected credit losses. Accounts receivables and contract assets that do not contain any significant financing components, the loss allowance is measured at lifetime expected credit losses.

(11) The de-recognition of financial assets

The Group de-recognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(12) Inventories

Inventories are measured at the lower of cost and net realizable value based on perpetual inventory system. Cost is determined using the weighted-average cost method. The cost of finished goods and goods in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal capacity). However, loan costs are excluded. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(13) Property, plant and equipment

1. Property, plants and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognized. All other repairs and maintenance are recognized in profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plants and equipment are measured using cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

4. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the expected pattern of consumption of the future economic benefits of an asset have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies,

Changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Houses and buildings	5 - 50 years
Equipment	3 - 10 years
Office equipment	3 - 6 years
Other equipment	2 - 10 years

(14) Lease transaction in the capacity of a lessee - Right-of-use assets / lease liabilities

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Group's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The Company recognizes the present value of unpaid lease liabilities discounted at the Company's incremental borrowing interest rate starting from the lease start date. Lease payments are fixed payments less any incentives for lease.

   Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is recognized over the lease term. When a change in the lease term or lease payments occurs due to reasons other than contractual lease modifications, lease liabilities are remeasured and the remeasurements are adjusted to right-of-use assets.
3. Right-of-use assets are recognized on the lease commencement date at cost that includes:

   (1) Lease liabilities at initial measurement;
   (2) Payments paid on or before the commencement date; and
   (3) Direct costs incurred.
   A right-of-use asset is subsequently measured using the cost model and depreciated 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. When a lease liability is remeasured, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(15) Investment property

An investment property is recognized initially at cost and measured subsequently using cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(16) Intangible assets

Computer software is recognized at cost at the acquisition date and depreciated on a straight-line method basis over its estimated useful life of 2~5 years.

(17) Impairments of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been without the prior impairment loss.

(18) Borrowings

Borrowings refer to short-term and long-term loans from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest expenses in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and notes receivable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are

those resulting from operating and non-operating activities.

2. As the Group’s short-term accounts and notes payables with no stated interest rate has no material discounting effect, they are measured at the original invoice amount.

(20) Financial liabilities measured at fair value through profit or loss

1. Refers to financial liabilities held for trading with the main purpose of repurchasing them in the near future, and other than derivatives that are designated as hedging instruments according to hedge accounting.

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

(21) De-recognition of financial liabilities

The Group de-recognizes a financial liability when the obligation under the contract is performed, canceled, or expires.

(22) Employee benefit

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expense in the period when the employees render service.

2. Pension

(1) Defined contribution pension plan

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in the current period or a prior period. The liability recognized in the balance sheet in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using the market yield of high-quality corporate bonds that are denominated in the same currency as the benefit plan, and have terms to maturity approximating to the terms of the benefit obligation at balance sheet date. In the absence of deep market in high-quality corporate bonds, the Company uses market yield of government bonds (at the balance sheet date) instead.

B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

C. Past service costs are recognized immediately in profit or loss.

3. Remuneration to employees, Directors and Supervisors

Remuneration to employees, Directors and Supervisors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee remuneration is paid by shares, the Company calculates the number of shares based on the closing price at the date one day prior to the board meeting resolution.

(23) Share-based payment to employees

For equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted on the grant date, and are recognized as the remuneration cost over a vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Recognized remuneration cost is subject to adjustments based on the service conditions and non-market vesting conditions that are expected to be satisfied until the amount of remuneration cost recognized is the number of equity instruments that are eventually vested on the vesting date.

(24) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recognized as income tax expense based on actual appropriation of earnings in the year the shareholders resolve to retain the earnings.
3. Pursuant to the Balance Sheet Act, the deferred income tax shall be recognized according to the taxation standard established for the assets and the liabilities as well as the interim variations produced by the book amount being indicated in the Combined Balance Sheet. Deferred income tax is not accounted for if it arises from initial recognition of goodwill, or of an asset or liability in a transaction, (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit (or loss) and does not generate related taxable and deductible temporary differences. Deferred tax liabilities not recognized for taxable temporary differences associated with investments in subsidiaries if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities can be offset only when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and an intention to settle net or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities can be offset only when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities are levied by the same taxation authority on the same taxable entity; or different taxable entities which intend either to settle net basis, or to realize the assets and settle the liabilities simultaneously.
6. A deferred tax asset shall be recognized for the carry-forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) Capital stock

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

(26) Dividends

Dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's directors. Share dividends are recorded share dividends to be distributed at the date of shareholder’s resolution and reclassified to common shares on the effective date of new shares issuance.

(27) Recognition of revenue

Sales of goods

1. The Group engages in the manufacture and trading of the fasteners, construction parts and other products of aircraft, ships, and vehicles. The Group recognizes sales revenue when the control of products is transferred to customers, i.e. when products are delivered to customers, the customer has

full discretion over the distribution channel and price of the products, and the Group has no unfulfilled performance obligation that might affect the customers' acceptance of products. Goods are deemed delivered when the risk of obsolescence and loss is transferred to customers and customers have accepted the goods in accordance with the contractual terms, or when there is objective evidence suggesting that all acceptance provisions have been satisfied.

2. Sales revenue is recognized at contract price less estimated sales tax, sales returns, quantity discount and sales allowance. The terms of the Group's sales contracts are consistent with market practice. Thus, it is determined that there exists no significant financing component in the contracts.

3. An account receivable is recognized at the time when the Group's right to consideration is unconditional except for the passage of time is required before payment of that consideration is due.

(28) Government grants

A government grant is recognized at fair value only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. If the government grants are intended to compensate the Group's expenses, the government grants are recognized in profit or loss on a systematic basis over the periods related expenses incur. Government grants related to property, plant, and equipment are recognized as non-current liabilities over the estimated useful life of the asset in profit or loss using straight-line method.

(29) Operating segments

The Group's operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the operating segments and assessing their performance.

5. Main Sources of Significant Accounting Judgment, Estimation and Assumption Uncertainties

In the preparation of these consolidated financial statements, management made critical judgments in applying the Group's accounting policies and make accounting estimates and assumptions concerning the situation as of balance sheet date and future events that would reasonably be expected. Accounting assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such estimates and assumptions have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities in the following financial year. Related information about the significant accounting judgment, estimation and assumption uncertainties is addressed below:

(1) Critical judgments in the application of accounting policies

None.

(2) Critical accounting estimates and assumptions

Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the balance sheet date, and writes down the cost of inventories to net realizable value. The inventory valuation is estimated based on assumptions of future demand within a specific time horizon. Thus it might be subject to significant changes.

Total book value of the Group's inventories on December 31, 2023 is NT$1,169,093.

6. Descriptions of Material Accounting Items

(1) Cash and Cash Equivalents

	Dec. 31, 2023	Dec. 31, 2022
Cash on hand and revolving funds	$ 156	$ 184
Checking deposits and demand deposits	104,960	138,749
Total	$ 105,116	$ 138,933

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

2. For the Group's transfer of cash as pledge guarantees to other non-current assets, please refer to Note 8.

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

Item	Dec. 31, 2023	Dec. 31, 2022
Current:		
Derivatives financial assets mandatorily measured at fair value through profit or loss		
Derivatives	$ 2,447	$ 2,452
Derivative financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives	$ -	($ 1,194)

1. Financial assets/liabilities measured at fair value through profit or loss that are recognized in profit or loss are detailed as follows:

	2023	2022
Derivatives financial assets mandatorily measured at fair value through profit or loss		
Derivatives	($ 5)	$ 1,568
Derivative financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives	$ 1,194	($ 1,194)

2. The Group’s derivative financial asset transactions that are not subject to hedge accounting and the contract contents thereof are detailed as follows:

	Dec. 31, 2023		Dec. 31, 2022	
Derivative financial assets	Contract amount (Nominal principal)	Contract period	Contract amount (Nominal principal)	Contract period
Current:				
Forward exchange contract	USD 5,500	Jan. 2024 – Feb. 2024	USD 7,500	Jan. 2023 – Mar. 2023

3. The forward exchange contract signed by the Group is a forward advance sale of USD (selling USD for NTD). This contract is to avoid the exchange rate risk of the export sales and is not subject to hedging accounting.
4. The Group has no financial assets measured at fair value through profit or loss pledged as collateral.
5. For information of the credit risk of financial assets measured at fair value through profit or loss please refer to Note 12 (2).

(3) Notes and accounts receivable

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable	$ -	$ 169
Accounts receivable	$ 731,017	$ 577,238
Less: Allowance for bad debt	(6,476)	(4,735)
	$ 724,541	$ 572,503
Accounts receivable - related parties	-	1,671
	$ 724,541	$ 574,174

1. Aging analysis of notes and accounts receivable:

	1, 2023		Dec. 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Current	$ 673,155	$ -	$ 536,451	$ 169
Within 30 days	53,769	-	33,079	-
31 - 60 days	2,265	-	8,794	-
61 - 90 days	-	-	279	-
More than 91 days	1,828	-	306	-
	$ 731,017	$ -	$ 578,909	$ 169

The aging analysis above is based on past due date.

2. The balance of the Group’s receivables from customer contracts (including accounts receivables) are NT$731,017, NT$579,078 and NT$370,298, on December 31, 2023 and 2022, and January 1, 2022, respectively.
3. Without regard to the security held or other credit enhancement, the maximum amounts of exposure at default best representing credit risk of the Group's notes receivable on December 31, 2023 and December 31, 2022 are NT$0 and NT$169, respectively; that of the accounts receivable on the same dates are NT$724,541 and NT$574,174, respectively.
4. For related credit risk information on notes and accounts receivable, please refer to Note 12 (2).

(4) Inventories

	Dec. 31, 2023		
	Cost	Allowance to reduce inventories to market	Carrying amount
Raw materials	$ 693,340	($ 77,875)	$ 615,465
Work in process	352,263	(56,626)	295,637
Finished goods	287,124	(61,726)	225,398
Inventory in transit	32,593	-	32,593
Total	$ 1,365,320	($ 196,227)	$ 1,169,093

	Dec. 31, 2022		
	Cost	Allowance to reduce inventories to market	Carrying amount
Raw materials	$ 340,888	($ 78,958)	$ 261,930
Work in process	296,026	(52,576)	243,450
Finished goods	250,690	(55,444)	195,246

Inventory in transit	52,245	-	52,245
Total	$ 939,849	($ 186,978)	$ 752,871

The cost of inventories recognized as expense for the current term:

	2023	2022
Cost of inventories sold	$ 2,312,033	$1,701,545
Loss on price decline of inventory (reversed gain) (note)	10,105	(12,542)
Others	(64,058)	(7,716)
	$ 2,258,080	$ 1,681,287

Note: Due to continuous destocking of this Group in 2022, the net realizable value is increased for the inventory.

(5) Property, plant and equipment

	Land	Houses and buildings	Equipment	Office equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
January 1, 2023							
Cost	$ 1,263,704	$ 1,539,127	$ 1,930,290	$ 12,400	$ 429,360	$ 22,867	$ 5,197,748
Accumulated depreciation and impairment	(60,803)	(481,232)	(1,329,612)	(11,911)	(353,948)	-	(2,237,506)
	$ 1,202,901	$ 1,057,895	$ 600,678	$ 489	$ 75,412	$ 22,867	$ 2,960,242
2023							
Jan. 1	$ 1,202,901	$ 1,057,895	$ 600,678	$ 489	$ 75,412	$ 22,867	$ 2,960,242
Addition	-	-	63,636	-	71,087	66,447	201,170
Transferred (Note)	-	-	25,770	-	2,590	(28,535)	(175)
Disposal	-	-	(53)	-	-	-	(53)
Depreciation expenses	-	(37,402)	(150,534)	(127)	(39,720)	-	(227,783)
Net exchange differences	-	-	(2,823)	-	(268)	-	(3,091)
Dec. 31	$ 1,202,901	$ 1,020,493	$ 536,674	$ 362	$ 109,101	$ 60,779	$ 2,930,310
Dec. 31, 2023							
Cost	$ 1,263,704	$ 1,539,127	$ 1,984,013	$ 11,580	$ 488,112	$ 60,779	$ 5,347,315
Accumulated depreciation and impairment	(60,803)	(518,634)	(1,447,339)	(11,218)	(379,011)	-	(2,417,005)
	$ 1,202,901	$ 1,020,493	$ 536,674	$ 362	$ 109,101	$ 60,779	$ 2,930,310

Note: NT$175 thousand was transferred to prepayments.

	Land	Houses and buildings	Equipment	Office equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
Jan. 1, 2022							
Cost	$ 1,263,704	$ 1,539,127	$ 1,832,987	$ 12,758	$ 466,196	$ 62,612	$ 5,177,384
Accumulated depreciation and impairment	(60,803)	(443,746)	(1,195,508)	(12,678)	(328,027)	-	(2,040,762)
	$ 1,202,901	$ 1,095,381	$ 637,479	$ 80	$ 138,169	$ 62,612	$ 3,136,622
2022							
Jan. 1	$ 1,202,901	$ 1,095,381	$ 637,479	$ 80	$ 138,169	$ 62,612	$ 3,136,622
Addition	-	-	43,578	480	10,571	22,175	76,804
Transferred (Note)	-	-	59,126	-	1,810	(62,180)	(1,244)
Disposal	-	-	(897)	-	(33,294)	-	(34,191)
Depreciation expenses	-	(37,486)	(143,836)	(71)	(43,029)	-	(224,422)
Net exchange differences	-	-	5,228	-	1,185	260	6,673
Dec. 31	$ 1,202,901	$ 1,057,895	$ 600,678	$ 489	$ 75,412	$ 22,867	$ 2,960,242
Dec. 31, 2022							
Cost	$ 1,263,704	$ 1,539,127	$ 1,930,290	$ 12,400	$ 429,360	$ 22,867	$ 5,197,748
Accumulated depreciation and impairment	(60,803)	(481,232)	(1,329,612)	(11,911)	(353,948)	-	(2,237,506)
	$ 1,202,901	$ 1,057,895	$ 600,678	$ 489	$ 75,412	$ 22,867	$ 2,960,242

Note: NT$1,244 thousand was transferred to prepayments.

1. The capital amount of the loan cost required for the immovable assets, plant and equipment in 2023 and 2022 is $0.
2. Primary compositions of the houses and the building owned by this Groups comprise the refurbishment of buildings and electrical equipment and they are listed for depreciation up to 40~50 years and 15-20 years respectively.
3. Regarding the information in using the immovable asset, plant and equipment as the guarantee, please refer to the description provided in Note 8.

(6) Lease transaction - Lessee

1. In this Group, the target used for leasing includes land lots and buildings and the leasing duration specified in the Lease Contract is normally ranging from 1 year to 6 years. Each lease contract is signed through negotiation separately and it also includes varied clauses and conditions. Except that the leased assets cannot be used in the loaning guarantee, there isn't another type of restriction.
2. Normally, the lease period of the transportation equipment rented by this Group will not be longer than 12 months and the lower-value assets that will be leased are other equipment.
3. Described below is the information about the book value of the using right attached assets and the recognized depreciation expenses:

	Dec. 31, 2023	Dec. 31, 2022
	Carrying amount	Carrying amount
Land	$ 2,532	$ 250
Houses	-	5,957
Total	$ 2,532	$ 6,207

	2023	2022
	Depreciation expenses	Depreciation expenses
Land	$ 399	$ 375
Houses	5,977	6,098
Total	$ 6,376	$ 6,473

4. The increase of the Group's right-to-use assets in 2023 and 2022 is NT$2,681 and NT$0 in value, respectively.
5. Provided below is the information of gains and losses related to the Lease Contract:

	2023	2022
Items that affect profit or loss		
Interest expense on lease liability	$ 114	$ 320
Short-term lease expenses	1,149	2,880
Low-value asset lease expense	14	11

6. The Group's cash outflow from leases are NT$10,211 and NT$9,273 for the years 2023 and 2022, respectively.

(7) Investment property

	Land	Houses and buildings	Total
January 1, 2023			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	(2,611)	(4,136)	(6,747)
	$ 17,255	$ 4,407	$ 21,662
2023			
Jan. 1	$ 17,255	$ 4,407	$ 21,662
Depreciation expenses	-	(142)	(142)
Reversal of impairment losses	2,611	733	3,344
Dec. 31	$ 19,866	$ 4,998	$ 24,864
Dec. 31, 2023			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation	-	(3,545)	(3,545)
	$ 19,866	$ 4,998	$ 24,864

	Land	Houses and buildings	Total
Jan. 1, 2022			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	(2,611)	(3,994)	(6,605)
	$ 17,255	$ 4,549	$ 21,804
2022			
Jan. 1	$ 17,255	$ 4,549	$ 21,804
Depreciation expenses	-	(142)	(142)
Dec. 31	$ 17,255	$ 4,407	$ 21,662
Dec. 31, 2022			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	(2,611)	(4,136)	(6,747)
	$ 17,255	$ 4,407	$ 21,662

1. Lease income of the investment properties and direct operating expenses:

	2023	2022
Rent income from investment property	$ 579	$ 577
Direct operating expenses arising from the investment property generating rent income	$ 277	$ 278
Direct operating expenses arising from the investment property not generating rent income	$ -	$ -

2. The fair value of the investment properties owned by this Company in 2023 and until December 31, 2022 is $51,704 and $50,340 respectively, which is the appraisal result rendered by the independent appraisal expert. Such appraisal is executed according to comparative method and income method and the aforesaid value is rated as the Class-3 fair value. For detailed presumption, please refer to the table below.

	Dec. 31, 2023	Dec. 31, 2022
Capitalization rate	1.15%	1.15%

(8) Other non-current assets

	Dec. 31, 2023	Dec. 31, 2022
Prepaid down payments for equipment	$ 6,925	$ 13,141
Prepaid pension	7,760	8,512
Others	17,486	3,222
Overdue receivables	19,849	19,849
Allowance for bad debt – overdue receivables	(19,849)	(19,849)
	$ 32,171	$ 24,875

(9) Short-term borrowings

Nature of loans	Dec. 31, 2023	Interest rate collars	Collateral
Bank borrowings - credit loans	$ 20,000	1.75%	N/A

Nature of loans	Dec. 31, 2022	Interest rate collars	Collateral
Bank borrowings - credit loans	$ 21,497	5.17%	N/A

For the interest expenses recognized in profit and loss for the years 2023 and 2022, please refer to Note 6 (12).

(10) Accounts payable

	Dec. 31, 2023	Dec. 31, 2022
Accounts payable	$ 410,792	$ 222,376
Estimated accounts payable	55,302	102,144
	$ 466,094	$ 324,520

(11) Other payables

	Dec. 31, 2023	Dec. 31, 2022
Salary and bonus payables	$ 121,842	$ 101,033
Consumable and supplies payables	20,218	14,181
Equipment payables	60,697	22,381
Others	122,129	98,855
	$ 324,886	$ 236,450

(12) Long-term borrowings

Nature of loans	Life of loan and repayments	Collateral	Dec. 31, 2023
Long-term bank borrowings			
Secured loan	Repayment by monthly installments until Dec. 2036	Land and plant	$ 682,758
Secured loan	Repayment by monthly installments until September 2033	Land and plant	111,142
Secured loan	Repayment by monthly installments until Dec. 2029	Land and plant	205,902
Secured loan	Repayment by monthly installments until June 2030	Land and plant	353,751
Secured loan	Repayment by monthly installments until May 2025	Land and plant	61,363
Secured loan	Repayment by monthly installments until September 2026	Equipment	110,728
Secured loan	Repayment by monthly installments until November 2026	Equipment	165,315
Credit loan	Repayment by monthly installments until Oct. 2024	N/A	116,557
Credit loan	Repayment by tri-monthly installments until December 2028	N/A	20,000
			1,827,516
Less: Long-term borrowings - current portion			(377,819)
			$ 1,449,697
Interest rate collars			1.23%~1.90%

Nature of loans	Life of loan and repayments	Collateral	Dec. 31, 2022
Long-term bank borrowings			
Secured loan	Repayment by monthly installments until Dec. 2036	Land and plant	$ 729,205
Secured loan	Repayment by monthly installments until September 2033	Land and plant	121,349
Secured loan	Repayment by monthly installments until Dec. 2029	Land and plant	231,640
Secured loan	Repayment by monthly installments until Jan. 2028 (Note 2)	Land and plant	40,000
Secured loan	Repayment by monthly installments until May 2025	Land and plant	101,395
Secured loan	Repayment by monthly installments until April 2025 (Note 2)	Land and plant	189,954
Secured loan	Repayment by monthly installments until September 2026	Equipment	150,482
Secured loan	Repayment by monthly installments until November 2026	Equipment	127,959
Credit loan	Repayment by monthly installments until Oct. 2024	N/A	256,085
Credit loan	Repayment by tri-monthly installments until September 2023 (Note 1)	N/A	7,500
			1,955,569
Less: Long-term borrowings - current portion			(429,235)

	$ 1,526,334
Interest rate collars	1.096%~1.65%

The interest expenses (including short-term borrowings) recognized in profit or loss for the years 2023 and 2022 are NT$32,730 and NT$25,991.

