



穎漢科技股份有限公司
YING HAN TECHNOLOGY CO., LTD.

2023 Annual Report

Market Observation Post System: <http://mops.twse.com.tw>

Corporate Website: <http://www.ylm.com.tw>

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Name of Accounting Firm: Deloitte Touche Tohmatsu Limited

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Overseas Securities Exchange

Disclosed information: Not Available

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I. Letter to shareholders

Business Report

I. 2023 Operation Result:

Below is the Company's revenue in the year of 2023. As the epidemic is coming to an end, majorities of the industries and business have started reawakening and blooming. However, under the ongoing inflation and lifting rates situation, the costs are gradually increased and the investors are more cautious in assessing the expense with the concern for the overall recession in the future. Even so with the devaluation of New Taiwan Dollar, our revenue has slightly decreased but our gross margin has improved, and revenue in 2023 from the external market has grown 6% in compare to 2022. The extent of the increasing is slightly higher than overall revenue. For 2023, the net operating revenue is NTD \$ 742,197 thousands which is NTD \$20,038 thousands less than the year of 2022 by 2.63%, the net operating loss is NTD \$62,664 thousands, the net loss before tax is NTD \$ 82,803 thousands, the net loss after tax is NTD \$85,841 thousands, and the loss of each share after tax is NTD \$0.92. Even the epidemic is coming to an end and our downstream clients have gradually resume production, the business of the Company in the year of 2023 has slightly decreased due to the global inflation and lifted rates and the investors' cautions in assessing the capital. However difficult it may be, the Company will continue to thrive in expending our market and developing innovation products. We hope to continue in winning over your favor and support that we are on the same path with our beliefs and our core value. With your support and our teamwork, we will keep improving and so as to improve our performance. (Note: It is not disclosed yet with our 2023 financial forecasting, hence no budget attainment will be taking in to consideration.) Below is the detailed description of our accomplishment of the year and our plan for the future.

(1) The results of the 2023 business plan:

Items	2022	2023	Unit: NTD \$ thousand	
			Increase (decrease)	Amount (%)
Net operating revenue	762,235	742,197	(20,038)	(2.63)
Net operating loss	(65,452)	(62,664)	2,788	4.26
Net loss before tax	(15,817)	(82,803)	(66,986)	(423.51)
Income tax expense (Benefit)	(1,753)	3,038	4,791	(273.30)
Loss for the year	(14,064)	(85,841)	(71,777)	(510.36)

The annual revenue of 2023 has decreased by 2.63% compare to 2022, and the net loss has decreased by 4.26%. We will continue to aim to develop the new products, and keep assist our clients to develop and automation the integrated machine. We will also expand the distribution in different physical channels, and amplify our core competence in order to pursue the greater improvement and to be able to well profit.

(2) The analysis of profitability of 2023:

Items	2022	2023
Return on assets (%)	(0.53)	(3.61)
Return on equity (%)	(1.25)	(7.84)
Net loss before tax to paid-in capital (%)	(1.81)	(9.46)
Net profit margin (%)	(1.85)	(11.57)
Net loss per share (NTD\$)	(0.14)	(0.92)

(3) 2022 Financial balance:

Unit: NTD \$ thousand

Items	2022	2023	Note
Cash flows from operating activities	18,384	59,333	1
Cash flows from investing activities	239,643	(19,472)	2
Cash flows from financing activities	(352,913)	(47,527)	3

Note 1: The increase of cash inflows from operating activities is due to cash received.

Note 2: The increase of cash outflows from investing activities is due to purchase Property, plant and equipment .

Note 3: The decrease of cash outflows from financing activities is due to the pay-off of long-term debt.

II. Research & Development Conditions

The Company will push to develop high value-added products that are fit to the current market trends and based on the clients' needs. We will continue in developing products that are qualified for international standards and clients' needs using the current products. In order to lower the costs of the research and development process, we will boost the capacity of R&D, and accelerate the introduction of the new products. We will also increase teamwork efficiency to have better control over the process of invention. The plan for developing new products and summary is as follow:

(1) "Artificial Intelligence" and "Data Management" Software Series

In the era of Global Industry 4.0, data collation and analysis are now considered to be the top priorities for every enterprise. Thus, as top management makes decisions on the direction of company development and problem-solving, they are turning to data management as a promising trend. The top management requires a data management system to manage their factories, similar to how drivers rely on a dashboard to monitor and control the features of their cars. Data management system developed by the Company visualizes all production data in graphical charts and displays them on the screen, allowing for easy comprehension of machine operating instructions through a user-friendly interface. It offers real-time display of machine status, automatic recording of production quantities, computerized calculation to reduce error rates, automatic summarization and analysis of overall machine efficiency, and quick access to historical data. In addition, the system provides management with the necessary information and warnings to be the basis of management decision-making and to ensure efficient and successful operation.

The bending industry is facing a significant problem due to the absence of a flexible method to record the bending process which has led to increased testing expenses and losses. Moreover, customer complaints often arise from the inconsistent ability of their operator to bend pipes. Although pipe can be bent and tested successfully before delivery, customers often encounter difficulties in completing pipe bending after receiving the machine, and thus often attributed to the issues of pipe bending machine. As a result, workers are required to assist with pipe bending training or machine inspection which indirectly raising labor expenses. Our company has developed an AI pipe bender that utilizes machine reinforcement learning. Through a bending quality scoring system, the machine is informed of the correctness of its steps. Based on our feedback of right or wrong, the AI intelligent bending machine can learn and progressively correct itself like a human, ultimately achieving the correct result. When the pipe bender is upgraded to AI, the use of the machine is replaced by computer, allowing the machine to have the ability to judge its own condition and adjust parameters. Through machine learning algorithms, it can record bending experience, replace human setting of pipe bender parameters, diagnose abnormalities, and provide the best plan for pipe bending, achieving the goal of transforming and upgrading to Industry 4.0.

(2) Laser Processing Series

As technology continue to advance, high-power laser cutting technology has gradually replaced metal processing technology. Laser cutting differs from traditional processing in that the laser beam can be concentrated on the object through optical design, heating the object to

the point of melting or vaporization with extremely high energy. Because the laser beam is a non-contact, it does not cause wear, deformation, or damage to the object.

As the demand for complex curved tubes, hydro-formed, extruded/stretched tubes have grown, traditional laser straight tube cutting machines can no longer meet the required processing standards. Instead, advanced, flexible, and fast "arm laser cutting systems" are utilized to better accommodate cutting irregular work pieces in a wider range. Our company's developed system employs a six-axis robot arm with an external servo rotating platform and utilizes a fiber optic laser source. By reducing cutting power loss, saving energy, and being environmentally friendly, this system can satisfy the demands for high-efficiency precision cutting. A variety of materials, including iron, high-hardness steel, stainless steel, copper, and aluminum alloys, can be cut by using the "arm laser cutting system" with several degrees of freedom. The cutting path can be created from a 3D drawing file by importing it into CAD/CAM software, and the path can then be optimized via interference simulation. Saving samples and procedures while shortening the production preparation cycle can minimize production costs and increase productivity.

(3) Pipe Processing Automation Equipment

The main manufacturing process for End-Forming Machine is to fixate with the object and to process the end of pipe by moving the stamping die, therefore the time for stamping shall be superimposed which result in the longer total processing time. Speed and accuracy are the two main points in designing the machine used in the automatic production line. The close integration of the moving module and the robot arm has a great impact on the efficiency of the automatic production line. The Company has designed the moving module to replace what was manually needed for 8 workers to finish. The Company has designed the servo-driven moving module, which can move the object directly and can replace the eight-station die movement to achieve the continuous production. Because the production tempo is equals to the processing time of one station, the module can significantly reduce the processing time. It can be used in the auto parts industry such as in a critical part required for each seat belt of each car seat. Therefore, any clients that produce the products related to car seat and its supply chain will all be our potential target group. The modularized design allows clients to produce more reliable products and further enhances the stability and availability of the system.

III. Summary of the 2024 Business Plan:

(1) Operating policies

1. Because the demand characteristic of the global industry is gradually moving toward larger-scale, detail-orientated, and diverse, the sophisticated, high-speed, compound, and systemized tooling machine shall be developing. Therefore, improving the product level, lowering the costs, and developing new products will be the key to our success.
2. To start with the products that are widely known and to take over the market under functions that can fit well into the niche market. Not only it can reduce the risks from marketing the new product but also allows the Company to establish the basic production management in which further controls the costs of the products. To enable the Company from receiving the latest news upon the market and stay competitive by working with clients closely. To promote the high-value products gradually to help clients saving human resources and capacity, and create a win-win situations for the Company and the clients.
3. Strengthen performance management, enhance problem-solving ability, and improve policy execution.
4. Continue research and development, lead the industry, develop, and enhance customer technical services in response to their needs to make sure the differences and competitiveness of the products and maintain the role as the pioneer of the industry.

(2) Important production and marketing policies

1. To develop laser cutting machine with the latest technology and continuously promote the Smart Automation Cell, and to adopt high precision robotic arms and combine with the requirements from different industries to plan and manufacture the automatic process, reduce the needs of manpower, and stabilize the quality of the finished pipes. To adopt the systematic program to support multitasking which can process numerous pipes at the same

time and greatly improve the production efficiency. Moreover, to adjust the self-developed central controlling system to align with the production needs, or to set the system into the singular use, multiple use or full-built mode which can lower the costs, save the manpower, improve the quality, and with remote monitoring, realize the goal of 24-hour unattended factory and intelligent production.

2. To further develop the new clients in South Asia and South East Asia while maintaining the current existing clients based among China, North America, and the rest of overseas business. This may diversify the market risk and increase our market share to grow income and revenue simultaneously.

Much appreciated to our beloved shareholders for the love and support in the past year. We will continue in developing highly competitive and innovation products in the upcoming year. It is our goal to achieve better efficiency and lowering the costs that enables our clients to receive the best prices, to help us and our clients in obtaining market opportunities, and to bring a prosperous future to all.

Last but not least, to wish our dearest shareholders,
Healthy body, wealthy life.

Chairman of the Board: HU, PING KUN



Manager: HU, CHUN CHIA



Accounting Supervisor: HUANG, KUO CHANG



II. Corporate Profile

1.1 Date of Incorporation: January 24, 2008

1.2 Company History

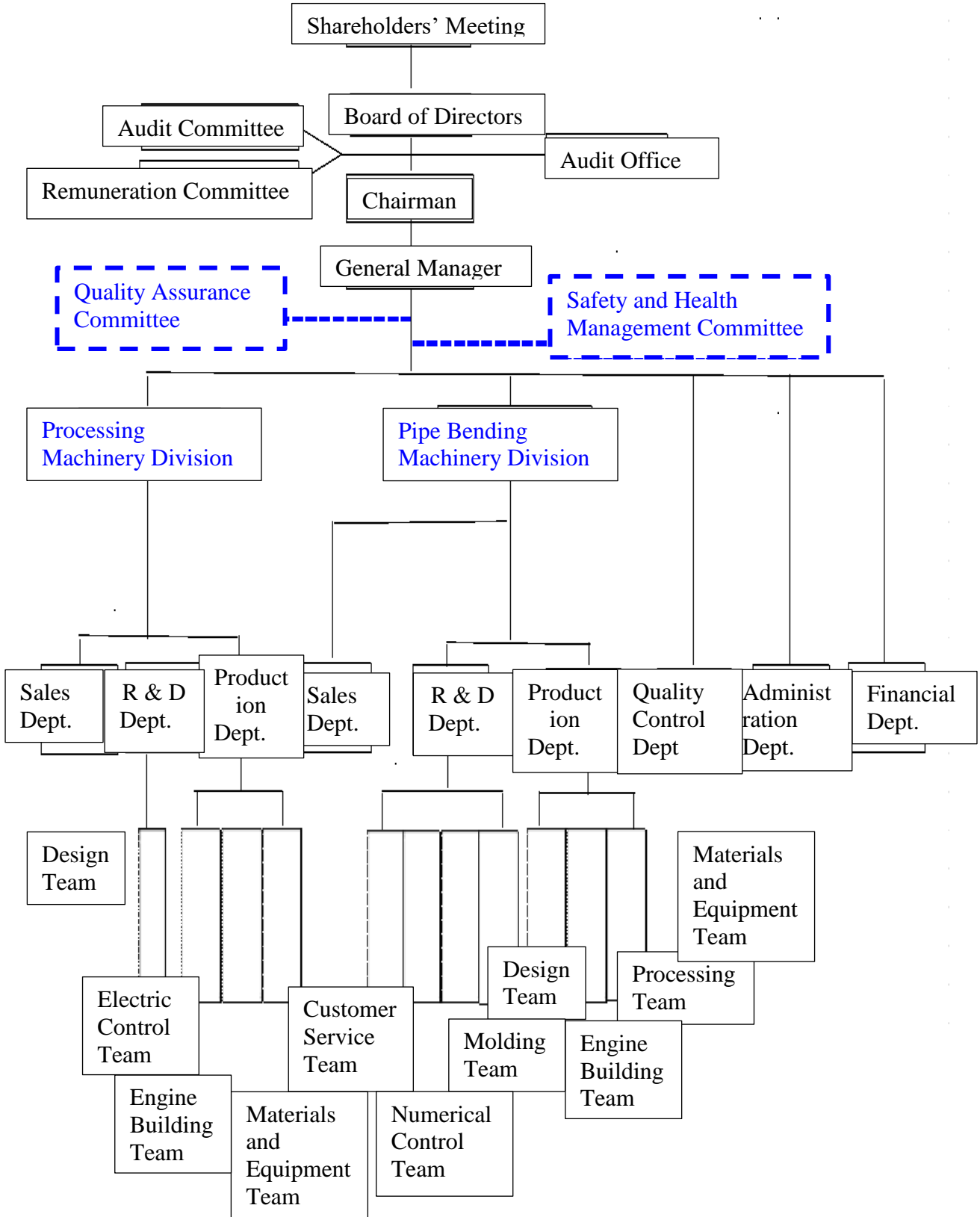
Year	Important Events
1987	Ying Lin Machine Industrial Co., Ltd. established. Launch tube bender manufacturing.
1993	Tube Bender won the Golden Dragon Award Machinery R.O.C
1995	Invented the first PC-Based control Full Tube Bender in Asia
2002	Tube Bender won Taiwan Excellence Award
2003	Tube Bender awarded certificate of merit of invention
2007	Tube Bender received CE level 4 product safety certification
2008	Ying Han Technology Co., Ltd. received the established license from MOE, R.O.C. with capital of NT 29,000,000. Located in Yongkong Dist., Tainan City for the production of main working machine, installation and parts sales.
2011	Cash capital increased with NT 59,000,000 and the total capital increased became NT 88,000,000.
2013	Withheld 32.71% shareholding of investment of UI. Mold (Thailand) Co., Ltd.
	The board of directors passed a resolution to purchase tube bender inventory and fixed assets from Ying Lin Machine Industrial Co., Ltd. to manage tube bender business.(Automated process equipment)
	Cash capital increased with NT 66,000,000 and the total capital increased became NT 154,000,000.
2014	Withheld 100% shareholding of subsidiaries Vision Network Ltd., and as well as withholding 100% shareholding of Ying Lin Machine Industrial Co. Ltd. (Vietnam)
	Headquarter moved to Annan Dist., Tainan City
	Subsidiary establishment of Ying Han Technology SP.ZO.O.(Portland) with 100% shareholding
	Vision Network Ltd. established subsidiary Ying Han Technology Co., Ltd.(Tianjin) and withheld 100% shareholding.
	Cash capital increased NT 162,000,000 and the total capital increased became NT 316,000,000.
	Subsidiary Ying Han Technology Co., Ltd.(Tianjin) was appraised as excellent manufacturer by Tenneco Inc.

Year	Important Events
2015	Established subsidiary Ying Han Teknoloji Ltd.Sti (Turkey) with 100% shareholding
	Capital reserve turned into capital increase NT 126,400,000. Retained earnings turned into capital increase NT 158,00,000. The actual total capital increase became NT 600,400,000.
	Established subsidiary YLM Italy Srl(Italy) with 100% shareholding
	Established subsidiary Ying Han Technology Co., Ltd (Russia) with 100% shareholding
	Approved public offering on August 26th
	Went listed on Taiwan OTC stock market on November 20th
	Sold and invested UI. Mold (Thailand) Co., Ltd. with 32.71% shareholding
	Obtained subsidiary YLM Industrial Company Limited(Thailand) with 46% shareholding
	Obtained subsidiary Hannsa Precision SDN BHD(Malaysia) with 100% shareholding
2016	Obtained subsidiary Profit Dimension Corporation with 100% shareholdings. And as well as PT. Ying Lin Machine & Service (Indonesia) 99% and YLM Tube Solutions And Service Pvt. Ltd (India) 99.99% shareholding
	Through Vision Network Limited to establish subsidiary Shanghai Yin Hung Technology Co., Ltd. with 100% shareholding
2017	Intelligent fully automated workstation won Taiwan Excellence Award
	Purchased the land field for plant 2
	Cash capital increased NT 75,060,000 with total cash capital increase became NT 675,460,000.
	Public listing on August 21th on stock exchange
2018	New product laser cutting machine launched in the market
2020	Subsidiary YLM Italy Srl (Italy) completed liquidation
2021	Cash capital increased NT 200,000,000 and total capital increase became NT 875,460,000.
2022	Established subsidiary Ying Han Technology (USA), Inc. with 100% shareholding.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Department Function

Department	Major Functions
Administration Dept.	<p>Personnel policy planning and operation coordination</p> <p>Research on relevant factory laws and regulations</p> <p>Reviews of contracts and related legal documents</p> <p>Planning and execution of purchasing various materials and spare parts</p> <p>Planning, promotion, integration, maintenance and management of computerized environment</p> <p>Maintenance of computer software and data storage</p> <p>Design modifications and new functions on various software</p>
Financial Dept.	<p>Financial planning, capital utilization, and risk management</p> <p>Planning and drafting company's financial policy operating procedures</p> <p>Analyzing on various accountings, taxes, stock affairs management and decision support</p> <p>Work with CPAs with auditing operations and prepare audit materials</p>
Sales Dept.	<p>Business development planning and execution formulation</p> <p>Marketing activities and planning marketing strategies</p> <p>Collecting market information and developing customers</p> <p>Market product competition analysis, and develop response policies ensure profits and market share</p> <p>Customer relationship and management</p>
R & D Division	<p>Core technology development, planning for production process</p> <p>Patent application, maintenance, management and relevant technical information</p> <p>Market new technology info collection, related industry development</p> <p>Production process improvement and improving mechanical efficiency</p>
Production Dept.	<p>Planning and execution of various raw materials purchase affairs</p> <p>Based on production schedule as SOP in various products production</p> <p>Feedback on process abnormalities reported to the production department for improvement and disposal</p> <p>Quality abnormality feedback for improvement and disposal</p> <p>Coordination of factory on production</p> <p>Control on factory's production schedule, delivery date, output, process and deployment</p> <p>Establish standard productivity and efficiency, analyze production balance rate, formulate production flow, promote automation system on production line</p>
Quality Control Dept	<p>Establish quality control system including goal, organization, function, and workflow</p> <p>Manage company's inspection, measuring, testing equipment, and use statistical technology to maintain the stability of product quality</p> <p>Handle customer's complaints and track corrective actions</p> <p>Quality reliability verification and management</p>
Audit Office	<p>Business activities, operating procedures routine auditing, and internal policy execution and improvement, provide analysis and report to management department</p>

3.2 Directors, Supervisors, General Manager, Deputy General Manager, Associates, other department and branch officers information:

3.2.1 Directors

Directors

April 8, 2024 ; Unit : Share

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected	Term (year)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Taiwan ROC	Ying Lin Investment Co., Ltd.(Note 1)		2021.8.26	3	2015.6.30	13,642,000	20.20%	14,678,838	16.77%									
		Representative : Ping Kun, Hu	Male 61~70				1,929,800	2.86%	1,929,800	2.20%	570,000	0.65%		TM Technology Co., Ltd./Chairman Shenzhou High School Supplementary School	Ying Lin Machine Industrial Co., Ltd./Chairman Ying Han Construction Co., Ltd./Chairman TM Technology Co., Ltd / General Manager Ying Lin Investment Co., Ltd./Chairman Hu Chin Yuan Investment Co., Ltd./Chairman Chun Yuan Investment Co., Ltd./Chairman YLM Industrial Company Limited(Thailand)/Principal	Director Director	Ping Nan, Hu Chun Chia, Hu	Brother Son	
Director	Taiwan ROC	Ying Lin Investment Co., Ltd.(Note 1)		2021.8.26	3	2015.6.30	13,642,000	20.20%	14,678,838	16.77%									
		Representative : Ping Nan, Hu	Male 61~70				2,223,400	3.29%	2,223,400	2.54%	570,000	0.65%		Chang Jung Senior High School/Dept. of Mechanical Drafting Ying Lin Machine Industrial Co., Ltd./General Manager General Manger of the company	TM Technology Co., Ltd./Chairman Ying Lin Machine Industrial.Co., Ltd./Director Huang Chen Real Estate Development Co., Ltd./Chairman Xiao Tsaiyun Investment Co., Ltd./Chairman Yacheng Investment Co.,Ltd./Director Ying Han Technology SP.ZO.O.(Portland)/Director YLM Tube Solutions And Service Pvt. Ltd(India)/Principal DING LINH MACHINE INDUSTRIAL TRADING(Vietnam)/Principal	Chairman Director	Ping Kun, Hu BoShiang, Hu	Brother Son	

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected	Term (year)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Taiwan ROC	Rong Tong-Fang	Male 81~90	2021.8.26	3	2015.6.30	148,000	0.22%	142,057	0.16%	-	-	-	-	National Taiwan University/Dept. of Psychology Taiwan Advertising Company/Sales Director Tianren Color Printing Co., Ltd./Chairman and General Manager Hi-Clearance Inc./Independent Director Highlight Tech Corp./Supervisor	N/A	-	-	-
Director	Taiwan ROC	Chun Chia, Hu	Male 41~50	2021.8.26	3	2015.12.18	2,649,600	3.92%	5,649,600	6.45%	38,000	0.04%	-	-	Concordia University Wisconsin (MBA) Vice General Manager of the company	General Manager of the company Ying Han Construction Co., Ltd./Director Ying Lin Construction Co., Ltd./Chairman Long Hsing Construction Co., Ltd./Chairman Hannsa Precision Sdn Bhd(Malaysia)/Principal PT.Ying Lin Machine & Service(Indonesia)/Principal Ying Han Technology (USA), Inc. / Director	Chairman	Ping Kun, Hu	Father
Director	Taiwan ROC	Bo Shiang, Hu	Male 21~30	2022.6.14	2	2022.6.14	5,112,600	5.84%	5,112,600	5.84%	-	-	-	-	Feng Chia University/Dept. of Mechanical and Computer-Aided Engineering TM Technology Co., Ltd./Director	TM Technology Co., Ltd/R&D Engineer Xiao Tsaiyun Investment Co., Ltd./Supervisor	Director	Ping Nan, Hu	Son
Independent Director	Taiwan ROC	Ming Zhi ,Tsai	Male 61~70	2021.8.26	3	2015.12.18	-	-	-	-	-	-	-	Soochow University/Dept. of Accounting Shih-Kuen Plastics Co., Ltd/Associate of Financial Dept. Sun Yad Company/Financial dept. associate and information director Deputy General Manager and General Manager of TAYIH KENMOS AUTO PARTS CO., LTD.	Huikwang Corporation /Independent and Compensation Committee	-	-	-	
Independent Director	Taiwan ROC	Fang Tsai, Chiu	Male 51~60	2021.8.26	3	2015.12.18	-	-	-	-	-	-	-	National Cheng Kung University/Dept. of accountancy & graduate institute of finance Deloitte & Touche Accounting Firm AMIT Enabling WirelessM2M-IoT/Auditing Director Grand Cathay Securities Corp. Underwriting Dept.	Chinxin Certified Accounting Firm / Director GeneFerm Biotechnology Co.,Ltd. / Independent Director Macauto Industrial Co., Ltd. / Independent Director SPEC Products Corp. / Independent Director Yung-Fu Co., Ltd. / Supervisor	-	-	-	

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected	Term (year)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Taiwan ROC	Chung Ben, Chen	Male 61~70	2021.8.26	3	2021.8.26								National Central University/Dept. of mechanical engineering Metal Industries Research& Development Centre / sensitive system equipment division Deputy Director Automation R&D Division / Deputy Director EBMS/Supervisor Metal Industries Research& Development Centre /sensitive system equipment division / Director Carbon Society of Taiwan / Director SME, Taipei Chapter/ Director TSCFA / Secretary General FIAAAT / Secretary General	Metal Industries Research& Development Centre / Consultant				
Independent Director	Taiwan ROC	Shin Yung, Chen	Male 51~60	2022.6.14	2	2022.6.14								National Cheng Kung University/Mechanical Engineering Dept. PHD National Cheng Kung University/Mechanical Engineering Dept. TA Parfaite Tool Co., Ltd./Factory Manager and Technical dept., deputy manager Kao Yuan University/Automation Engineering Dept. Assistant Professor Far East University/Automation and Control Engineering Dept. Assistant Professor Parfaite Tool Co., Ltd./Deputy General Manager Far East University/Automation and Control Engineering Dept. Associate professor and Dept. Head Far East University/ Secretary General	Far East University / Mechanical Engineering Dept. Professor Far East University / Academic Vice Principal Far East University / Dean of Engineering Far East University / Chief of R&D Parfaite Tool Co., Ltd. / Technical Consultant				

Note 1: See below Table 1 of information of major shareholders of corporate shareholders.

Table 1 : Major Shareholders of Corporate Shareholder

April 8, 2024

Name of Corporate Shareholder	Major Shareholder of Corporate Shareholder	
	Name	Shareholding(%)
Ying Lin Investment Co., Ltd.	Ying Lin Machine Industrial Co., Ltd.	100

Note 1 : Director supervisor represents corporate shareholder shall fill in the name of corporate shareholder.

Note 2 : Fill the name of major shareholders of corporate shareholder(its shareholdings ratio exceeds 10% or ratio accounts for the top ten) For major shareholder who is juristic person shall fill the table below.

Table 2 : Table 1 Major Shareholders If Major Shareholders Are Juristic Person

April 8, 2024

Name of Juristic Person	Major Shareholder of Juristic Person	
	Name	Shareholding(%)
Ying Lin Machine Industrial Co., Ltd.	Ping Nan Hu	31.04
	Ping Kun Hu	30.85
	Yan Yan Ong	13.57
	Shu Ching Tsai	12.63
	Shao Tsai Yun Investment Co., Ltd.	6.33
	Hu Ching Yuan Investment Co., Ltd.	2.79
	Chun Yuan Investment Co., Ltd.	2.79

Directors 2

1. Information Disclosure of Directors' Professional Qualification and Independent Directors' Independence :

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Ying Lin Investment Co., Ltd.: HU, PING-KUN	Have experiences in mechanical industry for many years, and meanwhile serve as the general manager of TM Technology, Inc. We anticipate to draw on his expertise in business, market marketing, operation planning, and practice management.	<ol style="list-style-type: none"> 1. Serve as the president of Ying Lin Investment Co., Ltd., the corporate shareholder, which holds 5% or more of the total number of outstanding shares of the Company. 2. Concurrently serve as the managing director of the Company's affiliated company (46% subsidiary). 3. The rest has been verified in accordance with the independence elements, specified in the "Regulations Governing Information to be Published in Annual Reports of Public Companies", as promulgated by the Financial Supervisory Commission, and the related independence requirements are met as well. 	0

<p>Representative of Ying Lin Investment Co., Ltd.: HU, PING-NAN</p>	<p>Had ever served as the general manager and the president of the Company; have experiences in mechanical industry for many years, and meanwhile serve as the president of TM Technology, Inc. We anticipate to draw on his expertise in business, market marketing, operation planning, and practice management.</p>	<ol style="list-style-type: none"> 1. Serve as the president of Hsiao Tsai Yun Investment Co., Ltd., the corporate shareholder, which holds 5% or more of the total number of outstanding shares of the Company. 2. Concurrently serve as the director of the Company's affiliated company (100% subsidiary). 3. The rest of independence has been verified in accordance with the independence elements, specified in the "Regulations Governing Information to be Published in Annual Reports of Public Companies", as promulgated by the Financial Supervisory Commission, and the related independence requirements are met as well. 	<p>0</p>
<p>FANG, Rong Tong,</p>	<p>Bachelor of Psychology of National Taiwan University; had ever served as the marketing director of the advertisement company, and the general manager & the president of the printing company; had ever served as the independent director of the biotechnology company, and the supervisor of the technology company; have ample expertise in business management and market marketing management.</p>	<p>The independence has been verified in accordance with the independence elements, specified in the "Regulations Governing Information to be Published in Annual Reports of Public Companies", as promulgated by the Financial Supervisory Commission, and the related independence requirements are met as well.</p>	<p>0</p>
<p>HU, CHUN-CHIA</p>	<p>Had ever served as the vice general manager of the Company; have experiences in mechanical industry for many years as well as knowledge in business management. We anticipate to draw on his expertise in business,</p>	<ol style="list-style-type: none"> 1. Concurrently serve as the general manager of the Company, classified as a managerial officer. 2. Concurrently serve as the director of the Company's affiliated company (100% subsidiary). 3. Be the top ten natural-person shareholder of the Company. 	<p>0</p>

	market marketing, operation planning, and practice management.	4. The rest of independence has been verified in accordance with the independence elements, specified in the “Regulations Governing Information to be Published in Annual Reports of Public Companies”, as promulgated by the Financial Supervisory Commission, and the related independence requirements are met as well.	
HU, BO-SHIANG	Bachelor of Mechanical and Computer-aided Engineering of Feng Chia University; have mechanic and computer-aided relevant knowledge and experiences. We anticipate to draw on his expertise in mechanical industry and practice management.	<ol style="list-style-type: none"> 1. Be the top ten natural-person shareholder of the Company. 2. The rest of independence has been verified in accordance with the independence elements, specified in the “Regulations Governing Information to be Published in Annual Reports of Public Companies”, as promulgated by the Financial Supervisory Commission, and the related independence requirements are met as well. 	0
TSAI, Ming Zhi (Independent Director)	Mr. TSAI served in the position as highest as the vice manager of the audit section of one famous domestic accounting firm from 1987 to 1992; from 1992 to 2001, he was employed as the assistant manager of the financial department as well as the chief officer of the information department of Shang Yaw Plastics Co., Ltd.; from 2001 to 2002, he worked as the assistant manager of the financial department of Shih-Kuen Plastics Co., Ltd.; from 2003 to 2022, he served as the vice general manager of the financial department of Tayih Kenmos Auto Parts Co., Ltd. where he was retired	In accordance with the Company’s Articles of Incorporation and the “Corporate Governance Best-Practice Principles”, the directors are elected, adopting the candidate nomination system. Each board director of the Company has provided the written statement, the work experience, the certificate of current employment, and the kinship list, when nominated and elected, for the purpose of verifying the kinship of his/her own self, spouse, and relatives in third-degree kinship against the company’s independence. The Company additionally verify that the listed four independent directors, within two years and period of employment before being elected, all meet the qualification requirements, as stipulated in the “Regulations Governing Information to be Published in Annual Reports of	1

	<p>in 2022. Mr. TSAI has experiences in finance, accounting, and auditing for over 30 years. We can draw on his expertise in finance and auditing in order to improve the company's operation and management of the Board of Directors, and the supervision function of the Audit Committee. Besides, no violation of any condition, as set forth in Article 30 of the Company Act, is involved. He concurrently serves as the independent director of Huikwang Corporation.</p>	<p>Public Companies", as promulgated by the Financial Supervisory Commission, and Article 14-2 of the Securities and Exchange Act. Moreover, the independent directors have been all fully empowered to participate in decision-making and expression of opinions, pursuant to Article 14-3, the Securities and Exchange Act, so that they can hence independently execute related duties and power.</p>	
<p>CHIU, FANG-TSAI (Independent Director)</p>	<p>Mr. CHIU worked with the domestic famous accounting firm from 1996 to 1998; from 1998 to 2002, he served as senior specialist with the underwriting department of Grand Cathay Securities Corporation; from 2002 to 2007, he was employed as the director of the audit office, AMIT Wireless Inc.; since 2008, he has serving as the presiding director of Ching Hsin Accounting Firm. Mr. CHIU has the ROC CPA qualification with relevant experiences in finance, accounting, management, and auditing for over 20 years. We can draw on his expertise in finance, management and auditing in order to improve the company's operation and management of the Board</p>		<p>3</p>

	<p>of Directors, and the supervision function of the Audit Committee. Besides, no violation of any condition, as set forth in Article 30 of the Company Act, is involved. He concurrently serves the independent director of Macaoto Industrial Co., Ltd., GeneFerm Biotechnology Co., Ltd., and SPEC Products Corp.</p>		
<p>CHEN, CHUNG BEN (Independent Director)</p>	<p>After Mr. CHEN graduated from the Institute of Mechanical Engineering, National Cheng Kung University in 1984, he was employed by the Metal Industries Research & Development Centre where he served consecutively as the vice director of the automation research and development department, the chief of the industry electronization and systematization section, the engineer of the strategy team of the general manager's office, the engineer of the mechanical design section, the engineer of the computer section, and the highest-ranking senior engineer and the director of the energy and agile system department till he applied for retirement in 2022. Currently, he is serving as the consultant of the Metal Industries Research & Development Centre. During the period of his employment, he is</p>		<p>0</p>

	<p>concurrently appointed to be the host of the industrial cooperation team of the Ministry of Economic Affairs, the director of the Taiwan Carbon Association, the engineer of the Society of Manufacturing Engineers, the supervisor of the Electronic Business Management Society, the director of the Food Industry Intelligent Automation Association Taiwan, the secretary general of the Taiwan Supercritical Fluid Association, the secretary-general of the Food Industry Intelligent Automation Association Taiwan, the alternate supervisor of the Society of Manufacturing Engineers, the vice chief commissioner of the Industrial Training and Inspection Commission, the chief editor of the automation times of the Electricity Monthly, and the vice secretary-general of the Electronic Business Management Society, etc.</p> <p>Mr. CHEN has experiences and technology in automatic machinery and mechanical engineering for many years. His expertise mainly lies in factory intelligent automation, business process re-engineering, decision support systems, knowledge management, industrial community</p>		
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	<p>construction, distributed energy system planning, vibration noise measurement, structure dynamic analysis, and micro-nano printing coating process system. Mr. CHEN ample experiences in electronics and mechanical system automation, and no violation of any condition, as set forth in Article 30 of the Company Act, is involved. We can draw on his expertise in mechanical industry in order to improve the company's operation and management of the Board of Directors, and the supervision function of the Audit Committee.</p>		
<p>CHEN, SHIN-YUNG (Independent Director)</p>	<p>Mr. CHEN, HSIN-YUNG graduated from the Doctoral Program of the Institute of Mechanical Engineering, National Cheng Kung University in 1996. From 1995 to 1996, he served as the assistant of the Mechanical Engineering Department of National Cheng Kung University; from 1996 to 1998, he worked as the plant manager of Parfaite Tool Co., Ltd., and so far, he is still the consultant of the said company; from 1998 to 2000, he served as the assistant professor of the Department of Mechanical and Automation Engineering of Kao Yuan University. From 2004 to 2006, he</p>		<p>0</p>

	<p>served as the vice general manager of Parfaite Tool Co., Ltd. at the same time; in 2000, he was appointed to be the assistant professor of the Automation Control Department of Eastern University of Technology, later to be the professor of the Mechanical Engineering Department, and concurrently the dean of the Engineering College, the chief R&D officer, and the vice president. Mr. CHEN has academic and practical experiences in mechanical engineering and industrial automation for many years, and no violation of any condition, as set forth in Article 30 of the Company Act, is involved. We can draw on his academic expertise in mechanical industry in order to improve the company's operation and management of the Board of Directors, and the supervision function of the Audit Committee.</p>		
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2. Diversity and Independence of the Boards of Directors :

2.1 Diversity : The company strengthens the roles of the board of directors based on “Corporate Governance Best-Practice Principles”. The compositions of the board members should be diversified and formulate appropriate policy diversely based on the operation and development, which shall include but not limited to the following two major standards:

1.Basic conditions and values: gender, age, nationality and culture.

2.Professional knowledge and skills: professional background(law, accounting, industry, finance, marketing and technology), professional skills and industrial experiences.

Board directors should have the knowledge, skill and ability to perform their duties. To reach the corporate governance goal, board members should have the capabilities as below:

- | | |
|-------------------------------------|--|
| a. Business decision making ability | b. Accounting and financial analysis skill |
| c. Management ability | d. Crisis handling skill |
| e. Industry knowledge | f. International market perspective |
| g. Leadership | h. Decision making |

The specific management goals and diversified policies of the board members and 2022 achievements are summarized as below:

The goal of the company is to have less than 3 independent directors and no less than 1/5(inclusive) of directors. There are 9 directors with 4 independent directors currently having professional backgrounds including finance, accounting, management and industry knowledge, which cover full qualifications and experiences. Among the 4 independent directors, 2 have been on 3 terms, 1 has been on 1 term, 1 was co-opted by the shareholder’s meeting on June 14, 2022; 1 is an executive director with employee status (Jun Jia Hu/General Manager). The company has been focused on gender equality of board members, and has aimed to have 1/3(inclusive) seats for each gender. However, female directors have not yet been elected at the current stage.

The implementation of diversification of the 6th board of directors :

Diversification Field Name	Gender & Age	Nationality	Independent Director Term			Professional Background					
			1st	2nd	3rd	Law	Accounting	Industry	Finance	Marketing	Tech.
Ying Lin Investment Co., Ltd(Ping Kun Hu)	Male 61~70	Taiwan ROC						✓	✓	✓	✓
Ying Lin Investment Co., Ltd (Ping Nan Hu)	Male 61~70	Taiwan ROC						✓	✓	✓	✓
Rong Tong Fang	Male 81~90	Taiwan ROC					✓	✓	✓		
Chun Chia Hu	Male 41~50	Taiwan ROC					✓	✓	✓	✓	✓
Bo Shiang Hu	Male 21~30	Taiwan ROC						✓			✓
Ming Zhi Tsai (Independent Director)	Male 61~70	Taiwan ROC			✓		✓	✓	✓		
Fang Tsai Chiu (Independent Director)	Male 51~60	Taiwan ROC			✓		✓	✓	✓		
Chung Ben Chen (Independent Director)	Male 61~70	Taiwan ROC	✓					✓			✓
Shin Yung Chen (Independent Director)	Male 51~60	Taiwan ROC	✓					✓			✓

2.2 Independency:

Structure of board of directors:

The company established selection system. The selection of all directors is open and fair, which meets the Articles of Incorporation, Directors’ election regulations, the Corporate Governance Best-Practice Principles, Appointment of independent directors of public offering companies and follow-up, and Article 14-2 of the Securities Exchange Law. The composition of the current board of directors accounts 4 independent directors (44.4%), 5 non-independent directors (55.6%), which qualifies the requirements of items 3 and 4 of Article 26-3 of the Securities Exchange Law.

The independence of the board of directors:

The board of directors guide the corporate policies, monitor management and be responsible for the company and shareholders. Not only govern various production and arrangement, but the board of directors will also follow the regulation, article of corporation and resolution of shareholders’ meeting to execute its duties. It emphasizes independent operation and functional transparency. Directors and independent directors would perform its duties independently. 4 independent directors also follow related regulations and laws and cooperate with audit committee to examine the existing and potential risk management. To ensure effective practice of internal monitoring control, CPA’s selection(dismissal) and its independency with proper preparation of financial report. Besides, according to “The election of directors regulation” to adopt election method of directors and independent directors by a cumulative voting system and candidate nomination to encourage the participation of shareholders. Shareholders holding more than a certain share should provide candidate lists. Then review the qualification of the candidates and

the confirmation of violations of the items in Article 30 of the corporate law. The relevant acceptant operation would base on the law and be announced to protect shareholders' rights and to avoid monopoly excessive nomination then to keep its independence.

The company has established a performance evaluation system of the board of directors, which would execute a yearly internal evaluation and board members' self-evaluation, and would hire external units every three years for evaluation. On 2022, the company appointed Taiwan Institute of Ethical Business to conduct performance evaluation on the board of directors. The evaluation items include (1) professional functions of board of directors (the composition and structure, election and continuous education): indicators include: diversity of board composition, director's training, external resource utilization, etc. (2) Decision-making effectiveness(the degree of participation of company's operation, improving quality of decision-making): indicators include: degree of participation of the meetings, understanding of the company's operation, management of the company's risk, the adequacy of information for the decision-making, etc. (3) The board of directors' emphasis and supervision of internal control: indicators include: regulation of employees' code of conduct and execution, supervision of internal control, smooth channel of communication and reporting, disclosure and avoidance of interests, etc. (4) The attitude of sustainable management: indicators include: disclosure of ESG information, employee cultivation, succession planning, actions of sustainable management, etc. The above mentioned evaluation results should be reported to the board of directors and referred to P.21 of the annual report.

3.2.2 General Manager, Deputy General Manager, Associates, other department and branch officers

April 8, 2024 ; Unit: Share

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	Taiwan ROC	Chun Chia Hu	M	2017.11.10	5,649,600	6.45%	38,000	0.04%	-	-	Concordia University Wisconsin (MBA) Deputy General Manager	Ying Han Construction Co., Ltd./Director Ying Lin Construction Co., Ltd./Chairman Long Hsing Construction Co., Ltd./Chairman Hannsa Precision Sdn Bhd(Malaysia)/Principal PT.Ying Lin Machine & Service(Indonesia)/Principal Ying Han Technology (USA), Inc. / Director	-	-	-
Tube Bender Mechanical Business Division Deputy General Manager	Taiwan ROC	Yun Chong Lee	M	2017.12.20	58,200	0.07%	-	-	-	-	Youth High School/Auto Repair Dept. Ying Lin Machine Co., Ltd./Associate Tube Bender Mechanical Division Associate	N/A	-	-	-
Management Dept. Deputy General Manger	Taiwan ROC	Ya Fen Chen	F	2020.9.21	34,000	0.04%	-	-	-	-	Jinwen College/Intl trade dept. Ying Lin Machine Co., Ltd./Manger Management Dept./Manger Management Dept/Associate	N/A	-	-	-
Processing Machinery Division Deputy General Manger	Taiwan ROC	Meng Jie Ho	M	2022.10.1	48,000	0.05%	-	-	-	-	National United University/Computer Engineering Euma Technology Corp./Assistant Manager	N/A	-	-	-
Accounting Director	Taiwan ROC	Kuo Chang Huang	M	2013.12.2	38,000	0.04%	-	-	-	-	Chinese Culture University/Accounting Dept. Chiai Industrial Co., Ltd./Financial Assistant Manager Aurora Industries, Inc./CFO AEON Motor Co., Ltd./CFO	TM Technology Co., Ltd./ Director	-	-	-
Auditing Director	Taiwan ROC	Ling Shiang Tsai	M	2014.10.13	8,000	0.01%	-	-	-	-	National Chung Hsing University/Business Administration Dept. Dachan Great Wall Co., Ltd./Audit Office Specialist Topshine Electronics Corp./Audit Director	N/A	-	-	-

3.3 Remuneration of Directors, General Manager, Deputy General Manager in Recent Fiscal Year

3.3.1 Remuneration of Directors, Independent Directors, General Manager, Deputy General Manager in 2023 :

1. Remuneration of Directors and Independent Directors

Unit : NT thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		Compensation (A)		Pension (B)		Directors Compensation (C)		Business Execution Pay(D)				Salary, Bonuses, and Allowances (E)		Pension (B)		Employee Compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	All companies in the consolidated financial statements
Chairman	Ying Lin Investment Co., Ltd Representative : Ping Kun Hu	0	0	0	0	0	0	20	20	20 -0.02	20 -0.02	600	600	0	0	0	0	0	0	620 -0.77	620 -0.77	N/A
Director	Ying Lin Investment Co., Ltd Representative : Ping Nan Hu	0	0	0	0	0	0	20	20	20 -0.02	20 -0.02	2,792	2,792	0	0	0	0	0	0	2,812 -3.48	2,812 -3.48	N/A
Director	Rong Tong Fang	240	240	0	0	0	0	20	20	260 -0.32	260 -0.32	0	0	0	0	0	0	0	0	260 -0.32	260 -0.32	N/A
Director	Chun Chia, Hu	0	0	0	0	0	0	20	20	20 -0.02	20 -0.02	4,183	4,183	108	108	0	0	0	0	4,311 -5.33	4,311 -5.33	N/A
Director	Bo Shiang Hu	0	0	0	0	0	0	20	20	20 -0.02	20 -0.02	0	0	0	0	0	0	0	0	20 -0.02	20 -0.02	N/A
Independent Director	Ming Zhi Tsai	360	360	0	0	0	0	20	20	380 -0.47	380 -0.47	0	0	0	0	0	0	0	0	380 -0.47	380 -0.47	N/A
Independent Director	Fang Tsai Chiu	360	360	0	0	0	0	20	20	380 -0.47	380 -0.47	0	0	0	0	0	0	0	0	380 -0.47	380 -0.47	N/A
Independent Director	Chung Ben Chen	360	360	0	0	0	0	20	20	380 -0.47	380 -0.47	0	0	0	0	0	0	0	0	380 -0.47	380 -0.47	N/A
Independent Director	Shin Yong Chen	300	300	0	0	0	0	20	20	320 -0.40	320 -0.40	0	0	0	0	0	0	0	0	320 -0.40	320 -0.40	N/A

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration : The remuneration of independent directors is a fixed salary based on market conditions, and the business execution is based on attendance, which has no variable remuneration and correlation with performance.
 2. In addition to the above remuneration, remuneration directors received by providing services in recent year (such as consultant for the parent company/all companies in the financial report/reinvested enterprises not employees, etc.) : None.

* The content of remuneration disclosed on the above table is different from the concept of income tax law, and the purpose of the table is for information disclosure only.

2. Remuneration of General Manager and Deputy General Manager

Unit : NT thousand

Title	Name	Salary (A)		Pension (B)		Bonus and Extra Fee etc.(C)		Employee Bonus (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Chun Chia, Hu	3,585	3,585	108	108	598	598	0	0	0	0	4,291 -5.31	4,291 -5.31	N/A
Deputy General Manager	Yun Chong Lee	1,369	1,369	83	83	223	223	0	0	0	0	1,675 -2.07	1,675 -2.07	N/A
Deputy General Manager	Ya Fen Chen	1,446	1,446	87	87	180	180	0	0	0	0	1,713 -2.12	1,713 -2.12	N/A
Deputy General Manager	Meng Jie Ho	1,149	1,149	69	69	141	141	0	0	0	0	1,359 -1.68	1,359 -1.68	N/A

Range of Remuneration

Range of Remuneration	Name of General Manager and Deputy General Manager	
	The Company	All companies in the consolidated financial statements
Less than NT\$2,000,000	Yun Chong Lee, Ya Fen Chen, Meng Jie Ho	Yun Chong Lee, Ya Fen Chen, Meng Jie Ho
NT\$2,000,000 ~ NT\$4,999,999	Chun Chia Hu	Chun Chia Hu
NT\$5,000,000 ~ NT\$9,999,999	-	-
NT\$10,000,000 ~ NT\$14,999,999	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	4	4

Note : The content of remuneration of the above table is different from the concept of income tax law. The purpose of the table is for information disclosure only.

3. Remuneration of the top five directors of the company

Title	Name	Salary (A)		Pension (B)		Bonus and Extra fee etc. (C)		Employee Bonus (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Chun Chia, Hu	3,585	3,585	108	108	598	598	0	0	0	0	4,291 -5.31	4,291 -5.31	N/A
CFO	Kuo Chung Huang	1,440	1,440	87	87	235	235	0	0	0	0	1,762 -2.18	1,762 -2.18	N/A
Deputy General Manager	Ya Fen Chen	1,446	1,446	87	87	180	180	0	0	0	0	1,713 -2.12	1,713 -2.12	N/A
Deputy General Manager	Yun Chong Lee	1,369	1,369	83	83	223	223	0	0	0	0	1,675 -2.07	1,675 -2.07	N/A
Deputy General Manager	Meng Jie Ho	1,149	1,149	69	69	141	141	0	0	0	0	1,359 -1.68	1,359 -1.68	N/A

Note : The content of remuneration of the above table is different from the concept of income tax law. The purpose of the table is for information disclosure only.

4. Employees' Profit-Sharing Bonus Paid to Management Team

Unit : NT thousand

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income after tax (%)
Managers	General Manager	Chun Chia, Hu	0	0	0	0
	Deputy General Manager	Yun Chong Lee				
	Deputy General Manager	Ya Fen Chen				
	Deputy General Manager	Meng Jie Ho				
	Accounting Director	Kuo Chang Huang				
	Auditing Director	Ling Shiang Tsai				

3.3.2 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

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

Unit : NT thousand

Analytical item	2022		2023	
	The company	The company	The company	Companies in the consolidated financial statements
Total remuneration paid to directors	8,307	8,307	9,488	9,488
Ratio of total remuneration paid to directors (%)	-67.40	-67.40	-11.74	-11.74
Total remuneration paid to supervisors	0	0	0	0
Ratio of total remuneration paid to supervisors (%)	0	0	0	0
Total remuneration paid to president and vice president	8,971	8,971	9,038	9,038
Ratio of total remuneration paid to president and vice president (%)	-72.79	-72.79	-11.18	-11.18

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

The company's directors' traveling expenses and remuneration are paid in accordance with industry standards and directors' actual attendance at the board meeting. Regarding the compensation to directors, it is processed in accordance with Article 29 of the company's Articles of Incorporation that the compensation to directors shall be no more than 05% of annual profits, and there are no other forms of compensation. Compensation paid to president and vice presidents is divided into salary, bonus, and employee dividends. Salary and bonus are handled in accordance with the company's relevant regulations and the Compensation Committee's review. Compensation to directors and employee dividends are determined by the Board of Directors based on the annual profit and the proportion stipulated in the Articles of Incorporation, and are distributed with the approval of the shareholders' meeting. The total amount of remuneration is positively correlated with operational performance and is reasonably compensated based on assessments of future environmental changes and operational risks.

3.4 The State of the Company's Implementation of Corporate Governance:

3.4.1 The state of operations of the board of directors:

1. Board of Directors Meeting Status: A total of 4 (A) meetings of the board of directors are held in 2022. The directors' attendance status is as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Notes
Chairman	Representative of Ying Lin Investment Co., Ltd.: Ping Kun Hu	4	0	100%	-
Director	Representative of Ying Lin Investment Co., Ltd.: Ping Nan Hu	4	0	100%	-
Director	Rong Tong Fang	4	0	100%	-
Director	Chun Chia, Hu	4	0	100%	-
Director	Bo Shiang Hu	4	0	100%	-
Independent Director	Ming Zhi Tsai	4	0	100%	-
Independent Director	Fang Tsai Chiu	4	0	100%	-
Independent Director	Chung Ben Chen	4	0	100%	-
Independent Director	Shin Yung Chen	4	0	100%	-

Annotations:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - 1.1 Securities and Exchange Act §14-3 resolutions: Please refer to major decisions of board meetings approved by all independent directors on page 40 and 41.
 - 1.2 There were no other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion in 2022.
2. The process of recusal of directors due to conflicts of interest should include specifying the name of the director, details of the resolution, reasons for the recusal, and whether they participated in the voting:None
3. TWSE/TPEX-listed companies should disclose information about the self-evaluation process (or peer evaluation process) of their board of directors, including the evaluation cycle, period, scope, method, and content. Please refer to the table below for the implementation of the evaluation by the board of directors.
4. Goals and evaluation of strengthening the functionality of the board in the current and recent fiscal years (such as setting up an audit committee, improving information transparency, etc.): The company has established an Audit Committee and designated staff to be in charge of the public information disclosure through online filing and handle the collection and disclosure of company information to ensure that information that may affect shareholders and stakeholders' decision-making can be disclosed timely and appropriately.

Note : Director newly elected on June 14, 2022

2.Implementation Status of Board Evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items	Implementation status and result
The evaluation is conducted once per year	From January 1, 2023 to December 31, 2023	1. the Board of Directors 2. Individual directors 3. Audit Committee 4. Compensation Committee	1. Assessment questionnaire 2. Relevant regulations and records within the company 3. Interviews of directors	1. Board performance evaluation: Including the degree of participation in the company's operations, the quality of decision-making by the board of directors, the composition and structure of the board of directors, the selection and appointment of directors and continued development, internal control, etc. 2. Individual director performance evaluation: Including the grasp of the company's goals and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, internal control, etc. 3. Audit Committee and Compensation Committee performance evaluation: The degree of participation in company operations, understanding of the responsibilities of functional committees, the quality of the decision-making of functional committees, composition of functional committees and member selection, internal control, etc.	1. Evaluation results of the board of directors: the overall operation is rated as excellent, showing that the board of directors operates and communicates well, and respects professionalism. In addition to improving the structure of the board of directors, the other aspects are moving towards a positive and progressive efficiency. 2. The evaluation results of individual directors: the overall operation is rated as excellent, showing that the board members are professional and responsible, communicate well, and the meetings run smoothly. 3. Evaluation results of the Audit Committee: The overall operation is rated as excellent, and positive comments are given, showing that the Audit Committee communicates well and operates efficiently. 4. Evaluation results of the Compensation Committee: The overall operation is rated as excellent, and positive comments are given, showing that the Compensation Committee communicates well and operates efficiently.

The results of the performance evaluation of the company's 2023 annual board of directors and functional committees are mostly between 5 points “excellent” and 4 points “very good.” Except for the structure of the board of directors that needs to be improved in the future, the results of other aspects of the evaluation are good, which means that directors strongly agree with most of the operations of the evaluation indicators. The overall operation of the evaluation board and functional committees is good, which meets the requirements of corporate governance, and effectively strengthens the functions of the board of directors and safeguards shareholders' rights and interests.

The performance evaluation results of the previous board of directors' meetings were submitted to the 13th session of the 6th board of directors on March 8, 2024, as the basis for review and improvement. The relevant evaluation content, evaluation methods, implementation status, and evaluation results will be disclosed on the company's website.

3.4.2 Audit Committee

1. Audit Committee: The company's audit committee is composed of four independent directors to supervise the appropriateness of the company's financial statements, the selection, appointment, independence and performance of the certified public accountants, the effective implementation of the company's internal controls, compliance with relevant laws and regulations, and the management mechanisms of existing or potential risks of the company. The Professional qualifications and experiences of the members are referred to Professional qualifications and independence analysis of directors and independent directors on page 12

2. Duties of the Audit Committee:
 - A. Formulate or revise the internal control system.
 - B. Evaluation of the effectiveness of the internal control system.
 - C. Establish or revise significant financial business activities such as acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, endorsing or guaranteeing for others.
 - D. Matters involving the director's own interest.
 - E. Significant asset or derivative transaction.
 - F. Significant capital loan, endorsement or provision of guarantee.
 - G. Raising, issuing or private placement of equity securities.
 - H. Appointment, dismissal or remuneration of certified accountants.
 - I. Appointment and dismissal of financial, accounting or internal audit supervisors.
 - J. The annual financial report signed or sealed by the chairman, manager and accounting supervisor and the second-quarter financial report that must be verified and signed by an accountant.