Note 1: The Bank loan KPI. Based on the requirements specified in the Mid-term Loan Allowance Contract, the agreed current ratio, liabilities ratio and the net tangible assets should be maintained in the yearly or the semi-yearly combined financial report of this Company during the credit period.

Note 2: The loan was repaid in full amount in June 2023.

(13) Pension

1.(1) Pursuant to the regulations specified in "Labor Standards Act", the retirement method has been established by this Company in its welfare policy. The method shall be applicable for the service Seniority of all regular employees before the "Enforcement Rules of the Labor Pension Act" being implemented as of July 01, 2005 and the subsequent seniority of the employees continuously applicable for the Labor Standards Act after the implementation of "Enforcement Rules of the Labor Pension Act". If any employee meets the retirement conditions, then the pension will be calculated according to the service seniority and the average salary received 6 months before the retirement. For the seniority within 15 years (including), two base points will be granted for every full year; whereas, one base point will be granted for every full year after 15 years of seniority. However, the cumulative maximum base points shall be up to 45 points at most. On a monthly basis, this Company will allocate 2% of the total salary for using as the pension fund and then it will be deposited in Bank Of Taiwan under the name of Labor Retirement Reserve Fund Supervising Committee. Upon the end of each fiscal year, this Company will calculate the balance remaining in the aforesaid labor retirement reserve fund account. If such balance is not enough to pay the pension amount being calculated for the labor meeting the retirement conditions in the following fiscal year, then this Company shall allocate full amount of difference before the end of March in the following year.

(2) Listed below is the amount being recognized in the Balance Sheet.

	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligation	($ 46,697)	($ 44,376)
Fair value of plan assets	54,457	52,888
Net defined benefit assets	$ 7,760	$ 8,512

(3) Listed below is the fluctuation of the confirmed net welfare liabilities.

2023	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance as of Jan. 1	($ 44,376)	$ 52,888	$ 8,512
Service costs	(347)	-	(347)
Interest income (expense)	(532)	635	103
	(879)	635	(244)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	261	261
Experience adjustments	(1,442)	-	(1,442)
	(1,442)	261	(1,181)
Appropriation of pension funds	-	673	673
Balance as of Dec. 31	($ 46,697)	$ 54,457	$ 7,760

2022	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance as of Jan. 1	($ 44,733)	$ 48,547	$ 3,814
Service costs	(350)	-	(350)
Interest income (expense)	(269)	291	22
	(619)	291	(328)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,678	3,678
Effect of changes in financial assumptions	2,408	-	2,408
Experience adjustments	(1,721)	-	(1,721)
	687	3,678	4,365
Appropriation of pension funds	-	661	661
Pension paid	289	(289)	-
Balance as of Dec. 31	($ 44,376)	$ 52,888	$ 8,512

(4) The fund asset of the Company's defined benefit pension plan ("the Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic

or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. Relevant utilization of funds is supervised by the Labor Pension Fund Supervisory Committee. When operating such fund, the minimum income available for distribution according to the annual account settlement shall not be less than that calculated by the 2-year time deposit interest employed by the local bank. If a shortage exists, then it will be supplemented by the national treasury fund after being approved by the competent authority. Because this Company is not entitled to engage in the operation and management of such fund, we are not in the position of disclosing the category of fair value planned for the asset that is specified in sub-section 142 under No. 19 of International Accounting Criteria. The fair value of the total assets constituting such fund is established in 2023 and on December 31, 2022. For details, please refer to the annual labor retirement fund implementation report announced by the government.

(5) Summarized below is the actuarial assumption for the retirement fund:

	2023	2022
Discount rate	1.20%	1.20%
Future salary increase rate	2.75%	2.75%

The assumptions about the future mortality rate are based on the sixth experience life table for Taiwan.

The analysis of the present value of the defined benefit obligations affected by changes in the main actuarial assumptions used is as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Dec. 31, 2023				
Effect on present value of defined benefit obligation	($ 919)	$ 949	$ 834	($ 814)
Dec. 31, 2022				
Effect on present value of defined benefit obligation	($ 946)	979	$ 867	($ 844)

The aforesaid sensitivity analysis is conducted to analyze the influence of single assumption change under the condition that other assumptions will remain unchanged. In practice, the changes of many assumption may have interacted with each other. The sensitivity analysis is the same as the method used for calculating the net retirement liability specified in the Balance Sheet.

The method selected for designing the sensitivity analysis in the current term is the same at that in the previous term.

(6) By estimate, a sum of NT$703 will be allocated in 2024 by this Group for paying the retirement plan.

(7) Until December 31, 2023, the weighted average existence period of such retirement plan is set at 9 years. Analyzed below is the due date for paying the retirement fund:

Within 1 year	$	9,061
1 - 2 years		1,363
2 - 5 years		6,974
Over 5 years		14,121
	$	31,519

2.(1) Starting from July 01, 2005, the retirement method that is allocated according to "Enforcement Rules of the Labor Pension Act" will be applied to local employees. In the aspect of the labor pension system specified in "Enforcement Rules of the Labor Pension Act" as being selected by the employees of this Company and local subsidiaries, 6% of labor pension fund will be withdrawn from the salary in each month for depositing in the employee's personal account being maintained at Bureau of Labor Insurance. Based on the individual pension account of the employee and the amount of cumulative income, the employee pension will be paid monthly or by one full amount each withdrawing method.

(2) NAFCO Suzhou Precision, the subsidiary merged by this Company: The pension insurance is withdrawn according to certain percentage of the total monthly salary offered to local employees according to the pension insurance system stipulated by the People's Republic of China. The withdraw rate is set at 16% in 2023 and 2022 respectively. The pension of each employee will be managed and arranged by the government collectively. In addition to the withdrawal per month, there aren't further obligations that should be fulfilled by this Group.

(3) In 2023 and 2022, the pension cost recognized by this Group according to the aforesaid pension method is $22,939 and $20,388 respectively.

(14) Share-based payment

1. Described below is the share-based payment agreement executed by this Group in 2023 and 2022:

Type of agreement	Grant date	Quantity granted	Contract period	Vesting conditions
5th employee share option plan	2019.12.13	3,560 thousand shares	6 years	50% after 2 years 75% after 3 years 100% after 4 years
6th employee share option plan	2022.10.21	2,412 thousand shares	6 years	50% after 2 years 75% after 3 years 100% after 4 years

The said share-based payment arrangements are settled in equity.

2. Provided below is the detailed information about the "5th Employee Equity Option Program":

(1) Provided below is the detailed information of the "5th Employee Stock Option Plan" for 2023 and 2022:

	2023		2022	
	Number of warrants (thousand shares)	Weighted average exercise price (NT$)	Number of warrants (thousand shares)	Weighted average exercise price (NT$)
Outstanding stock options as at January 1	2,752	$ 87.4	2,942	$ 87.4
Forfeited	(102)	87.4	(190)	87.4
Stock options exercised in the current period	(1,359)	87.4	-	-
Outstanding stock options as at December 31	1,291	87.4	2,752	87.4
Exercisable stock options as at December 31	1,291	87.4	2,064	87.4

(2) The weighted average share price of the options exercised in 2023 was NT$99.43 on the date of exercise.

(3) Provided below is the expiry date of the option for the stocks that are circulated in the market on the Balance Sheet day:

		Dec. 31, 2023	
Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Dec. 13, 2019	Dec. 13, 2025	1,291	87.4

		Dec. 31, 2022	
Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Dec. 13, 2019	Dec. 13, 2025	2,752	87.4

(4) The fair value of the Group's stock options in the share-based payment transactions on grant date is estimated based on the Black-Scholes option pricing model. Related information as follows:

Type of agreement	Grant date	Share price	Exercise price	Expected volatility	Expected subscription period	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share option plan	2019. 12.13	91.4	91.4	31.90%~ 34.04% (Note)	4 - 5 years	-	0.56%~ 0.59%	$ 23.65~ $ 28.04

Note: Estimated volatility refers to the fluctuation amplitude of the stock price within a certain period in the future. The latest duration equivalent to the existence period estimated for such option is selected as the sample.

(5) On March 13, 2020, the Group adjusted the exercise price of employee stock warrants on December 13, 2019 from NT$91.4 to NT$87.4 in accordance with the Regulations Governing Employee Stock Options, and the amendment did not generate incremental fair value.

3. Provided below is the detailed information of the "6th Employee Equity Option Program":

(1) Provided below is the detailed information of the "6th Employee Stock Option Plan" for 2023 and 2022:

	2023		2022	
	Number of warrants (thousand shares)	Weighted average exercise price (NT$)	Number of warrants (thousand shares)	Weighted average exercise price (NT$)
Outstanding stock options as at January 1	2,374	$ 58.3	-	$ -
Granted	-	-	2,412	58.3
Forfeited	(187)	58.3	(38)	58.3
Outstanding stock options as at December 31	2,187	57.6	2,374	58.3
Exercisable stock options as at December 31	-		-	

(2) Provided below is the expiry date of the option for the stocks that are circulated in the market on the Balance Sheet day:

		Dec. 31, 2023	
Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Oct. 21, 2022	Oct. 21, 2028	2,187	57.6

		Dec. 31, 2022	
Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Oct. 21, 2022	Oct. 21, 2028	2,374	58.3

(3) The fair value of the Group's stock options in the share-based payment transactions on grant date is estimated based on the Black-Scholes option pricing model. Related information as follows:

Type of agreement	Grant date	Share price	Exercise price	Expected volatility	Expected subscription period	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share option plan	2022.10.21	58.3	58.3	36.39%~ 37.84% (Note)	4 - 5 years	-	1.58%~ 1.63%	$18.50~ $20.10

Note: Expected volatility is estimated by using the share prices of the most recent period with a similar length of the stock options' expected life and the standard deviation of return on the shares during this period.

(4) On March 7, 2023, the Group adjusted the exercise price of employee stock warrants on October 21, 2022 from NT$58.3 to NT$57.6 in accordance with the Regulations Governing Employee Stock Options, and the amendment did not generate incremental fair value.

4. Described below is the expenses resulting from the share-based payment:

	2023	2022
Equity-settled	$ 19,950	$ 12,895

(15) Capital stock

Until December 31, 2023, the rated capital of this Company is $5,800,000 and it has been divided into 580,000 shares (including 5,264,000 shares subscribed by the employees with option certificate). The paid-in capital is amounted to $540,062 for which, the face value per share is set at $10. By now, we have duly collected the capital required for the distributed shares.

(16) Capital surplus

It has been specified in Company Act that when dealing with the surplus obtained from stock distribution that has exceeded the face value and the Additional Paid-in Capital received from the donation, apart from using in making up the loss, the company will be allowed to distribute new shares or cash according to the percentage of the shares owned by the shareholder if there isn't any cumulative loss. Based on the regulations of "Securities & Exchange Act", where the capital is allocated from the aforesaid Additional Paid-in Capital, the summated amount per year shall not be over 10% of the paid-in capital. Unless shortage still exists after making up the capital loss with the surplus reserve, it shall not be supplemented with the Additional Paid-in Capital.

(17) Reserved surplus

1. If surplus exists after annual final account settlement, then it shall be allocated in paying the tax and making up the annual loss and then 10% can be withdrawn for using as the statutory surplus reserve; except where the statutory surplus reserve is equal to the company's total capital. As a next step, the company will allocate or revolve special surplus reserve pursuant to the regulations imposed by the law or

the competent authority. If reserve still remains, then its balance will be added with the cumulative undistributed surplus for the Board of Directors to conclude the distribution. If the reserve is issued by distributing new shares, then this Company shall submit the case to the Shareholder's Meeting for determining the distribution method. If the reserve is issued to distributing the cash, then the Board of Director will be authorized, pursuant to the regulations specified in Item 5 under Article 240 of Company Act, to distribute according to the resolutions that have been agreed by over two-thirds of the presented directors and over half of the presented directors. After that, the aforesaid distribution will be reported to the shareholder's meeting.

2. Except for using the statutory surplus reserve in making up the company's loss and distributing new shares or cash according to the percentage of the original shares owned by the shareholders, it cannot be used in any other purposes. When used for distributing new shares or cash, such surplus shall not exceed 25% of the paid-in capital.
3. When distributing the surplus, this Company shall withdraw special surplus reserve from the debit balance of other equity item for distribution, as indicated in the Balance Sheet of that year according to the law. When executing the debit reverse for other equity items later on, the reversing amount can be included in the surplus that will be distributed.
4. The dividend being recognized for distributing to the owner is $53,700 (NT$1.02 per share) and $0 in 2023 and 2022 respectively. On February 23, 2024, it has been resolved by the Board of Directors that $2.5 will be withdrawn from the surplus of 2023 for using as the dividend for each common stock. Summing up, the dividend is amounted to $135,035 in total.

(18) Operating revenue

	2023	2022
Revenue from contracts with customers	$ 3,070,624	2,192,921

1. For the detailed income obtained from the finished product being transferred from the income of this Group at the specified time point, please refer to Note 14 (3).
2. Contract liabilities

(1) Described below is the contract liabilities relating to the customer's contract income, as being recognized by this Group:

	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Contract liabilities – advance from customers	$ 21,420	$ 17,873	$ 1,593

(2) Revenue recognized from contract liabilities at the beginning of the period

	2023	2022
Opening balance of contract liabilities	$ 9,803	$ 937
Revenue recognized in current period		

(19) Other gains and losses

	2023	2022
Gains on financial assets measured at fair value through profit or loss, net	$ 1,189	$ 374
Foreign currency exchange gain (loss), net	(6,252)	21,490
Losses from the disposal of property, plant and equipment	(32)	(27,269)
Reversal gain of impairment loss on investment property	3,344	-
Miscellaneous expenses	(17)	(1,403)
Grant income (Note)	35,515	46,593
Miscellaneous income	9,287	3,450
Total	$ 43,034	$ 43,235

Note: By exercising the subsidiary method enforced by Ministry of Economic Affairs (MOEA), we have acquired the government subsidies for our operating expenses and operating fund.

(20) Financial costs

	2023	2022
Interest expenses		
Bank borrowings	$ 32,730	$ 25,991
Other finance costs	113	320
Financial costs	$ 32,843	$ 26,311

(21) Additional information of nature of expenses

	2023	2022
Employee welfare expenses	$ 716,161	$ 584,765
Depreciation of property, plant and equipment and investment property	$ 227,925	$ 224,564
Depreciation of right-of-use assets	$ 6,376	$ 6,473
Amortization of intangible assets	$ 6,217	$ 7,503

(22)Employee welfare expenses

	2023	2022
Salaries and wages	$ 606,957	$ 507,584
Labor insurance and national health insurance	47,284	40,805
Pension	23,183	20,716
Other personnel cost	38,737	15,660
	$ 716,161	$ 584,765

1. Pursuant to the Company's Articles of Incorporation, the Company shall set aside no less than 1% and no more than 10% as remuneration to employees and no more than 2% as remuneration to Directors from the net profit before tax minus the amount of distributed employee and director remuneration. However, profits must first be taken to offset against cumulative losses if any.

2. In 2023 and 2022, the amount allocated for the employee remunerations is $4,000 and $2,500 respectively; whereas, the amount allocated for the director remunerations is $3,600 and $2,500 respectively. The aforesaid amount shall be listed as the salary fee account.

   In 2023, the remuneration is allocated according to the profit-earning status of that year and it has been estimated at 1.09% and 0.98%, respectively. Based on the resolution reached in the Board of Directors, the amount of remunerations actually distributed to the employees and the directors is $4,000 and $2,179 respectively and they are distribution in cash.

   The remuneration to employees of $2,500 and remuneration to directors of $1,610 for 2022 and the differences of remuneration to employees of $2,500 and remuneration to directors of $2,500 recognized in the 2022 financial report are $0 and $890, respectively, and have been adjusted in profit or loss for 2023.

   For detailed remunerations due to employees and directors as being resolved by the Board of Directors, please refer to the Public Information Observatory.

(23) Income tax

1. Income tax expense (income)

   (1) Compositions of income tax expense:

	2023	2022
Income tax:		
Income tax incurred in current period	$ 52,559	$ 19,111
Prior year income tax overestimation	-	(21,629)
Total income tax in current period	$ 52,559	($ 2,518)
Deferred income tax:		
Initial recognition and reversal of temporary differences	(4,889)	(2,403)
Total deferred income tax	(4,889)	(2,403)
Income tax expense (income)	$ 47,670	($ 4,921)

   (2) Amount of income tax relating to other comprehensive gains and losses: None

   (3) Amount of income tax relating to the borrowed or loaned equity: None

2. Relationship between income tax profit and accounting profit:

	2023	2022
Income tax of net loss before tax based on the statutory tax rate (Note)	$ 82,849	$ 25,411
Expenses to be removed in accordance with the tax law	355	-
Changes in temporary differences not recognized in deferred tax assets	(9,981)	2,939
Taxable losses not recognized in deferred tax assets	-	3,600
Unrecognized taxation losses in prior years	(18,387)	(15,242)
Income tax effect on investment tax credit	(8,286)	-
Changes in realizability assessment about deferred income tax assets	1,120	-
Underestimation (overestimation) of income tax in previous years	-	(21,629)

Income tax expense (income)	$ 47,670	($ 4,921)

Note: The standard applicable for the taxation rate is calculated according to the income taxation rate enforced by the respective country.

3. Provided below is the amount of the deferred tax income tax related assets or liabilities incurred by the temporary variations and taxation loss:

	2023				
	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Dec. 31
Temporary differences:					
- Deferred income tax assets:					
Unrealized exchange losses	$ -	$ 2,249	$ -	$ -	$ 2,249
Others	9,332	(140)	-	-	9,192
Subtotal	$ 9,332	$ 2,109	$ -	$ -	$ 11,441
- Deferred income tax liabilities:					
Equipment	($ 14,222)	$ 5,323	$ -	$ -	($ 8,899)
Gains on investment under equity-method	-	(2,988)	-	-	(2,988)
Pension	(563)	150	-	-	(413)
Others	(2,464)	295	-	-	(2,169)
Subtotal	(17,249)	2,780	-	-	(14,469)
Total	($ 7,917)	$ 4,889	$ -	$ -	($ 3,028)

	2022				
	Jan. 1	Recognized in profit or loss	Recognized in other Comprehensive net profit	Recognized in equity	Dec. 31
Temporary differences:					
- Deferred income tax assets:					
Others	$ 5,484	$ 3,848	$ -	$ -	$ 9,332
Subtotal	$ 5,484	$ 3,848	$ -	$ -	$ 9,332
- Deferred income tax liabilities:					
Equipment	($ 14,003)	($ 219)	$ -	$ -	($ 14,222)
Pension	(496)	(67)	-	-	(563)
Others	(1,305)	(1,159)	-	-	(2,464)
Subtotal	(15,804)	(1,445)	-	-	(17,249)
Total	($ 10,320)	$ 2,403	$ -	$ -	($ 7,917)

4. Provided below are the effective period of the taxation loss not being exercised by this Company yet and the amount of the deferred tax income tax related assets:

Dec. 31, 2023

Year of occurrence	Amount filed/ authorized	Unused taxable losses	Amounts not recognized in deferred tax assets	Expiry year
NAFCO Suzhou Precision				
2020	$ 37,904	$ -	$ -	2025
2021	78,322	45,532	45,532	2026
2022	30,647	30,647	30,647	2027
	$ 146,873	$ 76,179	$ 76,179	

Dec. 31, 2022

Year of occurrence	Amount filed/ authorized	Unused taxable losses	Amounts not recognized in deferred tax assets	Expiry year
NAFCO Suzhou Precision				
2020	$ 38,552	$ 38,552	$ 38,552	2025
2021	79,663	79,663	79,663	2026
2022	23,873	23,873	23,873	2027
	$ 142,088	$ 142,088	$ 142,088	

5. Deductible temporary differences of unrecognized deferred income tax assets

	Dec. 31, 2023	Dec. 31, 2022
Deductible temporary difference	$ 227,564	$ 277,394

6. The income tax of this Company for the profit-earning business is calculated up to the end of 2021, as being approved by the competent taxation authority.