3. Meetings of the Audit Committee: A total of 4 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) (B/A)	Notes
Independent director	Ming Zhi Tsai	4	100%	
Independent director	Fang Tsai Chiu	4	100%	
Independent director	Chung Ben Chen	4	100%	
Independent director	Shin Yung Chen	4	100%	

Annotations:

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

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

Date of meeting	Significant resolution contents	The results of the audit committee's resolution and the company's response
March 14, 2023 (The 9th meeting of the sixth session)	1.2022 annual business report and financial statements 2.2022 annual statement on internal control system 3. The case of lending funds to subsidiaries 4. Case of private placement of common stocks	Proposal was approved as proposed by all attendees.
November 7, 2023 (The 12th meeting of the sixth session)	1.Case of independence evaluation and appointment of certified public accountants in 2023 2.Add investment in Tianjin Yinghan Technology Co., Ltd., a subsidiary of the company 3. Add investment in Shanghai Yingheng Machinery Technology Co., Ltd., a subsidiary of the company	Proposal was approved as proposed by all attendees.

	4. Add investment in YING HAN TECHNOLOGY Sp.z o.o a subsidiary of the company	
March 8, 2024 (The 13th meeting of the sixth session)	1.2023 annual business report and financial statements 2.2023 annual statement on internal control system 3. The case of lending funds to subsidiaries 4. Case of private placement of common stocks 5.Add investment in YING HAN TEKNOLOJI LTD. STI a subsidiary of the company 6. Add investment in YLM Industrial Company Limited a subsidiary of the company	Proposal was approved as proposed by all attendees.

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

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

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

(1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. There were no special circumstances in the year 2023. The communication channel between the Audit Committee and the internal auditor has been functioning well.

(2) The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. There were no special circumstances in the year 2023. The communication channel between the Audit Committee and the CPAs has been functioning well.

The communication between independent directors, internal audit supervisors and certified accountants is as follows: The communication between independent directors, internal audit supervisors and certified public accountants is as follows:

Date of the meeting	Communication with internal audit supervisors	Communication with certified public accountants	The results
March 14, 2023 (The 9th meeting of the sixth session)	· Report the results of the audit execution (From September 2022 to February 2023) · Review the 2022 internal control statement	Discuss the conclusion of 2022 annual audit and update relevant laws and regulations	Proposal was approved as proposed by all attendees.
May 8, 2023 (The 10th meeting of the sixth session)	· Report the results of the audit execution (From February 2023 to April 2023)	-	No remarks.
August 9, 2023 (The 11th meeting of the sixth session)	· Report the results of the audit execution (From April 2023 to July 2023)	-	No remarks.

November 7, 2023 (The 12th meeting of the sixth session)	<ul style="list-style-type: none"> · Report the results of the audit execution (From June 2023 to November 2023) · Discuss the audit plan for 2024 	Discuss the plan of 2023 annual audit	Proposal was approved as proposed by all attendees.
March 8, 2024 (The 13th meeting of the sixth session)	<ul style="list-style-type: none"> · Report the results of the audit execution (From September 2023 to February 2024) · Review the 2023 internal control statement 	Discuss the conclusion of 2023 annual audit and update relevant laws and regulations	Proposal was approved as proposed by all attendees.

3.4.3 The state of the company's implementation of corporate governance, any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and implemented them in accordance with the regulations.	None
2.Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓ ✓ ✓ ✓		(1) The company has established a system of spokespersons and their agents, and has disclosed the spokesperson's phone number on Market Observation Post System. The company has also set up a website (http://www.ylm.com.tw/), including an investor section and stakeholder section, for shareholders and stakeholders to take reference. Additionally, a dedicated email address (sh@ylm.com.tw) has been established as a channel for handling shareholders' suggestions, doubts, and disputes, to ensure their rights and interests. (2) The company has dedicated personnel for equity affairs, and has entrusted Taishin Securities Co.,Ltd. to handle related matters. They regularly update the shareholder registry and the list of major shareholders, and keep track of the list of major shareholders and ultimate controllers who actually control the company. (3) We have clearly delineated the management responsibilities for personnel, assets, and finances between our company and affiliated enterprises. Each affiliated enterprise has established independent financial and operational systems, and there is no shared loan limit. This should effectively achieve risk control (4) The company has established Procedures for the Prevention of Insider Trading to prohibit company insiders from trading securities using information not disclosed to the market.	None
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓ ✓ ✓		(1) The company has established a policy for board member diversity in its Corporate Governance Best Practices Guidelines. The company currently has nine board members, four of whom are independent directors. Each director also possesses professional backgrounds including accounting, industry, finance, marketing research and development, technology, management, professional skills, and industry experience, to implement the company's policy of diversified board member composition. (2) The company currently has a Compensation Committee and an Audit Committee, which operate in compliance with relevant laws and regulations. In the future, other functional committees will be established depending on the company's operational situation and relevant laws and regulations. (3) The company has established evaluation standards and methods for evaluating the performance of the board of directors. Individual directors, the board of directors, and functional committees are evaluated according to this performance evaluation system. The results of the 2023 evaluation can be found on page 28 of the annual report. (4) The company regularly evaluates the independence of CPAs. The content of the independence evaluation of Deloitte & Touche's Chang Jun Wu and Hong Ru Liao for the	According to actual needs, it will be handled in accordance with relevant laws and regulations.

Evaluation Item	Implementation Status				Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
	Yes	No	Abstract Illustration				
(4) Does the company regularly evaluate the independence of CPAs?			2023 fiscal year is shown in the table below and has been approved by attending directors without objection at the twelfth meeting of the sixth session of board of directors.				
			Evaluation Item	Yes		No	Evaluation Explanation
			Not an employee of the company or any of its affiliates.	V			After investigation, the two CPAs did not have such a case.
			Not a director or supervisor of the company or its affiliated companies (but not limited to those who are independent directors of the company or its parent company, or a subsidiary of the company that directly or indirectly holds more than 50% of the voting shares.)	V			After investigation, the two CPAs did not have such a case.
			Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.	V			After investigation, the two CPAs did not have such a case.
			Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.	V			After investigation, the two CPAs did not have such a case.
			Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings.	V			After investigation, the two CPAs did not have such a case.
			Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.	V			After investigation, the two CPAs did not have such a case.
			Not a spouse of other directors or related to other directors within the second degree of kinship	V			After investigation, the two CPAs did not have such a case.
			Not been a person of any conditions defined in Article 30 of the Company Act.	V			After investigation, the two CPAs did not have such a case.
			Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	V			After investigation, the two CPAs did not have such a case.
			Not served as a director or manager of the company or any position that has a significant impact on audit cases within the two fiscal years.	V			After investigation, the two CPAs did not have such a case.
Not involved in the company's management functions for decisions-making.	V		After investigation, the two CPAs did not have such a case.				
Whether to obtain the “Statement of Independence” issued by appointed certified public.	V		Already obtained.				
Evaluation conclusion: None of the appointed certified public accountants has any cases of the above-mentioned independence evaluation items. It can be confirmed that the CPAs are independent and the financial report issued is reliable.							
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		The company has a corporate governance supervisor to assist in the implementation of all corporate governance-related matters; there is dedicated personnel responsible for providing the required information for the directors to perform their functions, handling matters related to the meetings of the board of directors and shareholders' meetings, handling company registration and change registration, and producing minutes of board meetings and shareholders' meetings, etc.		None		

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company has established a system of spokespersons and their agents, and has disclosed the spokesperson's phone number on Market Observation Post System. The company has also set up a website (http://www.ylm.com.tw/) to build information related to the company's finance and corporate governance information, including an investor section and stakeholder section, for shareholders and stakeholders to take reference. Additionally, a dedicated email address (sh@ylm.com.tw) has been set up as a communication channel for stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed a professional stock affairs agency, the stock affairs agency department of Taishin Securities Co.,Ltd. to handle shareholders' meeting affair.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓ ✓	 ✓	(1) The company has set up a website (http://www.ylm.com.tw/) to build information related to the company's finance and corporate governance information, including an investor section and stakeholder section, for shareholders and stakeholders to take reference. (2) The company's website has a section for investors to disclose relevant information about finance, corporate governance, and institutional investors' conferences at any time, and upload to Market Observation Post System in accordance with regulations. The company has dedicated personnel responsible for the company's major information disclosure and timely input into Market Observation Post System, and also implements the spokesperson system in accordance with regulations. (3) The company announces and declares the annual financial report before the prescribed deadline after the end of the fiscal year, and will endeavor to announce the annual financial report within two months after the end of the fiscal year; the company will follow the prescribed deadline for each quarter and month to make announcement and report relevant operating information.	None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) Status of employee rights and employee wellness: The company's protection of employees' rights and interests is handled in accordance with the laws and regulations. In addition to encouraging department heads to take the initiative to care for employees, the company also implements it through the employee welfare committee. (2) Investor relations: The company attaches great importance to the rights and interests of investors, and timely announces relevant information on the website of Market Observation Post System designated by the competent authority in accordance with relevant regulations. The company also has spokespersons, acting spokespersons and stock affairs personnel to answer investors the questions about the company at any time. (3) Supplier relationship: The company and suppliers are permanently cooperative and mutually beneficial and have a close relationship and seamless cooperation. (4) Rights of stakeholders: The company and relative stakeholders perform their rights and obligations in accordance with the contract and relevant operating regulations to protect the legal rights and obligations of both parties. (5) Status of directors' training: All directors of the company have professional background and practical experience in business management, and regularly take courses related to corporate governance, meeting the requirements for the number of hours of training. The director training content in 2023 is as follows:	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons																														
	Yes	No	Abstract Illustration																															
			<table border="1"> <thead> <tr> <th>Director</th> <th>Sponsoring Organization</th> <th>Course</th> </tr> </thead> <tbody> <tr> <td>Ping Kun Hu</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Ping Nan Hu</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Rong Tong Fang</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Chun Chia Hu</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Bo Shiang Hu</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Ming Zhi Tsai</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Fang Tsai Chiu</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Chung Ben Chen</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> <tr> <td>Shin Yung Chen</td> <td>Taiwan Corporate Governance Association</td> <td>How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change</td> </tr> </tbody> </table> <p>(6) Implementation of risk management policies and risk measurement standards: The company's internal control system and major business management regulations have been resolved by the board of directors or the shareholders' meeting.</p> <p>(7) Implementation of customer policies: The company adheres to the code of honesty and integrity and maintains a good supply relationship with customers. For on-time delivery of customer orders, quality requirements and product after-sales service, there are personnel who continue to communicate and solve problems.</p> <p>(7) Implementation of customer policies: The company adheres to the code of honesty and integrity and maintains a good supply relationship with customers. For on-time delivery of customer orders, quality requirements and product after-sales service, there are personnel who continue to communicate and solve problems.</p> <p>(8) The purchases of liability insurance for directors by the company: The company purchases liability insurance for all directors every fiscal year, and reports to the board of directors and discloses it on Market Observation Post System in accordance with regulations.</p>	Director	Sponsoring Organization	Course	Ping Kun Hu	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Ping Nan Hu	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Rong Tong Fang	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Chun Chia Hu	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Bo Shiang Hu	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Ming Zhi Tsai	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Fang Tsai Chiu	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Chung Ben Chen	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	Shin Yung Chen	Taiwan Corporate Governance Association	How directors and supervisors supervise risk management and crisis management, Accounting issues related to climate change	
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9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.																																		

Number	Evaluation indicators	Improvement status
1.6	Does the company hold a regular general meeting of shareholders before the end of May?	1. In accordance with the current operating scale and the company act, the shareholders' regular meeting shall be held before the end of June; 2. In the future, depending on the company's growth and the improvement of internal operations, the feasibility of holding the regular shareholders' meeting before the end of May will be evaluated again.
1.9	Does the company synchronously upload the English version of the meeting notice 30 days before the regular meeting of shareholders?	In the future, the feasibility of making the English version of the meeting notice will be evaluated again depending on the structure of shareholders (foreign capital).
1.10	Has the company uploaded the English version of the handbook and meeting supplementary materials 30 days before the regular shareholders' meeting?	1. There is currently no plan for producing an English version of the handbook and supplementary materials for the meeting. 2. In the future, depending on the structure of shareholders (foreign capital), the feasibility of producing an English version of the handbook and meeting supplementary materials will be evaluated again. 3. The company will plan to improve the foreign language ability of existing financial and accounting personnel or introduce talents to achieve the goal of producing an English version of the handbook and meeting supplementary materials.
1.15	Have the company's internal rules been formulated and disclosed on the company's website to prohibit insiders such as company directors or employees from using information that cannot be obtained in the market to make profit?	The company's internal rules prohibit insiders such as company directors or employees from using information that cannot be obtained in the market to make profits; it is disclosed on the company's website.
2.2	Has the company formulated a policy on the diversity of board members, and disclosed the implementation of the diversity policy in the annual report and the company website?	1. The company will propose to the elected corporate shareholders that the directors should consider diverse backgrounds and suitability during the re-election of the next board of directors and that the elected directors consider the appointment of female directors (the recommended number of female directors is 3 out of the 7 directors). The actual implementation will be handled in accordance with the results of the election of directors in the company's shareholders' meeting. 2. The implementation of the diversity policy will be disclosed on the company website and annual report.
2.4	Are there no more than two directors of the company who are related as spouses or within second degree of kinship?	1. The company will propose to the elected corporate shareholders in the re-election of the next board of directors to reduce the number of directors who are related as spouses or within second degree of kinship. 2. The actual implementation will be handled in accordance with the results of the election of directors in the company's shareholders' meeting.
2.5	Among the company's directors, is the number of identities that are employees of the company, parent company, subsidiary company, or sister company less than (including) one-third of the directors' seats?	1. The company will propose to the corporate shareholders to reduce the number of directors who have identities that are employees of the company, parent company, subsidiary company, or sister company during the re-election of the next board of directors. 2. The actual implementation will be handled in accordance with the results of the election of directors in the company's shareholders' meeting.
2.6	Does the company's board of directors include at least one female director? 【If each gender accounts for more than 1/4 of the seats and includes at least 1 female independent director, add 1 point to the total score.】	1. The company will propose to the elected corporate shareholders that the directors should consider the diverse background and suitability in the re-election of the next board of directors and that the elected directors consider the appointment of female directors. 2. The actual implementation will be handled in accordance with the results of the election of directors in the company's shareholders' meeting.
2.9	Has the company formulated a succession plan for members of the board of directors and important management echelon, and disclosed its operation status on the company website or annual report?	The company will formulate the succession plan step by step and disclose its operation status when it matures.
2.14	Has the company set up a non-statutory functional committee, the number of which is not less than three, and more than half of the members are independent directors, and its composition, responsibilities and operation have been disclosed?	The company will evaluate the establishment of non-statutory functional committees; if approved by the board of directors, its composition, responsibilities, and operation will be disclosed.
2.21	Has the company designated a corporate governance supervisor who is responsible for affairs related to corporate governance, and explained the scope of duties, implementation priorities in the current fiscal year,	The company has designated a corporate governance supervisor in 2022.

	and training status on the company website and annual report? 【 If the person is not concurrently held by other positions in the company, 1 point will be added to the total score. 】	
2.22	Has the company formulated risk management policies and procedures approved by the board of directors to disclose the scope of risk management, organizational structure and its operation, and reported to the board of directors at least once a year?	Currently being evaluated by the company.
2.24	Has the company established a risk management framework of information security, formulated policies on information security and specific management plans, and disclosed them on the company website or annual report?	The company's policy on information security and specific management plan are under development.
2.30	Does at least one of the company's internal auditors have a certificate such as a Certified Internal Auditor, a Certified Information Systems Auditor or an accountant qualification certificate?	The professional ability of the company's internal auditors has met the requirements, and there is no further requirement for certification.
3.2	Does the company simultaneously declare important information in English?	Currently being evaluated by the company.
3.4	Does the company publish its annual financial report within two months after a fiscal year ends?	The company arranges the annual financial report announcement schedule according to the actual operation settlement and financial statement preparation.
3.6	Is the interim financial report disclosed on the company website or Market Observation Post System in English?	1. There is currently no plan for producing an interim financial report disclosed in English. 2. In the future, the feasibility of producing an interim financial report disclosed in English will be evaluated again depending on the structure of shareholders (foreign capital). 3. The company will plan to improve the foreign language ability of existing financial and accounting personnel or introduce talents to achieve the goal of publishing interim financial reports disclosed in English.
3.8	Has the company voluntarily disclosed the financial forecast report for the four quarters and the relevant operations have not been corrected by the competent authority or recorded with mistakes by stock exchanges or Taipei Exchange?	Due to the characteristics of the industry, the company has not yet been able to grasp the market changes of major customers and capital expenditure plans, and there is not enough information to prepare the four-quarter financial forecast report.
3.13	Does the company voluntarily disclose the individual remuneration of directors and supervisors in the annual report?	The company has disclosed the directors' individual remuneration in the annual report.
3.14	Does the company's annual report disclose the connection between directors and managers' performance evaluation and remuneration?	The company has disclosed it in the annual report.
3.17	Does the company website disclose relevant information on finance, business, and corporate governance?	Under evaluation to be disclosed.
3.18	Does the company have an English-language company website that includes relevant information on finance, business, and corporate governance?	The company is evaluating to add the disclosure of information related to finance/business and corporate governance.
3.20	Has the company been invited to hold (or autonomously held) at least two investor conferences, and the interval between the first and last investor conference of the year under evaluation is more than three months? 【 If the conference is held at least once a quarter or if an investor conference is held for the operation status of each quarter, the total score will be added with 1 point. 】	The company is evaluating to increase the times of conducting investor conferences.
3.21	Does the company voluntarily disclose the individual remuneration of the general manager and deputy general manager in the annual report?	Already disclosed in the annual report.
4.1	Has the company set up an appropriate governance structure to formulate and review corporate social responsibility policies, systems, or related management guidelines, and disclose them in annual reports and company websites?	corporate social responsibility policies, systems or related management guidelines are under development.
4.2	Has the company set up a full-time (part-time) unit to promote corporate integrity management responsible for the formulation and supervision of the integrity management policy and prevention plan, and explain the operation and implementation of the establishment unit on the company website and annual report, and regularly report to the board of directors?	The company is evaluating to set up full-time (part-time) units for corporate integrity management.
4.3	Does the company regularly disclose the specific promotion plan and implementation results of corporate social responsibility on the company website and annual report?	There is currently no plan for producing a corporate social responsibility report.
4.4	Does the company refer to internationally accepted guidelines for the preparation of reports, and compile corporate social responsibility reports and other reports that disclose the company's non-financial information? 【 If the production is voluntary, add 1 point to the total score. 】	There is currently no plan for producing a corporate social responsibility report.

4.5	Has the company's corporate social responsibility report and other reports that disclose the company's non-financial information obtained third-party verification?	There is currently no plan for producing a corporate social responsibility report.
4.9	Do the company's annual report and website disclose the measures on employee welfare, retirement systems and its implementation?	Under evaluation to be disclosed.
4.10	Do the company website and annual report disclose the protection measures and implementation status of employees' personal safety and working environment?	Under evaluation to be disclosed.
4.11	Has the company disclosed its annual emissions of carbon dioxide or other greenhouse gases in the past two years? 【Add 1 point to the total score if an external verification is obtained.】	Under evaluation to be disclosed.
4.12	Does the company formulate energy conservation and carbon emission reduction, greenhouse gas reduction, water reduction or other waste management policies? 【If the issue of climate change is included in the risk management procedure, the total score will be added with 1 point.】	Under evaluation to be disclosed.
4.13	Is the company certified to ISO 14001, ISO50001 or similar environmental or energy management systems?	Under evaluation to be disclosed.
4.14	Does the company website or annual report disclose the identities of identified stakeholders, issues of concern, communication channels and response methods? 【If the situation of communication with the stakeholders is reported to the board of directors on a regular basis, 1 point will be added to the total score.】	Under evaluation to be disclosed.
4.15	Does the company website or annual report disclose the formulated policy on integrity management, specifying concrete practices and prevent unethical behavior plans?	The concrete practices of the integrity management policy and the plan to prevent unethical behavior are under development.
4.16	Does the company formulate and disclose in detail on the company website the reporting system for illegal (including corruption) and immoral behavior conducted by internal and external personnel?	1. The reporting system for illegal (including corruption) and immoral behavior is being developed; 2. If any illegal/immoral behavior occurs, we will take the initiative to expose it.
4.17	Does the company website or corporate social responsibility report disclose the established supplier management policies, require suppliers to follow relevant rules on issues such as environmental protection, occupational safety and health, or labor rights, and explain the implementation situation?	1. There is currently no plan for producing a corporate social responsibility report. 2. Supplier management policy is under development.

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

1. Information of members of Remuneration Committee

Condition		Professional qualifications and experience	Independence situation	Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies
Position	Name			
Independent director (Convener)	Fang Tsai Chiu	Please refer to the information disclosure on directors' professional qualifications and independence analysis of directors and independent directors on pages 13 and 14 of this annual report.		2
Independent director	Ming Zhi Tsai			1
Independent director	Chung Ben Chen			0

2. Duties of Remuneration Committee: With the attention of a good manager, faithfully perform the following functions and powers, and submit the proposed suggestions to the board of directors for discussion.

- (1) Formulate and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managers.
- (2) Regularly evaluate and determine the remuneration of directors and managers.

3. Attendance of Members at Remuneration Committee Meetings

- (1) There are 3 members in the Remuneration Committee in the company.
- (2) The current term of office: From August 26, 2021 to August 25, 2024. A total of 2 (A) Remuneration Committee meetings were held in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Fang Tsai Chiu	2	0	100	
Committee Member	Ming Zhi Tsai	2	0	100	
Committee Member	Chung Ben Chen	2	0	100	

Annotations:

- 1、 If the board of directors does not adopt or amend the suggestion of Remuneration Committee, the date, period, content of the proposal, the result of the resolution of the board of directors, and the company's response to Remuneration Committee should be stated: None.
- 2、 For the resolutions of Remuneration Committee, if members have objections or qualified opinions and there are records or written statements, the date, session, content of the proposal, all members' opinions and the response to members' opinions should be stated: None.

Remuneration Committee's resolution results on major proposals and the company's response to Remuneration Committee:

Date of Meeting	Important resolution	Resolution results of Remuneration Committee and the company's response to Remuneration Committee

January 18, 2023	· Review the case of the manager's annual bonus of the company	Proposal was approved as proposed by all attendees.
March 14, 2023	· Case of deliberation on the manager's annual salary of the company	Proposal was approved as proposed by all attendees.
February 7, 2024	· Review the case of the manager's annual bonus of the company	Proposal was approved as proposed by all attendees.
March 8, 2024	· Case of deliberation on the manager's annual salary of the company	Proposal was approved as proposed by all attendees.

3.4.5 Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?		✓	The company has not yet established a governance structure to promote sustainable development but has formulated the “Corporate Social Responsibility Code” to implement corporate governance, develop a sustainable environment, and maintain social welfare in accordance with the code, and always pay attention to changes in external environmental laws and regulations to adjust relevant execution strategy.	According to actual needs, it will be handled in accordance with relevant laws and regulations.
2. Whether the company, based on the principle of materiality, has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities? (Note 2)	✓		The company has formulated the “Corporate Social Responsibility Code” and set up a unit to promote corporate social responsibility, always pay attention to the risk assessment of environmental, social and corporate governance issues related to the company's operations, propose specific plans and implementations for risks, and regularly report to the board of directors.	None
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the company evaluate the potential risks and opportunities in climate change regarding the present and future of its business, and take appropriate action to counter climate change issues? (4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓ ✓ ✓		(1) The company makes effective use of resources, maintains sustainable operations, takes care of employees' lives, and provides environment-related information to communicate with stakeholders. (2) The company adheres to the spirit of continuous improvement, and actively proposes and implements feasible improvement plans in terms of pollution prevention, energy and resource conservation, and waste reduction, so as to reduce the overall environmental protection risk, and most of the company's production process are products being assembled, so there will be less pollution and waste. (3) The company promotes energy-conservation and carbon-reduction activities within the company and advocate the concepts of waste reduction and greening the earth. (4) The company has not yet counted the total waste weight of greenhouse gases, water consumption and other waste, but the production process of the company's products is mostly assembling, which will not easily produce the mentioned pollutants that affect the environment. The company will gradually count the total amount of pollutants and plan to reduce it.	None
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? (4) Does the company provide its employees with career development and training sessions?	✓ ✓ ✓ ✓		(1) The company has formulated employee work rules and human resource-related operating methods in accordance with Labor Standards Act; the company's employment, promotion, and the assessments of human resources have not included gender, race, socio-economic class, age, marriage and family status, etc. in the evaluation factors to protect the legitimate rights and interests of employees and promote harmony between labor and capital. (2) The company has formulated employee work rules and human resource-related operating methods in accordance Labor Standards Act. Employee-related welfare measures will comply with labor laws and regulations, and relevant benefit measures will be given in due course to employees according to the company's operating conditions. (3) The company adheres to the spirit of continuous improvement to reduce the risks of overall employees' safety and health, and regularly provides health check measures for employees and a safe working environment to ensure the health and safety of employees. (4) The company creates a good environment for employees' career development and establishes an effective training plan of their career ability development, and regularly and irregularly organizes employee education and training activities to strengthen employees' professional capabilities.	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(5) Do the company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(5)The marketing and labeling of the company’s products and services comply with relevant laws and international standards and have no major pollution to the external environment. The company has obtained the following certifications to ensure the transparency and security of product and service information: 1.ISO 9001 quality management system 2. CE safety mark	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		(6) The company has signed a buy-in contract with the supplier, and conducts on-site audit and document audit of the supplier in due course. The company will also consider whether the supplier attaches great importance to labor rights, workplace safety and health, pollution prevention and other projects. In the future, if necessary, the policies regarding violations will be added and the contract will be terminated or cancelled at any time if it has a significant impact on the environment and society.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?		✓	The company has not yet compiled a corporate social responsibility report, and there is no item that has been certified by relevant verification agencies.	According to the actual needs of the evaluation, the sustainability report will be produced.
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: None.				
7. Other useful information for explaining the status of corporate social responsibility practices: The company implements controls on environmental protection according to laws and regulations, and relevant information is also disclosed on the company website.				

Note 1: If the status of implementation is ticked “Yes”, please specify the significant policies, strategies, measures and implementation status adopted; if ticked “No”, please explain in the “Deviations from the ‘Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies’ and Reasons” the differences and reasons, and the plan to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to issues related to environment, society and corporate governance that have a significant impact on company investors and other stakeholders.

Note 3: For the method of disclosure, please refer to the best practice examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

3.4.6 Climate-related information implementation

Project	Execution situation
1. Describe board and management oversight and governance of climate-related risks and opportunities.	The company has not yet approved the establishment of an "ESG Functional Committee" through resolution of the board of directors. However, the general manager, deputy general manager of the management department and other senior management have planned to establish an "ESG promotion organization" to coordinate and formulate the company's corporate responsibility and sustainable development. Direction and strategic goals; the company plans to appoint qualified personnel to take on and assist in promoting sustainable development-related matters according to functions, and integrate corporate social responsibility into operating strategies and operating activities, and hold meetings from time to time to discuss and review the company's sustainable development. Direction goals and progress, report relevant progress to the chairman of the board and regularly report greenhouse gas inventory and verification schedule planning progress to the board of directors.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term).	As of the publication date of the annual report, the Company has not used climate risks and opportunities impact on company's business, strategy and finances, so it is not applicable.
3. Describe the financial impact of extreme climate events and transition actions.	As of the publication date of the annual report, the Company has not used extreme climate events and transition actions impact on finances, so it is not applicable.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system	As of the publication date of the annual report, the Company has not used integrated into the overall risk management system with climate risk identification, assessment and management processes, so it is not applicable.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.	As of the publication date of the annual report, the Company has not used scenario analysis to assess its resilience to climate change risks, so it is not applicable.
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	As of the publication date of the annual report, the Company has no transformation plan to manage climate-related risks, so it is not applicable.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	As of the publication date of the annual report, the Company has not used internal carbon pricing as a planning tool, so it is not applicable.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs).	As of the publication date of the annual report, the Company has not set climate-related targets, so it is not applicable.
9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans	As of the publication date of the annual report, the company does not meet certain conditions, so it is not applicable.

3.4.7 Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) In order to implement ethical corporate management policies and actively prevent unethical behaviors, the company has formulated the “The Ethical Corporate Management Best Practice Principles” to specifically regulate the matters that the company’s personnel should pay attention to when performing business.</p> <p>(2) The company has established an effective internal control system and accounting system, and conducts rolling reviews at any time to ensure that its design and implementation continue to be effective and prevent unethical business activities.</p> <p>(3) “The Ethical Corporate Management Best Practice Principles” of the company clearly specifies that the company and its directors, managers, employees, or those with substantial control capabilities shall not directly or indirectly provide, promise, request or accept any improper benefits from customers, agents, contractors, suppliers, public officers, or other interested parties, and conduct business activities in a fair and transparent manner based on the principle of ethical corporate management.</p>	None
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p>(1) Before doing business, the company will consider the legitimacy of all third parties or other business partners and whether they are involved in unethical behavior and avoid trading with those who have a record of unethical behavior.</p> <p>(2) The company has not set up a dedicated unit to promote ethical corporate management, but the audit office conducts regular and irregular inspections every year, reports the results to Audit Committee and the board of directors, and takes appropriate corrective measures.</p> <p>(3) The company has regulated the proposals listed by the board of directors. If there are conflicts of interest within oneself or the legal person he/she represents, which may harm the interests of the company, he/she may state its opinions and answer questions but shall not participate in the discussion and voting, and not to act on behalf of other directors to exercise their voting rights; if the company personnel find something that does not comply with ethical corporate management, they can directly submit specific evidence to the company’s superior supervisor, and keep the identity and content of the whistleblower confidential.</p> <p>(4) The board of directors of the company will fulfill the duty of a good manager, supervise the company to prevent unethical behavior, and review the compliance of the accounting system and internal control system at any time and make rolling corrections, and the audit office formulates and implements annual audit plans in accordance with relevant laws and regulations and continuously track and</p>	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		improve to ensure the implementation of the ethical corporate management policy. (5) The company puts the first priority on the principle of ethical corporate management. In order to implement the basic principles of ethical corporate management, all employees are required to abide by relevant government laws and ethical codes of conduct when performing company business, and they are irregularly announced at important meetings of the company.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Does the company provide proper whistleblower protection?	✓ ✓ ✓		(1) The company has established a chairman's mailbox. When employees find that there is a violation of laws, regulations or ethical codes of conduct, any individual can complain and put the complaint into the chairman's mailbox, and the appropriate personnel will report and handle it. (2) The company keeps the identity and content of the whistleblower confidential. The procedure is that after the whistleblower needs to provide specific evidence, he/she directly submits it to the company's superior supervisor. After the company receives the complaint, it will be processed as soon as possible with strict confidentiality (3) During the process of handling complaints, the company has the duty of performing confidentiality and protection for the parties involved to avoid improper disposal for complaining.	None
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The company has established "The Ethical Corporate Management Best Practice Principles," and has disclosed relevant information on the company's website and MOPS.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The ethical corporate management operated by the company is based on the established policy.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): The company will always pay attention to the development of relevant rules of ethical corporate management at home and abroad, and encourage directors, managers and employees to make suggestions, based on which they can review and improve the policies and promotional measures of the company's ethical corporate management, so as to enhance the effectiveness of the company's implementation of ethical corporate management.				

3.4.8 Corporate Governance Guidelines and Regulations

The company has formulated a corporate governance code and other relevant regulations related to the corporate governance code. The company has currently formulated the rules of procedure for shareholders' meetings, the rules of procedure for board meetings, and the code of ethical corporate management, etc., which are currently disclosed on the company's website and the section of Corporate Governance of MOPS, annual report of shareholders' meeting and handbook, etc. They can also be inquired on the company website and MOPS.

3.4.9 Other Important Information Regarding Corporate Governance

The company has purchased liability insurance for the directors. In order to implement Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and protect the rights and interests of shareholders, and to keep the company's directors and independent directors from suffering losses from investors or third parties due to unintentional handling of appointment affairs, the company has insured directors and independent directors on liability and continuously purchased insurance annually since 2019.

3.4.10 Internal Control Systems

1. Statement of Internal Control

Ying Han Technology Co., Ltd.
Statement of Internal Control

Date: March 8, 2024

Based on the results of the company's self-assessment of the internal control system in 2023, we hereby declare as follows:

1. The company understands that it is the responsibility of the board of directors and managers of the company to establish, implement and maintain an internal control system, and the company has already established such a system. Its purpose is to achieve the goals of operational effectiveness and efficiency (including profit, performance, and asset security, etc.), report reliability, timeliness, transparency, and compliance with relevant laws and regulations, and provide reasonable assurance.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for achieving three objectives mentioned above; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system can be subject to change. However, the company's internal control system has a self-monitoring mechanism. Once a defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in "Regulations Governing Establishment of Internal Control Systems by Public Companies." The items for judging the effectiveness of the internal control system adopted in the regulations are based on the process of management control, and the internal control system is divided into five components: 1. Environment control, 2. Risk assessment, 3. Operation control, 4. Information and communication, and 5. Supervision. Each constituent element in turn includes several items. For the mentioned items, please refer to the provisions of "Regulations Governing Establishment of Internal Control Systems by Public Companies."
4. The company has adopted the mentioned items for judging the effectiveness of the internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the company believes that the company's internal control system (including the supervision and management of subsidiaries) on December 31, 2023, including understanding the effectiveness of operations and the degree of achieving goals of efficiency, that reports are reliable, timely, transparent, and that the design and implementation of internal control systems complying with relevant laws and regulations are effective, which can reasonably ensure the achievement of the above goals.
6. This statement will become the main content of the company's annual report and prospectus and will be made public. If there are falsehoods, concealment, or other illegal matters in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the company's board of directors on March 8, 2024. Among the 9 directors present, 0 objected. The rest agreed with the content of this statement and hereby declare it.

Ying Han Technology Co., Ltd.



Chairman: Ping Kun Hu

General Manager: Chun Chia Hu



Signature

Signature



2. Disclosures Required for the Review Report by CPAs about the Internal Control Systems:
None.

3.4.11 Major deficiencies and improvements of the company and its internal personnel being punished according to law, and the internal personnel punished for violating the regulations of internal control systems by the company in the most recent year and as of the date of the annual report:
None.

3.4.12 Significant resolutions of the shareholders and the board of directors' meeting in the most recent year and as of the date of the annual report

1. The company's shareholders' meeting was held on June 7, 2023 at No. 50, Keji 1st Road, Annan District, Tainan City (the company's audio-visual classroom). The shareholders' resolutions and their implementation at the meeting are as follows:

- (1) Approval of the 2022 annual business report and financial statements
Implementation status: acknowledgment of the 2022 business report and financial statements, in which the annual consolidated revenue is approximately NT\$762 million, the net loss after tax was about NT\$14 million, and the net loss per share was NT\$0.14.
- (2) Acknowledgment of the 2022 Annual Loss make-up proposal
Implementation status: The implementation has been completed in accordance with the resolution of the shareholders' meeting.
- (3) Approval of the private placement of common stock.
Implementation status: Considering the overall operations and financing channels, it has not been implemented, and the remaining period of the private placement within one year after the board of directors approved the shareholders' meeting in March 2024 will not be implemented.

2. Significant resolutions of the board of directors are as follows:

Date	Significant Resolutions
March 14, 2023	<ol style="list-style-type: none"> 1. 2022 Annual business report and financial statements. 2. 2022 Loss make-up proposal. 3. Proposal for drafting the "Statement of Internal Control System." 4. The case of lending funds to subsidiaries. 5. The company intends not to continue to handle the case of "private placement of common stock" approved by the 2022 annual regular shareholders' meeting. 6. Proposed private placement of common stock. 7. Decided on the convening of the company's 2023 annual regular shareholders' meeting. 8. Reviewed the company's manager's annual salary. 9. 2023 operating plan and budget. 10. The company regularly evaluates the "Case of Audit Quality Index for Accounting Firms." 11. The company planned to formulate the "Pre-Approval Review Method for Providing Non-Confirmed Services" 12. Case on credit line of financial institutions.
May 8, 2023	<ol style="list-style-type: none"> 1.Consolidated Financial Statements for Q1 2023 2.Case on credit line of financial institutions.
August 9, 2023	<ol style="list-style-type: none"> 1.Consolidated Financial Statements for Q2 2023 2.Case on credit line of financial institutions. 3.Signed a financing line ratification case with Mega International Commercial Bank due to business needs
November 7, 2023	<ol style="list-style-type: none"> 1. Consolidated Financial Statements for Q3 2023 2. Formulated the audit plan for the 2024. 3.The company's 2023 evaluation of certified public accountants' independence and appointment. 4.Add investment in Tianjin Yinghan Technology Co., Ltd., a subsidiary of the company 5.Add investment in Shanghai Yingheng Machinery Technology Co., Ltd., a subsidiary of the company 6.Add investment in YING HAN TECHNOLOGY Sp.z o.o a subsidiary of the company 7.Case on credit line of financial institutions.
March 8, 2024	<ol style="list-style-type: none"> 1.2023 Annual business report and financial statements. 2.2023 Loss make-up proposal. 3.Proposal for drafting the "Statement of Internal Control System." 4.The case of lending funds to subsidiaries. 5.The company intends not to continue to handle the case of "private placement of common stock" approved by the 2022 annual regular shareholders' meeting. 6.Proposed private placement of common stock. 7.Reelection of directors and independent directors of the company 8.Procedures for accepting director nominations and review standards 9.Nominated Directors and Independent Director Candidates 10.Lifting restrictions on non-competition behavior of new directors and their representatives 11.Decided on the convening of the company's 2024 annual regular shareholders' meeting. 12.Reviewed the company's manager's annual salary. 13 2024 operating plan and budget. 14.The company regularly evaluates the "Case of Audit Quality Index for Accounting Firms." 15.The company planned to formulate the "Pre-Approval Review Method for Providing Non-Confirmed Services" 16.Add investment in YING HAN TEKNOLOJI LTD. STI a subsidiary of the company. 17.Add investment in YLM Industrial Company Limited a subsidiary of the company. 18.Case on credit line of financial institutions.
May 08,2024	<ol style="list-style-type: none"> 1.Consolidated Financial Statements for Q1 2024 2.Add investment in Rdata System Co., Ltd. a subsidiary of the company 3.Credit Line Extension from Financial Institutions

3.4.13 In the most recent year and as of the date of the annual report, if the directors have different opinions on the significant resolutions approved by the board of directors and there are records or written statements, the main content is: None.

3.4.14 Summary of resignations and dismissals of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, and R&D supervisor in the most recent year and as of the date of the annual report: None.

3.5 Information Regarding the Company's Audit Fee

(1) The amount of audit fees and non-audit fees paid to certified public accountants and their affiliated firms and affiliated companies, and the content of non-audit services.

Unit : NT thousand

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Audit Fee	Non-audit Fee		Total	Remarks
					Business Registration	Others (Note)		
Deloitte Touche Tohmatsu Limited	Chang Jun Wu	Hong Ru Liao	2023	3,200	0	336	3,536	None

Note: This includes services such as transfer valuation reports and payment on behalf of customers.

(2) If the accounting firm is changed and the audit fee paid in the replacement year is less than the audit fee in the previous year, the amount of audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(3) If the audit public fee has decreased by more than 15% compared with the previous year, disclose the amount, proportion and reason of the audit public fee reduction: None.

3.6 Replacement of CPA

The company has changed certified public accountants in the last two years and before and after: None.

3.7 The company's chairman, general manager, manager in charge of financial or accounting affairs, who has worked in the firm of the certified public accountants or its affiliated enterprises in the last year: None.

3.8 The Equity Transfer and Equity Pledge Changes of Directors, Supervisors, Managers and Shareholders holding more than 10%.

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2023		As of April 8, in the Year 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Director	Ying Lin Investment Co., Ltd.	0	0	0	0
Chairman	Representative of Ying Lin Investment Co., Ltd.: Ping Kun Hu	0	0	0	0
Director	Representative of Ying Lin Investment Co., Ltd.: Ping Nan Hu	0	0	0	0
Director	Rong Tong Fang	(9,000)	0	(14,000)	0
Director	Chun Chia Hu	0	0	0	0
Director	Bo Shiang Hu	0	0	0	0
Independent Director	Ming Zhi Tsai	0	0	0	0
Independent Director	Fang Tsai Chiu	0	0	0	0
Independent Director	Chung Ben Chen	0	0	0	0
Independent Director	Shin Yung Chen	0	0	0	0
Major Shareholder	Ying Lin Investment Co., Ltd.	0	0	0	0
General Manager	Chun Chia Hu	0	0	0	0
Deputy General Manager	Yun Chong Lee	0	0	0	0
Deputy General Manager	Ya Fen Chen	0	0	0	0
Deputy General Manager	Meng Jie Ho	0	0	0	0
Accounting Director	Kuo Chang Huang	0	0	0	0

(2) Information about the privy of the equity transfer as a related party: None.

(3) Pledge of shares of directors, supervisors, managers and major shareholders: None.

3.9 Relationship among the Top Ten Shareholders

April 8, 2024; Unit: Share; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	Remarks	
	Shares	%	Shares	%	Shares	%			
Representative of Ying Lin Investment Co., Ltd.: Ping Kun Hu	14,678,838	16.77	-	-	-	-	Shao Tsai Yun Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is himself/herself or a relative within the second degree of kinship.	-
							Ping Nan Hu, Chun Chia Hu, Zhi Lun Hu, Shu Hui Hu, Qiao Ru Hu	A relative within the second degree of kinship.	-
Representative of Shao Tsai Yun Investment Co., Ltd.: Ping Nan Hu	6,270,000	7.16	-	-	-	-	Ying Lin Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is himself/herself or a relative within the second degree of kinship.	-
							Ping Kun Hu, Bo Shiang Hu, Shu Hui Hu	A relative within the second degree of kinship.	-
Chun Chia Hu	5,649,600	6.45	38,000	0.04	-	-	Ying Lin Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is a relative within the second degree of kinship.	-
							Ping Kun Hu, Zhi Lun Hu, Qiao Ru Hu	A relative within the second degree of kinship.	-
Bo Shiang Hu	5,112,600	5.84	-	-	-	-	Shao Tsai Yun Investment Co., Ltd.	The person in charge of the company is a relative within the second degree of kinship.	-
							Ping Nan Hu	A relative within the second degree of kinship.	-
Representative of Chun Yuan Investment Co., Ltd.: Ping Kun Hu	4,034,000	4.61	-	-	-	-	Ying Lin Investment Co., Ltd., Shao Tsai Yun Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is himself/herself or a relative within the second degree of kinship.	-
							Ping Nan Hu, Chun Chia Hu, Zhi Lun Hu, Shu Hui Hu, Qiao Ru Hu	A relative within the second degree of kinship.	-
Zhi Lun Hu	3,796,100	4.34	-	-	-	-	Ying Lin Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is a relative within the second degree of kinship.	-
							Ping Kun Hu, Chun Chia Hu, Qiao Ru Hu	A relative within the second degree of kinship.	-
Representative of Hu Ching Yuan Investment Co., Ltd.: Ping Kun Hu	3,610,000	4.12	-	-	-	-	Ying Lin Investment Co., Ltd., Shao Tsai Yun Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is himself/herself or a relative within the second degree of kinship.	-
							Ping Nan Hu, Chun Chia Hu, Zhi Lun Hu, Shu Hui Hu, Qiao Ru Hu	A relative within the second degree of kinship.	-
Representative of Ying Han construction Co., Ltd.: Ping Kun Hu	3,596,000	4.11	-	-	-	-	Ying Lin Investment Co., Ltd., Shao Tsai Yun Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd.	The person in charge of the company is himself/herself or a relative within the second degree of kinship.	-
							Ping Nan Hu, Chun Chia Hu, Zhi Lun Hu, Shu Hui Hu, Qiao Ru Hu	A relative within the second degree of kinship.	-
Shu Hui Hu	2,328,449	2.66	-	-	-	-	Ying Lin Investment Co., Ltd., Shao Tsai Yun Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is a relative within the second degree of kinship.	-
							Ping Kun Hu, Ping Nan Hu	A relative within the second degree of kinship.	-
Qiao Ru Hu	2,305,000	2.63	-	-	-	-	Ying Lin Investment Co., Ltd., Hu Ching Yuan Investment Co., Ltd., Chun Yuan Investment Co., Ltd., Ying Han construction Co., Ltd.	The person in charge of the company is a relative within the second degree of kinship.	-
							Ping Kun Hu, Chun Chia Hu, Zhi Lun Hu	A relative within the second degree of kinship.	-

3.10 Ownership of Shares in Affiliated Enterprises

March 31, 2024 Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Ying Han Technology SP.ZO.O. (Poland)	2,579	100	-	-	2,579	100
Ying Han Teknoloji Ltd.Sti (Turkey)	Note	100	-	-	Note	100
Ying Han Technology Limited (Russia)	Note	100	-	-	Note	100
Hannsa Precision Sdn Bhd (Malaysia)	400,000	100	-	-	400,000	100
YLM Industrial Company Limited (Thailand)	23,000	46	-	-	23,000	46
Ying Lin Machine Industrial Co., Ltd. (Vietnam)	Note	100	-	-	Note	100
Ying Han Teknoloji Ltd.	Note	100	-	-	Note	100
Shanghai Yingheng Machinery Technology Co., Ltd.	Note	100	-	-	Note	100
YLM Tube Solutions And Service Pvt. Ltd (India)	369,999	99.99	-	-	369,999	99.99
PT.Ying Lin Machine & Service(Indonesia)	108,900	99	1,100	1	110,000	100
Rdata System Co., Ltd.	1,100,000	55	-	-	1,100,000	55
Ying Han Technology (USA) Inc. (USA)	60,000	100	-	-	60,000	100

Note: It is in the form of a limited company, and the shares have not been issued.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Issued Shares

April 8, 2024 ; Unit: Share; NT thousand

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other s
Jan, 2008	10	2,900,000	29,000,000	2,900,000	29,000,000	Set up share capital by cash	None	Note1
Sept, 2011	10	8,800,000	88,000,000	8,800,000	88,000,000	Cash offering 59,000 (NT thousand)	None	Note2
Nov, 2013	10	15,400,000	154,000,000	15,400,000	154,000,000	Cash offering 66,000 (NT thousand)	None	Note3
Jan, 2015	18	70,000,000	700,000,000	31,600,000	316,000,000	Cash offering 162,000 (NT thousand)	None	Note4
July, 2015	10	70,000,000	700,000,000	60,040,000	600,400,000	Capital reserves of 126,400 (NT thousand) Capital increase out of earnings for 158,000 (NT thousand)	None	Note5
Sept, 2017	40	70,000,000	700,000,000	67,546,000	675,460,000	Cash offering 75,060 (NT thousand)	None	Note6
Aug, 2019	-	100,000,000	1,000,000,000	67,546,000	675,460,000	-	None	Note7
June, 2020	-	150,000,000	1,500,000,000	67,546,000	675,460,000	-	None	Note8
Jan, 2022	15	150,000,000	1,500,000,000	87,546,000	875,460,000	Cash offering 200,000(NT thousand)	None	Note9

Note 1: MOEA No. 09731646880 certified on January 24, 2008.

Note 2: MOEA No. 10032528740 certified on September 21, 2011.

Note 3: Tainan City Government No. 10208536870 certified on November 6, 2011.

Note 4: Tainan City Government No. 10400007860 certified on January 14, 2015.

Note 5: MOEA No. 10401154750 certified on July 27, 2015.

Note 6: MOEA No. 10601136430 certified on September 27, 2017.

Note 7: MOEA No. 10801084960 certified on August 19, 2019.

Note 8: MOEA No. 10901110850 certified on June 24, 2020.

Note 9: MOEA No. 11101006000 certified on January 17, 2022.

Type of Stock

April 8, 2024 ; Unit: Share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	87,546,000	62,454,000	150,000,000	

Information about the comprehensive reporting system: Not applicable.

4.1.2 Status of Shareholders

April 8, 2024

Status of Shareholders Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	2	18	2,877	15	2,912
Shareholding (shares)	0	51,000	34,374,574	51,891,211	1,229,215	87,546,000
Shareholding (%)	0	0.07	39.26	59.27	1.40	100.00

4.1.3 Shareholding Distribution Status

Common Shares
10 Dollars Par Value

April 8, 2024

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1~ 999	354	51,473	0.06
1,000~ 5,000	1,881	3,693,882	4.22
5,001~ 10,000	317	2,583,495	2.95
10,001~ 15,000	90	1,174,184	1.34
15,001~ 20,000	62	1,158,369	1.32
20,001~ 30,000	43	1,102,419	1.26
30,001~ 50,000	57	2,330,992	2.66
50,001~ 100,000	56	4,004,221	4.58
100,001~ 200,000	16	2,287,256	2.61
200,001~ 400,000	8	1,860,662	2.13
400,001~ 600,000	7	3,535,001	4.04
600,001~ 800,000	5	3,491,259	3.99
800,001~ 1,000,000	1	897,000	1.02
1,000,001 or over	15	59,375,787	67.82
Total	2,912	87,546,000	100.00

4.1.4 List of Major Shareholders

April 8, 2024

Major Shareholders	Shares	Shareholding (shares)	Shareholding (%)
Ying Lin Investment Co., Ltd.		14,678,838	16.77
Shao Tsai Yun Investment Co., Ltd.		6,270,000	7.16
Chun Chia Hu		5,649,600	6.45
Bo Shiang Hu		5,112,600	5.84
Chun Yuan Investment Co., Ltd.		4,034,000	4.61
Zhi Lun Hu		3,796,100	4.34
Hu Ching Yuan Investment Co., Ltd.		3,610,000	4.12
Ying Han Construction Co., Ltd.		3,596,000	4.11
Shu Hui Hu		2,328,449	2.66
Qiao Ru Hu		2,305,000	2.63

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share, and Related Information in the Last Two Years

Unit: NT thousand

Item		Year	2022	2023	As of March 31, in the Year 2024
Market Price per Share	Highest Market Price		16.80	17.65	19.95
	Lowest Market Price		13.70	14.70	14.70
	Average Market Price		15.42	15.92	16.53
Net Worth per Share	Before Distribution		12.76	11.98	11.88
	After Distribution		12.76	11.98	11.88
Earnings per Share	Weighted Average Shares (thousand shares)		87,546	87,546	87,546
	Diluted Earnings Per Share		-0.14	-0.92	-0.18
Dividends per Share	Cash Dividends		-	-	Not yet distributed.
	Stock Dividends	Dividends from Retained Earnings		-	Not yet distributed.
		Dividends from Capital Surplus		-	-
	Accumulated Undistributed Dividends		-	-	Not yet distributed.
Return on Investment	Price / Earnings Ratio (Note 1)		-	-	-
	Price / Dividend Ratio (Note 2)		-	-	-
	Cash Dividend Yield Rate (Note 3)		-	-	-

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

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

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy Stipulated in the Company's Articles of Incorporation

If the company makes annual profits, 1% to 5% should be appropriated as employee remuneration, which shall be distributed in the form of stocks or cash by the resolution of the board of directors, and the distribution targets include employees of subordinate companies who meet certain conditions. According to the resolution of the board of directors, no more than 5% of the amount of profit shall be appropriated as remuneration for directors. Proposals on the distribution of employee remuneration and director remuneration shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

After fulfilling all tax obligations and making up for losses from previous years as required by law, 10% of any surplus in the company's annual final accounts must be allocated to the statutory surplus reserve. However, if the statutory surplus reserve has already reached the total paid-in capital, it cannot be increased any further. Furthermore, the company must comply with the laws and regulations of the relevant authorities and allocate funds to special surplus reserves if required. Any remaining balance must be used to distribute dividends to shareholders, with at least 10% allocated for this purpose. The board of directors is responsible for formulating a plan for the distribution of undistributed earnings from the previous year and submitting a resolution to the shareholders' meeting for approval. The company's cash dividend distribution must not be less than 10% of the total dividend distributed for the year, but this ratio may be adjusted based on the company's financial structure or significant capital expenditures planned for the year. The shareholders' meeting may pass resolutions to increase or decrease the cash dividend distribution ratio.

2. Proposed Distribution of Dividend for the Fiscal Year:

The company has 287,427 thousands dollars to be made up for losses in 2023. The proposal of not distributing dividends has been approved by the board of directors on March 8, 2024 and is waiting for resolution of shareholders' meeting on June 6, 2024.

3. When the dividend policy is expected to have major changes, it should be explained: there is no major change in the company's dividend policy.

4.1.7 Impact to Business Performance and EPS Resulting from Stock Dividend Distribution in the Fiscal Year: Not applicable.

4.1.8 Compensation of Employees, Directors, and Supervisors:

1. The percentage or scope of remuneration for employees, directors, and supervisors as stated in the company's articles of incorporation: Please refer to the above "4.1.6 Dividend Policy and Implementation Status" for explanation.

2. The accounting treatment when the actual distribution amount is different from the estimated amount based on the estimation of the amount of remuneration for employees, directors and supervisors in the current period and the calculation of the number of shares for employee remuneration on stock distribution:

The remuneration of employees and directors is based on the management's estimate of the possible payment amount. If there is a significant difference between the actual distribution amount and the estimated amount at the subsequent shareholders' meeting, it will be included in the profit or loss of the next year.

3. Approval of the distribution of remuneration by the board of directors:

(1) If there is any discrepancy between the amount of employee remuneration distributed in cash or stock and the remuneration of directors and supervisors and the annual estimated amount of recognized expenses, the discrepancy, reasons, and handling situation shall be disclosed:

The company's 2023 year was a net loss before tax, so the employees' and directors' remuneration were not estimated.

(2) Proportion of the amount of employee remuneration distributed by stock to the total after-tax net profit and total employee remuneration in the individual financial statement of the current period: None.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and if there is any discrepancy with the remuneration of the recognized employees, directors and supervisors, the discrepancy, reasons, and handling situation shall be disclosed:

The company's 2022 year was a net loss before tax and the employees' and directors' remuneration were not estimated. There is no difference between the actual distribution amount and the amount recognized in the company's 2022 report.

4.1.9 Buyback of Common Stock: None.

4.2 Issuance of Corporate Bonds (Including Overseas Corporate Bonds): None.

4.3 Preferred Shares: None.

4.4 Issuance of Overseas Depositary Shares: None.

4.5 Issuance of Employee Stock Options: None.

4.6 Status of Employee Restricted Stock: None.

4.7 Status of New Share Issuance in Connection with Mergers: None.

4.8 Status of New Share Issuance in Connection with Acquisitions: None

4.9 Financing Plans and Implementation:

Plan for cash capital increase and issue of new shares:

1. Approval date and document number of the competent authority: Financial Supervisory Securities Corporate No. 1100371929 certified on November 22, 2021.