(24) Profit per share

2023

	After tax amount	Weighted average number of shares outstanding (in thousand shares)	Profit per share (NT$)
Basic earnings per share			
Net income of the Company	$ 307,603	53,280	$ 5.77
Diluted earnings per share			
Employee share option	-	995	
Employee remuneration	-	47	
Net income attributable to common shareholders considering assumed conversion of dilutive potential common shares	$ 307,603	54,322	$ 5.66

2022

	After tax amount	Weighted average number of shares outstanding (in thousand shares)	Profit per share (NT$)
Basic earnings per share			
Net income of the Company	$ 149,975	52,647	$ 2.85
Diluted earnings per share			
Employee remuneration	-	35	
Net income attributable to common shareholders considering assumed conversion of dilutive potential common shares	$ 149,975	52,682	$ 2.85

(25) Supplementary information of cash flow

Investment activity with partial cash paid

	2023	2022
Acquisition of property, plant and equipment	$ 201,170	$ 76,804
Add: Beginning equipment payables	22,381	19,580

Less: Ending equipment payables	(60,697)	(22,381)
Cash paid in the period	$ 162,854	$ 74,003

(26) Change of liabilities incurred by the fund-raising activity

2023

	Short-term borrowings	Long-term borrowings	Lease liabilities	Dividends payable	Total liabilities from financing activities
Jan. 1	$21,497	$ 1,955,569	$ 6,353	$ -	$ 1,983,419
Changes in cash flows from financing activities	(1,497)	(128,053)	(6,253)	(53,700)	(189,503)
Effects of changes in foreign exchange rates	-	-	(100)	-	(100)
Other non-cash changes	-	-	-	53,700	53,700
Dec. 31	$20,000	$ 1,827,516	$ -	$ -	$ 1,847,516

2022

	Short-term borrowings	Long-term borrowings	Lease liabilities	Dividends payable	Total liabilities from financing activities
Jan. 1	$13,840	$ 2,099,112	$12,421	$ -	$ 2,125,373
Changes in cash flows from financing activities	7,657	(143,543)	(6,062)	-	(141,948)
Effects of changes in foreign exchange rates	-	-	(6)	-	(6)
Dec. 31	$21,497	$ 1,955,569	$ 6,353	$ -	$ 1,983,419

7. Transaction with the stakeholder

(1) Parent company and the final controller

This Company is controlled by Getac Group (established and registered in the Republic of China), which owns 38.12% of shares of this Company. The rest of the 61.88% shares are owned by the public. The parent company, final parent company and final controller is Getac Holdings Corp.

(2) Names of related parties and relation

Names of related parties	Relationship with the Group
Getac Holdings Corp.	Parent company
Mitac Precision Technology (KunShan) Co., Ltd.	Other related parties
MiTAC Computer (Kunshan) Co., Ltd.	Other related parties
Waffer Technology Corporation	Other related parties
Atemitech Corp.	Other related parties
Getac Technology (Kunshan) Co., Ltd.	Other related parties
Waffer Technology (Maanshan) Ltd.	Other related parties
Lien Hwa Property Development Corporation	Other related parties
Waffer Technology (Kunshan) Ltd.	Other related parties
Suzhou Mitac Precision Technology Co., Ltd.	Other related parties

(3) Significant transactions with related parties

1. Sales

	2023	2022
Sales of goods		
- Other related parties	$ 583	$ 1,688

The aforesaid transactions are executed according to general sales price and conditions and the payment were collected within 3 months after completing the transaction.

2. Purchase

	2023	2022
Purchase of goods		
- Other related parties	$ 178	$ 238
Purchase of services		
- Other related parties	26,535	25,589
Grand Total	$ 26,713	$ 25,827

The aforesaid transactions are executed according to general purchase conditions and the payment will be settled within 3 months after completing the transaction.

3. Account receivable due from the stakeholder

	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable		
- Other related parties	$ -	$ 1,671
Other receivables		
- Other related parties	-	38
Grand Total	$ -	$ 1,709

4. Account payable due to the stakeholder

	Dec. 31, 2023	Dec. 31, 2022
Other payables		
- Other related parties	$ 8,171	$ 9,246

The account payable due to the stakeholder is mainly from the purchase of properties and the payment of water and electricity fees, which will be due within 3 months after the transaction day. There isn't any interest for such account payable.

5. Property transaction

Disposal of property, plant and equipment:

	2023		2022	
	Proceeds from disposal	Gains (losses) on disposal	Proceeds from disposal	Gains (losses) on disposal
Other related parties	$ -	$ -	$ 3,805	($ 3,258)

6. Lease transaction - Lessee

(1) This Group leased the building from MiTAC Computer (Kunshan) Co., Ltd. and the duration specified in the Lease Contract is from January 01, 2019 to December 31, 2023. Based on the contract, the rental will be settled by the end of each year.

(2) Lease liabilities

A. Ending balance:

	Dec. 31, 2023	Dec. 31, 2022
- MiTAC Computer (Kunshan) Co., Ltd.	$ -	$ 6,053
- Other related parties	-	178
Total	$ -	$ 6,231

B. Interest expense:

	2023	2022
- MiTAC Computer (Kunshan) Co., Ltd.	$ -	$ 311
- Other related parties	-	9
Total	$ -	$ 320

(4) Information of salary of primary management level

	2023	2022
Salary and other short-term employees' benefits	$ 22,626	$ 17,880
Share-based payment	2,059	962
	$ 24,685	$ 18,842

8. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

	Book value		
Assets	Dec. 31, 2023	Dec. 31, 2022	Purpose
Other non-current assets (time deposits)	$ 1,000	$ 1,000	Customs duty
Property, plant and equipment			
Land	1,202,901	1,202,901	Long-term borrowings
Houses and buildings	1,008,391	1,043,294	〃
Equipment	267,270	246,185	〃
Other equipment	30,300	29,559	〃

9. Significant commitments and contingencies

(1) Contingencies

None.

(2) Commitment

1. As of December 31, 2023 and 2022, the total price of the construction and equipment purchase contracts signed but not yet completed by the Company are NT$282,643 and NT$88,618, respectively, of which the unpaid amounts are NT$204,475 and NT$68,919, respectively.

2. Until December 31, 2023, the Performance Bond offered by this Company to “Joint Guidance Foundation for Medium and Smaller Sized Business in Taiwan- a legal entity” is a sum of $33,329.

10. Significant Disaster Loss

None.

11. Significant Events after the End of the Financial Reporting Period

On January 26, 2024, the Company's Board of Directors resolved to increase the capital of the subsidiary in Malaysia, MY NAFCO PRECISION SDN.BHD., to US$5,000,000 indirectly through the overseas subsidiary in order to meet the Company's future business needs. The cumulative investment amount is US$10,000,000.

12. Others

(1) Capital management

The capital management target established by this Company is to allow the continuous operation of the group and to maintain the optimal capital structure in order to reduce the capital-related cost while offering the remunerations for the shareholders. To maintain or adjust the capital structure, this Group may adjust the amount of dividends that will be paid to the shareholders, return the capital to the shareholders, distribute new shares or sell the asset in order to reduce the debt. This Group uses the liabilities capital ratio to monitor its capital and such ratio is calculated by dividing the total capital amount with the net debt. The net debt is calculated by deducting the cash and the equivalent cash from the total loan (including the “current and non-current loan” listed in the Combined Balance Sheet”) The total capital amount is calculated by adding the net debt onto the “equity” listed in the Combined Balance Sheet.

The strategies planned by this Group for 2023 will be the same as that of 2022 in which, the liabilities capital ratio will be maintained at around 60%. The Group’s debt-to-capital ratios as at December 31, 2023 and 2022 are stated as below:

	Dec. 31, 2023	Dec. 31, 2022
Total borrowings	$ 1,847,516	$ 1,977,066
Less: Cash and cash equivalents	105,116	138,933
Net debt	1,742,400	1,838,133
Total equity	2,330,291	1,947,259
Total capital	$ 4,072,691	$ 3,785,392
Debt-to-capital ratio	43%	49%

(2) Financial instrument

1. Type of financial instrument

	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		

Financial assets mandatorily measured at fair value through profit or loss	$ 2,447	$ 2,452
Financial assets / lending and receivables measured at amortized cost		
Cash and Cash Equivalents	$ 105,116	$ 138,933
Notes receivable	-	169
Accounts receivable (incl. related parties)	724,541	574,174
Other receivables (incl. related parties)	5,729	5,986
Other non-current assets - refundable deposits	1,974	2,222
Other non-current assets	1,000	1,000
	$ 838,360	$ 722,484

	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities		
Financial liabilities measured at fair value through profit or loss - current	$ -	$ 1,194
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 20,000	$ 21,497
Accounts payable (incl. related parties)	466,094	324,520
Other payables (incl. related parties)	333,057	245,696
Long-term borrowings (incl. current portion)	1,827,516	1,955,569
Other non-current liabilities - deposits received	100	100
	$ 2,646,767	$ 2,547,382
Lease liabilities	$ -	$ 6,353

2. Risk management strategies

(1) The daily operation of this Group will be affected by a number of financial risks, including the market risks (like foreign exchange risks, interest risks and price risks), credit risks and liquidity risks. The overall risk management policy developed by this Group put its focus on the unpredictable events as may exist in the financial market. In this respect, we will seek a method that can minimize potential adverse factors that will affect the Group's financial status and financial performance. This Group shall evade specific risk exposure through the use of specific derivatives.

(2) In this Group, the risk management works will be executed by Financial Department according to the policy approved by the Board of Directors. By cooperating with the operation unit of this Group, the Financial Department will be able to identify, assess and evade the financial risks.

3. Nature and level of major financial risks

(1) Market risks

Foreign exchange risks

A. Because this Group is engaging in cross-country operation business, we will be affected by foreign exchange risks, mainly the US Dollar, that might be produced by the transaction of different currencies. By nature, foreign exchange risks are mainly from the future commercial transactions, recognized assets and liabilities, and the net investment on the overseas operating institutions.

B. The Top Management has developed the policy to specify the foreign exchange risks of the functional currency that should be managed by each company of this Group. Each company of this Group will evade overall foreign exchange risks through cooperating with the Financial Department of this Group. To manage the foreign exchange risks that come from the future commercial transactions and the recognized assets and liabilities, each company of this Group will carry out such management works according to the forward foreign exchange contract through the Financial Department of this Group. Higher risks may present when the future commercial transactions and the recognized assets or liabilities are priced according to the foreign currency that is not the functional currency used by the respective individuals.

C. This Company evades foreign exchange risks through the forward foreign exchange transaction method. However, this method is not suitable for hedge accounting and the registered financial assets or liabilities that are measured with the fair value method according to profits and losses.

D. At current stage, this Group is investing in a number of foreign operating institutions. Therefore, its net asset will be exposed to the foreign currency translation related risks.

E. Because a number of non-functional currencies (the functional currency used by this Company is NT Dollar and that used by certain subsidiaries is RMB) are involved in the businesses operated by this Group, we will be affected by the fluctuation of foreign exchange rate. Provided below is the information about the foreign currency-based assets and liabilities that will be normally affected by the fluctuation of foreign exchange:

	Dec. 31, 2023		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NTD/RMB)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 24,715	30.71	$ 758,998
EUR : NTD	52	33.98	1,767
USD : RMB	6,511	7.08	46,098
Financial liabilities			
Monetary items			
USD : NTD	$ 11,462	30.71	$ 351,998
USD : RMB	5,486	7.08	38,841

	Dec. 31, 2022		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NTD/RMB)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 20,358	30.71	$ 625,194
EUR : NTD	274	32.72	8,965
USD : RMB	5,173	6.96	36,004
Financial liabilities			
Monetary items			
USD : NTD	$ 8,716	30.71	$ 267,668

USD : RMB	5,171	6.96	35,990

F. Described below are the unrealized exchange gains and losses of the currency items operated by this Group that will be normally affected by the fluctuation of foreign exchange rate:

	2023		
	Exchange gain or loss		
	Foreign currency (thousands)	Exchange rate	Carrying amount
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ -	30.71	($ 23,900)
EUR : NTD	-	33.98	4
USD : RMB	(458)	7.08	(1,984)
Financial liabilities			
Monetary items			
USD : NTD	$ -	30.71	$ 9,839
USD : RMB	93	7.08	405

	2022		
	Exchange gain or loss		
	Foreign currency (thousands)	Exchange rate	Carrying amount
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ -	30.71	($ 3,965)
EUR : NTD	-	32.72	163
USD : RMB	(491)	6.96	(2,164)
Financial liabilities			
Monetary items			
USD : NTD	$ -	30.71	$ 2,967
USD : RMB	224	6.96	986

G. The analysis of foreign currency market risks of the Group due to significant exchange rate fluctuations:

	2023		
	Sensitivity analysis		
	Range of change	Profit or loss generated	Other comprehensive income generated
(Foreign currency : functional currency)			
Financial assets			
Monetary items			

USD : NTD	3%	$ 22,770	$ -
EUR : NTD	3%	53	-
USD : RMB	3%	1,383	-
Financial liabilities			
Monetary items			
USD : NTD	3%	$ 10,560	$ -
USD : RMB	3%	1,165	-

	2022		
	Sensitivity analysis		
	Range of change	Profit or loss generated	Other comprehensive income generated
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	3%	$ 18,756	$ -
EUR : NTD	3%	269	-
USD : RMB	3%	1,080	-
Financial liabilities			
Monetary items			
USD : NTD	3%	$ 8,030	$ -
USD : RMB	3%	1,080	-

Price risk

Because major financial asset relating to the equity instrument is not included in the Combined Balance Sheet showing the investment of this Group, therefore major price risks will not be encountered by this Group.

Cash flow and fair value related interest risks

A. The interest risks encountered by this Group are mainly from the long-term loan being issued according to the floating rate that has exposed this Group to the cash flow interest related risks. In 2023 and 2022, the loans borrowed by this Group are mainly priced by NTD and USD according to the floating interest rate.

B. The loans borrowed by this Group are measured according to the cost after the amortization for which, the loan is reset according to the yearly interest rate specified in the contract. Due to this reason, this Group might be exposed to the interest rate fluctuation related risks in the future market.

C. When the yearly loan interest rate climbs or declines for 0.25% and when the rest of other factors remain unchanged, the after-tax net profit of 2023 and 2022 will increase or decrease for $3,695 and $3,954, respectively. It is mainly because of the change of the interest fees along with the fluctuation of the floating loan interest rate.

(2) Credit risks

A. In this Group, the credit risks refer to the financial loss that will be incurred when the customer or the counterparty of the financial instrument becomes unable to fulfill the contract obligations. It is mainly caused by the failure of the counterparty in settling the account receivable that should be paid according to the payment terms.

B. The credit risk management is established by this Group from the group's point of view. The acceptable transaction target will be the banks and the banking firms that are rated with minimum "Class-A" in terms of the independent assessment class. Based on the express internal credit policy, we will carry out the management and the credit risk analysis for each operation individuals in this Group and each new customer before setting up the payment and the delivery related clauses and conditions. The internal risk control is executed according to the financial status, previous experience and other factors in order to assess the credit quality of the customer. The limitation of the individual risks is established by the Board of Directors according to the internal or external assessment. Further, the utilization of the credit allowance will be monitored regularly.

C. When the amount specified in the payment clause of the contract is overdue for over 90 days, we will regard it as the breaching action according to the credit risk management principles.

D. Provided below are the indicators used by this Group to determine whether the debt instrument investment belongs to the credit impairment.

(A) Where the distribution company suffers from major financial difficulty, or may enter the bankruptcy, or may subject to higher possibility of other financial reconstruction.

(B) Where the active market of the financial asset is disappeared due to the financial difficulty of the distribution company.

E. Based on the characteristics of the customer assessment, this Group divides the customer's account receivables into several groups and the simplified approaches are employed to estimate the credit loss according to the loss factor method.

F. After undergoing the recourse procedure, this Group will write off the amount of the financial asset that cannot be reasonably recovered.

G. The Group uses the forecastability report released by Taiwan Institute of Economic Research to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the loss rate methodology is as follows:

December 31, 2023	Current	Past due within 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due over 90 days	Total
Expected loss rate	0%-0.5%	0.5%-20%	0.5%-30%	0.5%-73%	100%	
Total book value	$ 673,155	$ 53,769	$ 2,265	$ -	$ 1,828	$ 731,017
Allowance for losses	$ -	$ 3,968	$ 680	$ -	$ 1,828	$ 6,476

Dec. 31, 2022	Current	Past due within 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due over 90 days	Total
Expected loss rate	0%	0.03%-20%	0.56%-30%	4.17%-50%	25%-100%	
Total book value	$ 536,620	$ 33,079	$ 8,794	$ 279	$ 306	$ 579,078
Allowance for losses	$ -	$ 1,651	$ 2,638	$ 140	$ 306	$ 4,735

E. Changes in loss allowance for accounts receivable using the simplified approach:

	2023	
	Accounts receivable	Notes receivable
Jan. 1	$ 4,735	$ -
Provision for impairment loss	1,750	-
Effects of changes in foreign exchange rates	(9)	-
Dec. 31	$ 6,476	$ -

	2022	
	Accounts receivable	Notes receivable
Jan. 1	$ 5,595	$ -
Reversal of impairment losses	(866)	-
Effects of changes in foreign exchange rates	6	-
Dec. 31	$ 4,735	$ -

(3) Liquidity risk

A. In this Group, the Financial Department is responsible for estimating the current capital required by the group to ensure that sufficient funds will be provided to support the business operation. In the meantime, its purpose is to maintain a sufficient amount of undisbursed loan commitment so as to prevent the group from breaching the restricted loan allowance or clauses. Therefore, major liquidity risks will not occur because such estimation is conducted by considering about the group's debt financing plan, following the debt clauses and meeting the financial ratio target specified in the internal balance sheet.

B. The loan borrowed by this Company is the debt calculated by the floating interest rate. As such, the fluctuation of the market interest rate will lead to the change of the effective interest rate established for the loan that the future cash flow will be fluctuation as well. When the market interest rate rises for 1%, it will result in the increase of $18,475 in the company's cash out-flow each year.

C. Listed in the table below are the non-derivative financial liabilities of this Group and the derivative financial liabilities being settled according to net amount or total amount and they are grouped according to the expiry date. The non-derivative financial liabilities are analyzed within the remaining time ranged from the Balance Sheet date to the contract expiry day. The derivative financial liabilities are analyzed within the remaining time ranged from the Balance Sheet date to the estimated due date. The amount of contract cash flow disclosed in the table below is the undiscounted sum.

Dec. 31, 2023	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term borrowings	$ 20,000	$ -	$ -	$ -	$ -
Accounts payable	447,417	18,677	-	-	-
Other payables (including related parties)	301,923	31,134	-	-	-
Long-term borrowings (incl. current portion)	107,293	297,058	276,812	599,967	663,367

Dec. 31, 2022	Less than 3 months	3 months to1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term borrowings	$ 21,497	$ -	$ -	$ -	$ -
Accounts payable	306,010	18,510	-	-	-
Other payables (including related parties)	213,791	31,905	-	-	-
Lease liabilities	1,644	4,823	-	-	-
Long-term borrowings (incl. current portion)	106,698	346,322	672,524	393,193	555,270
Derivative financial liabilities:					
Forward exchange contract	1,194	-	-	-	-

(3) Information of fair value

1. Defined below is the grade used for assessing the fair value of the measured financial and non-financial instruments:

Grade-1 The price offered for the same assets or liabilities in the active market that can be acquired by the company on the measurement day. The active market refers to the scenario where the transaction of assets or liabilities is conducted in sufficient frequency and quantity in order to provide fixed price on continuous basis.

Grade-2 The direct or indirect observable input value of the assets or liabilities, except for the price offered for Grade-1.

Grade-3 Unobservable input value of assets or liabilities It covers the investment immobile assets invested by this Group.

2. For detailed information of the investment immovable asset related fair that is measured according to the cost, please refer to Note 6(7).

3. Financial instrument not measured by fair value

The book value of the cash equivalents, notes receivable, accounts receivable, other receivables, long-term/short-term loans, notes payable, accounts payable and other payables is calculated according to reasonable approximative value of the fair value.

4. The financial and the non-financial instruments are measured according to the fair value. Provided below is the information of basic categorization provided by this Group according to the nature and characteristics of assets and liabilities as well as the risks and grade of fair price:

(1) The categorization is executed by this Group according to the nature of assets and liabilities and provided below is relevant information:

December 31, 2023	Level I	Level II	Level III	Total
Assets				
Recurring fair value				
Derivatives	$ -	$ 2,447	$ -	$ 2,447

Dec. 31, 2022	Level I	Level II	Level III	Total
Assets				
Recurring fair value				
Derivatives	$ -	$ 2,452	$ -	$ 2,452
Liabilities				
Recurring fair value				
Derivatives	$ -	$ 1,194	$ -	$ 1,194

(2) Described below are the method and the assumptions selected by this Group for measuring the fair value:

A. The derivative financial instrument is assessed according to the assessment model accepted by the market users such as discount method and option pricing model. The forward foreign exchange contract is assessed according to the prevailing forward exchange rate.

B. The credit risk assessment is adjusted by this Group so that it will be incorporated in the fair value calculation for financial instrument and non-financial instrument in order to reflect the credit risks of the transaction opponent and the credit quality of this Group.

5. There isn’t any transfer between Grade-1 and Grade-2 in 2023 and 2022.

6. The Grade-3 roll-in and roll-out transaction is not executed in 2023 and 2022.

13. Supplementary Disclosures

(1) Information relating to major transactions

The following businesses between the subsidiaries have been written off when preparing the combined report. Therefore, the information disclosed below is provided for reference only.

1. Borrowing the fund to others: Please refer to the attached Table 1.

2. Endorsement for others: Please refer to the attached Table 2.

3. End-term marketable stock holding status (excluding the investment in the subsidiary, correlated enterprise and joint venture control fund): Please refer to the attached Table 3.