2. The total amount of funds required for this project: NT\$300,000,000.

3. Source of funds: 20,000,000 shares were issued for capital increase in cash, with a face value of NT\$10 per share and an issue price of NT\$15 per share. The funds raised are NT\$300,000,000.

4. Planned projects and estimated funding progress

Unit: NT thousand

Planned Project	Estimated Completion Date	Total Funds Raised	Estimated Fund Utilization Progress
			The First Quarter of 2022
Repay Bank Loan	The First Quarter of 2022	300,000	300,000
Total		300,000	300,000

5. Estimated benefits: The cash capital increase and the issuance of new shares are used to repay bank loans, which will reduce and save interest expenses, reduce the financial burden, and strengthen the financial structure, which is beneficial to the overall operation and development of the company.

6. Implementation

Unit: NT thousand

Project	Implementation Status		The First Quarter of 2022	Up to the First Quarter of 2022	Reason and Improvement Plan for being ahead or behind schedule
	Disbursement Amount	Estimated			
Repay Bank Loan	Disbursement Amount	Estimated	300,000	300,000	Up to the first quarter of 2022, all expenditures for planned projects have been implemented and finished.
		Actual	120,000	300,000	
	Implementation Progress	Estimated	100.00%	100.00%	
		Actual	40.00%	100.00%	

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Main areas of business operations

The company's business is mainly the design, manufacture, installation and parts trading of metal pipe bending machines, pipe cutting machines, pipe end forming machines and other automatic whole plant equipment and machine tools.

2. Revenue distribution

Unit: NT thousand

Item	Year	2022		2023	
		Amount	Percentage(%)	Amount	Percentage(%)
Fully automatic whole plant equipment		531,347	69.71	490,560	66.10
Machine tool		112,700	14.79	108,013	14.55
Others		118,188	15.50	143,624	19.35
Total		762,235	100.00	742,197	100.00

3. Main products and service

The company mainly produces fully automatic whole plant equipment for metal pipe fittings processing and forming, including automatic numerical control pipe bending machines, semi-automatic numerical control pipe bending machines, pipe cutting machines, pipe end forming machines, and includes the research and development and production of tool machinery. The company provides production solutions for metal pipe bending machines and cold bending technology. It can process various metal pipes with an outer diameter from 4 mm to 220 mm, and can be applied to products widely including automotive and motorcycle transportation, furniture industry, boiler industry, electronic factories, diesel engines, shipbuilding and other heavy industries, as well as sports equipment industry, stroller-related industries, amusement facilities, home appliances, construction aerospace and many other industries.

4. New products planned to be developed

(1) Fully automatic whole plant equipment

- A. Developed pipe processing related equipment.
- B. Expand the application field of robotic arm.
- C. Optimize the central control communication system and big data collection function.
- D. Develop intelligent and fully automatic production lines to meet the unmanned automation needs of customers from various industries.

(2) Machining center

- A. Horizontal boring machine YBH3000, Boring tool W=700 D=130mm
- B. Horizontal milling machine YMH X=1200, Gear box
- C. Complicating machine-tool with the function of lathe and mill (linear slide)
- D. 5-axis sliding double column machining center
- E. Maintenance screen function development

5.1.2 Industry Overview

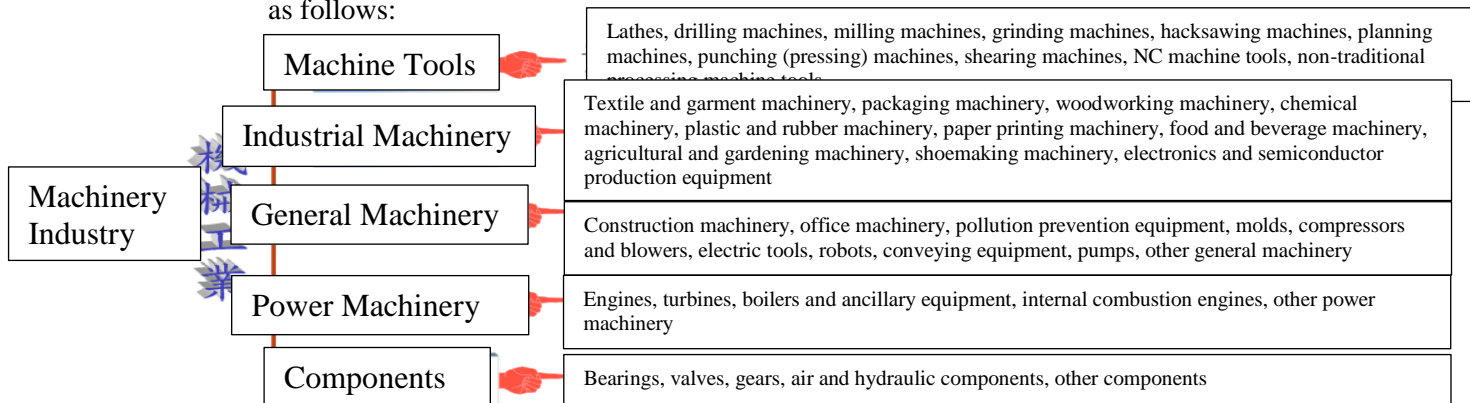
1. Current Status and Future Development of the Industry

The company is mainly engaged in the design, manufacture and installation of various automated machinery and equipment such as pipe bending machines and machining centers, as well as the trading of parts, etc. Among them, the pipe bending machine is an equipment for bending metal pipe fittings in various industries, and can process different types of pipe fittings. Furthermore, according to the processing method of pipe fittings, it can be divided into three types: single bend pipe bending machine, double bend pipe bending machine, and pipe fitting secondary processing machine.

The largest industry that pipes bending machines are applied to is the automotive industry. According to the data from ITIS, there are more than 30,000 parts in a whole car, 80% of which are metals, and pipe fittings processing accounts for more than 50%. The application scope includes exhaust pipes, bumpers, automotive piping, etc. Since the industry that the company belongs to is highly related to the metal processing machinery and equipment industry and the automotive industry, this is to explain the current situation and development of the company's industry based on the development of the above industries, and evaluate the operating risks of the industry as follows:

(1) Overview of machinery industry

The global machinery industry mainly refers to mechanical equipment and auxiliary equipment directly used in production in various industries. Its main scope is divided into machine tools, industrial machinery, general machinery, power machinery and components. The categories are as follows:



Source: The Statistics Division of MOEA, ITRI Industrial Economics and Knowledge Center

Machine Tool, according to the comprehensive definition of the International Organization for Standardization (ISO) and the International Manufacturing Technology Show (IMTS), is “a machine that is driven by power and cannot be carried by manpower and achieves the purpose of processing materials through the combination of physical, chemical and other methods such as cutting and pounding.” It refers to power machinery manufacturing devices, which are usually used for precision cutting metals to produce other machines or processed metal parts. Therefore, equipment including turning, milling, grinding, bending, shearing, electrical discharge machining, and laser machining are all machine tools. Generally speaking, in addition to manufacturing metal parts for automobiles, aerospace, national defense, machinery, molds, generators, etc., machine tools are also used in the processing of some production processes or components and consumables in high-tech industries such as semiconductors and panels, becoming a processing machine for making metal parts of various mechanical equipment; thus, it is known as the “mother of machinery.” Also, it is called “mother machine” because it is the necessary foundation for industrial production. The types of machine tools can be divided into cutting machine tools and forming machine tools, according to their classification as follows:

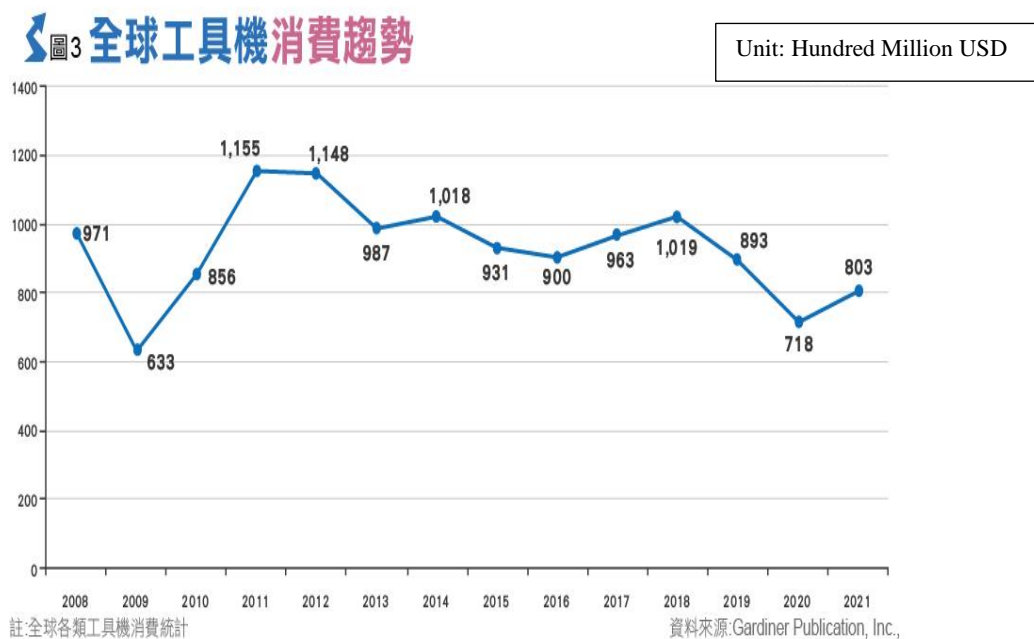
Type	Function	Product
Cutting Machine Tools	Partial removal of metal workpieces by means of debris, dust, discharge erosion, laser, etc.	Lathes, milling machines, drilling machines, grinding machines, gear processing machines, electrical discharge processing machines, laser processing machines, etc.
Forming Machine Tools	Forming workpieces by stamping.	Punching machines, shearing machines, forging machines, pipe bending machines, hydraulic forming machines, etc.

Source: ITRI Industrial Economics and Knowledge Center

Machine tools are indispensable machinery and equipment for various basic processing or precision machinery industries, among which the correlation with the automotive industry is the highest, for it takes tens of thousands of parts and components to produce a car, and machine tools are the machines that produce these parts. According to IEK industry research data, about 60-70% of the global machine tool industry is applied in the automotive industry. The growth momentum of machine tools in the early 21st century comes from the information and communication technology industry, followed by the energy and aerospace industries.

A. Overview of Machine Tools in the Global Market

Consumption Trend of Machine Tools in the Global Market



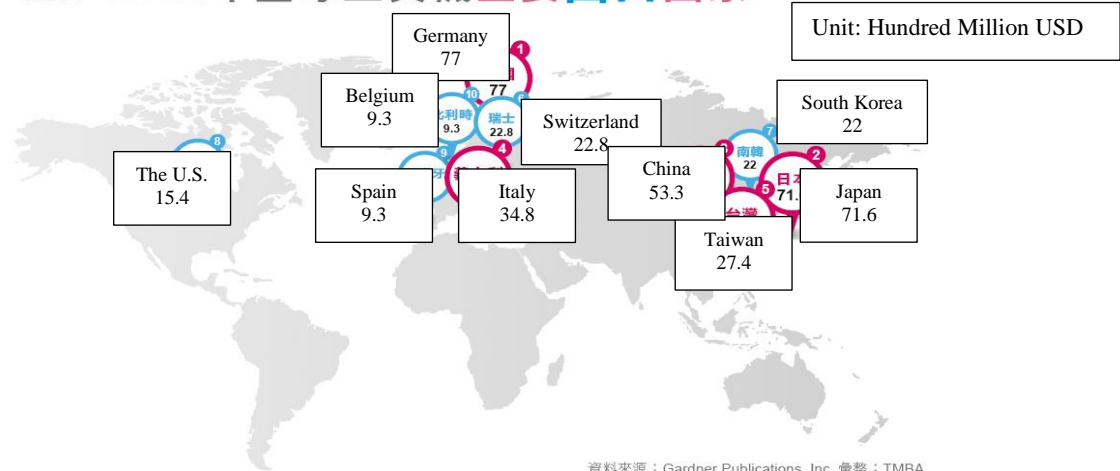
Source: Gardner Intelligence

The comparison of the consumption amount of the global machine tools in 2021 shows that Taiwan's machine tool exports change simultaneously with global consumers' demand. When the market demand declines, the decline in Taiwan's export value is relatively greater. This may be a natural phenomenon to decline as consumer demand slows down. On the other hand, although the average revenue growth of each company exceeds 25% compared with 2020 from the operating performance in 2021, the general profit performance is not good, with low gross profit and fierce market competition. In recent years, the challenge of competition in the tool industry has been increasing, and Taiwanese companies have strived more in their business model with the main goal of creating revenue; there are orders but no gross profit. Facing the declining stability of supply chain and rising costs, Taiwanese machine tool manufacturers continues to confront more operating challenges. According to the data from Industrial Technology Research Institute IEK, with the recovery of demand in China and the United States, and the reshaping effect of the supply chain driven by the U.S.-China trade war, it is estimated that the global consumption of machine tools will rise to US\$72.76 billion in 2021, which grows by 7.0% compared with that in 2020. Also, it is expected to continue to grow from 2022 to 2024. In 2024, the consumption amount is estimated to reach US\$89.03 billion.

2021 Major Exporters of Machine Tools in the World



2021年全球工具機主要出口國家



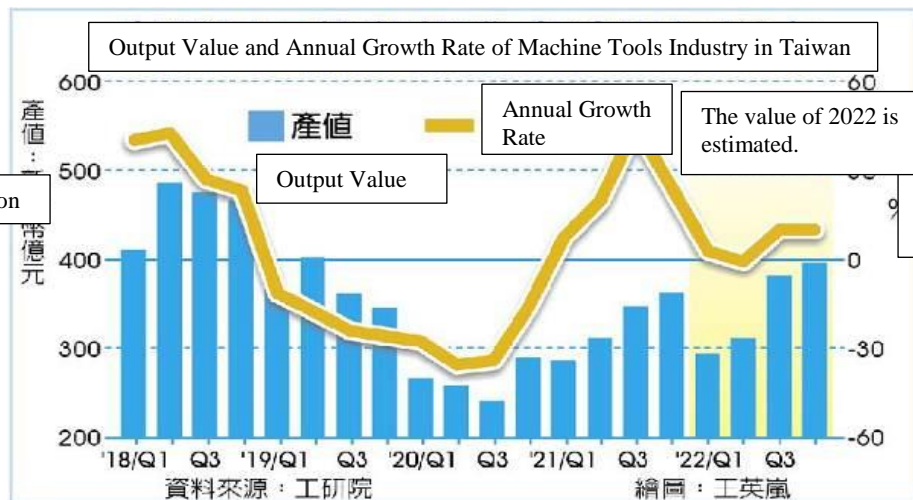
資料來源：Gardner Publications, Inc. 彙整：TMBA

Source: Gardner Intelligence

In 2021, the top ten exporters of machine tools in the world are Germany, Japan, China, Italy, Taiwan, Switzerland, South Korea, the United States, Spain, and Belgium. The order of ranking is only changed by Spain and Belgium, and the rest of the countries has not much changed.

B. Overview of Machine Tools in the Taiwanese Market

The machine tool industry has gone through the difficult time of the pandemic. With the restart of the economies of various countries, civilian demand is booming, and manufacturing production and investment activities have become active, which has also driven a positive effect on the machine tool industry in Taiwan. According to statistics from Industrial Technology Research Institute IEK, it is estimated that the output value of machine tools in 2022 will be NT\$138.74 billion, which increases by 6.0% compared with 2021. The EMO in 2021 leads the development direction of enterprises, and most of them focus on “smart production and manufacturing.” Machines combine big data, AI artificial intelligence, Industrial Internet of Things (IIoT), and integrate internal factory resources (including information of machine and equipment system, technology and knowledge of workers) and information of market demand. Through the Internet, this information management platform can be connected at any time. All status of the production line can be observed in real time, which provides important information for problem monitoring and improvement on the production site and formulation of optimal production strategies. It is the main trend of machine tool leading enterprises to form the whole line and the whole plant automation and maximize the production efficiency. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership has come into effect on December 30, 2018. If Taiwan joins CPTPP, it can be provided with zero tariffs, which will help Taiwanese machine tool manufacturers and industrial machinery expand overseas markets such as Australia, Japan, South Korea, Mexico, the United Kingdom, and Southeast Asia.



Source: ITRI Industrial Economics and Knowledge Center

According to the import and export data from Customs Administration, Ministry of Finance and statistics collected by TMBA, the cumulative exports of machine tools of Taiwan total US\$2.783 billion in 2021, which increases by 29.1% compared with 2020. Among them, the export of metal cutting machine tools increases by 29.2%, with an amount of US\$2.304 billion, and the export of metal forming machine tools increases by 29%, with an amount of US\$479 million.

Statistical Analysis of Machine Tool Exports of Taiwan in 2021

表1、2021年台灣工具機出口統計 / Table1.Taiwan Machine Tools Exports in 2021 by Product

稅號 Code	機種 Product	2021年12月		前月比 change (%)	數量 Unit	2021年1-12月 (2021 Jan. -Dec.)		2020年1-12月 (2020 Jan. -Dec.)		年同期比 change (%)	
		金額 (2021 Dec. Value)	金額 (2021 Nov. Value)			金額 Value	金額比重 Share of Value(%)	金額 Value	金額		
8456	放電、雷射、超音波工具機 EDM, Laser machines cutting M/C, etc.	9,804	9,613	2.0%	↑	10,517	147,673	5.3%	154,148	-4.2%	↓
8457	綜合加工機 Machining centers	87,059	102,619	-15.2%	↓	12,188	941,235	33.8%	702,304	34.0%	↑
8458	車床 Lathes	50,804	64,884	-21.7%	↓	1,808	590,344	21.2%	446,024	32.4%	↑
8459	鑽、鏜、銑、攻螺紋工具機 Drilling, Boring, Milling M/C	24,073	19,991	20.4%	↑	24,901	243,324	8.7%	193,001	26.1%	↑
8460	磨床 Grinding machines	22,840	23,475	-2.7%	↓	119,124	245,916	8.8%	183,767	33.8%	↑
8461	刨、插、拉、鋸、齒削工具機 Shaping, Sawing, Gearing M/C	12,001	12,942	-7.3%	↓	85,778	135,334	4.9%	104,415	29.6%	↑
	金屬切削工具機 Metal cutting machine tools	206,581	233,524	-11.5%	↓	254,316	2,303,826	82.8%	1,783,658	29.2%	↑
8462	鍛壓、沖壓成型工具機 Presses & Shearing machines	39,056	36,229	7.8%	↑	16,371	378,317	13.6%	294,247	28.6%	↑
8463	其他成型工具機 Other Metal Forming machine tools	12,366	10,003	23.6%	↑	5,350	100,708	3.6%	77,022	30.8%	↑
	金屬成型工具機 Metal forming machine tools	51,423	46,232	11.2%	↑	21,721	479,026	17.2%	371,270	29.0%	↑
	工具機總和 Total machine tools	258,004	279,756	-7.8%	↓	276,037	2,782,852	100.0%	2,154,928	29.1%	↑

資料來源：財政部關稅總局 整理：台灣工具機暨零組件工業同業公會(TMBA)

金額：千美元 Value in thousand of U.S.D

Source: Customs Administration, Ministry of Finance, TMBA

Furthermore, according to the statistical analysis of exporters (regions), the top ten countries (regions) of machine tool exporting from Taiwan in 2021 are: China (including Hong Kong), the United States, Turkey, Russia, Vietnam, Thailand, India, Japan, the Netherlands, Italy, and Malaysia. Among them, the amount of machine tools exported from Taiwan to China (including Hong Kong) was nearly US\$911 million, which increases by 20.4% compared with 2020 and accounts for 32.7% of the overall export; the second largest export was the U.S. market, with an export value of nearly US\$323 million, which increases by 18.3% compared with 2020 and accounts for 11.6% of the overall export; Turkey ranked third, with an export value of US\$241 million, which substantially increases by nearly 46.2% compared with 2020 and accounts for 8.7% of the overall export.

Statistical Analysis of Exported Countries of Machine Tool from Taiwan in 2021

表2、2021年台灣工具機主要出口國家 / Table2.Taiwan Machine Tools Exports in 2021 by Destination

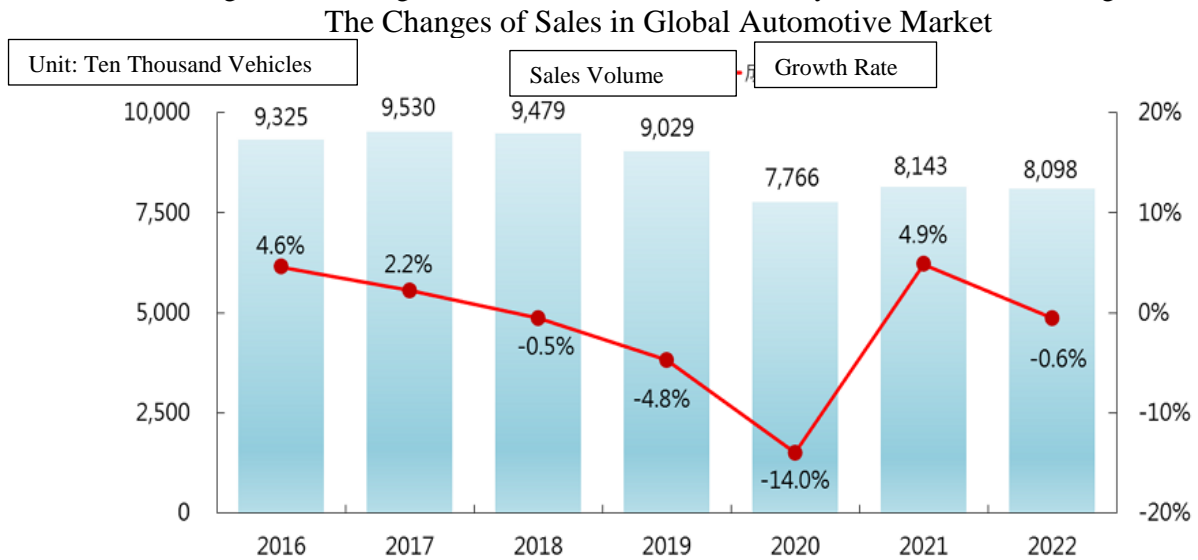
Ranking	國別 Country	2021年1-12月出口額 2021 Jan. -Dec. value	比重(%) share(%)	2020年1-12月出口額 2020 Jan. -Dec. value	比重(%) share(%)	增減比(%) change(%)	
1	中國(含香港) CHINA	910,890	32.7%	756,856	35.1%	20.4%	↑
2	美國 UNITED STATES	323,091	11.6%	273,064	12.7%	18.3%	↑
3	土耳其 TURKEY	241,261	8.7%	165,009	7.7%	46.2%	↑
4	俄羅斯 RUSSIA	103,956	3.7%	82,581	3.8%	25.9%	↑
5	越南 VIETNAM	102,282	3.7%	80,328	3.7%	27.3%	↑
6	泰國 THAILAND	98,656	3.5%	73,158	3.4%	34.9%	↑
7	印度 INDIA	94,214	3.4%	65,039	3.0%	44.9%	↑
8	荷蘭 NETHERLANDS	82,594	3.0%	52,388	2.4%	57.7%	↑
9	義大利 ITALY	74,362	2.7%	39,122	1.8%	90.1%	↑
10	馬來西亞 MALAYSIA	71,440	2.6%	48,145	2.2%	48.4%	↑
	其他 OTHERS	680,106	24.4%	519,237	24.1%	31.0%	↑
	全球總額 Global Total	2,782,852	100.0%	2,154,928	100.0%	29.1%	↑

Source: Customs Administration, Ministry of Finance, TMBA

金額：千美元 Value in thousand of U.S.D

(2) Overview of Automotive Industry

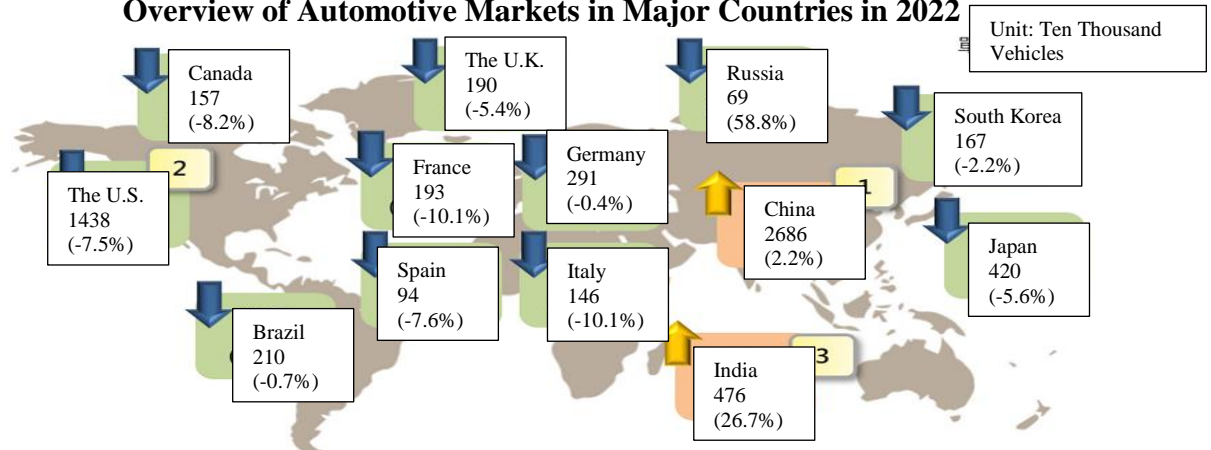
According to the “Automotive Industry Survey and Analysis” released by the Automotive Research & Testing Center, in the first half of 2022, the impact of the pandemic (COVID-19) has not yet gone, with new challenges such as the Russian-Ukrainian war and inflation and interest rate hikes. Automakers encounter shortages, rising costs, and production capacity constraints, which causes the delay of new vehicle delivery. Fortunately, the global automotive market gradually shakes off the impact of the pandemic in the second half of the year, and the problem of parts and components shortage eases. In 2022, 80.98 million vehicles are delivered, which only slightly declines by 0.6%. The changes of sales in global automotive market in recent years are shown in the figure below.



Source: LMC Automotive, Automotive Research & Testing Center (March 2023)

According to the data from Automotive Research & Testing Center, the world’s largest automotive market—China takes the lead in the global automotive market, with sales of 26.86 million vehicles, which increases by 2.2%. Although the supply chain in China is disrupted due to the pandemic in the first half of the year, the relaxed measures on lockdown in the second half of the year has alleviated the shortage of parts and components. The sales volume of the automotive market for the whole year is boosted with the policy of “halving the collection tax on fuel vehicles” in the middle of the year and the high demand from sales of electric vehicles which increase by 1.8 times year-on-year. The United States, the second largest automotive market, sees a 7.5% decline in sales of 14.38 million vehicles. Affected by factors such as the pandemic and the shortage of parts and components, the production and supply of automakers have not been smooth, and the inventory of dealers has continued to be low. The market is in short supply, and even the price of used cars has risen. Besides, with the uncertainty of the future economy brought about by the rise in inflation and interest rates and the rise in car prices, people’s willingness to purchase cars or delay their demand for car purchases are affected. The sales volume hit a record low in nearly 10 years. India, which becomes the world’s third largest automotive market for the first time, shows a sales growth of 4.76 million vehicles by 26.7%. The main reason is due to favorable factors such as demographic dividend, increase in per capita income and low car penetration rate, which have driven the rapid growth of the automotive market. What deserves more attention is Japan, whose sales volume drop to only 4.2 million vehicles by 5.6%, hitting a record low in the past 45 years. The main reason is that the chain is disrupted due to the shortage of parts and components, which leads to the limited production capacity of many Japanese automakers and the announcement of implementing production reduction plans. In addition, the automotive market in Europe is generally in recession, mainly due to the impact of the Russia-Ukraine War. Facing problems such as shortage of parts and components, rising inflation and energy crisis, etc., the supply and demand of the automotive market is affected by shutdowns of automakers and rising car prices. As for Russia, which bears the brunt of the war, sales fell by 58.8% to only 690,000 vehicles. Due to the impact of sanctions from Western countries, most automotive and component manufacturers have announced their withdrawal from the country’s market one after another, resulting in chaotic supply in the automotive market. Furthermore, the severe economic recession brought about by the war has also reduced people’s willingness to consume.

Overview of Automotive Markets in Major Countries in 2022



Source: Marklines, Automotive Research & Testing Center

(3) Overview of Auto Parts Industry

A. Worldwide

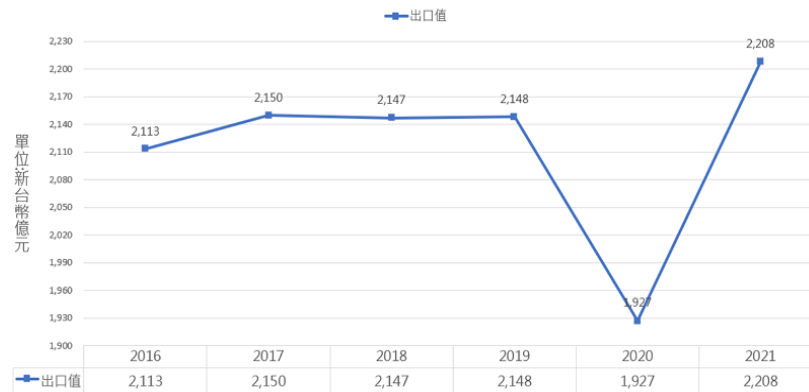
Regarding the performance of the auto parts market, the Industrial Economics and Knowledge Center IEK points out that in major countries whose car ownership continuously increases such as Europe, the United States, and Japan and emerging markets such as China, India, Mexico, and ASEAN countries, due to the growth of demand for auto parts after the pandemic, coupled with the popularization policy of new energy vehicles, it is estimated that the global sales of auto parts will reach US\$1.6 trillion in 2022, which increases by 6.3% compared to 2021. The demand for key electrification components will also grow significantly compared to 2021. Under the background of technology advancement and collectivization of software, hardware, network, materials, etc., “automotives are developing toward autonomous driving (Autonomous), vehicle networking (Connected), electric power (Electrification) and shared services (Shared & Service), and which also drives the trend of modularization, intelligence, electrification and lightweight of auto parts.”

B. Taiwan

The auto parts industry in Taiwan has a complete supply chain, most of which belong to small and medium-sized enterprises. The automotive industry is limited to the domestic market, and a high proportion is engaged in the global export of parts and components. Over the years, it has been committed to Reverse Design and customized and flexible manufacturing, and more and more of its products have advantages. Through the marketing network and branches, delivery warehouses, on-site supply from foreign factories, technical cooperation, joint ventures, etc., the manufacturers have entered the parts supply system commissioned by original dealers of large international car manufacturers. Whether in the after-sales service market or manufacturing commissioned by original dealers, Taiwanese manufacturers occupy a place in the global market. The development of Taiwanese auto parts industry focuses on the export market. In recent years, the export value has remained stable at around 210 billion dollars. In 2020, the global automotive market is hit by COVID-19, which results in a sharp decline in auto parts exports. During the post-pandemic time in 2021, factories in various countries have gradually unblocked and resumed production capacity, driving the demand for auto parts. The export value exceeded 220 billion dollars, reaching 220.8 billion dollars, which increases by 14.6% and hits a new high. In the post-pandemic era, the global vehicle production capacity is gradually recovering. Coupled with the demand for sales and service driven by the increasing willingness of the public to travel, auto parts exports of Taiwan grow significantly in 2021. The United States is the largest market of auto parts exported from Taiwan, with an export value of 112.16 billion dollars accounting for more than 50%, followed by Japan with 12.58 billion dollars and accounting for 5.7%. The third place is China with 8.59 billion dollars accounting for 3.9%. The exporting items of auto parts and components from Taiwan focus on body & stamping parts, headlights, tires, rims, and rearview mirrors, which accounts for 45.2% of the total. Among them, the export value of body & stamping parts is 36.88 billion dollars, accounting for 16.7%, which is the largest export component category; the second is headlights, and the export value is 32.75 billion dollars, accounting for 14.8%; the third is tires, and the export value is 14.27 billion dollars, accounting for 6.5%.

The auto parts industry of Taiwan is highly export-oriented. It can be affected easily by the international situation, especially the rapid changes in the international situation today, such as changes in component design driven by the trend of smart electric vehicles; various trade agreements such as the Regional Comprehensive Economic Partnership Agreement (RCEP) and the China-U.S. trade war which have increased the challenge of exports from Taiwan; the supply order and production capacity of parts and components affected by COVID-19 lockdowns in China, the Ukrainian-Russian war, and wafer shortages. The more to respond to the rapid redistribution of the global supply chain, the more important it shows to establish a resilient supply chain of its own for Taiwanese component manufacturers. Due to the threats and opportunities brought about by the rapid changes of the international situation, Taiwanese parts manufacturers should focus more on strengthening the linkages with automotive manufacturers, develop related parts that meet the needs of smart electric vehicles, and create development capabilities with car manufacturers to upgrade the supply chain. Currently, the government is also continuing to guide the industry to build a resilient supply chain, expand export channels to obtain orders from international automotive manufacturers, and assist Taiwan in upgrading and transforming into an international base of electric parts production.

Unit: NT\$100 Million

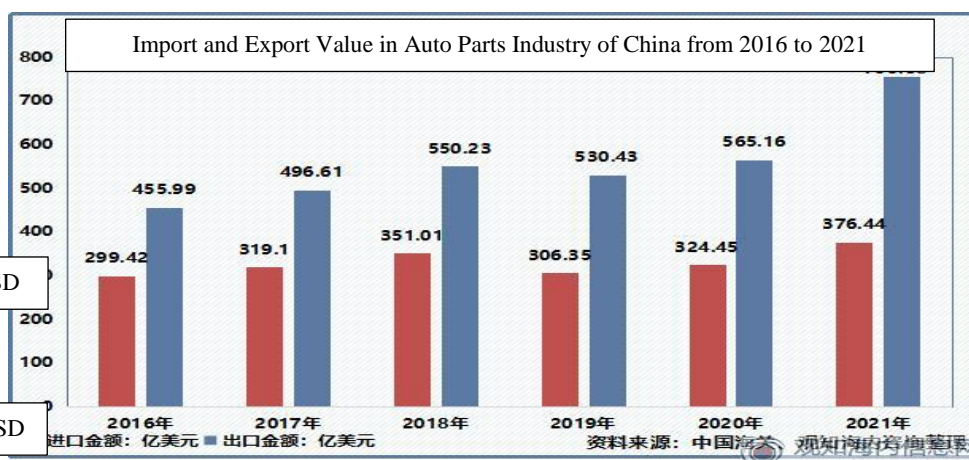


Export Value

Source: TVMA, Automotive Research & Testing Center

C. China

China is the world's largest auto parts market. Due to the huge number of automotives and domestic market, most of the leading international auto parts manufacturers have deployed production and sales in China. In addition to supplying automotive manufacturers for assembly and the domestic market, China also exports to the United States, Europe, Japan, ASEAN, the Middle East, Central and South America, and other countries. It is a country where the export value of auto parts is greater than the import value. The most direct impact of the pandemic in 2020 is the decline in the automotive market in China, and the lockdowns have resulted in the interruption of the global automotive industry chain, which reflects the high reliance of major automakers on the production of components in China under the background of globalization. From the statistics, the U.S.-China trade war and the pandemic have caused a decrease in the import and export value of auto parts in China. According to the data from General Administration of Customs of the People's Republic of China, the import and export value of auto parts in China shows an increasing trend from 2016 to 2021. In 2021, the import value of auto parts in China is US\$37.644 billion, which increases by 15.9%. The export value is US\$75.568 billion, which increases by 33.7%.



Import Value: Hundred Million USD

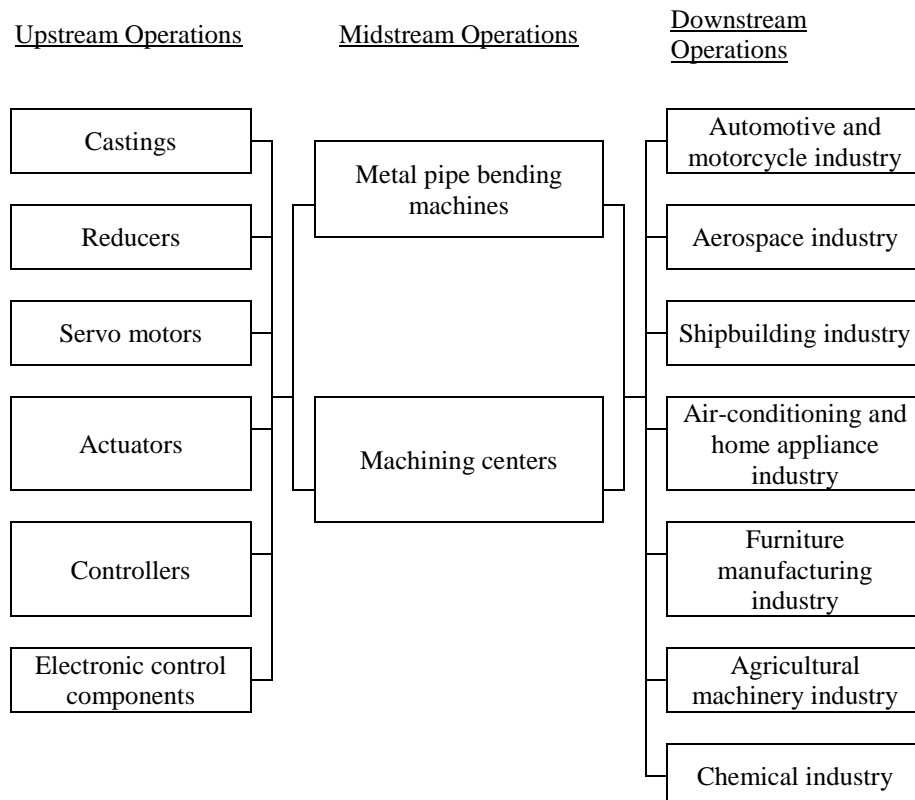
Export Value: Hundred Million USD

Source: General Administration of Customs of the People's Republic of China, Dongfang .

2. Relationship with Up-, Middle- and Downstream Companies

The company specializes in designing, manufacturing, installing, and trading parts for various automated machinery and equipment such as pipe bending machines and machine tools. Due to the complex processing procedures and the need for a variety of components, the manufacturing process is structured through professional division of labor, which involves third-party manufacturers and the production process of parts processing and manufacturing. The raw materials required for this industry include castings, electronic control components, controllers, reducers, servo motors, and actuators, among others. The downstream industries that the company serves include automotive and motorcycle, aerospace, shipbuilding, air-conditioning and home appliances, furniture manufacturing, agricultural machinery, and chemical industries.

Relationship with up-, middle- and downstream companies is as follows:



3. Product Trends

The development of Industry 4.0 and smart machinery manufacturing has gradually become the primary strategy for improving the competitiveness of major manufacturing countries in the world. Therefore, combining equipment and robotic arms, integrating sensors, the Internet of Things, the cloud, massive data analysis and services, automation, intellectualization, mechanical equipment for human-machine collaborative work, and intelligent manufacturing systems are the development trends of the industry in the future.

4. Product Competition

According to the customer's needs of metal pipe fitting, pipe bending machines are developed and designed; therefore, the degree of equipment customization is relatively high; that is, the threshold of cold bending technology is relatively high. At present, except for our company, Soco Machinery and Chiao Sheng Machinery are relatively large-scale companies in Taiwan that have not yet been publicly issued. Manufacturers of pipe bending machines in the world are concentrated in countries such as Britain, the United States, Japan, and Western Europe with a high degree of industrialization and early development. For example, ADDISON in the UK, BLM Group in Italy, Chiyoda Corporation and Comco Corporation in Japan, HERBER in Sweden, Eaton Leonard in the US, and so on. Since pipe bending machines are mainly applied in the production of auto parts which is time-sensitive, in addition to equipment quality, providing customer maintenance service in time is the key to enhancing competitive advantage. Through the establishment of overseas subsidiaries and distributors, the company has set up a dense maintenance network in the major regions in the world, which will help the company stand out in the fierce competition environment.

As for machine tools, the major manufacturing countries of machine tools in the world include China, Germany, Japan, South Korea, Italy, the United States, and Taiwan. Except for Taiwanese machine tool manufacturers which belong to small and medium-sized enterprises, most of the manufacturers in other countries are large enterprises, such as DMG and Okuma in Japan and Trumpf in Italy. The well-known manufacturers of machine tools in Taiwan are Tongtai, Awea, Victor Taichung Machinery Works, Goodway, etc., which are listed companies. Taiwan's machine tool industry is dominated by small and medium-sized enterprises, lacking the support of large groups or the nation, thus is at a disadvantage place in the international market competition where Japan and Korea are major competitors. Yet, because of flexible production, fast delivery, and under the industrial division of machinery, module, and spare parts cooperative factories, Taiwanese manufacturers demonstrate a resilient and fast supply system and create an advantage with low production costs and short delivery time.

5.1.3 Research and Development

1. Technical level

Since the design, development and manufacture of machinery equipment requires the accumulation of long-term experience and planning capabilities, through the inheritance of technical experience and the active cultivation of talents, the company continues to develop equipment that meets customers' needs. The traditional hydraulic bending machine has been continuously upgraded to an all-electric servo motor pipe bending machine with low noise pollution, low waste oil pollution complying with global green energy and environmental protection regulations. The bendable diameter range of metal pipe fittings has reached 0.8mm~220mm, which meets the market's demand for product diversification. In recent years, the company has also actively invested in the development of intelligent workstations. According to production needs, the workstation is equipped with various peripheral processing machines for pipes such as pipe bending, pipe expanding, pipe shrinking, pipe cutting, chamfering, inspecting, and loading and unloading to integrate into a fully automatic production workstation. This not only greatly reduces manpower needs and replace repetitive and dangerous work, but it also effectively improves production efficiency and quality stability.

Besides improving hardware technology, the company continues to recruit software development talents and has built an excellent CNC team for software development. It has developed the first PC-Based control system in Asia, which not only improves the freedom of software design and the friendliness of human-machine interface, but also greatly reduces the operating threshold of the equipment user and effectively shortens the learning cost through the process editing of the teaching software. Additionally, in response to the development of intelligent workstations, the company has developed its own central control system software, which effectively improves the communication and response speed between different production processes. It can also use big data analysis and functions of 3D simulation software to plan and predict the production process and obtain the optimal process arrangement and production efficiency planning of each stand-alone equipment. At the same time, through the approachable central control system interface, users can conveniently and quickly schedule the process according to the needs of the production line, which greatly improves the flexibility of production.

2. Research and Development Staffs and their Education and Experiences

Unit: Person

Item	December 31, 2022		March 31, 2023		
	Number of People	%	Number of People	%	
Education	Master's (Including Higher Education)	10	18.18	10	17.86
	Bachelor's	35	63.64	36	64.28
	High School (Including Lower Education)	10	18.18	10	17.86
	Total	55	100.00	56	100.00
Average Years of Service (Year)		9.42		9.49	

3. Research and Development Expenses in the Past Five Years

Unit: NT thousand

Year	2019	2020	2021	2022	2023
R & D Expenses	57,061	59,436	53,160	50,708	46,474
As a percentage of net revenue (%)	5.80	9.03	6.45	6.65	6.26

4. Successfully developed technologies or products

List of the design and development achievements in the past three years as follows:

(1) Whole plant automation equipment

Item	Successfully Developed Technology or Product	Main Use and Function
1	Arm automatic welding system.	Expand the field of application of the arm.
2	Developed oil-electric left and right rotation pipe bending machine.	Reduce costs and increase customers' willingness to purchase.
3	Developed an arm polishing application.	Develop new industrial processing applications of non-metallic materials.
4	Developed large pipe bending equipment (OD220).	Participate in major shipbuilding programs.
5	Developed all-electric peripherals (Tube Cutting & End Forming).	In line with the trend of green energy and environmental protection in the world.
6	Arm laser cutting technology.	Used in secondary processing of formed pipe fittings.
7	Laser tube processing machine, laser sheet metal processing machine	The application of non-contact processing will not cause wear and deformation to the workpiece, which saves energy for environmental protection and meet the requirements of high-precision cutting processing.
8	Software series of "AI Intelligence" and "Information Management"	Replace manual setting of pipe bending machine parameters, self-diagnose of abnormalities, and provide the best path planning for pipe bending to achieve the goal of Industry 4.0.
9	Robot palletizer.	Develop a heavy-duty robot arm of 160kg, which can be applied to the transfer of finished products in various packaging factories.
10	YLM iMES Situation Platform	Endowed with the function of communication, each equipment uses sensor of each single machine, servo motor, programmable controller, etc. to transmit data to the "YLM iMES Situation Platform" to conduct collection of big data, future applicable data, production records, cloud computation and analysis results, further improve manufacturing processes, reduce cost, enhance production performance, achieve the goal of smart production, and build the situation platform of smart manufacturing, in which the interface can be in the form of web page for use in offices or mobile phones to monitor and grasp information.

(2) Machine Tools

Year	Successfully Developed Technology or Product	Main Use and Function
2021	Design change of milling machine YL850B	The area taken up by machine is reduced by 20%.
	Lathe YTH151300 with 520mm cutter head	Original 220x240 New 220x190cm
	Crank catcher system for lathes	Spindle changed to BBT40 specification.
	Development of Mitsubishi automatic disc exchange system	Hard rail lathe with 520mm cutter head
2022	Design change of milling machine YL1000B	The machine's sheet metal height has been reduced by 20% and a 30-tool magazine system has been developed. The roll-forming machine system has been integrated into the machine body, and the spindle has been changed to BBT40 specification.
	Development of lathe YTH151300 with BMT65 cutter head and hydraulic programmable tailstock system	Additionally, the BMT65 powered turret function and hydraulic programmable tailstock function have been added.
	Development of YTL/YTB series which crank type feeder system can be installed	This enhancement allows the YTL/YTB series to efficiently handle workpieces with a maximum diameter of 60mm, length of 110mm, and weight of up to 20kg.
	Application of YLM 20kg 6-axis manipulator system	To further improve automation, the YTL8320 and YLX350 are integrated with an automated loading/unloading system for automotive/milling applications.

	Acquired lathe TS mark certification	In compliance with Taiwan TS standards, modifications have been made to the protective sheet metal, safety windows, and safety electrical control circuit design. The machine has obtained TS certification.
2023	Design and change of YL1200 milling machine	Develop 30 turret system with the axis changed into the BBT40 specification
	Lathe YTH101300 in combination with BMT65 turret and auxiliary axis system development	Design change of YTH101300 auxiliary axis system, Z2 axis orbit share with YTL101000 system in order to reduce production cost
	Development of YTH series, installed with crank-type material receiving system	Facilitate YTH series to rapidly and stably receive the car parts in maximum D=60mm, L=110mm within 20kg
	Integration of lathe electronic control loop and development of new-model operation panel	New-model operation panel integrating two major system circuits of Fanuc and Mitsubishi to increase production flexibility, and reduce maintenance and control cost
	Lathe in keeping with development of Mitsubishi controller system	Use Mitsubishi M80 system to develop YTH series lathe, and deliver goods to customers for on-site operation and completion of production

5.1.4 Long-term and Short-term Development

1. Short-term Development

- (1) Develop new markets and expand the global market.
- (2) Optimize the software and hardware functions of existing products, and improve the innovative development of existing products to meet the needs of fully-automated whole plant equipment.
- (3) Integrate various supply systems, maintain quality and shorten delivery time to meet customers' needs and increase profit margins.
- (4) Provide a more immediate global service system, consolidate customer relationships, strengthen interaction with customers, and extend from customer companies to their related companies to expand markets and products.
- (5) Invest in the application of robotic arms, introduce the development of intelligent workstations, and serve more industries.

2. Long-term Development

- (1) Develop large-scale equipment to expand the diversity of equipment and improve the supply capacity of fully-automated whole plant equipment.
- (2) Adopt diversification strategy, develop the non-vehicle market and expand the market scale.
- (3) The company is pursuing sustainable operation and creating opportunities for future growth by implementing medium and long-term plans to upgrade production technology, integrate group resources, foster product innovation and research and development, establish a robust management system, and cultivate R&D talents.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales Region

Unit: NT thousand

Region	Year	2022		2023	
		Amount	Percentage %	Amount	Percentage %
Domestic Sales		130,161	17.08	72,338	9.75
International Sales	Asia	414,480	54.38	443,637	59.77
	Americas	163,165	21.41	162,364	21.88
	Europe	45,833	6.01	50,181	6.76
	Other Area	8,596	1.12	13,677	1.84
Total		762,235	100.00	742,197	100.00

2. Market Share (%) of Major Product Categories

The company's fully automatic whole plant equipment is mainly CNC pipe bending machines, pipe cutting machines and pipe end forming machines, etc., which are classified as metal forming machines according to the product statistics classification of the Statistics Department of the Ministry of Economic Affairs. Machine tools belong to comprehensive processing machines. Based on the calculation of the sales value of Taiwanese manufacturers in 2023 of the Industrial Production, Sales and Inventory Dynamic Survey by the Statistics Department of the Ministry of Economic Affairs, the company's fully automatic whole plant equipment and machine tools have an approximate market share of 5.52% and 0.46% in Taiwan, respectively.

Unit: NT thousand

	Ying Han 2023 Sales Value (A)	Taiwan 2023 Sales Value (B)	Approximate Market Share (A/B)
Fully automatic whole plant equipment	490,560	8,890,411	5.52
Machine tools	108,013	23,492,422	0.46

Source: Annual report of the company; Department of Statistics of the Ministry of Economic Affairs (statistics of metal forming machines and comprehensive processing machines)

3. The future supply and demand situation and growth of the market

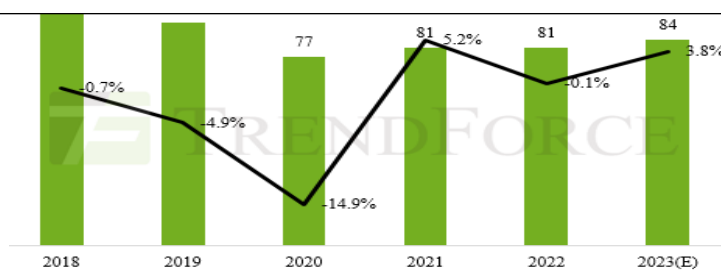
The downstream application of the company's products is highly related to the automotive industry and machine tool related industries, so the supply and demand development of its industrial market is explained as follows:

(1) Automotive industry

At the beginning of 2020, under the influence of the pandemic, the supply chain is interrupted, logistics is blocked, and factories are closed at a large scale to avoid cluster infections, which leads to a sharp decline in production capacity. Afterwards, due to the spread of the pandemic globally, measures such as safe at home and restrictions on going out are adopted, which greatly affected the sales of automotives that rely on showrooms and dealerships for physical transactions. The economic uncertainty caused by the pandemic has also made consumption more conservative, which in turn results in the suspension of investment in equipment by manufacturers of the automotive manufacturing supply chain. According to the statistics from TrendForce, in the post-pandemic era, global automotive sales in 2022 reach 81.05 million, which decreases by 0.1% annually, and is almost the same as the sales in 2021. It is estimated that in 2023, the sales volume of the global automotive market has the opportunity to resume its growth trend, reaching 84.1 million vehicles, which an annual increase of 3.8%.

Market Scale of Global Automotive Sales and Forecast from 2018 to 2023

Sales Volume and Annual Growth Rate of Global Automotives from 2018 to 2023 (Unit: Million Vehicles)



Source: TrendForce, Feb., 2023

Sales Volume

The data from TrendForce shows that the automotive sales of China in 2022 is 26.9 million vehicles, which increases by 3.7%, annually and is the key to supporting the global new car market. Sales in the United States and Western Europe both hit a ten-year record low. The total sales in the United States reaches only 13.7 million vehicles, which declines by 8.1% annually; Western Europe reaches only 11.8 million vehicles, which declines by 4.6% annually. Due to the impact of the Russian-Ukraine war, the sales of new cars in Russia decrease by 1 million vehicles annually, and the sales in the Eastern European market also decrease by 27.3% annually. However, emerging markets are performing well. For example, India replaces Japan with the sales

of 4.3 million vehicles in 2022 to become the world's third largest automotive market; Indonesia returns to the pre-pandemic performance after two consecutive years of growth. Part of the growth in 2023 comes from the backlog of undelivered orders from automakers in 2022. From the perspective of different regions, it is estimated that the new car market in China in 2023 will be the same as that in 2022 or grow slightly. The main reason is that the purchase tax of fuel vehicle in China is halved in 2022, which causes some consumption to occur in advance. Because the difficulty of stimulating consumption of new cars has increased, policies with more incentives are needed to have real effects.

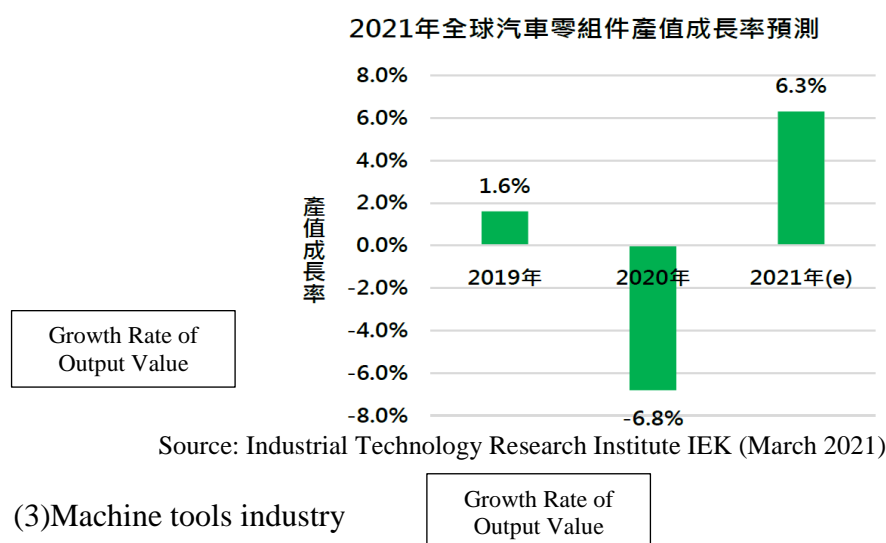
表、2 Market Share of Automotives in Different Regions from 2021 to 2022

Region	區域	2021	2022
China	中國	32.0%	33.2%
The U.S.	美國	18.4%	17.0%
Japan	日本	5.4%	5.1%
India	印度	4.4%	5.4%
Western Europe	西歐	15.2%	14.5%
Eastern Europe	東歐	5.0%	3.6%
Others	其他	19.6%	21.2%
	Total	100.0%	100.0%

Source: TrendForce, Feb., 2023

(2)Auto parts industry

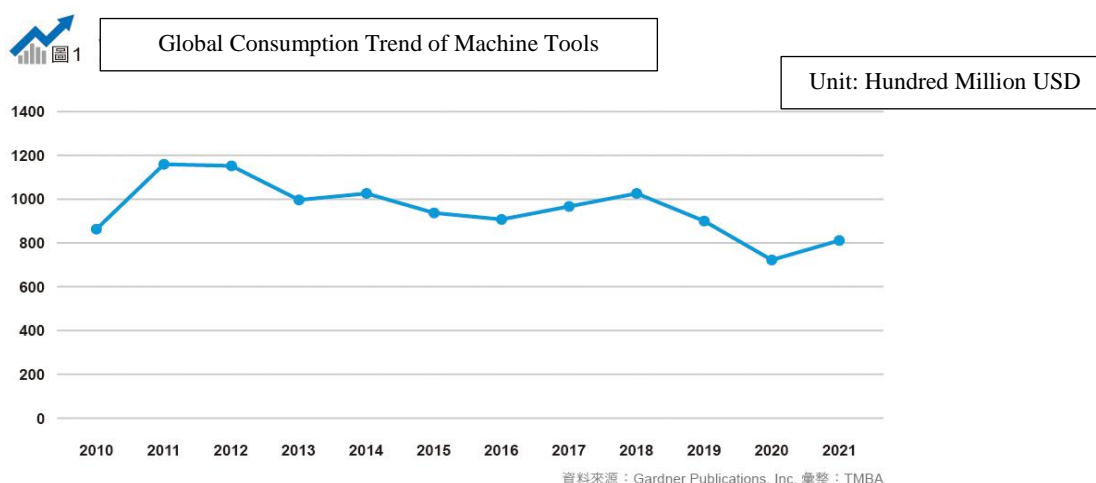
As the number of automotives in major countries such as Europe, the United States, and Japan continues to increase, it has a positive effect on the after-sales maintenance service market. In emerging markets such as China, India, Mexico, and ASEAN countries, due to the increasing demand for auto parts after the pandemic, after-sales service markets are expanded, and the economic growth rate in China is expected to exceed 8% in 2021. The government has formulated a policy on the popularization of new energy vehicles to guide the growth of electric vehicle sales, and the demand for key electrified components will grow significantly compared to 2020. In 2021, the pandemic eases as countries gradually introduce vaccines, and major countries implement policies on economic revitalization. The global sales value of auto parts is US\$1.5336 billion, which increases by 6.3% compared with 2020.