4. The amount of cumulative purchase or sales of the same marketable stock is up to NT$300 million or over 20% of the paid-in capital: None

5. The amount of the acquired immovable assets is up to NT$300 million or over 20% of the paid-in capital: Please refer to Table 4.

6. The amount of the disposed immovable asset is up to NT$300 million or over 20% of the paid-in capital: None

7. The amount of purchase and sales transaction with the stakeholder is up to NT$100 million or over 20% of the paid-in capital: Please refer to Table 5.

8. The amount due from the shareholder is up to NT$100 million or over 20% of the paid-in capital: Please refer to Table 6.

9. Engaging in the transaction of derivative financial instrument: Please refer to Note 6 (II) and 12 (III) .

10. Business relationship between parent company and subsidiary and important transaction status: Please refer to the attached Table 7.

(2) Reinvestment related information

Information of name and area of the invested company (excluding the invested company based in Mainland China): Please refer to Table 8.

(3) Investment information in Mainland China

1. For basic information, please refer to Table 9.

2. Major transaction item found in the invested company where the fund is invested through the company based in the third area and the reinvestment in Mainland China directly or indirectly: Please refer to the attached Table 7.

(4) Information of Major Shareholders

Please refer to the attached Table 10.

14. Segment Information

(1) General information

In this Group, the Top Management identifies the department that should be reported according to the report information used by the operation decision maker in setting up the decision. In this Group, the President is operating the business by product type. The operating department disclosed by this Group is focusing on the aerospace and industrial categories as the primary income sources.

(2) Measurement of the department related information

The financial statement prepared according to the commonly recognized account principles is used by the Board of Directors of this Group. Based on the individual income resulting from the operation competence, the adjusted EBITDA and the pre-tax net profit are used to evaluate the performance of the operating department.

(3) Information of department

information of primary customers

2023

	Industry	Aerospace	Total
Segment revenue	$ 370,240	$ 2,700,384	$ 3,070,624
Revenue from internal segments	-	-	-
Net income from external segments	370,240	2,700,384	3,070,624
Adjusted EBITDA	76,410	552,224	628,634
Depreciation and amortization	26,376	214,142	240,518

2022:

	Industry	Aerospace	Total
Segment revenue	$ 363,352	$ 1,829,569	$ 2,192,921
Revenue from internal segments	-	-	-
Net income from external segments	363,352	1,829,569	2,192,921
Adjusted EBITDA	77,732	332,173	409,905
Depreciation and amortization	30,034	208,506	238,540

Note: Because the operation decision maker of this Company is not regarded as the decision measurement indicator for the department assets and the liabilities, so the department assets and liabilities are not disclosed.

(4) Regulating information of department income and loss.

After being adjusted for current term, described below is the pre-tax income and loss adjusted for EBITDA and the operating department.

	2023	2022
Adjusted EBITDA of operating segments	$ 628,634	$ 409,905
Depreciation expenses - fixed assets and investment property	(227,925)	(224,564)
Depreciation expenses - right-of-use assets	(6,376)	(6,473)
Amortizations	(6,217)	(7,503)
Interest expenses	(32,843)	(26,311)
Income before tax of continuing operations	$ 355,273	$ 145,054

(5) Information of product type and service type

Please refer to Note 14 (III)

(6) Information by regions

Described below is the information divided by region in 2023 and 2022.

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	$ 1,361,248	$ -	$ 921,603	$ -
France	507,865	-	379,448	-
Taiwan	41,196	2,771,672	42,752	2,752,905

Others	1,160,315	193,330	849,118	244,837
Total	$ 3,070,624	$ 2,965,002	$ 2,192,921	$ 2,997,742

(7) Information of primary customers

Provided below is the information of primary customers maintained by this Group in 2023 and 2022:

	2023		2022	
	Revenue	Segment	Revenue	Segment
Company A	$ 741,182	Aerospace	$ 509,511	Aerospace
Company B	399,975	Aerospace	307,294	Aerospace

National Aerospace Fasteners Corporation

Loans to Others

For the year ended December 31, 2023

Table 1 Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Code	Lender	Borrower	Financial statement account	Related party	Highest balance for the period	Ending balance	Actual borrowed amount	Interest rate collars	Nature of loan	Business transaction amount	Reason for short-term financing	Allowance for bad debts	Collateral		Ceiling for each borrower	Aggregate financing limit	Remarks
													Item	Value			
0	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Other receivables	Y	$ 108,990	$ -	$ -	0.00%	Short-term borrowing	-	Fund for operation	-	N/A	-	$ 466,058	$ 466,058	(Note)
0	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Other receivables	Y	$ 113,488	$ 107,468	$ 107,468	2.50%	Business transactions	230,219	Business transactions	-	N/A	-	$ 230,219	$ 466,058	(Note)

Note: For short-term financing, the individual loan amount shall not exceed 20% of the Company's net worth as stated in the latest financial statements audited or reviewed by a CPA; for business transactions, the individual loan amount shall not exceed the total amount of business transactions in the most recent year. The "business transaction amount" refers to the higher of the amount of purchase or sale between the two parties. The loan ceiling is calculated based on 20% of net equity at Dec. 31, 2023.

National Aerospace Fasteners Corporation

Endorsements/Guarantees to Others

For the year ended December 31, 2023

Table 2

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Code	Name of endorser/ guarantor	Subject of endorsement/ guarantee		Ceiling amount of endorsement/ guarantee to a single entity (Note 3)	Ceiling amount of endorsement/ guarantee for the period	Balance of endorsement/ guarantee	Actual borrowed amount	Amount of endorsement/ guarantee backed by assets	Accumulated endorsed/ guaranteed amount as a percentage of net worth	Ceiling amount of endorsement/ guarantee (Note)	Endorsement/ guarantee made by parent company to subsidiary	Endorsement/ guarantee made by subsidiary to parent company	Endorsement/ guarantee for companies in Mainland China	Remarks
		Name	Relation											
0	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Subsidiary	$ 1,165,146	$ 179,099	$ 27,635	$ -	$ -	1.19%	$ 1,165,146	Y	N	Y	—

Note: The requirement that endorsements/guarantees can only be made to a company in which the Company holds, directly or indirectly, more than 50% of the voting shares refers to 50% of the net worth stated in the most recent financial statements reviewed or audited by the CPAs. Amount of endorsements/guarantees made shall be less than 50% of the net worth stated in the most recent financial statements reviewed or audited by the CPAs.

National Aerospace Fasteners Corporation

Ending Marketable Securities Held (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

				Ending balance				
Holding company	Name and type of marketable securities	Relation with the issuer	Financial statement account	Shares	Carrying amount	Percentage of ownership	Fair value	Remarks
National Aerospace Fasteners Corporation	Baicheng Co., Ltd.	N/A	Financial assets measured at fair value through other comprehensive income - non-current	700,000	$ -	0.51%	$ -	Registration nullified
"	Shintori Restaurant Co., Ltd.	N/A	"	20,307	-	2.75%	-	Discontinued

National Aerospace Fasteners Corporation

The amount of the acquired immovable assets is up to NT$300 million or over 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

Expressed in thousands of New Taiwan Dollars

Real estate acquiring company	Property name	Date of occurrence	Transaction amount	Status of payment	Transaction counterparty	Relation	If the trading counterparty is a related party, the information of the previous transfer				References for price determination	Purpose of Acquisition and Situation of Use	Other covenants
							All owners	Relationship with the publisher	Date of transfer	Amount			
MY NAFCO PRECISION SDN. BHD.	Land and plant	112/12/8	$143,358 ($21.5 million in MYR)	$10,035 ($1.51 million in MYR)	ENER ECOBIO SDN. BHD.	N/A	N/A	N/A	N/A	N/A	Appraisal report	Necessary for business operations/Unfinished transfer registration of property ownership as of the reporting date	N/A

National Aerospace Fasteners Corporation

Total Purchases from or Sales to Related Parties Amounting to at Least NT$ 100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2023

Table 5 Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

			Transaction details				Abnormal transaction		Notes and accounts receivable (payable)		
Company name	Transaction counterparty	Relation	Purchase/ Sale	Amount	% of total	Payment term	Unit price	Payment term	Ending balance	% of total	Remarks
National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Subsidiary	Purchase	$ 230,219	17%	Note	N/A	Note	($ 59,566)	(13%)	
"	"	"	(sales)	(109,973)	(4%)	"	"	"	20,191	3%	

Note: The payment terms are 90 days monthly, equivalent to the general purchase (sales) terms.

National Aerospace Fasteners Corporation

The amount due from the shareholder is up to NT$100 million or over 20% of the paid-in capital

For the year ended December 31, 2023

Table 6

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Company with receivables accounted for	Transaction counterparty	Relation	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Allowance for bad debts
					Amount	Treatment method		
National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Parent and Subsidiary	Other receivables $109,388	-	N/A	N/A	-	-

National Aerospace Fasteners Corporation

Business Relationship and Major Transactions between the Parent Company and Subsidiaries and among Subsidiaries

For the year ended December 31, 2023

Table 7

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

				Transaction details			
Code	Company name	Counterparty	Relation	Financial statement account	Amount	Transaction terms	% of total consolidated revenue or total asset
The Company	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Note 1	Sales	$ 109,973	90 days AMS	4%
"	"	"	"	Purchase	230,219	90 days AMS	7%
"	"	"	"	Accounts receivable	20,191	-	-
"	"	"	"	Accounts payable	59,566	-	1%
"	"	"	"	Other receivables	109,388	-	2%

Note 1: Parent company to subsidiary

Note 2: The material transactions in this table may be subject to the Company's decision based on the principle of materiality.

National Aerospace Fasteners Corporation

Information of Investee Companies and Location, and Other Relevant Information (excluding investees in Mainland China)

For the year ended December 31, 2023

Table 8

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

				Initial investment amount		Ending balance					
Investor	Investee	Location	Principal business	Ending balance in 2022	Ending balance in 2021	Shares	Percentage of ownership	Carrying amount	Net income of investee	Recognized portion	Remarks
National Aerospace Fasteners Corporation	NAFCO Group Ltd.	British Virgin Islands	Investment	$ 405,897	$ 405,897	13,000,000	100%	378,005	$ 77,301	$ 75,943	Subsidiary
National Aerospace Fasteners Corporation	CYPRESS SKY INVESTMENT LTD	British Virgin Islands	Investment	16,163	-	500,000	100%	14,512	-	-	Subsidiary
NAFCO Group Ltd.	NAFCO Holdings Ltd.	British Virgin Islands	Investment	405,897	405,897	13,000,000	100%	381,852	77,301	N/A	Second tier subsidiary
CYPRESS SKY INVESTMENT LTD	MY NAFCO PRECISION SDN. BHD.	Malaysia	Production and sales of aviation parts	16,163	-	2,176,401	100%	14,512	-	N/A	Second tier subsidiary

National Aerospace Fasteners Corporation

Information on investments in mainland China

For the year ended December 31, 2023

Table 9

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Investee	Principal business	Paid-in capital	Method of investment	Accumulated amount of investment remitted outwards from Taiwan at beginning	Investment remitted outwards or recovered in current period Amount of investment: Outwards	Investment remitted outwards or recovered in current period Amount of investment: Recovered	Accumulated amount of investment remitted outwards from Taiwan at ending	Net income of investee	% of ownership held directly or indirectly	Recognized portion (Note 2)	Ending carrying amount	Investment income received at ending	Remarks
NAFCO Suzhou Precision	Production and sales of aircraft engines and airframe related components	$405,897 (USD 13 million)	Note 1	$ 405,897 (USD 13 million)	-	$ -	$405,897 (USD 13 million)	$77,301	100%	$77,301	$381,852	-	-

Name	Accumulated investment from Taiwan to Mainland China at ending	Investment amount approved by Investment Commission of MOEA	Investment amount permitted by the Investment Commission of MOEA
National Aerospace Fasteners Corporation	(USD 13 million) $ 405,897	(USD 13 million) $ 399,230	$1,398,175

Note 1: Investment was made through NAFCO Holdings Ltd. established in a third area.

Note 2: Audited by parent company’s CPAs.

National Aerospace Fasteners Corporation

Information of Major Shareholders

December 31, 2023

Table 10

Name of major shareholders	Shares held	Percentage of ownership
	Shares	
Getac Holdings Corp.	20,578,174	38.12%
National Development Fund, Executive Yuan	3,773,188	6.99%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of common shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration due to difference in preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster at which the trust account is opened. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Independent Auditor's Report

(113)Cai-Shen-Bao Letter Number23003257

To the Board of Directors and Stockholders of National Aerospace Fasteners Corporation:

Audit Opinion

We have audited the accompanying parent-only balance sheets of National Aerospace Fasteners Corporation as of December 31, 2022 and 2023, and the related parent-only statements of comprehensive income, parent-only changes in equity, and parent-only cash flows, and notes to parent-only financial statements (including summary of significant accounting policies) for the years then ended.

In our opinion, the parent-only financial statements referred to above present fairly, in all material respects, the parent-only financial position of National Aerospace Fasteners Corporation (hereinafter referred to as "the Company") as of December 31, 2022 and 2023, and the results of the parent-only operations and the parent-only cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the "Responsibilities of Certified Public Accountants for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Key audit matters for the parent-only financial statements for the year ended December 31, 2023 are stated as follows:

Recognition of revenue from export sales

Description of Key Audit Matter

For accounting policies regarding recognition of revenues, please refer to Note 4 (27) of the parent-only financial statements. For explanation of revenue accounts, please refer to Note 6 (18) of the parent-only financial statements. The operating revenue of National Aerospace Fasteners Corporation for the year 2023 totaled NT$2,732,173 thousand.

The main products of National Aerospace Fasteners Corporation are aerospace and industrial fasteners. The Company mainly engages in export sales, and recognition of revenue varies from customers to customers, or depends on the trading terms of each individual orders. Thus, the recognition of revenue is relatively more complex, as the timing of revenue recognition has to be determined based on each order. Therefore, we believe that the recognition of revenue from export sales shall be included in Key Audit Matters.

How the matter was addressed in our audit

Our audit main procedures regarding the recognition of revenue from export sales are as follows:

1. We conducted walk through testing on export sales revenues to understand, evaluate and verify the implementation and design effectiveness of internal controls regarding recognition of revenue from export sales.
2. We sampled the trading terms of the recognized revenue in the verification systems, and the sampled items are consistent with the original contracts or orders with the customers.
3. For different transaction conditions, we verified that the delivery times entered into the custom's system are consistent with the customer receipts or the courier receipts. The time of customer clearance entered in the custom's system are consistent with the retained export declaration receipts.
4. We conducted cut-off tests on the sales revenue of different trading terms during the period from prior to after the balance sheet date based on the revenue details obtained. Documents including export clearance and receipts are consistent with the information entered in the system.

Allowance to reduce inventories to market

Description of Key Audit Matter

For accounting policies regarding inventory evaluation, please refer to Note 4(11) attached to the financial report. For accounting estimates and assumptions of inventory evaluation, please refer to Note 5(2) attached to the financial report. For the explanation of allowance to reduce inventories to market, please refer to Note 6(4) attached to the financial report. On December 31, 2023, the balance of inventories and allowance to reduce inventories to market of National Aerospace Fasteners Corporation amounted to NT$1,067,503 thousand and NT$146,991 thousand, respectively.

The Company engages in the manufacturing and sales of industrial fasteners. Due to high level of customization to accommodate each individual product specification and customer requirements, the Company has a higher risk of falling prices or the obsolescence of inventories. The inventory of the Company is measured by the lesser of the cost or net realizable value. For the inventory over a certain age and the individually identified obsolete inventory, the net realizable value is extrapolated based on the historical information of the destocking process and level of discounts. As net realizable value involves a high level of subjective assumptions, it thus has high assumption uncertainties. In addition, as inventories and the allowance to reduce inventories to market have significant impacts on the financial statements, we believe that the Company's allowance to reduce inventories to market shall be listed as one of the key audit matters.

How the matter was addressed in our audit

Our audit main procedures regarding loss on inventory price decline or falling price loss due to obsolescence of each individual inventory are as follows:

1. We assessed the reasonableness of policies and procedures for the recognition of allowance for inventory valuation losses, including the historical source information of the categorization of inventories, level of destocking, and level of discounts which are used to determine the net realizable value of inventories. We also judge the reasonableness of obsolete inventory items.
2. We investigated the Company's warehousing procedures, reviewed its annual inventory planning, and participated in the annual inventory taking, so as to evaluate the effectiveness of management's

categorization of management of obsolete inventories.

3. We verified if inventories are listed in the correct inventory age ranges, so as to ensure that obsolete inventories are listed in their corresponding categories.
4. We verified if losses on valuation of inventory are recognized according to policies for obsolete inventory items over a certain age, and correctly recognized in allowance to reduce inventory to market.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-only financial report 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 auditing standards generally accepted in the Republic of China will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if, individually or aggregated, 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-only financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 the auditor's report to the related disclosures in the parent-only financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent-only financial statements, including related disclosures, and whether the parent-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-only financial statements. We are responsible for the direction, supervision and performance of the Company's 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 specified in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-only financial statements for the year 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

CPAs
Wei-Hao Wu
Yen-Na Li

Financial Supervisory Commission
Approval Letter: Jin-Guan-Zheng-Shen - Zi Letter
No. 1080323093
Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan
Approval Letter: Jin-Guan-Zheng -Liu-Zi Letter
No. 0950122728

February 23, 2024

National Aerospace Fasteners Corporation
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Assets	Notes	Dec. 31, 2023 Amount	%	Dec. 31, 2022 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6 (1)	$ 100,706	2	$ 131,573	3
1110	Financial assets measured at fair value through profit or loss - current	6 (2)	2,447	-	2,452	-
1150	Notes receivable, net	6 (3)	-	-	169	-
1170	Accounts receivable, net	6 (3)	588,318	12	493,251	11
1180	Accounts receivable - related parties, net	6 (3), 7	20,191	1	11,309	-
1200	Other receivables		5,608	-	5,722	-
1210	Other receivables - related parties	7	109,387	2	108,690	3
130X	Inventories	6 (4)	920,512	18	603,708	13
1410	Prepayments		60,967	1	62,893	1
11XX	**Total current assets**		1,808,136	36	1,419,767	31
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income - non-current		-	-	-	-
1550	Investments under equity method	6 (5)	392,517	8	308,828	7
1600	Property, plant and equipment	6 (6), 7, 8	2,737,734	55	2,721,410	60
1755	Right-of-use assets		2,532	-	372	-
1760	Investment property, net	6 (7)	24,864	1	21,662	1
1780	Intangible assets		6,542	-	9,461	-
1840	Deferred income tax assets	6 (23)	11,441	-	9,332	-
1900	Other non-current assets	6 (8), (13), 8	17,659	-	24,290	1
15XX	**Total non-current assets**		3,193,289	64	3,095,355	69
1XXX	**Total Assets**		$ 5,001,425	100	$ 4,515,122	100

(Continued)

National Aerospace Fasteners Corporation
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	Dec. 31, 2023 Amount	%	Dec. 31, 2022 Amount	%
	Current Liabilities					
2100	Short-term borrowings	6 (9)	$ 20,000	-	$ 21,497	-
2120	Financial liabilities measured at fair value through profit or loss - current	6 (2)	-	-	1,194	-
2130	Contract liabilities - current	6 (18)	18,045	-	17,822	-
2170	Accounts payable	6 (10)	398,531	8	257,437	6
2180	Accounts payable - related parties	7	59,566	1	76,221	2
2200	Other payables	6 (11)	276,269	6	197,606	4
2220	Other payables - related parties	7	381	-	1,652	-
2230	Current tax liabilities	6 (23)	62,254	1	27,981	1
2280	Lease liabilities - current		-	-	122	-
2320	Long-term liabilities - current portion	6 (12)	377,819	8	429,235	10
21XX	**Total current liabilities**		1,212,865	24	1,030,767	23
	Non-current Liabilities					
2540	Long-term borrowings	6 (12)	1,449,697	29	1,526,334	34
2570	Deferred tax liabilities	6 (23)	5,570	-	3,027	-
2600	Other non-current liabilities		3,002	-	7,735	-
25XX	**Total non-current liabilities**		1,458,269	29	1,537,096	34
2XXX	**Total Liabilities**		2,671,134	53	2,567,863	57
	Equity					
	Issued capital	6 (15)				
3110	Common stock		540,062	11	526,472	12
	Capital surplus	6 (16)				
3200	Capital surplus		536,531	11	411,394	9
	Retained earnings	6 (17)				
3310	Legal reserve		187,015	4	171,581	4
3320	Special reserve		36,065	1	41,890	1
3350	Unappropriated retained earnings		1,075,100	21	831,987	18
	Other equity					
3400	Other equity		(44,482)	(1)	(36,065)	(1)
3XXX	**Total Equity**		2,330,291	47	1,947,259	43
	Significant commitments and contingencies	9				
	Major post-term items	XI				
3X2X	**Total Liabilities and Equity**		$ 5,001,425	100	$ 4,515,122	100