(3)Machine tools industry

Growth Rate of Output Value

Market Size of Machine Tools in the World

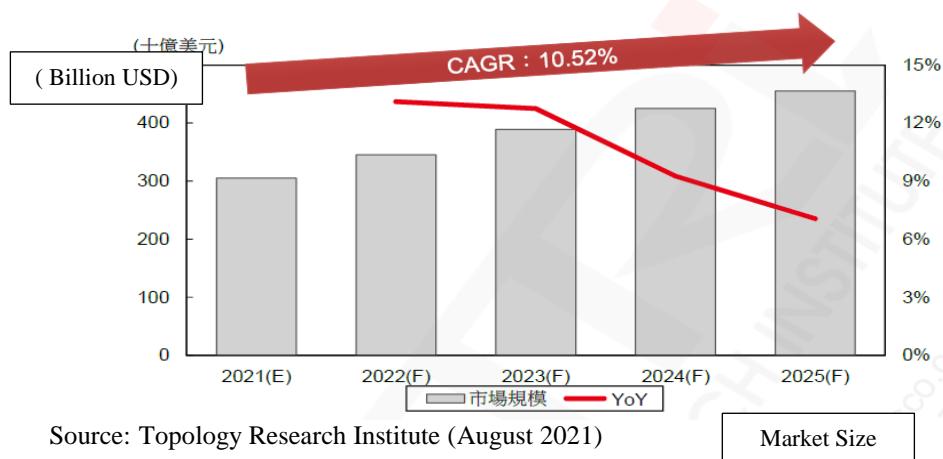


Source: Gardner Intelligence

According to the report on global production and sales of machine tools from Gardner Publication, Inc., in 2021, there is a substantial growth regarding consumption, production, export, and import compared with 2020. The total global consumption of machine tools has grown from US\$71.7 billion in 2020 to US\$80.3 billion in 2021, and the total consumption has increased by nearly 12%. The total production of machine tools has grown from US\$73.1 billion to US\$85.1 billion in 2021, and the total production has increased by about 16%. Overall, the performance is outstanding and brings optimism to the machine tool industry. However, in the face of an unpredictable future, we should be vigilant from the worst situation of COVID-19.

(4) Global smart manufacturing market

Estimated Market Size of Global Smart Manufacturing Market from 2021 to 2025



Smart manufacturing is generated through technological evolution and smart factory examples. Since major countries in the world announced the development of Industry 4.0, there has been a lot of discussions in the market. Although there are considerations of the investment cost, equipment upgrades and the drastic changes in the market turmoil when introducing into the industry, the progress is not as optimistic as expected. However, the global smart manufacturing market has demands for digital transformation, remote operations, zero-touch, and automation accelerated by the COVID-19. In the long term, there is a trend of further combining 5G and deepening AI technology to add value to the overall industry, which will become the key driving force for the development of the global smart manufacturing market. According to data from Topology Research

Institute, it is expected to reach US\$450 billion in 2025, with a compound annual growth rate of 10.52%.

In the overall industrial chain of smart manufacturing, more and more manufacturers in Taiwan are investing in the application of smart solutions for downstream system integration, which directly provides different solutions such as energy management, equipment health inspection, and machine vision. Under the background of smart manufacturing with a complete supply chain and the integration of smart solutions in Taiwan, although the configuration of production environment and process design of micro factories are more complicated than traditional factories, as the trend of local manufacturing, accelerated transformation, and smart manufacturing tools become more mature, the company, with its own manufacturing expertise and supply chain advantages, expects to provide one-stop services for various solutions directly for business opportunities in factory automation and to effectively assist in lowering the threshold for deployment.

4. Competitive niche

(1) Planned and flexible production to grasp market opportunities

To cater to the demand for customized products and speed up delivery, the company has been consistently enhancing the value of its products. It has also put in place an outsourcing system and modular production technology to lower production costs and reduce delivery time. Moreover, the company has amassed extensive research and development and design experience over the years. By adopting flexible design and production techniques, it caters to the varied needs of the market and different customers' processing requirements. The mechanical functions are also analyzed and summarized to enable the development of modular production, which reduces the costs and time of mechanical research and development. With its competitive advantages of price, speed, and flexibility, the company is well-positioned to seize opportunities in the future market.

(2) Widely set up sales and maintenance bases at home and abroad to provide perfect after-sales service

Most of the company's main customers are in 24-hour production mode, so the quality of the equipment must be consistent, and the sound after-sales service can shorten the customer's standby time. In addition to setting up overseas bases by ourselves, the company is also actively looking for suitable and high-quality agents around the world and provides training mechanisms to provide comprehensive after-sales technical support, so as to expand domestic and overseas sales markets and increase dependence on customers. It is obvious that the company's products have good performance and sound after-sales service system, which are highly praised by customers.

(3) The R&D capability of the whole plant and line is good, and the niche products continue to be launched

The company has excellent research and development capabilities for the entire plant and line, mainly focusing on the automotive industry. Compared with most of its peers who can only maintain stand-alone operations, the company proposes the concept of small workstations, which can be more quickly integrated to launch niche products. In addition, the company's accumulated global sales experience has enriched its actual performance, tailored to the customer's product processing attributes, custom-designed production equipment, and used flexible manufacturing capabilities to improve the overall profitability level, so as to improve various operating performance and the overall profitability of the group.

(4) Strong and reliable R&D team

The company continues to meet the diverse needs of customers, develops and improves new products, and provides customers with the best solutions for bending pipe technology with the help of key technologies and R&D innovation capabilities accumulated over the years. Obtained a number of patents and the certification of global international auto parts manufacturers, which will help the continuous development of business.

5. Favorable and Unfavorable Factors in the Long Term and Countermeasures

(1) Favorable factors

A. With a professional design and management team and production technology and experiences, the company can quickly respond to market demand.

The company's management team has been engaged in the design and production of pipe bending equipment for more than 30 years. It has accumulated years of professional production technology and experience in research and development, and pays special attention to the

inheritance of its experience and technology, which shortens product development time and makes production more efficient. The technical cooperation with academies and research institutes has continuously improved the level of mechanical design and product precision, which is conducive to quickly responding to product market trends, and further grasping the pulse of market sales, gaining the trust and affirmation of customers.

B. The company promotes the smart machinery industry whose prospects continue to develop.

The machinery industry is one of the top ten emerging industries with high added value and high technology planned by the government. In recent years, the booming electronic information and automotive and motorcycle industries in China and Southeast Asia provide the machinery industry with excellent electromechanical integration resources and automation equipment markets. Taiwan, located in the Asia-Pacific manufacturing center with geographical advantage, can be used as a production and transshipment base for the machinery industries in the United States, Canada and Japan to transfer to China and Southeast Asia. In recent years, the Ministry of Economic Affairs has actively planned and promoted the "Promotion Program of Intelligent Machine Industry." Based on the promotion results of precision machinery and the energy of information and communication technology, it introduces intelligence related technologies and builds a new ecosystem for the intelligent machinery industry, making Taiwan the R & D and manufacturing base for intelligent machines and overall solution provider in the field of terminal applications.

C. The global productivity population decreases and the proportion of automation increases.

The population aging and declining birth rate in advanced countries in the world have gradually reduced the number of employees, which in turn has caused a crisis in industrial development. For example, the employment population of Japan's manufacturing industry in 2020 is halved compared to the 1990s; the employment population of Germany in 2025 will also decline by 6.5 million. In response to the reduction in the number of laborers, countries have actively promoted digital manufacturing, smart manufacturing and other related policies to consolidate national industrial competitiveness. Therefore, the increasing demand for automated production equipment will become the driving force for the company's performance growth.

D. Unique R&D capability of whole plant and whole line.

The company continues to develop new products, adopts customization, various-and small-amount production, and continues to improve its own manufacturing capabilities with excellent and experienced engineers. It uses its special software control capabilities to advance the research and development capabilities of the entire plant and line equipment and automated small workstations to the next-generation robotics industry, which can further widen the gap with single-line operations in the same industry.

E. Entering the global high-end automotive market supply chain.

With the brand of YLM, the company has become an equipment supplier of global auto parts manufacturers. Its product quality and technical level have been affirmed, and it has obtained ISO9001:2000 quality certification and EU CE MARK certification. Furthermore, it provides the world's top 20 car manufacturers with the highest machine safety standards. For many years, the company adheres to the high-quality policy, strives to improve customer satisfaction, and continues to develop new products. In addition to continuing to develop new cars for the future with major manufacturers in the automotive supply chain, the company enters the global high-end automotive market based on the efforts.

(2) Unfavorable factors

A. Fierce Product competition in the international market.

Compared with countries in Europe and Americas, the domestic market in Taiwan is relatively small, and the proportion of products sold in the same industry is high for international sales. The company faces the oppression of high-end machine tool products from Europe, America, and Japan, the pursuit of low-end products from China, active products of the same level from Korea in the market, and high product homogeneity and fierce price competition that the domestic peers have.

Countermeasures:

In recent years, the company has implemented a product segmentation policy to avoid price-cutting competition of low-priced products in the same industry, actively expanded overseas markets and established sales and service branches, strengthened the marketing and maintenance

capabilities of agents, and established close cooperative relations with each other, so as to expand the scale of operations in overseas markets. Besides, through developing high-precision, automated, and high-performance equipment by the company or participating in technical cooperation programs of research institutions, the company aims to increase added value and create market segments.

B. Higher labor wages in both China and Taiwan and rise on production costs

It is not easy to cultivate domestic technical personnel and the experienced labor market is insufficient. Also, in recent years, the government has adjusted welfare policies and raised basic wages step by step, which leads to a gradual increase in operating costs.

Countermeasures:

The company actively enhances the education and technical training of employees, and strengthens the overall working environment to reduce employee turnover. In addition, the company improves production efficiency, increases investment in automation equipment and outsourcing operations to reduce the direct demand for manpower, improving the work efficiency of employees and reducing production costs.

C. The Chinese Central Government continues to promote adjustment on industrial structures

With the economic rise of China, the Chinese Central Government continues to promote the adjustment of industrial structure, put forward the “Made in China 2025” plan, and listed the development of smart manufacturing, high-end manufacturing, and industrial robot as an important policy. Through various methods such as self-development, mergers and acquisitions, or improving the self-made rate of machinery and equipment, the government gradually reduces the import of foreign mid-to-high-end machinery and equipment and expand the export of mid-to-low-end products to support the growth of Chinese local companies. Local equipment manufacturers from China will grow rapidly and threaten machinery and equipment manufacturers from Taiwan.

Countermeasures:

The company has been cultivating pipe bending machines and comprehensive processing machines for many years. Confronting the rise of equipment manufacturers in China, in addition to actively strengthening the company’s own R&D innovation capabilities and patent layout to meet customers’ expectations of high efficiency and high speed, distinguish the company’s professional services from Chinese equipment manufacturers, and provide professional integration capabilities of information flow and logistics. The company also actively deploy the Chinese market by establishing an operation and production base in Tianjin to provide customers with better services and create more added value, deepening the cooperative relationship with customers.

D. Some of the raw materials rely on foreign manufacturers.

At present, key components such as numerical controllers, actuators, servo motors, precision bearings and other technologies are still controlled by Japanese and German manufacturers. Since these components account for a higher proportion of the cost, it will be relatively unfavorable for the future development of the industry and international competitiveness.

Countermeasures:

Since key parts manufacturers all adopt a global layout as their business model, supplying a wide range of equipment manufacturers around the world, they compete. If there are no special variables or any risk of discontinuing supply, the company adopts the decentralized supply chain to maintain multiple suppliers, and actively develop the feasibility of local suppliers in Taiwan to reduce the risk of excessive concentration of supply and price fluctuations.

E. High dependence on export sales, which can be easily affected by exchange rate fluctuations.

The company’s products are mainly exported, and some of the raw materials are also purchased from foreign suppliers. Because the amount of export sales is greater than the amount of purchases, and the amounts can offset against each other, there is still a net position of foreign currency. Therefore, exchange rate fluctuations have a certain degree of impact on the company’s profitability.

Countermeasures:

The accounting department of the company usually has close contact with the foreign exchange department of banks. With the exchange rate change analysis and consulting services provided by banks, it can fully grasp the expected trends and changes of domestic and foreign exchange rate and

simultaneously collect relevant information on exchange rate changes to reduce negative effects of exchange rate changes. In addition, the business personnel consider the trend of exchange rate change, evaluating and adjusting the product price when quoting, to guarantee the company's profits.

5.2.2 Important Uses and Production Procedures of Main Products

1. Important Uses of Main Products

Product Item		Important Uses or Functions
Fully Automatic Whole Plant Equipment	Pipe Bending Machine	1. With self-developed advanced intelligent software and 3D software technology, the cold roll forming and its equipment can meet the needs of applying to auto parts production, furniture, home appliances, fitness equipment, shipbuilding manufacturers, etc. 2. The processing of large diameter workpiece, thin pipe wall, and small DR bending radius is suitable for processing parts of industries such as large truck pipe fittings, heavy industry, shipbuilding, and carrier pipes.
	Pipe Cutting Machine	The vertical precision slideway advances and retreats the knife up and down with stable sawing and high precision.
	Tube End Forming Machine	It is applied to pipe expansion or shrinkage of various metal pipe fittings.
Machine Tool		The machining center with vertical principal axis can be used for milling, drilling, boring, and thread cutting, etc. It is mainly used for high-precision processing of metal parts and can quickly cut metal and non-metal circular workpieces.

2. Production Procedures of Main Products

Manufacturing Order→Getting the Materials Ready→Varnishing→Assembly→Power Distribution→CNC Integration→Test Run→Test Mould→Complete Product

5.2.3 Supply Status of Main Materials

Major Raw Material	Supply Situation
Reducers, Controllers, Servo motors, Actuators	The supply is stable and is in good condition.

5.2.4 Major Suppliers and Clients in the Last Two Years

1. Names of the suppliers and their purchase amount and proportion that accounted for more than 10% of the total purchases in any of the last two years, and the reason for its increase or decrease

Unit: NT thousand

Item	2022				2023				Year 2024 as of the Previous Quarter			
	Company Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relation with Issuer	Company Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relation with Issuer	Company Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relation with Issuer
1	Sun-Wa Technos (Taiwan) Co., Ltd.	22,371	6.89	None	Sun-Wa Technos (Taiwan) Co., Ltd.	19,306	7.27	None	A Company	9,405	15.33	None
	Others	302,269	93.11	-	Others	246,107	92.73	-	Others	51,963	84.67	-
Total		377,857	324,640	100.00	Total	265,413	100.00	-	Total	61,368	100.00	-

Explanations for the increase or decrease:

Sun-Wa Technos (Taiwan) Co., Ltd. is a supplier of servo motors and actuators and has been the largest supplier of the company in the last two years. The amount and proportion of purchases in 2023 decreased compared with 2022. The major reason is that the overall order quantity in 2023 decreased, which resulted in a decline of the purchase amount.

2. Names of the clients and their sales amount and proportion that accounted for more than 10% of the total sales in any of the last two years, and the reason for its increase or decrease:

Unit: NT thousand

Item	2022				2023				Year 2024 as of the Previous Quarter			
	Company Name	Amount	Ratio of Annual Net Sales (%)	Relation with Issuer	Company Name	Amount	Ratio of Annual Net Sales (%)	Relation with Issuer	Company Name	Amount	Ratio of 1 st Quarter Net Sales (%)	Relation with Issuer
1	B Company	65,477	8.59	None	C Company	52,818	7.12	None	A Company	17,573	9.84	None
2	C Company	63,595	8.34	None	A Company	44,271	5.96	None	C Company	17,317	9.69	None
3	YLM USA	54,628	7.17	Substantive Related Party	B Company	43,678	5.88	Substantive Related Party	YLM USA	15,320	8.57	Substantive Related Party
4	A Company	34,338	4.50	None	YLM USA	43,574	5.87	None	D Company	12,938	7.24	None
	Others	544,197	71.40	-	Others	557,856	75.17	-	Others	115,519	64.66	-
	Total	762,235	100.00	-	Total	742,197	100.00	-	Total	178,667	100.00	-

Explanations for the increase or decrease:

YLM USA is the sales agent of Tenneco in the North American region of the company. Due to the sluggish demand in the overall automotive industry affected by the pandemic, the capital investment has been reduced and Tenneco has reduced orders. Company A and C is the agent of the company in the Americas, and sales have grown due to increased demand in the region. Company B is the agent of the company in the Middle East region, and sales in the region grow as economic activity resumed and demand for machine tools increased.

5.2.5 Production in the Last Two Years

Unit: machine; NT thousand

Output Major Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Output	Output Value
Fully automatic whole plant equipment		510	191	327,450	460	186	315,825
Machine tool		85	60	89,440	100	56	82,305
Total		625	251	416,890	560	238	398,130

5.2.6 Shipments and Sales in the Last Two Years

Unit: machine; NT thousand

Sales Major Products	Year	2022				2023			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Fully automatic whole plant equipment		38	96,210	155	435,137	14	42,395	170	448,165
Machine tool		5	12,943	55	99,757	1	1,770	54	106,243
Others		-	21,008	-	97,180	-	28,173	-	115,451
Total		43	130,161	210	632,074	15	72,338	224	669,859

Note: Others are mainly income from parts, maintenance and molds, etc., and are not summarized due to different units.

5.3 Human Resources for the Last Two Years up to the Date of the Annual Report

Unit: Person

Year		End of 2022	End of 2023	March 31, 2024
Number of Employees	Direct	140	141	140
	Indirect	268	240	240
	Total	408	381	380
Average Age		38.99	43.34	43.47
Average Years of Service		6.64	8.77	8.90
Education (%)	Ph.D.	0.73	0.26	0.26
	Masters	5.15	6.04	6.58
	Bachelor's Degree	60.29	59.05	57.89
	Senior High School	28.68	30.71	31.32
	Below Senior High School	5.15	3.94	3.95

5.4 Environmental Protection Expenditure

In the most recent year and as of the date of this annual report, the total amount of losses (including compensation) and disposals due to environmental pollution and the disclosure of its future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of compensation of possible losses and disposals if no countermeasures are taken) and): None.

5.5 Labor Relations

5.5.1 Employee welfare measures, continuous education, training, retirement systems and their implementation, as well as labor-management agreements and the rights and interests protection measures of employees:

1. Employee welfare measures and implementation:

The company enrolls employees and their families in labor insurance, health insurance, and group insurance and create a working environment where employees are worry-free. In addition, subsidies such as Chinese New Year's gifts, cash gifts, maternity, wedding, funeral tributes are provided.

2. Employees' continuous education and training

The company organizes internal management and professional training courses from time to time, and also sends staff to participate in training organized by external organizations as needed, which provides employees with complete training and further education channels.

3. Retirement system and its implementation

The company has formulated employee retirement policy according to the Labor Standards Act, and Enforcement Rules of the Labor Pension Act has been implemented since July 1, 2005. After the defined contribution plan is adopted, the company's monthly employee pension allocation rate shall not be lower than 6% of the employees' monthly salary.

4. The agreement between labor and capital and the protection measures for various employee rights and interests

The company belongs to the applicable industry of the "Labor Standards Act," and all operations are based on the law. The company has established a sound proposal system which receives employees' complaints about work processes, management system improvement, and general opinions to solicit opinions from all parties as a reference for the company's various measures to improve. Since the company pays attention to the benefits of employees and the two-way communication with employees, the relationship between labor and capital is harmonious. Since the company was established, no labor disputes have occurred. However, the company continues to strengthen communication and coordination between labor and capital, and endeavors to improve welfare measures to promote a more harmonious labor-capital relationship in order to eliminate the possibility of labor disputes. So far, no major labor disputes have occurred.

5.5.2 In the most recent year and as of the date of the annual report, the losses suffered due to labor disputes, and the estimated amount and countermeasures that may occur at present and in the future shall be disclosed. If it cannot be reasonably estimated, the fact that cannot be reasonably estimated shall be explained:

Zhong, an employee of the company, spread untrue remarks that are unfavorable to the company on communication software during his tenure in the company in 2019. The disinformation circulated within the company and affected the order of the company's management, which violates Item 11, Subparagraph 6, Paragraph 1, Article 4, Chapter 9 of the company's work rules "posting or distributing provocative and false words or images which is sufficient to disrupt labor sentiment and the company's business order, causing serious damage to the company." According to Subparagraph 4, Paragraph 1, Article 12, of the Labor Standards Act, the company terminated the labor contract without prior notice and dismissed Zhong. However, Zhong believed that the dismissal was illegal, so he submitted a request to Taiwan Tainan District Court to confirm the existence of the employment relationship between the two parties as civil judgment litigation. From January 16, 2019 to the date of reinstatement, a monthly salary of 45,000 dollars is paid, and the interest is calculated at an annual interest rate of 5% until the date of repayment, and the labor pension of Zhong is paid to the individual labor pension account of the Bureau of Labor Insurance on a monthly basis. The above-mentioned case was dismissed by Taiwan Tainan District Court on February 3, 2020, and Zhong refused to accept and filed an appeal. After the case was heard by the Tainan Branch of the Taiwan High Court, the company was sentenced to lose the case. The company refused to accept and filed a third trial. The appeal was confirmed by the Supreme Court on January 28, 2021 to reject the company's appeal. Afterwards, the company established a settlement with Zhong and paid him 1,550,588 dollars. The amount of payment was assessed to be insignificant and had no significant impact on the company's finance.

5.6 Cyber security management

5.6.1 Cyber Security Policies

We complied with "Related rules and regulations for the establishment of corporate governance within corporate governance structure in Market Observation Post System" to reduce information security risks associated with information applications. The Company has established this Information Security Management Policy as the basis for all our employees to follow information security to ensure the security of our software, equipment and Internet. The policy is established to avoid improper use or intentional damage to the information system by internal or external personnel, or to respond quickly to the disposal and return to normal operation in the shortest possible time, and to reduce the damage or business interruption that may be caused by the incident when an emergency such as improper use or intentional damage has occurred. This policy applies to all employees of the Company. To reduce the impact of internal human factors on information security, we implement information security training.

5.6.2 Management Framework

1. The Information Department is responsible for coordinating information security and developing management control procedures, implementing relevant matters, and internal audits are conducted periodically by the auditing team.
2. Proactively defend against internal and external network attacks that may cause damage; regularly review information security and information protection policies to ensure the effectiveness of information security management measures.
3. Prevent production losses caused by power outages, viruses, and equipment failures.

5.6.3 Concrete Management Programs

1. Account and password management operations: The Company has strict control over computer login and system accounts for employees. Application must be approved by the

supervisor before authorization can be granted. All computer privileges are disabled when an employee leaves. A mandatory password update cycle of three months has been established to strengthen information security.