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai　　Managerial Officer: Wei-Tsun Lin　　Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation
Parent Company Only Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars
(earnings per share expressed in New Taiwan Dollars)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	6 (18), 7	$ 2,732,173	100	$ 1,967,894	100
5000	Operating costs	6 (4), (21), (22), 7	(2,043,793)	(75)	(1,508,750)	(76)
5950	Gross profit		688,380	25	459,144	24
	Operating expenses	6 (21), (22)				
6100	Selling expenses		(60,417)	(2)	(43,306)	(2)
6200	General and administrative expenses		(254,895)	(9)	(203,981)	(10)
6300	Research and development expenses		(100,170)	(4)	(86,148)	(5)
6450	Gain (loss) on expected credit loss	12 (2)	(1,750)	-	1,027	-
6000	Total operating expenses		(417,232)	(15)	(332,408)	(17)
6900	Operating income		271,148	10	126,736	7
	Non-operating income and expenses					
7100	Interest income	7	3,783	-	1,967	-
7010	Other income		625	-	1,036	-
7020	Other gains and losses	6 (19)	41,663	1	70,091	4
7050	Finance costs	6 (20)	(32,730)	(1)	(25,992)	(1)
7070	Share of other gains or losses of subsidiaries, associates and joint ventures, accounted for using equity method		75,943	3	(28,784)	(2)
7000	Total non-operating revenues and expenses		89,284	3	18,318	1
7900	**Pre-tax net profit**		360,432	13	145,054	8
7950	Income tax (expenses) profit	6 (23)	(52,829)	(2)	4,921	-
8200	**Net current-term profit**		$ 307,603	11	$ 149,975	8
	Other comprehensive income, net					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6 (13)	($ 1,181)	-	$ 4,365	-
8310	Total items that will not be reclassified to profit or loss		(1,181)	-	4,365	-
	Items that may be subsequently reclassified to profit or loss					
8361	Exchange differences from the translation of financial statements of foreign operations		(8,417)	-	5,825	-
8360	Total items that may be subsequently reclassified to profit or loss		(8,417)	-	5,825	-
8300	**Other comprehensive income, net**		($ 9,598)	-	$ 10,190	-
8500	**Total comprehensive income**		$ 298,005	11	$ 160,165	8
	Basic earnings per share	6 (24)				
9750	Basic earnings per share		$	5.77	$	2.85
	Diluted earnings per share	6 (24)				
9850	Basic earnings per share		$	5.66	$	2.85

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai　　Managerial Officer: Wei-Tsun Lin　　Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation
Parent-Only Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Notes	Common stock	Capital surplus: Share premium	Capital surplus: Employee share option	Capital surplus: Others	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Exchange differences from the translation of financial statements of foreign operations	Total
2022										
Balance as of Jan. 1, 2022		$ 526,472	$ 340,105	$ 58,394	$ -	$ 171,581	$ 39,808	$ 679,729	($ 41,890)	$ 1,774,199
2022 net profit		-	-	-	-	-	-	149,975	-	149,975
2022 other comprehensive income		-	-	-	-	-	-	4,365	5,825	10,190
Total comprehensive income		-	-	-	-	-	-	154,340	5,825	160,165
Appropriation and distribution of earnings	6 (17)									
Special reserve		-	-	-	-	-	2,082	(2,082)	-	-
Expired employee share option	6 (14)	-	-	(2,247)	2,247	-	-	-	-	-
Employee stock option costs	6 (14)	-	-	12,895	-	-	-	-	-	12,895
Balance as of Dec. 31, 2022		$ 526,472	$ 340,105	$ 69,042	$ 2,247	$ 171,581	$ 41,890	$ 831,987	($ 36,065)	$ 1,947,259
2023										
Balance as of Jan. 1, 2023		$ 526,472	$ 340,105	$ 69,042	$ 2,247	$ 171,581	$ 41,890	$ 831,987	($ 36,065)	$ 1,947,259
2023 net profit		-	-	-	-	-	-	307,603	-	307,603
2023 other comprehensive income		-	-	-	-	-	-	(1,181)	(8,417)	(9,598)
Total comprehensive income		-	-	-	-	-	-	306,422	(8,417)	298,005
Appropriation and distribution of earnings	6 (17)									
Legal reserve		-	-	-	-	15,434	-	(15,434)	-	-
Special reserve		-	-	-	-	-	(5,825)	5,825	-	-
Cash dividends		-	-	-	-	-	-	(53,700)	-	(53,700)
Expired employee share option	6 (14)	-	-	(1,774)	1,774	-	-	-	-	-
Employee stock option costs	6 (14)	-	-	19,950	-	-	-	-	-	19,950
Exercise of Employee Stock Option	6 (14)	13,590	138,984	(33,797)	-	-	-	-	-	118,777
Balance as of December 31, 2023		$ 540,062	$ 479,089	$ 53,421	$ 4,021	$ 187,015	$ 36,065	$ 1,075,100	($ 44,482)	$ 2,330,291

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai Managerial Officer: Wei-Tsun Lin Chief Accounting Officer: Wen-Cheng

National Aerospace Fasteners Corporation
Parent-Only Statement of Cash Flows
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Cash flow from operating activities			
Current pre-tax net profit		$ 360,432	$ 145,054
Adjustments			
Adjustments to reconcile profit or loss			
Gains on financial assets measured at fair value through profit or loss, net	6 (19)	(1,189)	(374)
Expected credit impairment loss (gain)	12 (2)	1,750	(1,027)
Share of other gains or losses of subsidiaries, associates and joint ventures, accounted for using equity method		(75,943)	28,784
Depreciation of property, plant and equipment and investment property	6 (21),	181,646	173,595
Depreciation of right-of-use assets	6 (21),	521	604
Amortizations	6 (21),	6,019	6,771
Interest income		(3,783)	(1,967)
Interest expenses	6 (20)	32,730	25,992
Gains on disposal of property, plant and equipment, net	6 (19)	(923)	-
Cost of share-based payment as remuneration	6 (14)	19,950	12,895
Reversal gain of impairment loss on assets	6 (19)	(3,344)	-
Changes in operating assets/liabilities			
Changes in operating assets, net			
Notes receivable, net		169	(169)
Accounts receivable		(96,817)	(169,201)
Accounts receivable - related parties, net		(8,882)	(6,791)
Other receivables		114	(804)
Other receivables - related parties		(714)	4,270
Inventories		(316,804)	(107,520)
Prepayments		2,101	(40,612)
Changes in operating liabilities, net			
Contract liabilities - current		223	16,640
Accounts payable		141,094	138,006
Accounts payable - related parties		(16,655)	26,311
Other payables		40,138	64,210
Other payables - related parties		(1,271)	488
Other non-current liabilities		(1,932)	(4,977)
Cash inflow from operating activities		258,630	310,178
Interest paid		(32,521)	(25,706)
Interest received		3,783	1,967
Income tax paid in current period		(20,923)	(12,835)
Net cash inflow from operating activities		208,969	273,604

(Continued)

National Aerospace Fasteners Corporation
Parent-Only Statement of Cash Flows
For the years ended December 31, 2023 and 2022

Expressed in thousands of New Taiwan Dollars

	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
Cash flow from investing activities			
Decrease (increase) of other receivables - related parties		$ 17	($ 10,605)
Acquisition of property, plant and equipment	6 (25)	(160,239)	(87,311)
Disposal of property, plant and equipment		1,475	-
Acquisition of intangible assets		(3,100)	(3,027)
Acquisition of investments under equity method		(16,163)	-
Decrease (increase) in refundable deposits		247	(1,447)
Decrease (increase) in prepayments for equipment		5,632	(9,314)
Increase of other non-current assets		(429)	(333)
Acquisition of right-of-use assets		(2,681)	-
Net cash outflow from investing activities		(175,241)	(112,037)
Cash flow from financing activities			
Increase in short-term borrowings		635,931	294,191
Payments for short-term borrowings		(637,428)	(286,534)
Increase in long-term borrowings		469,264	151,317
Payments for long-term borrowings		(597,317)	(294,860)
Proceeds from exercise of employee share options	6 (14)	118,777	-
Payments for lease liabilities	6 (26)	(122)	(229)
Payments of cash dividends	6 (17)	(53,700)	-
Net cash outflow from financing activities		(64,595)	(136,115)
Increase (decrease) in cash and cash equivalents		(30,867)	25,452
Cash and cash equivalents at beginning of period		131,573	106,121
Cash and cash equivalents at end of period		$ 100,706	$ 131,573

The notes attached shall constitute an integral part of the financial statements.

Chairman: Feng-Tzu Tsai   Managerial Officer: Wei-Tsun Lin   Chief Accounting Officer: Wen-Cheng Li

National Aerospace Fasteners Corporation
Notes to Parent-Only Financial Statements
For the years ended 2023 and 2022

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

1. Company History

National Aerospace Fasteners Corporation (hereinafter referred to as the "Company") was established on October 14, 1997 upon approval, and the Company's share was listed on Taipei Exchange (TPEx) starting February 25, 2002. The Company registered its businesses as the manufacture, processing, agency, trading of the fasteners and construction parts of aircraft, ships, and vehicles. Getac Holdings Corporation holds 38.12% of the shareholding in the Company, and is the ultimate parent company of the Company.

2. Approval Financial Statements

The parent-only financial statements were authorized for issuance by the Board of Directors on February 23, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that have been issued, entered into effect and endorsed by the Financial Supervisory Commission ("FSC").

Listed in the table below are the effective standards and the interpretations that have been newly published, amended and modified and that are applicable for 2023, as being approved and announced by Financial Supervisory Commission, R.O.C.:

New/Amended/Revised Standards and Interpretations	The effective date per IASB
Amendment to IAS 1 - "Disclosure of Accounting Policies"	Jan. 1, 2023
Amendment to IAS 8 - "Definition of Accounting Estimates"	Jan. 1, 2023
Amendments to IAS 12 - "Deferred tax Related to Assets and Liabilities Arising from a Single Transaction"	Jan. 1, 2023
Amendments to IAS 12, "International Tax Reform — Pillar Two Model Rules"	May 23, 2023

After evaluation, the aforementioned standards and interpretations have no significant impacts on the Company's financial position and financial performance.

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

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

New/Amended/Revised Standards and Interpretations	The effective date per IASB
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	Jan. 1, 2024
Amendment to IAS 1 - "Classification of Liabilities as Current or Non-current"	Jan. 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants"	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements"	Jan. 1, 2024

After evaluation, the aforementioned standards and interpretations have no significant impacts on the Group's financial position and financial performance.

(3) The impact of IFRS issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

New/Amended/Revised Standards and Interpretations	The effective date per IASB
Amendment to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	The effective date per IASB
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendment to IFSR 17 - " Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	Jan. 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

After evaluation, the aforementioned standards and interpretations have no significant impacts on the Company's financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these parent-only financial statements are as follows. These policies have been consistently used throughout the periods presented, unless otherwise stated.

(1) Statement of compliance

The parent-only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, and interpretations (collectively referred to as IFRSs) that have been issued, entered into effect and endorsed by the FSC.

(2) Basis of preparation

1. The parent-only financial statements are prepared based on historical data, except for the following:
   (1) Financial assets and liabilities measured at fair value through profit or loss (including derivatives)
   (2) Financial assets measured at fair value through other comprehensive income
   (3) Defined benefit liabilities measured at present value of defined benefit obligation less the fair value of plan assets
2. The preparation of financial statements in conformity with IFRSs requires the use of certain significant accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements the Company are measured using the currency of the primary economic environment in which the Company operates (that is, the functional currency). The parent-only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and

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

(4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income

2. Exchange from foreign operations

(1) The operating results and financial position of all the group entities, associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

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

(4) <u>Classification of current and non-current asset and liability items</u>

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Assets arising mainly from trading activities.

(3) Assets that are expected to be realized within twelve months from the balance sheet date.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

All other assets that do not meet any of the above criteria are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle.

(2) Assets arising mainly from trading activities.

(3) Liabilities that are to be paid off within twelve months from the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities that do not meet any of the above criteria are classified as non-current liabilities.

(5) <u>Cash equivalents</u>

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

(6) <u>Financial assets measured at fair value through profit or loss</u>

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

2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized using trade date accounting.

3. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(7) <u>Financial assets measured at fair value through other comprehensive income</u>

1. Refers to the irrevocable election made at initial recognition that allows the Company to present fair value changes of equity investment not held for trading in other comprehensive income:

(1) Financial assets held within a business model of which the objective of holding is to collect the contractual cash flows and to sell.

(2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.

2. The Company's financial assets measured at fair value through other comprehensive income in accordance with the trading conventions are accounted for on the trade date.

3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value.

   The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the de-recognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

1. Accounts and notes receivable refer to the receivables with which the Group has an unconditional contractual right to consideration for goods or services that have been transferred.

2. As the Company’s short-term accounts and notes receivables with no stated interest rate has no material discounting effect, they are measured at the original invoice amount.

(9) Impairments of financial assets

The Company measures the loss allowance for accounts receivable and contract assets containing significant financial components after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at lifetime expected credit losses. Accounts receivables and contract assets that do not contain any significant financing components, the loss allowance is measured at lifetime expected credit losses.

(10)The de-recognition of financial assets

The Group de-recognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(11) Inventories

Inventories are measured at the lower of cost and net realizable value based on perpetual inventory system. Cost is determined using the weighted-average cost method. The cost of finished goods and goods in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal capacity). However, loan costs are excluded. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(12) Investments/Subsidiaries under equity method

1. Subsidiaries refer to entities (incl. structured entities) controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2. Transactions, balances and unrealized gains or losses on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

3. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its ownership interest in the subsidiary, the Company continues to recognize losses in proportion to its ownership.

4. In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss during the period and other comprehensive income presented in the parent-only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income due to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent-only financial statements shall be the same as the equity due to owners of the parent presented in the financial statements prepared on a consolidated basis.

(13) Property, plant and equipment

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

Houses and buildings	5 - 50 years
Equipment	3 - 10 years
Office equipment	3 - 6 years
Other equipment	2 – 10 years

(14) Lease transaction in the capacity of a lessee - Right-of-use assets / lease liabilities

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Group's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The Company recognizes the present value of unpaid lease liabilities discounted at the Company's incremental borrowing interest rate starting from the lease start date. Lease payments are fixed payments less any incentives for lease.

   Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is recognized over the lease term. When a change in the lease term or lease payments occurs due to reasons other than contractual lease modifications, lease liabilities are remeasured and the remeasurements are adjusted to right-of-use assets.
3. Right-of-use assets are recognized on the lease commencement date at cost that includes:

   (1) Lease liabilities at initial measurement;
   (2) Payments paid on or before the commencement date; and
   (3) Direct costs incurred.
   A right-of-use asset is subsequently measured using the cost model and depreciated 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. When a lease liability is remeasured, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(15) Investment property

An investment property is recognized initially at cost and measured subsequently using cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(16) Intangible assets

Computer software is recognized at cost at the acquisition date and depreciated on a straight-line method basis over its estimated useful life of 2~5 years.

(17) Impairments of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been without the prior impairment loss.

(18) Borrowings

1 Borrowings refer to short-term and long-term loans from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest expenses in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and notes receivable

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

2. As the Group’s short-term accounts and notes payables with no stated interest rate has no material discounting effect, they are measured at the original invoice amount.

(20) Financial liabilities measured at fair value through profit or loss

1. Refers to financial liabilities held for trading with the main purpose of repurchasing them in the near future, and other than derivatives that are designated as hedging instruments according to hedge accounting.

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

(21) De-recognition of financial liabilities

1. The Group de-recognizes a financial liability when the obligation under the contract is performed, canceled, or expires.

(22) Employee benefit

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expense in the period when the employees render service.

2. Pension

(1) Defined contribution pension plan

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in the current period or a prior period. The liability recognized in the balance sheet in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using the market yield of high-quality corporate bonds that are denominated in the same currency as the benefit plan, and have terms to maturity approximating to the terms of the benefit obligation at balance sheet date. In the absence of deep market in high-quality corporate bonds, the Company uses market yield of government bonds (at the balance sheet date) instead.

B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they arise and are presented in retained earnings.

C. Past service costs are recognized immediately in profit or loss.

3. Remuneration to employees, Directors and Supervisors

Remuneration to employees, Directors and Supervisors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee remuneration is paid by shares, the Company calculates the number of shares based on the closing price at the date one day prior to the board meeting resolution.

(23) Share-based payment to employees

For equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted on the grant date, and are recognized as the remuneration cost over a vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Recognized remuneration cost is subject to adjustments based on the service conditions and non-market vesting conditions that are expected to be satisfied until the amount of remuneration cost recognized is the number of equity instruments that are eventually vested on the vesting date.

(24) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recognized as income tax expense based on actual appropriation of earnings in the year the shareholders resolve to retain the earnings .
3. Deferred tax is recognized, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent-only balance sheet. Deferred income tax is not accounted for if it arises from initial recognition of goodwill, or of an asset or liability in a transaction, (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit (or loss). Deferred tax liabilities not recognized for taxable temporary differences associated with investments in subsidiaries if the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities can be offset only when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and an intention to settle net or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities can be offset only when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities are levied by the same taxation authority on the same taxable entity; or different taxable entities which intend either to settle net basis, or to realize the assets and settle the liabilities simultaneously.
6. A deferred tax asset shall be recognized for the carry-forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(25) Capital stock

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

(26) Dividends

Dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's directors. Share dividends are recorded share dividends to be distributed at the date of shareholder’s resolution and reclassified to common shares on the effective date of new shares issuance.

(27) Recognition of revenue

Sales of goods

1. The Company engages in the manufacture and trading of the fasteners, construction parts and other products of aircraft, ships, and vehicles. The Company recognizes sales revenue when the control of products is transferred to customers, i.e. when products are delivered to customers, the customer has full discretion over the distribution channel and price of the products, and the Company has no unfulfilled performance obligation that might affect the customers' acceptance of products. Goods are deemed delivered when the risk of obsolescence and loss is transferred to customers and customers have accepted the goods in accordance with the contractual terms, or when there is objective evidence suggesting that all acceptance provisions have been satisfied.
2. Sales revenue is recognized at contract price less estimated sales tax, sales returns, quantity discount and sales allowance. The terms of the Group's sales contracts are consistent with market practice. Thus, it is determined that there exists no significant financing component in the contracts.
3. An account receivable is recognized at the time when the Company's right to consideration is unconditional except for the passage of time is required before payment of that consideration is due.

(28) Government grants

A government grant is recognized at fair value only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. If the government grants are intended to compensate the Company's expenses, the government grants are recognized in profit or loss on a systematic basis over the periods related expenses incur. Government grants related to property, plant, and equipment are recognized as non-current liabilities over the estimated useful life of the asset in profit or loss using straight-line method.

5. Main Sources of Significant Accounting Judgment, Estimation and Assumption Uncertainties

In the preparation of these parent-only financial statements, management made critical judgments in applying the Company's accounting policies and make accounting estimates and assumptions concerning the situation as of balance sheet date and future events that would reasonably be expected. Accounting assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such estimates and assumptions have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities in the following financial year. Related information about the significant accounting judgment, estimation and assumption uncertainties is addressed below:

(1) Critical judgments in the application of accounting policies

None.

(2) Critical accounting estimates and assumptions

Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the balance sheet date, and writes down the cost of inventories to net realizable value. The inventory valuation is estimated based on assumptions of future demand within a specific time horizon. Thus it might be subject to significant changes.

Total book value of the Company's inventories on December 31, 2023 is NT$920,512.

6. Descriptions of Material Accounting Items

(1) Cash and Cash Equivalents

	Dec. 31, 2023	Dec. 31, 2022
Cash on hand and revolving funds	$ 156	$ 184
Checking deposits and demand deposits	100,550	131,389
Total	$ 100,706	$ 131,573

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. For the Company's transfer of cash as pledge guarantees to other non-current assets, please refer to Note 8.

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

Item	Dec. 31, 2023	Dec. 31, 2022
Current:		
Derivatives financial assets mandatorily measured at fair value through profit or loss		
Derivatives	$ 2,447	$ 2,452
Derivative financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives	$ -	($ 1,194)

1. Financial assets/liabilities measured at fair value through profit or loss that are recognized in profit or loss are detailed as follows:

	2023	2022
Derivatives financial assets mandatorily measured at fair value through profit or loss		
Derivatives	($ 5)	$ 1,568
Financial liabilities designated as at fair value through profit or loss		
Derivatives	$ 1,194	($ 1,194)

2. The Company's derivative financial asset transactions that are not subject to hedge accounting and the contract contents thereof are detailed as follows:

	Dec. 31, 2023		Dec. 31, 2022	
Derivative financial assets	Contract amount (Nominal principal)	Contract period	Contract amount (Nominal principal)	Contract period
Current:				
Forward exchange contract	USD 5,500	January 2024 ~February 2024	USD 7,500	Jan 2023 - Mar. 2023

3. The forward exchange contract signed by the Company is a forward advance sale of USD (selling USD for NTD). This contract is to avoid the exchange rate risk of the export sales, however, not subject to hedging accounting.
4. The Company has no financial assets measured at fair value through profit or loss pledged as collateral.
5. For information of the credit risk of financial assets measured at fair value through profit or loss please refer to Note 12 (2).

(3) Notes and accounts receivable

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable	$ -	$ 169
Accounts receivable	$ 594,247	$ 497,430
Less: Allowance for bad debt	(5,929)	(4,179)
	588,318	493,251
Accounts receivable - related parties	20,191	11,309
	$ 608,509	$ 504,560

1. Aging analysis of accounts receivable:

	Dec. 31, 2023		Dec. 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Current	$ 568,258	$ -	$ 475,554	$ 169
Within 30 days	42,165	-	26,408	-
31 - 60 days	2,187	-	6,192	-
61 - 90 days	-	-	279	-
More than 91 days	1,828	-	306	-
	$ 614,438	$ -	$ 508,739	$ 169

The aging analysis above is based on past due date.

2. The balance of the Group’s receivables from customer contracts (including accounts receivables) are NT$614,438, $508,908 and NT$332,747, on December 31, 2023 and 2022, and January 1, 2022, respectively.
3. Without regard to the security held or other credit enhancement, the maximum amounts of exposure at default best representing credit risk of the Company's notes receivable on December 31, 2023 and December 31, 2022 are NT$0 and NT$169, respectively; that of the accounts receivable on the same dates are NT$608,509 and NT$504,560, respectively.
4. For related credit risk information on notes and accounts receivable, please refer to Note 12 (2).

(4) Inventories

Dec. 31, 2023

	Cost	Allowance to reduce inventories to market	Carrying amount
Raw materials	$ 559,218	($ 58,443)	$ 500,775
Work in process	271,831	(40,121)	231,710
Finished goods	203,861	(48,427)	155,434
Inventory in transit	32,593	-	32,593
Total	$ 1,067,503	($ 146,991)	$ 920,512

Dec. 31, 2022

	Cost	Allowance to reduce inventories to market	Carrying amount

Raw materials	$	268,329	($	63,013)	$ 205,316
Work in process		226,191	(	38,254)	187,937
Finished goods		197,520	(	39,310)	158,210
Inventory in transit		52,245		-	52,245
Total	$	744,285	($	140,577)	$ 603,708

The current-term inventory cost being recognized as the loss by the company:

	2023	2022
Cost of inventories sold	$ 2,101,437	$ 1,529,012
Loss on price decline of inventory (reversed gain)	6,414	(12,546)
Others	(64,058)	(7,716)
	$ 2,043,793	$ 1,508,750

Due to continuous inventory write-off in 2022, the net inventory value is increased.

(5) Investments under equity method

	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
NAFCO Group Ltd.	$ 378,005	$ 308,828
CYPRESS SKY INVESTMENT LTD	14,512	-
Total	$ 392,517	$ 308,828

1. Regarding the information of the subsidiaries of this Company, please refer to the Consolidated Financial Statements prepared by this Company in 2023, as being indicated in Note 4(3).
2. Regarding the disclosure status of the information about the reinvestment in Mainland China, please refer to Note 10.

(6) Property, plant and equipment

	Land	Houses and buildings	Equipment	Office equipment	Other equipment	Uncompleted construction and prepayments for equipment	Total
January 1, 2023							
Cost	$ 1,263,704	$ 1,539,127	$ 1,488,910	$ 12,400	$ 322,539	$ 22,867	$ 4,649,547
Accumulated depreciation and impairment	(60,803)	(481,233)	(1,099,260)	(11,911)	(274,930)	-	(1,928,137)
	$ 1,202,901	$ 1,057,894	$ 389,650	$ 489	$ 47,609	$ 22,867	$ 2,721,410
2023							
Jan. 1	$ 1,202,901	$ 1,057,894	$ 389,650	$ 489	$ 47,609	$ 22,867	$ 2,721,410
Addition	-	-	63,636	-	68,473	66,446	198,555
Transferred (Note)	-	-	25,769	-	2,590	(28,534)	(175)
Disposal	-	-	(53)	-	(499)	-	(552)
Depreciation expenses	-	(37,402)	(114,202)	(127)	(29,773)	-	(181,504)
Dec. 31	$ 1,202,901	$ 1,020,492	$ 364,800	$ 362	$ 88,400	$ 60,779	$ 2,737,734
Dec. 31, 2023							
Cost	$ 1,263,704	$ 1,539,127	$ 1,553,433	$ 11,580	$ 392,908	$ 60,779	$ 4,821,531
Accumulated depreciation and impairment	(60,803)	(518,635)	(1,188,633)	(11,218)	(304,508)	-	(2,083,797)
	$ 1,202,901	$ 1,020,492	$ 364,800	$ 362	$ 88,400	$ 60,779	$ 2,737,734

Note: $175 has been transferred for current-term and the pre-paid amount is transferred.

	Land	Houses and buildings	Equipment	Office equipment	Other equipment	Uncompleted construction and prepayments for equipment	Total
Jan. 1, 2022							
Cost	$ 1,263,704	$ 1,539,127	$ 1,386,407	$ 12,758	$ 312,785	$ 46,000	$ 4,560,781
Accumulated depreciation and impairment	(60,803)	(443,746)	(992,239)	(12,678)	(245,630)	-	(1,755,096)
	$ 1,202,901	$ 1,095,381	$ 394,168	$ 80	$ 67,155	$ 46,000	$ 2,805,685
2022							
Jan. 1	$ 1,202,901	$ 1,095,381	$ 394,168	$ 80	$ 67,155	$ 46,000	$ 2,805,685
Addition	-	-	54,976	480	8,791	25,865	90,112
Transferred (Note)	-	-	47,038	-	1,026	(48,998)	(934)
Disposal	-	-	-	-	-	-	-
Depreciation expenses	-	(37,487)	(106,532)	(71)	(29,363)	-	(173,453)
Dec. 31	$ 1,202,901	$ 1,057,894	$ 389,650	$ 489	$ 47,609	$ 22,867	$ 2,721,410
Dec. 31, 2022							
Cost	$ 1,263,704	$ 1,539,127	$ 1,488,910	$ 12,400	$ 322,539	$ 22,867	$ 4,649,547
Accumulated depreciation and impairment	(60,803)	(481,233)	(1,099,260)	(11,911)	(274,930)	-	(1,928,137)
	$ 1,202,901	$ 1,057,894	$ 389,650	$ 489	$ 47,609	$ 22,867	$ 2,721,410

Note: $934 has been transferred for current-term and the pre-paid amount is transferred.

1. The capital amount of the loan cost required for the immovable assets, plant and equipment in 2023 and 2022 is $0.
2. The major compositions of the houses and the buildings owned by this Company include the building, water and electrical refurbishment works, which has been listed for depreciation for 40~50 year duration and 15~20 year duration respectively.
3. Regarding the information in using the immovable asset, plant and equipment as the guarantee, please refer to the description provided in Note 8.

(7) Investment property

	Land	Houses and buildings	Total
January 1, 2023			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	(2,611)	(4,136)	(6,747)
	$ 17,255	$ 4,407	$ 21,662
2023			
Jan. 1	$ 17,255	$ 4,407	$ 21,662
Depreciation expenses	-	(142)	(142)
Reversal of impairment losses	2,611	733	3,344
Dec. 31	$ 19,866	$ 4,998	$ 24,864
Dec. 31, 2023			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	-	(3,545)	(3,545)
	$ 19,866	$ 4,998	$ 24,864

	Land	Houses and buildings	Total
Jan. 1, 2022			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	(2,611)	(3,994)	(6,605)
	$ 17,255	$ 4,549	$ 21,804
2022			
Jan. 1	$ 17,255	$ 4,549	$ 21,804
Depreciation expenses	-	(142)	(142)
Dec. 31	$ 17,255	$ 4,407	$ 21,662
Dec. 31, 2022			
Cost	$ 19,866	$ 8,543	$ 28,409
Accumulated depreciation and impairment	(2,611)	(4,136)	(6,747)
	$ 17,255	$ 4,407	$ 21,662

1. Lease income of the investment properties and direct operating expenses:

	2023	2022
Rent income from investment property	$ 579	$ 577
Direct operating expenses arising from the investment property generating rent income	$ 277	$ 278
Direct operating expenses arising from the investment property not generating rent income	$ -	$ -

2. The fair value of the investment properties owned by this Company in 2023 and until December 31, 2022 is $51,704 and $50,340 respectively, which is the appraisal result rendered by the independent appraisal expert. Such appraisal is executed according to comparative method and income method and the aforesaid value is rated as the Class-3 fair value. For detailed presumption, please refer to the table below.

	Dec. 31, 2023	Dec. 31, 2022
Capitalization rate	1.15%	1.15%

(8) Other non-current assets

	Dec. 31, 2023	Dec. 31, 2022
Prepaid down payments for equipment	$ 6,925	$ 12,557
Prepaid pension	7,760	8,512
Others	2,974	3,221
Overdue receivables	19,849	19,849
Allowance for bad debt – overdue receivables	(19,849)	(19,849)
	$ 17,659	$ 24,290

(9) Short-term borrowings

Nature of loans	Dec. 31, 2023	Interest rate collars	Collateral
Bank borrowings - credit loans	$ 20,000	1.75%	N/A

Nature of loans	Dec. 31, 2022	Interest rate collars	Collateral
Bank borrowings - credit loans	$ 21,497	5.17%	N/A

For the interest expenses recognized in profit and loss for the years 2023 and 2022, please refer to Note 6 (12).

(10) Accounts payable

	Dec. 31, 2023	Dec. 31, 2022
Accounts payable	$ 357,908	$ 155,293
Estimated accounts payable	40,623	102,144
	$ 398,531	$ 257,437

(11) Other payables

	Dec. 31, 2023	Dec. 31, 2022

Salary and bonus payables	$ 100,199	$ 84,594
Consumable and supplies payables	16,600	11,890
Equipment payables	60,697	22,381
Others	98,773	78,741
	$ 276,269	$ 197,606

(12) Long-term borrowings

Nature of loans	Life of loan and repayments	Collateral	Dec. 31, 2023
Long-term bank borrowings			
Secured loan	Repayment by monthly installments until Dec. 2036	Land and plant	$ 682,758
Secured loan	Repayment by monthly installments until September 2033	Land and plant	111,142
Secured loan	Repayment by monthly installments until Dec. 2029	Land and plant	205,902
Secured loan	Repayment by monthly installments until June 2030	Land and plant	353,751
Secured loan	Repayment by monthly installments until May 2025	Land and plant	61,363
Secured loan	Repayment by monthly installments until September 2026	Equipment	110,728
Secured loan	Repayment by monthly installments until November 2026	Equipment	165,315
Credit loan	Repayment by monthly installments until Oct. 2024	N/A	116,557
Credit loan	Repayment by tri-monthly installments until December 2028	N/A	20,000
			1,827,516
Less: Long-term borrowings - current portion			(377,819)
			$ 1,449,697
Interest rate collars			1.23%~1.90%

Nature of loans	Life of loan and repayments	Collateral	Dec. 31, 2022
Long-term bank borrowings			
Secured loan	Repayment by monthly installments until Dec. 2036	Land and plant	$ 729,205
Secured loan	Repayment by monthly installments until September 2033	Land and plant	121,349
Secured loan	Repayment by monthly installments until Dec. 2029	Land and plant	231,640
Secured loan	Repayment by monthly installments until Jan. 2028 (Note 2)	Land and plant	40,000
Secured loan	Repayment by monthly installments until May 2025	Land and plant	101,395
Secured loan	Repayment by monthly installments until April 2025 (Note 2)	Land and plant	189,954
Secured loan	Repayment by monthly installments until September 2026	Equipment	150,482
Secured loan	Repayment by monthly installments until November 2026	Equipment	127,959
Credit loan	Repayment by monthly installments until Oct. 2024	N/A	256,085
Credit loan	Repayment by tri-monthly installments until September 2023 (Note 1)	N/A	7,500

	1,955,569
Less: Long-term borrowings - current portion	(429,235)
	$ 1,526,334
Interest rate collars	1.096%~1.65%

The interest expenses (including short-term borrowings) recognized in profit or loss for the years 2023 and 2022 are NT$32,730 and NT$25,992.

Note 1: The Bank loan KPI. Based on the requirements specified in the Mid-term Loan Allowance Contract, the agreed current ratio, liabilities ratio and the net tangible assets should be maintained in the yearly or the semi-yearly combined financial report of this Company during the credit period.

Note 2: The loan was repaid in full amount in June 2023.

(13) Pension

1.(1) Pursuant to the regulations specified in "Labor Standards Act", the retirement method has been established by this Company in its welfare policy. The method shall be applicable for the service Seniority of all regular employees before the "Enforcement Rules of the Labor Pension Act" being implemented as of July 01, 2005 and the subsequent seniority of the employees continuously applicable for the Labor Standards Act after the implementation of "Enforcement Rules of the Labor Pension Act". If any employee meets the retirement conditions, then the pension will be calculated according to the service seniority and the average salary received 6 months before the retirement. For the seniority within 15 years (including), two base points will be granted for every full year; whereas, one base point will be granted for every full year after 15 years of seniority. However, the cumulative maximum base points shall be up to 45 points at most. On a monthly basis, this Company will allocate 2% of the total salary for using as the pension fund and then it will be deposited in Bank Of Taiwan under the name of Labor Retirement Reserve Fund Supervising Committee. Upon the end of each fiscal year, this Company will calculate the balance remaining in the aforesaid labor retirement reserve fund account. If such balance is not enough to pay the pension amount being calculated for the labor meeting the retirement conditions in the following fiscal year, then this Company shall allocate full amount of difference before the end of March in the following year.

(2) Listed below is the amount being recognized in the Balance Sheet.

	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligation	($ 46,697)	($ 44,376)
Fair value of plan assets	54,457	52,888
Net defined benefit assets	$ 7,760	$ 8,512

(3) Listed below is the fluctuation of the confirmed net welfare liabilities.

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
2023			
Balance as of Jan. 1	($ 44,376)	$ 52,888	$ 8,512
Service costs	(347)	-	(347)
Interest income (expense)	(532)	635	103
	(879)	635	(244)
Remeasurements:			

Return on plan assets (excluding amounts included in interest income or expense)	-	261	261
Experience adjustments	(1,442)	-	(1,442)
	(1,442)	261	(1,181)
Appropriation of pension funds	-	673	673
Balance as of Dec. 31	($ 46,697)	$ 54,457	$ 7,760

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
2022			
Balance as of Jan. 1	($ 44,733)	$ 48,547	$ 3,814
Service costs	(350)	-	(350)
Interest income (expense)	(269)	291	22
	(619)	291	(328)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,678	3,678
Effect of changes in financial assumptions	2,408	-	2,408
Experience adjustments	(1,721)	-	(1,721)
	687	3,678	4,365
Appropriation of pension funds	-	661	661
Pension paid	289	(289)	-
Balance as of Dec. 31	($ 44,376)	$ 52,888	$ 8,512

(4) The fund asset of the Company's defined benefit pension plan ("the Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. Relevant utilization of funds is supervised by the Labor Pension Fund Supervisory Committee. When operating such fund, the minimum income available for distribution according to the annual account settlement shall not be less than that calculated by the 2-year time deposit interest employed by the local bank. If a shortage exists, then it will be supplemented by the national treasury fund after being approved by the competent authority. Because this Company is not entitled to engage in the operation and management of such fund, we are not in the position of disclosing the category of fair value planned for the asset that is specified in sub-section 142 under No. 19 of International Accounting Criteria. The fair value of the total assets constituting such fund is established in 2023 and on December 31,

2022. For details, please refer to the annual labor retirement fund implementation report announced by the government.

(5) Summarized below is the actuarial assumption for the retirement fund:

	2023	2022
Discount rate	1.20%	1.20%
Future salary increase rate	2.75%	2.75%

The assumptions about the future mortality rate are based on the sixth experience life table for Taiwan.

The analysis of the present value of the defined benefit obligations affected by changes in the main actuarial assumptions used is as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Dec. 31, 2023				
Effect on present value of defined benefit obligation	($ 919)	$ 949	$ 834	($ 814)

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Dec. 31, 2022				
Effect on present value of defined benefit obligation	($ 946)	$ 979	$ 867	($ 844)

The aforesaid sensitivity analysis is conducted to analyze the influence of single assumption change under the condition that other assumptions will remain unchanged. In practice, the changes of many assumption may have interacted with each other. The sensitivity analysis is the same as the method used for calculating the net retirement liability specified in the Balance Sheet.
The method selected for designing the sensitivity analysis in the current term is the same at that in the previous term.

(6) The amount allocated by this Company for the retirement plan that will be paid in 2024 is $703 in total.

(7) Until December 31, 2023, the weighted average existence period of such retirement plan is set at 9 years. Analyzed below is the due date for paying the retirement fund:

Within 1 year	$	9,061
1 - 2 years		1,363
2 - 5 years		6,974
Over 5 years		14,121
	$	31,519

2.(1) Starting from July 01, 2005, the retirement method that is allocated according to "Enforcement Rules of the Labor Pension Act" will be applied to local employees. In the aspect of the labor pension system specified in "Enforcement Rules of the Labor Pension Act" as being selected by the employees of this Company and local subsidiaries, 6% of labor pension fund will be withdrawn from the salary in each month for depositing in the employee's personal account being maintained at Bureau of Labor Insurance. Based on the individual pension account of the employee and the amount of cumulative income, the employee pension will be paid monthly or by one full amount each withdrawing method.

(2) In 2023 and 2022, the pension cost recognized by this Company according to the aforesaid pension method is $14,261 and $12,955 respectively.

(14) Share-based payment

1. Provided below is the share-based payment agreement executed by this Company in 2023 and 2022:

Type of agreement	Grant date	Quantity granted	Contract period	Vesting conditions
5th employee share option plan	2019.12.13	3,560 thousand shares	6 years	50% after 2 years 75% after 3 years 100% after 4 years
6th employee share option plan	2022.10.21	2,412 thousand shares	6 years	50% after 2 years 75% after 3 years 100% after 4 years

The said share-based payment arrangements are settled in equity.

2. Provided below is the detailed information about the "5th Employee Equity Option Program":

(1) Detailed information of the. 5th employee share option plan for the years 2023 and 2022:

	2023		2022	
	Number of warrants	Weighted average exercise price (NT$)	Number of warrants	Weighted average exercise price (NT$)
Outstanding stock options as at January 1	2,752	$87.4	2,942	87.4
Confiscated in current period	(102)	87.4	(190)	87.4
Stock options exercised in the current period	(1,359)	87.4	-	-
Outstanding stock options as at December 31	1,291	87.4	2,752	87.4
Exercisable stock options as at December 31	1,291	87.4	2,064	87.4

(2) The weighted average share price of the options exercised in 2023 was NT$99.43 on the date of exercise.

(3) Provided below is the expiry date of the option for the stocks that are circulated in the market on the Balance Sheet day:

Dec. 31, 2023

Issue date	Expiry date	Quantity (thousand shares)	Exercise price(NT$)
Dec. 13, 2019	Dec. 13, 2025	1,291	$ 87.4

Dec. 31, 2022

Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Dec. 13, 2019	Dec. 13, 2025	2,752	$ 87.4

(4) Provided below is the fair value of the stock option estimated according to the "Stock Option Assessment Mode for Stock-based Payment Transaction" issued by this Company:

Type of agreement	Grant date	Share price	Exercise price	Expected volatility	Expected subscription period	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share option plan	2019.12.13	91.4	91.4	31.90%~34.04% (Note)	4 - 5 years	-	0.56%~0.59%	$23.65~$28.04

Note: Estimated volatility refers to the fluctuation amplitude of the stock price within certain period in the future. The latest duration equivalent to the existence period estimated for such option is selected as the sample.

(5) On March 13, 2020, this Group adjusted the contract performance price of the employee option certificate that has been distributed on December 13, 2019 according to the regulations specified in "Employee Option Subscription Method" by which, the price is reduced from $91.4 to $87.4 per share. However, the aforesaid adjustment did not produce higher fair value.

3. Provided below is the detailed information of the "6th Employee Equity Option Program":

(1) Provided below is the detailed information of the "6th Employee Stock Option Plan" for 2023 and 2022:

	2023		2022	
	Number of warrants	Weighted average exercise price (NT$)	Number of warrants	Weighted average exercise price (NT$)
Outstanding stock options as at January 1	2,374	$ 58.3	-	$ -

Granted	-	-	2,412	58.3
Confiscated in current period	(187)	58.3	(38)	58.3
Outstanding stock options as at December 31	2,187	57.6	2,374	58.3
Exercisable stock options as at December 31	-	-	-	-

(2) Provided below is the expiry date of the option for the stocks that are circulated in the market on the Balance Sheet day:

Dec. 31, 2023

Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Oct. 21, 2022	Oct. 21, 2028	2,187	$ 57.6

Dec. 31, 2022

Issue date	Expiry date	Quantity (thousand shares)	Exercise price (NT$)
Oct. 21, 2022	Oct. 21, 2028	2,374	$ 58.3

(3) Provided below is the fair value of the stock option estimated according to the "Stock Option Assessment Mode for Stock-based Payment Transaction" issued by this Company:

Type of agreement	Grant date	Share price	Exercise price	Expected volatility	Expected subscription period	Expected dividends	Risk-free interest rate	Fair value per unit
Employee share option plan	2022.10.21	58.3	58.3	36.39%~37.84% (Note)	4 - 5 years	-	1.58%~1.63%	$18.50~$21.10

Note: Estimated volatility refers to the fluctuation amplitude of the stock price within certain period in the future. The latest duration equivalent to the existence period estimated for such option is selected as the sample.

(4) On March 7, 2023, the Group adjusted the exercise price of employee stock warrants on October 21, 2022 from NT$58.3 to NT$57.6 in accordance with the Regulations Governing Employee Stock Options, and the amendment did not generate incremental fair value.

4. Described below is the expenses resulting from the share-based payment:

	2023	2022
Equity-settled	$ 19,950	$ 12,895

(15) Capital stock

Until December 31, 2023, the rated capital of this Company amounted to $5,800,000 which is divided into 580,000 thousand shares (including 3,560,000 shares allowed for the employee to subscribe with the option certificate). The capital paid-in is $540,062 and the face value per share is set at $10. By now, we have duly collected the capital required for the distributed shares.

(16) Capital surplus

It has been specified in Company Act that when dealing with the surplus obtained from stock distribution that has exceeded the face value and the Additional Paid-in Capital received from the donation, apart from using in making up the loss, the company will be allowed to distribute new shares or cash according to the percentage of the shares owned by the shareholder if there isn't any cumulative loss. Based on the regulations of "Securities & Exchange Act", where the capital is allocated from the aforesaid Additional Paid-in Capital, the summated amount per year shall not be over 10% of the paid-in capital. Unless shortage still exists after making up the capital loss with the surplus reserve, it shall not be supplemented with the Additional Paid-in Capital.

(17) Reserved surplus

1. If the annual general final accounts reveal that profits are earned, then this Company shall allocate the due income tax and remedy the yearly loss first and then allocate 10% for using as the statutory surplus reserve; except where the statutory surplus reserve has reached the total capital amount of the company. As a next step, the company will allocate or revolve special surplus reserve pursuant to the regulations imposed by the law or the competent authority. If reserve still remains, then its balance will be added with the cumulative undistributed surplus for the Board of Directors to conclude the distribution. If the reserve is issued by distributing new shares, then this Company shall submit the case to the Shareholder's Meeting for determining the distribution method. If the reserve is issued to distributing the cash, then the Board of Director will be authorized, pursuant to the regulations specified in Item 5 under Article 240 of Company Act, to distribute according to the resolutions that have been agreed by over two-thirds of the presented directors and over half of the presented directors. After that, the aforesaid distribution will be reported to the shareholder's meeting.
2. Except for using the statutory surplus reserve in making up the company's loss and distributing new shares or cash according to the percentage of the original shares owned by the shareholders, it cannot be used in any other purposes. When used for distributing new shares or cash, such surplus shall not exceed 25% of the paid-in capital.
3. When distributing the surplus, this Company shall withdraw special surplus reserve from the debit balance of other equity item for distribution, as indicated in the Balance Sheet of that year according to the law. When executing the debit reverse for other equity items later on, the reversing amount can be included in the surplus that will be distributed.
4. The dividend being recognized for distributing to the owner is $53,700 (NT$1.02 per share) and $0 in 2023 and 2022 respectively. On February 23, 2024, it has been resolved by the Board of Directors that $2.5 will be withdrawn from the surplus of 2023 for using as the dividend for each common stock. Summing up, the dividend is amounted to $135,035 in total.

(18) Operating revenue

	2023	2022
Revenue from contracts with customers	$ 2,732,173	$ 1,967,894

1. The finished product being transferred from the income of this Company at the specified time point.
2. Contract liabilities

(1) Described below is the contract liabilities relating to the customer's contract income, as being recognized by this Group:

	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Contract liabilities – advance from customers	$ 18,045	$ 17,822	$ 1,182

(2) Revenue recognized from contract liabilities at the beginning of the period

	2023	2022
Opening balance of contract liabilities		
Revenue recognized in current period	$ 9,803	$ 556

(19) Other gains and losses

	2023	2022

	2023	2022
Gains on financial assets measured at fair value through profit or loss, net	$ 1,189	$ 374
Foreign currency exchange gain (loss), net	(7,114)	22,346
Gains on disposal of property, plant and equipment	923	-
Reversal gain of impairment loss on investment property	3,344	-
Miscellaneous expenses	-	(1,192)
Grant income (Note)	35,515	46,593
Miscellaneous income	7,806	1,970
Total	$ 41,663	$ 70,091

Note: By exercising the subsidiary method enforced by Ministry of Economic Affairs (MOEA), we have acquired the government subsidies for our operating expenses and operating fund.

(20) Financial costs

	2023	2022
Interest expenses		
Bank borrowings	$ 32,730	$ 25,992

(21) Additional information of nature of expenses

	2023	2022
Employee welfare expenses	$ 558,743	$ 457,758
Depreciation of property, plant and equipment and investment property	$ 181,646	$ 173,595
Depreciation of right-of-use assets	$ 521	$ 604
Amortization of intangible assets	$ 6,019	$ 6,771

(22) Employee welfare expenses

	2023	2022
Salaries and wages	$ 472,696	$ 397,961
Labor insurance and national health insurance	38,308	32,551
Pension	14,505	13,283
Other personnel cost	33,234	13,963
	$ 558,743	$ 457,758

1. Pursuant to the Company’s Articles of Incorporation, the Company shall set aside no less than 1% and no more than 10% as remuneration to employees and no more than 2% as remuneration to Directors from the net profit before tax minus the amount of distributed employee and director remuneration. However, profits must first be taken to offset against cumulative losses if any.
2. In 2023 and 2022, the amount allocated for the employee remunerations is $4,000 and $2,500 respectively; whereas, the amount allocated for the director remunerations is $3,600 and $2,500 respectively. The aforesaid amount shall be listed as the salary fee account.

In 2023, the remuneration is allocated according to the profit-earning status of that year and it has been estimated at 1.09% and 0.98%, respectively. Based on the resolution reached in the Board of Directors, the amount of remunerations actually distributed to the employees and the directors is $4,000 and $2,179 respectively and they are distribution in cash.

The remuneration to employees of $2,500 and remuneration to directors of $1,610 for 2022 and the differences of remuneration to employees of $2,500 and remuneration to directors of $2,500 recognized in the 2022 financial report are $0 and $890, respectively, and have been adjusted in profit or loss for 2023.

For detailed remunerations due to employees and directors as being resolved by the Board of Directors, please refer to the Public Information Observatory.

(23) Income tax

1. Income tax profit

(1) Compositions of income tax profit:

	2023		2022	
Income tax:				
Income tax incurred in current period	$	52,395	$	19,331
Prior year income tax overestimation		-	(	21,629)
Total income tax in current period	$	52,395	($	2,298)
Deferred income tax:				
Initial recognition and reversal of temporary differences		434	(	2,623)
Total deferred income tax		434	(	2,623)
Income tax expense (income)	$	52,829	($	4,921)

(2) Amount of income tax relating to other comprehensive gains and losses: None

(3) Amount of income tax relating to the borrowed or loaned equity: None

2. Relationship between income tax profit and accounting profit

	2023		2022	
Income tax of net gain before tax based on the statutory tax rate	$	72,086	$	29,011
Expenses to be removed in accordance with the tax law		355		-
Changes in temporary differences not recognized in deferred tax assets	(	10,531)		2,939
Unrecognized taxation losses in prior years	(	1,915)	(	15,242)
Income tax effect on investment tax credit	(	8,286)		-
Changes in realizability assessment about deferred income tax assets		1,120		-
Prior year income tax overestimation		-	(	21,629)
Income tax expense (income)	$	52,829	($	4,921)

3. Provided below is the amount of the deferred tax income tax related assets or liabilities incurred by the temporary variations and taxation loss:

2023

	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Dec. 31
Temporary differences:					
- Deferred income tax assets:					

Unrealized exchange losses	$ -	$ 2,249			$ 2,249
Others	9,332	(140)	-	-	9,192
Subtotal	$ 9,332	$ 2,109	$ -	$ -	$ 11,441
- Deferred income tax liabilities:					
Pension	($ 563)	$ 150	$ -	$ -	($ 413)
Gains on investment under equity-method	-	(2,988)	-	-	(2,988)
Others	(2,464)	295	-	-	(2,169)
Subtotal	($ 3,027)	($ 2,543)	$ -	$ -	($ 5,570)
Total	$ 6,305	($ 434)	$ -	$ -	$ 5,871

2022

	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Dec. 31
Temporary differences:					
- Deferred income tax assets:					
Others	$ 5,483	$ 3,849	$ -	$ -	$ 9,332
Subtotal	$ 5,483	$ 3,849	$ -	$ -	$ 9,332
- Deferred income tax liabilities:					
Pension	($ 496)	($ 67)	$ -	$ -	($ 563)
Others	(1,305)	(1,159)	-	-	(2,464)
Subtotal	($ 1,801)	($ 1,226)	$ -	$ -	($ 3,027)
Total	$ 3,682	$ 2,623	$ -	$ -	$ 6,305

4. Deductible temporary differences of unrecognized deferred income tax assets

	Dec. 31, 2023	Dec. 31, 2022
Deductible temporary difference	$ 177,782	$ 230,438

5. The income tax of this Company for the profit-earning business is calculated up to the end of 2021, as being approved by the competent taxation authority.

(24) Profit per share

2023

	After tax amount	Weighted average number of shares outstanding (in thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net income of the Company	$ 307,603	53,280	$ 5.77

Diluted earnings per share			
Employee share option	-	995	
Employee remuneration	-	47	
Net income attributable to common shareholders considering assumed conversion of dilutive potential common shares	$ 307,603	54,322	$ 5.66

2022	After tax amount	Weighted average number of shares outstanding (in thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net income of the Company	$ 149,975	52,647	$ 2.85
Diluted earnings per share			
Employee remuneration	-	35	
Net income attributable to common shareholders considering assumed conversion of dilutive potential common shares	$ 149,975	52,682	$ 2.85

(25) Supplementary information of cash flow

Investment activity with partial cash paid

	2023	2022
Acquisition of property, plant and equipment	$ 198,555	$ 90,112
Add: Beginning equipment payables	22,381	19,580
Less: Ending equipment payables	(60,697)	(22,381)
Cash paid in the period	$ 160,239	$ 87,311

(26) Change of liabilities incurred by the fund-raising activity

2023	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
Jan. 1	$ 21,497	$ 1,955,569	$ 122	$ 1,977,188
Changes in cash flows from financing activities	(1,497)	(128,053)	(122)	(129,672)
Dec. 31	$ 20,000	$ 1,827,516	$ -	$ 1,847,516

2022	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities

Jan. 1	$ 13,840	$ 2,099,112	$ 351	$ 2,113,303
Changes in cash flows from financing activities	7,657	(143,543)	(229)	(136,115)
Dec. 31	$ 21,497	$ 1,955,569	$ 122	$ 1,977,188

7. Transaction with the stakeholder

(1) Parent company and the final controller

This Company is controlled by Getac Group (established and registered in the Republic of China), which owns 38.12% of shares of this Company. The rest of the 61.88% shares are owned by the public. The parent company, final parent company and final controller is Getac Holdings Corp.

(2) Name of stakeholder and relationship

Names of related parties	Relationship with the Group
Getac Holdings Corp.	Parent company
NAFCO Suzhou Precision	Subsidiary
CYPRESS SKY INVESTMENT LTD	Subsidiary
MY NAFCO PRECISION SDN.BHD.	Subsidiary
Waffer Technology Corp.	Other related parties
Waffer Technology (Maanshan) Ltd.	Other related parties
Waffer Technology (Kunshan) Ltd.	Other related parties
Atemitech Corp.	Other related parties
Mitac Precision Technology (KunShan) Co., Ltd.	Other related parties
Suzhou Mitac Precision Technology Co., Ltd.	Other related parties
MiTAC Computer (Kunshan) Co., Ltd.	Other related parties
Lien Hwa Property Development Corporation	Other related parties
Getac Technology (Kunshan) Co., Ltd.	Other related parties

(3) Significant transactions with related parties

1. Sales of product and labor:

	2023	2022
Sales of goods		
Affiliated company		
- Subsidiary	$ 106,135	$ 39,527
- Other related parties	583	1,688
	106,718	41,215
Sales of labor services:		
- Subsidiary	3,838	3,335
Total	$ 110,556	$ 44,550

The aforesaid sales conditions are established according to general sales conditions and the account receivable shall be collected within 3 months after completing the sales.

2. Purchase of products and services

	2023	2022
Purchase of goods		
- Subsidiary	$ 230,219	$ 178,571
- Other related parties	178	238
Grand Total	$ 230,397	$ 178,809
Purchase of services		
- Subsidiary	$ 8,667	$ 10,281
- Other related parties	23	546
Grand Total	$ 8,690	$ 10,827

The aforesaid transactions are executed according to general purchase conditions and the payment will be settled within 3 months after completing the transaction.

3. The end-term balance of the products and the services being sold.

	Dec. 31, 2023	Dec. 31, 2022
Receivables from related parties		
- Subsidiary	$ 20,191	$ 9,638
- Other related parties	-	1,671
Subtotal	20,191	11,309
Other receivables from related parties		
- Subsidiary	1,919	1,167
- Other related parties	-	38
Subtotal	1,919	1,205
Grand Total	$ 22,110	$ 12,514

The account receivable due from the shareholder is mainly from the sales transaction for which, the payment of such sales shall be due 3 months after the sales day. There isn't any mortgage and interest for the accounts receivable. There isn't the liabilities reserve in the accounts receivable due from the stakeholder.

4. End-term balance of the purchased merchandise and service

	Dec. 31, 2023	Dec. 31, 2022
Payables to related parties		
- Subsidiary	$ 59,566	$ 76,221
Other payables to related parties		
- Subsidiary	381	1,652
Grand Total	$ 59,947	$ 77,873

The accounts receivable due from the stakeholder is mainly from the sales and the property purchase transactions and it will be due 3 months after the transaction day. There isn't any interest for such account payable.

5. Property transaction

(1) Acquisition of property, plant and equipment

2023	2022

Acquisition of equipment		
- Subsidiary	$ -	$ 16,086

(2) Disposition of immovable asset, plant and equipment.

	2023		2022	
	Proceeds from disposal	Gains (losses) on disposal	Proceeds from disposal	Gains (losses) on disposal
Sale of other equipment:				
Subsidiary	$ 1,454	$ 955	$ -	$ -

6. Loaning capital to the stakeholder

(1) Account receivable due from the stakeholder

	Dec. 31, 2023	Dec. 31, 2022
Subsidiary	$ 107,468	$ 107,485

(2) Interest income

	2023	2022
Subsidiary	$ 2,745	$ 1,728

The capital loaning condition for the subsidiary is that they should pay back the loan within 1 year after the loaning. In 2023 and 2022, the interest is collected according to 2.50% of yearly interest rate.

Endorsement rendered by the stakeholder.

	Dec. 31, 2023	Dec. 31, 2022
Subsidiary	$ 27,635	$ 170,441

(4) Information of salary of primary management level

	2023	2022
Salary and other short-term employees' benefits	$ 22,626	$ 17,880
Share-based payment	2,059	962
	$ 24,685	$ 18,842

8. Pledged assets

Assets pledged as collateral by the Company are enumerated as follows:

	Book value		
Assets	Dec. 31, 2023	Dec. 31, 2022	Purpose
Other non-current assets	$ 1,000	$ 1,000	Customs duty
Property, plant and equipment			
Land	1,202,901	1,202,901	Long-term borrowings
Houses and buildings	1,008,391	1,043,294	"
Equipment	267,270	246,185	"

Other equipment	30,300	29,559	"

9. Significant commitments and contingencies

(1) Contingencies

None.

(2) Commitment

1. Until 2023 and December 31, 2022, the total construction and equipment purchase contract amount that has been signed but has not been completed is $137,414 and $83,288 respectively in which, the amount not being settled is $69,443 and $66,053 respectively.
2. Until December 31, 2023, the Performance Bond offered by this Company to “Joint Guidance Foundation for Medium and Smaller Sized Business in Taiwan- a legal entity” is a sum of $33,329.

10. Significant Disaster Loss

None.

11. Significant Events after the End of the Financial Reporting Period

On January 26, 2024, the Company's Board of Directors resolved to increase the capital of the subsidiary in Malaysia, MY NAFCO PRECISION SDN.BHD., to US$5,000,000 indirectly through the overseas subsidiary in order to meet the Company's future business needs. The cumulative investment amount is US$10,000,000.

12. Others

(1) Capital management

The goal of the capital management established by this Company is to ensure the continuous operation of the company and maintain the optimal capital structure in order to reduce the capital cost while offering remunerations to the shareholders. To maintain or adjust the capital structure, this Company may adjust the amount of dividend that should be paid to the shareholders, return the capital to the shareholders, distribute new shares or sell the assets in order to reduce the debt. This Company monitors its capital according to the liabilities-capital ratio. Such ratio is calculated by dividing the total capital with the net debt. The net debt is calculated by deducting the cash and equivalent cash from the “current and non-current loan” listed in the “Individual Balance Sheet”. The total capital is calculated by adding the net debt onto the “equity” listed in the “Individual Balance Sheet”.

The strategies planned by this Group for 2023 will be the same as that of 2022 in which, the liabilities capital ratio will be maintained at around 60%. Provided below is the liabilities capital ratio of this Company in 2023 and until December 31, 2022.

	Dec. 31, 2023	Dec. 31, 2022
Total borrowings	$ 1,847,516	$ 1,977,066
Less: Cash and cash equivalents	(100,706)	(131,573)
Net debt	1,746,810	1,845,493
Total equity	2,330,291	1,947,259
Total capital	$ 4,077,101	$ 3,792,752
Debt-to-capital ratio	43%	49%

(2) Financial instrument

1. Type of financial instrument

	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Derivatives financial assets mandatorily measured at fair value through profit or loss	$ 2,447	$ 2,452
Financial assets / lending and receivables measured at amortized cost		
Cash and Cash Equivalents	$ 100,706	$ 131,573
Notes receivable	-	169
Accounts receivable (incl. related parties)	608,509	504,560
Other receivables (incl. related parties)	114,995	114,412
Other non-current assets - refundable deposits	1,974	2,221
Other non-current assets	1,000	1,000
	$ 827,184	$ 753,935
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	$ -	$ 1,194
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 20,000	$ 21,497
Accounts payable (incl. related parties)	458,097	333,658
Other payables (incl. related parties)	276,650	199,258
Long-term borrowings (incl. current portion)	1,827,516	1,955,569
Other non-current liabilities - deposits received	100	100
	$ 2,582,363	$ 2,510,082
Lease liabilities	$ -	$ 122

2. Risk management strategies

(1) The daily operation of this Group will be affected by a number of financial risks, including the market risks (like foreign exchange risks, interest risks and price risks), credit risks and liquidity risks. To reduce the adverse impact that will be imposed by the uncertainty to the financial performance, the forward exchange contract is undertaken by this Company to evade the foreign exchange risks. The derivatives undertaken by this Company is for evading the risks and they will not be used in the transactions or the opportune businesses.

(2) In this Group, the risk management works will be executed by Financial Department according to the policy approved by the Board of Directors. By cooperating with the operation unit of this Group, the Financial Department will be able to identify, assess and evade the financial risks.

3. Nature and level of major financial risks

(1) Market risks

Foreign exchange risks

A. Because this Group is engaging in cross-country operation business, we will be affected by the foreign exchange risks, mainly the US Dollar, that might be produced by the transaction of different currencies. In nature, the foreign exchange risks are mainly from the future commercial transactions, the recognized assets and liabilities.

B. The Top Management has developed the policy to specify foreign exchange risks of the functional currency that should be managed by each company of this Group. Each company of this Group will evade overall foreign exchange risks through cooperating with the Financial Department of this Group. Foreign exchange risks are measured according to the transactions expected for the highly probable USD and RMB expenditures. In the meantime, we also used the forward exchange contract to reduce the impact of exchange rate fluctuation to the estimated inventory purchase cost.

C. This Company evades foreign exchange risks through the forward foreign exchange transaction method. However, this method is not suitable for the hedge accounting and the registered financial assets or liabilities that are measured with the fair value method according to the profits and losses.

D. At current stage, this Group is investing in a number of foreign operating institutions. Therefore, its net assets will be exposed to the foreign currency translation related risks.

E. Because a number of non-functional currencies (the functional currency used by this Company is NT Dollar) are involved in the businesses operated by this Group, we will be affected by the fluctuation of foreign exchange rate. Provided below is the information about the foreign currency-based assets and liabilities that will be normally affected by the fluctuation of foreign exchange:

	Dec. 31, 2023		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 24,715	30.71	$ 758,998
EUR : NTD	52	33.98	1,767
Non-monetary items			
RMB : NTD	$ 88,082	4.34	$ 381,852
Ringgit: New Taiwan Dollar	2,176	6.67	14,512
Financial liabilities			
Monetary items			
USD : NTD	$ 11,462	30.71	$ 351,998

	Dec. 31, 2022		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 20,358	30.71	$ 625,194
EUR : NTD	274	32.72	8,965
Non-monetary items			
RMB : NTD	$ 70,602	4.41	$ 311,317
Financial liabilities			
Monetary items			

USD : NTD	$ 8,716	30.71	$ 267,668

F. Described below are the unrealized exchange gains and losses of the currency items operated by this Group that will be normally affected by the fluctuation of foreign exchange rate:

	2023		
	Exchange gain or loss		
	Foreign currency (thousands)	Exchange rate	Carrying amount
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ -	30.71	($ 23,900)
EUR : NTD	-	33.98	4
Financial liabilities			
Monetary items			
USD : NTD	$ -	30.71	$ 9,839

	2022		
	Exchange gain or loss		
	Foreign currency (thousands)	Exchange rate	Carrying amount
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ -	30.71	($ 3,965)
EUR : NTD	-	32.72	163
Financial liabilities			
Monetary items			
USD : NTD	$ -	30.71	$ 2,967

G. The analysis of foreign currency market risks of the Company due to significant exchange rate fluctuations:

	2023			
	Sensitivity analysis			
	Range of change	Profit or loss generated	Other comprehensive income generated	
(Foreign currency : functional currency)				
Financial assets				
Monetary items				
USD : NTD	3%	22,770	$	-
EUR : NTD	3%	53		-
Non-monetary items				
RMB : NTD	3%	-	$	11,456
Ringgit: New Taiwan Dollar	3%	-		435
Financial liabilities				
Monetary items				
USD : NTD	3%	10,560	$	-

	2022			
	Sensitivity analysis			
	Range of change	Profit or loss generated	Other comprehensive income generated	
(Foreign currency : functional currency)				
Financial assets				
Monetary items				
USD : NTD	3%	18,756	$	-
EUR : NTD	3%	269		-
Non-monetary items				
RMB : NTD	3%	-	$	9,340
Financial liabilities				
Monetary items				
USD : NTD	3%	8,030	$	-

Price risk

Because major financial assets relating to the equity instrument are not included in the Combined Balance Sheet showing the investment of this Group, major price risks will not be encountered by this Group.

Cash flow and fair value related interest risks

A. Interest risks encountered by this Group are mainly from the long-term loan being issued according to the floating rate that has exposed the company to the cash flow interest related risks. In 2023 and 2022, the loans borrowed by this Company are mainly priced by NTD and USD according to the floating interest rate.

B. The loans borrowed by this Company are measured according to the cost after the amortization for which, the loan is reset according to the yearly interest rate specified in the contract. Due to this reason, this Group might be exposed to the interest rate fluctuation related risks in the future market.

C. When the yearly loan interest rate climbs or declines by 0.25% and when the rest of other factors remain unchanged, the after-tax net profit of 2023 and 2022 will increase or decrease for $3,695 and $3,954 respectively. It is mainly because of the change of the interest fees along with the fluctuation of the floating loan interest rate.

(2) Credit risks

A. In this Group, credit risks refer to the financial loss that will be incurred when the customer or the counterparty of the financial instrument becomes unable to fulfill the contract obligations. It is mainly caused by the failure of the counterparty in settling the account receivable that should be paid according to the payment terms.

B. The credit risk management is established by this Company according to the company's viewpoint. The acceptable transaction target will be the banks and the banking firms that are rated with minimum "Class-A" in terms of the independent assessment class. Based on the express internal credit policy, we will carry out the management and the credit risk analysis for each operation individuals in this Company and each new customer before setting up the payment and the delivery related clauses and conditions. The internal risk control is executed according to the financial status, previous experience and other factors in order to assess the credit quality of the customer. The limitation of the individual risks is established by the Board of Directors according to the internal or external assessment. Further, the utilization of the credit allowance will be monitored regularly.

C. When the amount specified in the payment clause of the contract is overdue for over 90 days, we will regard it as a breaching action according to the credit risk management principles. When the debt investment instrument exchanged with the bank and the banking firm is not paid according to the agreed payment terms, it will be regarded as a breaching action.

D. Provided below are the indicators used by this Company to determine whether the debt instrument investment belongs to the credit impairment.

(A) Where the distribution company suffers from major financial difficulty, or may enter the bankruptcy, or may subject to higher possibility of other financial reconstruction.

(B) Where the active market of the financial asset is disappeared due to the financial difficulty of the distribution company.

E. Based on the characteristics of the customer assessment, this Company divides the customer's account receivables into several groups and the simplified approaches are employed to estimate the credit loss according to the loss factor method.

F. After undergoing the recourse procedure, this Company will write off the amount of the financial asset that cannot be reasonably recovered.

G. The Company uses the forecastability report released by Taiwan Institute of Economic Research to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the loss rate methodology is as follows:

December 31, 2023	Current	Past due within 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due over 90 days	Total
Expected loss rate	0%-0.5%	3%-20%	18%~30%	50%-73%	100%	
Total book value	$ 568,258	$ 42,165	$ 2,187	$ -	$ 1,828	$ 614,438
Allowance for losses	$ -	$ 3,445	$ 656	$ -	$ 1,828	$ 5,929

Dec. 31, 2022	Current	Past due within 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due over 90 days	Total
Expected loss rate	0%	2%-20%	11%~30%	34%-50%	77%-100%	
Total book value	$ 475,723	$ 26,408	$ 6,192	$ 279	$ 306	$ 508,908
Allowance for losses	$ -	$ 1,875	$ 1,858	$ 140	$ 306	$ 4,179

E. Changes in loss allowance for accounts receivable using the simplified approach:

	2023	
	Accounts receivable	Notes receivable
Jan. 1	$ 4,179	$ -
Provision for impairment loss	1,750	-
Dec. 31	$ 5,929	$ -

	2022	
	Accounts receivable	Notes receivable
Jan. 1	$ 5,206	$ -
Reversal of impairment losses	(1,027)	-
Dec. 31	$ 4,179	$ -

(3) Liquidity risk

A. In this Company, the Financial Department is responsible for estimating the current capital required by the company to ensure that sufficient funds will be provided to support the business operation. In the meantime, its purpose is to maintain a sufficient amount of undisbursed loan commitment so as to prevent the company from breaching the restricted loan allowance or clauses. Therefore, major liquidity risks will not occur because such estimation is conducted by considering about the company's debt financing plan, following the debt clauses and meeting the financial ratio target specified in the internal balance sheet.

B. The loan borrowed by this Company is the debt calculated by the floating interest rate. As such, the fluctuation of the market interest rate will lead to the change of the effective interest rate established for the loan that the future cash flow will be fluctuation as well. When the market interest rate rises for 1%, it will result in the increase of $18,475 in the company's cash out-flow each year.

C. Listed in the table below are the non-derivative financial liabilities of this Company and the derivative financial liabilities being settled according to net amount or total amount and they are grouped according to the expiry date. The non-derivative financial liabilities are analyzed within the remaining time ranged from the Balance Sheet date to the contract expiry day. The derivative financial liabilities are analyzed within the remaining time ranged from the Balance Sheet date to the estimated due date. The amount of contract cash flow disclosed in the table below is the undiscounted sum.

December 31, 2023	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term borrowings	$ 20,000	$ -	$ -	$ -	$ -
Accounts payable (incl. related parties)	446,637	11,460	-	-	-
Other payables (including related parties)	248,309	28,341	-	-	-
Long-term borrowings (incl. current portion)	107,293	297,058	276,812	599,967	663,367

Dec. 31, 2022	Less than 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term borrowings	$ 21,497	$ -	$ -	$ -	$ -
Accounts payable (incl. related parties)	320,803	12,855	-	-	-
Other payables (including related parties)	169,348	29,910	-	-	-

Lease liabilities	58	64	-	-	-
Long-term borrowings (incl. current portion)	106,698	346,322	672,524	393,193	555,270
Derivative financial liabilities:					
Forward exchange contract	1,194	-	-	-	-

(3) Information of fair value

1. Defined below is the grade used for assessing the fair value of the measured financial and non-financial instruments:

   Grade-1: The price offered (not adjusted) in the active market for acquiring the same assets or liabilities by the company on the measurement day. The active market refers to the scenario where the transaction of assets or liabilities is conducted in sufficient frequency and quantity in order to provide fixed price on continuous basis.

   Grade-2: Direct or indirect observable input value of assets or liabilities.

   Grade-3: Unobservable input value of assets or liabilities. It covers the investment properties invested by this Company.

2. For detailed information of the investment immovable asset related fair that is measured according to the cost, please refer to Note 6(7).

3. Financial instrument not measured by fair value

   The book value of the cash equivalents, notes receivable, accounts receivable, other receivables, long-term/short-term loans, notes payable, accounts payable and other payables is calculated according to reasonable approximative value of the fair value.

4. The financial and the non-financial instruments are measured according to the fair value. Provided below is the information of basic categorization provided by this Group according to the nature and characteristics of assets and liabilities as well as the risks and grade of fair price:

   (1) The categorization is conducted by this Company according to the nature of assets and liabilities. Provided below is relevant information:

December 31, 2023	Level I	Level II	Level III	Total
Assets				
Recurring fair value				
Derivatives	$ -	$ 2,447	$ -	$ 2,447

Dec. 31, 2022	Level I	Level II	Level III	Total
Assets				
Recurring fair value				
Derivatives	$ -	$ 2,452	$ -	$ 2,452
Liabilities				
Recurring fair value				
Derivatives	$ -	$ 1,194	$ -	$ 1,194

   (2) Described below are the method and the assumptions used by this Company to measure the fair value.

   A. The derivative financial instrument is assessed according to the assessment model accepted by the market users such as discount method and option pricing model. The forward foreign exchange contract is assessed according to the prevailing forward exchange rate.

   B. The credit risk assessment is adjusted by this Company so that it will be incorporated in the fair value calculation for financial instrument and non-financial instrument in order to reflect the credit risks of the transaction opponent and the credit quality of this Company.

5. There isn't any transfer between Grade-1 and Grade-2 in 2023 and 2022.
6. The Grade-3 roll-in and roll-out transaction is not executed in 2023 and 2022.

13. Supplementary Disclosures

(1) Information relating to major transactions

1. Borrowing the fund to others: Please refer to the attached Table 1.
2. Endorsement for others: Please refer to the attached Table 2.
3. End-term marketable stock holding status (excluding the investment in the subsidiary, correlated enterprise and joint venture control fund): Please refer to the attached Table 3.
4. The amount of cumulative purchase or sales of the same marketable stock is up to NT$300 million or over 20% of the paid-in capital: None
5. The amount of the acquired immovable assets is up to NT$300 million or over 20% of the paid-in capital: Please refer to Table 4.
6. The amount of immovable assets disposition is up to NT$300 million or over 20% of the paid-in capital: None
7. The amount of purchase and sales transaction with the stakeholder is up to NT$100 million or over 20% of the paid-in capital: Please refer to Table 5.
8. The amount due from the shareholder is up to NT$100 million or over 20% of the paid-in capital: Please refer to Table 6.
9. Transaction of the derivatives: Please refer to Note 6-(2) and 12-(3).
10. Business relationship and important transactions between the parent company and the subsidiary and between subsidiaries, together with the amount: Please refer to Table 7.

(2) Reinvestment related information

Information of name and area of the invested company (excluding the invested company based in Mainland China): Please refer to Table 8.

(3) Investment information in Mainland China

1. For basic information, please refer to Table 9.
2. Major transaction item found in the invested company where the fund is invested through the company based in the third area and the reinvestment in Mainland China directly or indirectly: Please refer to the attached Table 7.

(4) Information of Major Shareholders

Please refer to the attached Table 10.

14. Segment Information

N/A

National Aerospace Fasteners Corporation

Loans to Others

For the year ended December 31, 2023

Table 1

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Code	Lender	Borrower	Financial statement account	Related party	Highest balance for the period	Ending balance	Actual borrowed amount	Interest rate collars	Nature of loan	Business transaction amount	Reason for short-term financing	Allowance for bad debts	Collateral Item	Collateral Value	Ceiling for each borrower	Aggregate financing limit	Remarks
0	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Other receivables	Y	$ 108,990	$ -	$ -	0.00%	Short-term borrowing	-	Fund for operation	-	N/A	-	$ 466,058	$ 466,058	(Note)
0	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Other receivables	Y	$ 113,488	$ 107,468	$ 107,468	2.50%	Business transactions	230,219	Business transactions	-	N/A	-	$ 230,219	$ 466,058	(Note)

Note: For short-term financing, the individual loan amount shall not exceed 20% of the Company's net worth as stated in the latest financial statements audited or reviewed by a CPA; for business transactions, the individual loan amount shall not exceed the total amount of business transactions in the most recent year. The "business transaction amount" refers to the higher of the amount of purchase or sale between the two parties. The loan ceiling is calculated based on 20% of net equity at Dec. 31, 2023.

National Aerospace Fasteners Corporation

Endorsements/Guarantees to Others

For the year ended December 31, 2023

Table 2

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Code	Name of endorser/ guarantor	Subject of endorsement/ guarantee		Ceiling amount of endorsement/ guarantee to a single entity (Note 3)	Ceiling amount of endorsement/ guarantee for the period	Balance of endorsement/ guarantee	Actual borrowed amount	Amount of endorsement/ guarantee backed by assets	Accumulated endorsed/ guaranteed amount as a percentage of net worth	Ceiling amount of endorsement/ guarantee (Note)	Endorsement/ guarantee made by parent company to subsidiary	Endorsement/ guarantee made by subsidiary to parent company	Endorsement/ guarantee for companies in Mainland China	Remarks
		Name	Relation											
0	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Subsidiary	$ 1,165,146	$ 179,099	$ 27,635	$ -	$ -	1.19%	$ 1,165,146	Y	N	Y	—

Note: The requirement that endorsements/guarantees can only be made to a company in which the Company holds, directly or indirectly, more than 50% of the voting shares refers to 50% of the net worth stated in the most recent financial statements reviewed or audited by the CPAs.

Amount of endorsements/guarantees made shall be less than 50% of the net worth stated in the most recent financial statements reviewed or audited by the CPAs.

National Aerospace Fasteners Corporation

Ending Marketable Securities Held (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2023

Table 3

Expressed in thousands of New Taiwan Dollars
(Unless otherwise specified)

				Ending balance				
Holding company	Name and type of marketable securities	Relation with the issuer	Financial statement account	Shares	Carrying amount	Percentage of ownership	Fair value	Remarks
National Aerospace Fasteners Corporation	Baicheng Co., Ltd.	N/A	Financial assets measured at fair value through other comprehensive income - non-current	700,000	$ -	0.51%	$ -	Registration nullified
"	Shintori Restaurant Co., Ltd.	N/A	"	20,307	-	2.75%	-	Discontinued

National Aerospace Fasteners Corporation

The amount of the acquired immovable assets is up to NT$300 million or over 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

Expressed in thousands of New Taiwan Dollars

Real estate acquiring company	Property name	Date of occurrence	Transaction amount	Status of payment	Transaction counterparty	Relation	If the trading counterparty is a related party, the information of the previous transfer				References for price determination	Purpose of Acquisition and Situation of Use	Other covenants
							All owners	Relationship with the publisher	Date of transfer	Amount			
MY NAFCO PRECISION SDN. BHD.	Land and plant	112/12/8	$143,358 ($21.5 million in MYR)	$10,035 ($1.51 million in MYR)	ENER ECOBIO SDN. BHD.	N/A	N/A	N/A	N/A	N/A	Appraisal report	Necessary for business operations/Unfinished change registration of property ownership as of the reporting date	N/A

National Aerospace Fasteners Corporation

Total Purchases from or Sales to Related Parties Amounting to at Least NT$ 100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2023

Table 5

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

			Transaction details				Abnormal transaction		Notes and accounts receivable (payable)		
Company name	Transaction counterparty	Relation	Purchase/ Sale	Amount	% of total	Payment term	Unit price	Payment term	Ending balance	% of total	Remarks
National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Subsidiary	Purchase	$ 230,219	17%	Note	N/A	Note	($ 59,566)	(13%)	
"	"	"	(sales)	(109,973)	(4%)	"	"	"	20,191	3%	

Note: The payment terms are 90 days monthly, equivalent to the general purchase (sales) terms.

National Aerospace Fasteners Corporation

The amount due from the shareholder is up to NT$100 million or over 20% of the paid-in capital

For the year ended December 31, 2023

Table 6

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Company with receivables accounted for	Transaction counterparty	Relation	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Allowance for bad debts
					Amount	Treatment method		
National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Parent and Subsidiary	Other receivables $109,388	-	N/A	N/A	-	-

National Aerospace Fasteners Corporation

Business Relationship and Major Transactions between the Parent Company and Subsidiaries and among Subsidiaries

For the year ended December 31, 2023

Table 7

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

				Transaction details			
Code	Company name	Counterparty	Relation	Financial statement account	Amount	Transaction terms	% of total consolidated revenue or total asset
The Company	National Aerospace Fasteners Corporation	NAFCO Suzhou Precision	Note 1	Sales	$ 109,973	90 days AMS	4%
"	"	"	"	Purchase	230,219	90 days AMS	7%
"	"	"	"	Accounts receivable	20,191	-	-
"	"	"	"	Accounts payable	59,566	-	1%
"	"	"	"	Other receivables	109,388	-	2%

Note 1: Parent company to subsidiary

Note 2: The material transactions in this table may be subject to the Company's decision based on the principle of materiality.

National Aerospace Fasteners Corporation

Information of Investee Companies and Location, and Other Relevant Information (excluding investees in Mainland China)

For the year ended December 31, 2023

Table 8

Expressed in thousands of New Taiwan Dollars

(Unless otherwise specified)

Investor	Investee	Location	Principal business	Initial investment amount: Ending balance in 2022	Initial investment amount: Ending balance in 2021	Ending balance: Shares	Ending balance: Percentage of ownership	Ending balance: Carrying amount	Net income of investee	Recognized portion	Remarks
National Aerospace Fasteners Corporation	NAFCO Group Ltd.	British Virgin Islands	Investment	$ 405,897	$ 405,897	13,000,000	100%	378,005	$ 77,301	$ 75,943	Subsidiary
National Aerospace Fasteners Corporation	CYPRESS SKY INVESTMENT LTD	British Virgin Islands	Investment	16,163	-	500,000	100%	14,512	-	-	Subsidiary
NAFCO Group Ltd.	NAFCO Holdings Ltd.	British Virgin Islands	Investment	405,897	405,897	13,000,000	100%	381,852	77,301	N/A	Second tier subsidiary
CYPRESS SKY INVESTMENT LTD	MY NAFCO PRECISION SDN. BHD.	Malaysia	Production and sales of aviation parts	16,163	-	2,176,401	100%	14,512	-	N/A	Second tier subsidiary

National Aerospace Fasteners Corporation
Information on investments in mainland China
For the year ended December 31, 2023

Table 9

Expressed in thousands of New Taiwan Dollars
(Unless otherwise specified)

					Investment remitted outwards or recovered in current period Amount of investment								
Investee	Principal business	Paid-in capital	Method of investment	Accumulated amount of investment remitted outwards from Taiwan at beginning	Outwards	Recovered	Accumulated amount of investment remitted outwards from Taiwan at ending	Net income of investee	% of ownership held directly or indirectly	Recognized portion (Note 2)	Ending carrying amount	Investment income received at ending	Remarks
NAFCO Suzhou Precision	Production and sales of aircraft engines and airframe related components	$405,897 (USD 13 million)	Note 1	$ 405,897 (USD 13 million)	-	$ -	$405,897 (USD 13 million)	$77,301	100%	$77,301	$381,852	-	-

Name	Accumulated investment from Taiwan to Mainland China at ending	Investment amount approved by Investment Commission of MOEA	Investment amount permitted by the Investment Commission of MOEA
National Aerospace Fasteners Corporation	(USD 13 million) $ 405,897	(USD 13 million) $ 399,230	$1,398,175

Note 1: Investment was made through NAFCO Holdings Ltd. established in a third area.
Note 2: Audited by parent company’s CPAs.

National Aerospace Fasteners Corporation

Information of Major Shareholders

December 31, 2023

Table 10

Name of major shareholders	Shares: Shares held	Shares: Percentage of ownership
Getac Holdings Corp.	20,578,174	38.12%
National Development Fund, Executive Yuan	3,773,188	6.99%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of common shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration due to difference in preparation basis.

If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster at which the trust account is opened. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

National Aerospace Fasteners Corporation

Responsible Person: Feng-Tzu Tsai

March 31, 2024