2. Network security management operations: Network equipment is managed by a person who monitors the status of the network at all times. Firewall is established for external network to prevent network intrusion and attack. All computers are protected with antivirus software.
 3. Security control of network access: We provide network services and data access for internal personnel. For network services with remote access to the intranet system, a two-stage authentication and identification process is performed and a firewall is used for security control.
 4. Critical network hardware equipment is equipped with an uninterruptible power supply system to prevent abnormal power failure conditions.
 5. The computer host system and its related storage and network connection equipment are located in a dedicated server room with security access control, and the access of personnel is strictly controlled.
 6. Daily backup of the ERP system database, annual disaster recovery exercises and the establishment of off-site data backup are in place to ensure that data can be quickly rebuilt back to the system to maintain the normal operation of the company when a disaster occurs.
 7. External audit: Deloitte & Touche also conducts audits of the Company's information-related practices and information security each year
- 5.6.4 Investments in Resources for Cyber Security Management: New employees are required to complete an information security awareness
- 5.6.5 Risks and Countermeasures for Cyber Security
The Company has established network and computer-related information security measures, but there is no guarantee against malicious hackers attempting to compromise the Company's network systems with computer viruses or ransomware that could affect the Company's operations and cause losses.
- 5.6.6 Material Information Security Incidents: None

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Patent Licensing	Industrial Technology Research Institute	Within 14 years from 9/15/2015	Authorization of wrist joint structure of mechanical arm.	1. Do not use the same or similar names, trademarks, etc. of Party B, its employees, and its affiliated units. 2. Without prior written consent, it is not allowed to implement or use this patent or manufacture or assemble this product outside the jurisdiction of Taiwan.
Financing Agreement	Bank of Taiwan--An Ping Branch	05/08/2014~05/08/2029	Guaranteed loan by land and buildings.	None
Financing Agreement	Mega Bank-- Yung Kang Branch	03/16/2017~03/16/2032	Guaranteed loan by plant and land.	None
Financing Agreement	Bank of Taiwan--An Ping Branch	10/19/2020~10/19/2026	5-year stimulus loan from the Ministry of Economic Affairs.	None
Financing Agreement	Mega Bank-- Yung Kang Branch	11/05/2020~11/25/2025	5-year stimulus loan from the Ministry of Economic Affairs.	None
Financing Agreement	Cathay United Bank--Tainan Branch	08/18/2021~08/18/2026	Solar equipment mortgage.	None
Tenancy Agreement	Ying Lin Machine Industrial Co., Ltd.	07/01/2020~06/30/2023	Yongkang plant lease.	None
Tenancy Agreement	Fengl Lan Guo/ Feng Ming Guo	01/01/2024~12/31/2024	Taichung office rental.	None
Tenancy Agreement	Tianjin Jingfeng Machinery Co., Ltd.	04/01/2019~03/31/2037	Tianjin Ying Han plant lease.	None
Tenancy Agreement	Shanghai Songyao Industrial Co., Ltd.	03/01/2023~02/28/2024	Shanghai Ying Heng plant lease.	None
Financing Agreement	Bank of China	04/21/2021~03/21/2026	Shanghai Ying Heng plant loan.	None
Insurance Policy	Shinkong Insurance Co., Ltd.	05/23/2023~05/23/2024	Fire insurance for the buildings, machinery and equipment, and goods of the Plant No. 1 of Science and Technology.	None
Insurance Policy	Shinkong Insurance Co., Ltd.	11/30/2023~11/30/2024	Fire insurance for the buildings, machinery and equipment, and goods of the Plant No. 2 of Science and Technology.	None
Insurance Policy	South China Insurance Co., Ltd.	10/18/2023~10/18/2024	Fire insurance for solar equipment insurance (Plant No. 2 of Science and Technology)	None
Insurance Policy	South China Insurance Co., Ltd.	08/12/2023~08/12/2024	Fire insurance for solar equipment insurance (Plant No. 1 of Science and Technology)	None
Insurance Policy	PICC Property and Casualty Company Limited	05/08/2023~05/07/2024	Fire insurance for equipment and inventory of Tianjin Ying Han	None

VI. Financial Information

6.1 Condensed Balance Sheet and Statement of Comprehensive Income for the Last Five Years, Names of CPAs and Their Audit Opinions

6.1.1 Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT thousand

Year		Financial Summary for The Last Five Years (Note 1)					
		2019	2020	2021	2022	20223	As of March 31, in the Year 2024
Item							
Current assets		2,021,623	1,773,426	1,817,802	1,503,400	1,337,330	1,292,195
Property, Plant and Equipment		764,553	726,717	832,867	804,531	822,192	816,692
Intangible assets		779	433	424	350	276	677
Other assets		262,181	245,433	159,053	165,270	125,099	124,689
Total assets		3,049,136	2,746,009	2,810,146	2,473,551	2,284,897	2,234,253
Current liabilities	Before distribution	1,353,009	1,198,651	1,077,121	813,346	783,952	764,243
	After distribution	1,353,009	1,198,651	1,077,121	813,346	783,952	764,243
Non-current liabilities		590,150	590,175	609,592	529,146	442,682	423,935
Total liabilities	Before distribution	1,943,159	1,788,826	1,686,713	1,342,492	1,226,634	1,118,178
	After distribution	1,943,159	1,788,826	1,686,713	1,342,492	1,226,634	1,118,178
Equity attributable to shareholders of the parent		1,096,287	949,555	1,116,888	1,116,699	1,048,859	1,039,474
Capital stock		675,460	675,460	875,460	875,460	875,460	875,460
Capital surplus		248,555	248,555	347,593	347,593	347,593	347,593
Retained earnings	Before distribution	194,769	42,609	(94,795)	(103,753)	(184,448)	(199,778)
	After distribution	194,769	42,609	(94,795)	(103,753)	(184,448)	(199,778)
Other equity interest		(22,497)	(17,069)	(11,370)	(2,601)	10,254	16,472
Treasury stock		-	-	-	-	-	-
Non-controlling interest		9,690	7,628	6,545	14,360	9,404	6,328
Total equity	Before distribution	1,105,977	957,183	1,123,433	1,131,059	1,058,263	1,046,075
	After distribution	1,105,977	957,183	1,123,433	1,131,059	1,058,263	1,046,075

Note 1: The above financial information has been checked or verified by accountants.

Note 2: 2023 Loss make-up proposal has not yet been resolved by the shareholders' meeting.

6.1.2 Individual Condensed Balance Sheet – Based on IFRS

Unit: NT thousand

Year		Financial Summary for The Last Five Years (Note1)				
		2019	2020	2021	2022	2023
Item						
Current assets		1,756,801	1,484,624	1,581,575	1,280,425	1,237,820
Investments Accounted for Using Equity Method		226,111	272,969	234,120	240,641	179,262
Property, Plant and Equipment		749,762	715,105	749,601	719,794	691,157
Intangible assets		779	433	424	350	276
Other assets		159,031	111,312	81,476	80,057	46,970
Total assets		2,892,484	2,584,443	2,647,196	2,321,267	2,155,485
Current liabilities	Before distribution	1,301,504	1,128,983	1,013,853	764,374	744,117
	After distribution	1,301,504	1,128,983	1,013,853	764,374	744,117
Non-current liabilities		494,693	505,905	516,455	440,194	362,509
Total liabilities	Before distribution	1,796,197	1,634,888	1,530,308	1,204,568	1,106,626
	After distribution	1,796,197	1,634,888	1,530,308	1,204,568	1,106,626
Equity		1,096,287	949,555	1,116,888	1,116,699	1,048,859
Capital Stock		675,460	675,460	875,460	875,460	875,460
Capital Surplus		248,555	248,555	347,593	347,593	347,593
Retained earnings	Before distribution	194,769	42,609	(94,795)	(103,753)	(184,448)
	After distribution	194,769	42,609	(94,795)	(103,753)	(184,448)
Other equity interest		(22,497)	(17,069)	(11,370)	(2,601)	10,254
Treasury stock		-	-	-	-	-
Total equity	Before distribution	1,096,287	949,555	1,116,888	1,116,699	1,048,859
	After distribution	1,096,287	949,555	1,116,888	1,116,699	1,048,859

Note 1: The above financial information has been checked or verified by accountants.

Note 2: 2023 Loss make-up proposal has not yet been resolved by the shareholders' meeting.

6.1.3 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT thousand

Item	Financial Summary for The Last Five Years (Note)					
	2019	2020	2021	2022	2023	As of March 31, in the Year 2024
Operating revenue	984,653	658,110	823,592	762,235	742,197	178,667
Gross profit	317,386	151,679	204,512	235,902	251,597	47,774
Income from operations	(26,801)	(133,192)	(93,450)	(65,452)	(62,664)	(28,544)
Non-operating income and expenses	(33,925)	(19,834)	(38,838)	49,635	(20,139)	11,761
Net income before tax (Loss)	(60,726)	(153,026)	(132,288)	(15,817)	(82,803)	(16,783)
Net income (Loss) of continuing operations	(62,038)	(152,490)	(136,471)	(14,064)	(85,841)	(18,336)
Loss of discontinuing operation	-	-	-	-	-	-
Net income (Loss)	(62,038)	(152,490)	(136,471)	(14,064)	(85,841)	(18,336)
Other comprehensive income (income after tax)	(5,949)	3,696	3,683	12,553	13,045	6,148
Total comprehensive income	(67,987)	(148,794)	(132,788)	(1,511)	(72,796)	(12,188)
Net income attributable to shareholders of the parent	(64,046)	(150,962)	(136,400)	(12,325)	(80,842)	(15,330)
Net income attributable to non-controlling interest	2,008	(1,528)	(71)	(1,739)	(4,999)	(3,006)
Comprehensive income attributable to Shareholders of the parent	(70,480)	(146,732)	(131,705)	(189)	(67,840)	(9,112)
Comprehensive income attributable to non-controlling interest	2,493	(2,062)	(1,083)	(1,322)	(4,956)	(3,076)
Earnings per Share (Net Loss)	(0.95)	(2.23)	(2.01)	(0.14)	(0.92)	(0.18)

Note: The above financial information has been checked or verified by accountants.

6.1.4 Individual Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT thousand

Item	Financial Summary for The Last Five Years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	838,116	610,251	663,893	692,587	650,666
Gross profit	266,500	125,204	161,215	205,825	230,962
Income from operations	1,066	(107,181)	(69,105)	(22,191)	14,279
Non-operating income and expenses	(66,145)	(44,590)	(63,636)	8,002	(92,344)
Net income before tax (Loss)	(65,079)	(151,771)	(132,741)	(14,189)	(78,065)
Net income (Loss) of continuing operations	(64,046)	(150,962)	(136,400)	(12,325)	(80,842)
Loss of discontinuing operation	-	-	-	-	-
Net income (Loss)	(64,046)	(150,962)	(136,400)	(12,325)	(80,842)
Other comprehensive income (income after tax)	(6,434)	4,230	4,695	12,136	13,002
Total comprehensive income	(70,480)	(146,732)	(131,705)	(189)	(67,840)
Net income (Loss) attributable to shareholders of the parent	(64,046)	(150,962)	(136,400)	(12,325)	(80,842)
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	(70,480)	(146,732)	(131,705)	(189)	(67,840)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per Share (Net Loss)	(0.95)	(2.23)	(2.01)	(0.14)	(0.92)

Note: The above financial information has been checked or verified by accountants.

6.1.5 Names of CPAs and Their Audit Opinions in the Last Five Years

Year	Accounting Firm	CPA	Audit Opinion
2019	Deloitte Touche Tohmatsu Limited	Chao Qin Yang, Ji Zhen Lee	Unqualified opinion
2020	Deloitte Touche Tohmatsu Limited	Chao Qin Yang, Hong Ru Liao	Unqualified opinion
2021	Deloitte Touche Tohmatsu Limited	Chao Qin Yang, Hong Ru Liao	Unqualified opinion
2022	Deloitte Touche Tohmatsu Limited	Chang Jun Wu, Hong Ru Liao	Unqualified opinion
2023	Deloitte Touche Tohmatsu Limited	Chang Jun Wu, Hong Ru Liao	Unqualified opinion

6.2 Financial Analysis for the Last Five Years

6.2.1 Consolidated Financial Analysis for The Last Five Years – Based on IFRS

Item	Year	Financial Analysis for The Last Five Years (Note 1)					
		2019	2020	2021	2022	2023	As of March 31, in the Year 2024
Financial structure (%)	Debt Ratio	63.73	65.14	60.02	54.27	53.68	53.18
	Ratio of long-term capital to property, plant and equipment	221.85	212.92	208.08	206.36	182.55	180.00
Solvency (%)	Current ratio	149.42	147.95	168.76	184.84	170.59	169.08
	Quick ratio	78.21	75.30	90.44	75.70	67.74	67.29
	Interest earned ratio (times)	(1.95)	(6.43)	(5.64)	0.20	(2.88)	(2.14)
Operating performance	Accounts receivable turnover (times)	1.42	1.43	2.28	2.14	2.53	2.72
	Average collection period	258	256	160	171	144	134
	Inventory turnover (times)	0.74	0.57	0.74	0.64	0.62	0.68
	Accounts payable turnover (times)	3.26	4.46	5.01	4.22	5.09	6.77
	Average days in sales	493	640	493	570	589	537
	Property, plant and equipment turnover (times)	1.25	0.88	1.06	0.93	0.91	0.88
	Total assets turnover (times)	0.32	0.23	0.30	0.29	0.31	0.31
Profitability	Return on total assets (%)	(1.50)	(4.69)	(4.34)	0.07	(2.89)	(0.61)
	Return on shareholders' equity (%)	(5.21)	(14.78)	(13.12)	(1.25)	(7.84)	(1.69)
	Pre-tax income to paid-in capital (%)	(8.99)	(22.66)	(15.11)	(1.81)	(9.46)	(3.26)
	Profit ratio (%)	(6.30)	(23.17)	(16.57)	(1.85)	(11.57)	(10.26)
	Earnings per share (NT\$)	(0.95)	(2.23)	(2.01)	(0.14)	(0.92)	(0.18)
Cash flow	Cash flow ratio (%) (Note 2)	-	20.57	-	2.26	7.57	-
	Cash flow adequacy ratio (%) (Note 2)	-	-	-	0.42	46.67	122.7
	Cash reinvestment ratio (%) (Note 2)	-	13.77	-	0.93	3.19	-
Leverage	Operating leverage	(1.01)	0.62	0.49	0.23	0.25	0.59
	Financial leverage	0.57	0.87	0.82	0.77	0.75	0.84

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

- The interest earned ratio is decreased by times because of operational loss increased this year.
- Return on total assets, return on shareholders' equity, pre-tax income (Loss) to paid-in capital, profit ratio, and earnings per share (Net loss) decrease because of operational loss increased this year.
- Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio increase because the operating cash flow inflow increased this year.

Note 1: The annual financial information has been reviewed and approved by CPA; the first quarter of 2024 has been reviewed by CPA.

Note 2: The cash flow from operating activities is negative and has no comparative significance, so the relevant ratios are not listed.

6.2.2 Individual Financial Analysis for the Last Five Years – Based on IFRS

Item	Year	Financial Analysis for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2022
Financial structure (%)	Debt Ratio	62.10	63.26	57.81	51.89	51.34
	Ratio of long-term capital to property, plant and equipment	210.20	203.53	217.89	216.30	204.20
Solvency (%)	Current ratio	134.98	131.50	156.00	167.51	166.35
	Quick ratio	78.30	72.73	88.09	78.88	78.69
	Interest earned ratio (times)	(2.40)	(6.97)	(6.50)	0.19	(3.04)
Operating performance	Accounts receivable turnover (times)	1.34	1.49	2.03	2.01	2.21
	Average collection period	272	245	180	181	165
	Inventory turnover (times)	0.83	0.69	0.77	0.72	0.65
	Accounts payable turnover (times)	2.93	4.31	4.23	3.91	4.25
	Average days in sales	440	529	474	507	562
	Property, plant and equipment turnover (times)	1.08	0.83	0.91	0.94	0.92
	Total assets turnover (times)	0.29	0.22	0.25	0.28	0.29
Profitability	Return on total assets (%)	(1.67)	(4.96)	(4.67)	0.07	(2.92)
	Return on shareholders' equity (%)	(5.42)	(14.76)	(13.20)	(1.10)	(7.47)
	Pre-tax income (Loss) to paid-in capital (%)	(9.63)	(22.47)	(15.16)	(1.62)	(8.92)
	Profit ratio (Loss) (%)	(7.64)	(24.74)	(20.55)	(1.78)	(12.42)
	Earnings per share (Net loss) (NT\$)	(0.95)	(2.23)	(2.01)	(0.14)	(0.92)
Cash flow	Cash flow ratio (%) (Note 2)	-	25.03	-	7.88	9.62
	Cash flow adequacy ratio (%) (Note 2)	-	3.98	-	23.54	93.94
	Cash reinvestment ratio (%) (Note 2)	-	16.79	-	3.25	4.12
Leverage	Operating leverage	28.38	0.55	0.63	(0.95)	3.18
	Financial leverage	(0.06)	0.85	0.80	0.56	(2.84)

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

1. The interest earned ratio is decreased by times because of operational improvement loss increased this year.
2. Return on total assets, return on shareholders' equity, pre-tax income (Loss) to paid-in capital, profit ratio, and earnings per share (Net loss) decrease because of operational loss increased this year.
3. Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio increase because the operating cash flow inflow grew this year.
4. Operating leverage increases because of operating profit turn to profit this year.
5. Financial leverage decreases because of operational improvement but until not covered financing interest..

Note 1: The annual financial information has been reviewed and approved by CPA.

Note 2: The cash flow from operating activities is negative and has no comparative significance, so the relevant ratios are not listed.

* Glossary

1. Financial structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent

Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest Earned Ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating performance

(1) Accounts Receivable Turnover (including accounts receivable and notes receivable arising from business operations) = Net Sales / Average Trade Receivables (including accounts receivable and notes receivable arising from business operations)

(2) Average Collection Period = 365 / Accounts Receivable Turnover.

(3) Inventory Turnover = Cost of Sales / Average Inventory

(4) Accounts Payable Turnover (including accounts payable and bills payable arising from business operations) = Cost of Sales / Average Trade Payables (including accounts payable and bills payable arising from business operations)

(5) Average Days in Sales = 365 / Inventory Turnover

(6) Property, Plant and Equipment turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

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

(2) Return on Shareholders' Equity = Net Income / Average Shareholders' Equity

(3) Profit Ratio = Income after Tax / Net Sales

(4) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash flow

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

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

(3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)

6. Leverage :

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 6)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: When using the formula for calculating earnings per share above, one should pay special attention to the following items:

1. Please refer to the weighted average number of common shares, not the number of shares outstanding at the end of the year.
2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares.
3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the current annual dividends (whether paid or not) shall be deducted from the after-tax net profit or added to the after-tax net loss. If the preferred shares are non-cumulative, under circumstances that there is a net profit after tax, the preferred share dividends shall be deducted from the net profit after tax; under circumstances that it is a loss, no adjustment is required.

Note 5 : When calculating for cash flow analysis, one should pay special attention to the following items:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends of common shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6 : Issuers should classify the operating costs and operating expenses into fixed and variable according to their type. If estimates or subjective judgments are involved, one should pay attention to the rationality and maintain consistency.

6.3 Audit Committee's Review Report on the Most Recent Annual Financial Report

Ying Han Technology Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of quarterly earnings. The CPAs Chang Jun Wu, Hong Ru Liao from the CPA firm of Deloitte & Touche were retained to audit Ying Han Technology Co., Ltd.'s Financial Statements and have issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and quarterly earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Ying Han Technology Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

2024 General Meeting of Shareholders of Ying Han Technology Co., Ltd.

Chairman of the Audit Committee: Ming Zhi Tsai

A handwritten signature in black ink, appearing to read '蔡明志' (Cai Mingzhi), with a long horizontal stroke extending to the right.

March 8, 2024

Ying Han Technology Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Proposal for Loss Appropriation. It has been reviewed and determined to be correct and accurate by the Audit Committee members of Ying Han Technology Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

2024 General Meeting of Shareholders of Ying Han Technology Co., Ltd.

Chairman of the Audit Committee: Ming Zhi Tsai

A handwritten signature in black ink, appearing to read '蔡明志' (Cai Mingzhi), with a long horizontal stroke extending to the right.

March 8, 2024

- 6.4 Financial report for the most recent year, including Audit Committee's review report, balance sheet for two years comparison, statement of comprehensive income, statement of equity changes, cash flow statement and notes or appendix: Please refer to Appendix A of this annual report.
- 6.5 The company's individual financial report that has been audited and certified by CPAs in the most recent year, but does not include a list of important accounting items: Please refer to Appendix B of this annual report.
- 6.6 The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the date of this annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

The main reasons and impacts of major changes in assets, liabilities and shareholders' equity in the last two years are explained as follows:

Unit: NT thousand

Item	Year	End of 2022	End of 2023	Difference	
				Amount	%
Current Assets		1,503,400	1,337,330	(166,070)	(11.05)
Property, Plant and Equipment		804,531	822,192	17,661	2.20
Intangible assets		350	276	(74)	(21.14)
Other Assets		165,270	125,099	(40,171)	(24.31)
Total Assets		2,473,551	2,284,897	(188,654)	(7.63)
Current Liabilities		813,346	783,952	(29,394)	(3.61)
Long-term Liabilities		414,270	337,747	(76,523)	(18.47)
Other Liabilities		114,876	104,935	(9,941)	(8.65)
Total Liabilities		1,342,492	1,226,634	(115,858)	(8.63)
Equity		875,460	875,460	-	-
Capital Stock		347,593	347,593	-	-
Capital Surplus		(103,753)	(184,448)	(80,695)	(77.78)
Other equity interest and non-controlling equity interests		11,759	19,658	7,899	67.17
Total equity		1,131,059	1,058,263	(72,796)	(6.44)
1. Explanation and analysis of deviation (the deviation is more than 20% and the amount is more than 10 million dollars):					
(1) Other assets decrease because the other receivable-related party and Right-of-use assets decreased.					
(2) Capital Surplus decreased because net loss of this year.					
2. Future response measures for those with major impacts: None.					

7.2 Analysis of Financial Performance

7.2.1 Comparative Analysis of Financial Performance

Unit: NT thousand

Item	Year	2022	2023	Amount of Difference	Deviation (%)
Net Revenue		762,235	742,197	(20,038)	(2.63)
Cost of Revenue		526,333	490,600	(35,733)	(6.79)
Gross Profit		235,902	251,597	15,695	6.65
Operating Expenses		301,369	314,939	13,570	4.50
Income (Loss) from Operations		(65,452)	(62,664)	2,788	4.26
Other Operating Income and Expenses, Net (Loss)		15	678	663	4420.00
Non-operating Income and Expenses		49,635	(20,139)	(69,774)	(140.57)
Income (Loss) before Income Tax		(15,817)	(82,803)	(66,986)	(423.51)
Income (Loss) for the Year		(14,064)	(85,841)	(71,777)	(510.36)
Explanation and analysis of deviation (the deviation is more than 20% and the amount is more than 10 million dollars):					
(1) Non-operating Income decreases because the NT dollar exchange rate keep stable but the subsidiaries caused currency loss.					
(2) Income (loss) before income tax and income (loss) for the year before tax increase because the NT dollar exchange rate keep stable but the subsidiaries caused currency loss.					

7.2.2 The Expected Sales Volume for the Coming Year and Its Reference, the Possible Impact on the Finance of the Company in the Future, and Response Measures

The company has not disclosed the financial forecast for 2023, so it does not plan to disclose the expected sales volume.

7.3 Cash Flow

7.3.1 Analysis of Cash Flow

Unit: NT thousand

Item	2022	2023	Difference
Net cash outflow from operating activities	18,384	59,333	40,949
Net cash inflows (outflows) from investing activities	239,643	(19,472)	(259,115)
Net cash inflows (outflows) from financing activities	(352,913)	(47,527)	298,636
Analysis of changes: (1) Increase in net cash inflow from operating activities: mainly due to cash received for the year. (2) Increase in net cash outflows from investment activities: mainly due to purchased Property, plant and equipment. (3) Net cash outflows from financing activities: mainly due to the repayment of long-term loans this year.			

7.3.2 Remedial Actions for Liquidity Shortfall: The capital of the company is sufficient, and there is no shortage of liquidity.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT thousand

Opening cash balance	Estimated annual net cash flow from operating activities	Estimated annual net cash flow from investment and financing activities	Estimated cash surplus (deficiency) amount	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
276,536	49,752	(82,698)	243,590	-	-
Analysis and explanation: 1.112 Analysis of estimated changes in cash flow in 2024: (1) Operating activities: It is estimated that a small profit will be made from turning a loss into a profit, resulting in a net cash inflow from operating activities. (2) Investment and financing activities: Estimated repayment of bank loans will result in net cash outflow for overall investment and financing activities. 2. Remedial measures and liquidity analysis of estimated cash insufficiency: Not applicable.					

7.4 Recent Years Major Capital Expenditures and Impact on Financial and Business: During the most recent year, the company's capital expenditure was largely devoted to acquiring buildings for use by its Shanghai subsidiary and installing solar power generation and green energy equipment in Taiwan. The total expenditure amounted to approximately 138,400 thousand dollars, and was mainly financed by the company's own funds or bank loans. These investments are expected to enhance production efficiency, promote business growth, align with green energy policies, and generate additional income.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy

The company's reinvestment is carried out in accordance with the operating regulations of the "Procedures for Acquisition and Disposal of Assets," and the effectiveness is evaluated and implemented after approval by the Board of Directors.

7.5.2 Main Reasons for the Profit or Loss of Reinvestment in the Most Recent Year, the Improvement Plan, and the Investment Plan for the Coming year

December 31, 2023; Unit: NT thousand

Reinvestment	Remittance of accumulated investment amount	Main Reasons for the Profit or Loss		Improvement Plan
		2023 Investment Profit and Loss	Explanation	
Ying Han Technology SP.ZO.O. (Poland)	12,016	(835)	Although economic activities have gradually resumed and orders have gradually recovered, it has not yet reached the economic scale.	Continue to expand the market and improve profitability.
Ying Han Technology Ltd.Sti (Turkey)	21,006	(29,743)	Although orders for machine tools increased, the sharp depreciation of the Turkish currency resulted in poor operating performance.	Continue to expand the market and improve profitability.
Ying Han Technology Limited (Russia)	6,253	1,018	-	Continue to expand the market and improve profitability.
YLM Industrial Company Limited (Thailand)	4,477	(1,508)	Mainly due to the decrease in orders this year.	Continue to expand the market and improve profitability.
Hansa Precision Sdn Bhd (Malaysia)	161	2,208	It actively develops the market, and new customers place orders.	-
Ying Lin Machine Industrial Co., Ltd. (Vietnam)	6,141	1,099	It is mainly for the parent company's local after-sales service.	Continue to expand the market and improve profitability.
Tianjin Ying Han Technology Ltd.	175,019	(33,770)	Mainly due to the reduction in orders in China from the impact of the pandemic.	Continue to expand the market and improve profitability.
Shanghai Yingheng Machinery Technology Co., Ltd.	113,608	(26,733)	Mainly due to the reduction in orders in China from the impact of the pandemic.	Continue to expand the market and improve profitability.
PT. Ying Lin Machine & Service (Indonesia)	3,344	224	It is mainly for the parent company's local after-sales service.	-
YLM Tube Solutions And Service Pvt. Ltd (India)	2,193	(364)	It is mainly for the parent company's local after-sales service and maintenance, and sales and maintenance in this period decreases.	Continue to expand the market and improve profitability.
Rdata System Co., Ltd.	16,500	(3,950)	It mainly serves the manufacture and sale of unmanned machines and engages in monitoring and analysis services, but it has not yet reached the economic scale.	Continue to expand the market and improve profitability.
Ying Han Technology (USA) Inc. (USA)	52,199	(82)	It is newly established and is currently actively expanding its business.	Continue to expand the market and improve profitability.

7.5.3 Investment Plan for the Coming Year: None.

7.6 Analysis of Risk Management

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

1. Effects of changes in interest rates on corporate finance and future response measures

The company's financial costs in 2023 and 2022 were NT 21,332 thousand dollars and NT 19,858 thousand dollars respectively, accounting for 2.87% and 2.61% of the operating income of each period, which occupies a small proportion of revenue and has little impact on the company. In addition to the company's own operating expenses, it still needs to obtain financing from banks. Therefore, besides regularly reviewing capital costs, the company keeps close contacts with banks to obtain more favorable loan interest rates.

2. Effects of changes in foreign exchange rates on corporate finance and future response measures

The product sales of the company are mainly denominated in US dollars and RMB, and the purchased raw materials are in NT dollars, so exchange rate fluctuations have a considerable impact on the company's profits. The company's net exchange losses and gains in 2023 and 2022 were NT 21,802 thousand dollars and NT 48,047 thousand dollars respectively, accounting for 2.94% and 6.30% of the operating income of each period; the company will always pay attention to the information on exchange rate changes affected by market environment to predict the exchange rate fluctuations and timely adjust product quotations and the watermark of foreign currency assets to avoid the risk of exchange rate changes and reduce the adverse impact of exchange rate changes on the company's profit and loss.

3. Effects of inflation on corporate finance and future response measures

As of the date of the prospectus, inflation has not had any major impact on the company's profit or loss. In addition to closely observing market price fluctuations and actively developing raw material supply sources to reduce production costs, the company maintains good relationships with customers, timely reports production costs to customers, and increases quotations. As a result, the company is currently able to effectively control the impact of inflation on the company's profits.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The company adheres to the principle of focusing on its own business and pragmatism in operating its business. The financial policy is based on the principle of conservatism, and it does not engage in high-risk or high-leverage investments.

2. As of the date of the prospectus in 2024 and 2023, except for the endorsement of subsidiaries due to operational needs and handling in accordance with "Operating Procedures of Endorsement and Guarantee" of the company, there was no endorsement for others or any derivative transaction. In the future, if there is an endorsement for others or derivatives transactions, it will be handled in accordance with the "Operating Procedures of Endorsement and Guarantee" and "Procedures for Acquisition or Disposal of Assets" stipulated by the company.

3. As of the date of the prospectus in 2024 and 2023, besides funds loaned to subsidiaries due to the needs of business operations, there are no other funds which are loaned to others. All related transactions are handled in accordance with the "Procedure for Lending Funds to Other Parties" stipulated by the company.

7.6.3 Future Research & Development Projects and Corresponding Budget

The company expects to spend about 4% to 5% of the net revenue on research and development. The company has always been committed to the development and research of various professional technologies of metal pipe fitting forming and metal cutting and professional manufacturing of CNC pipe bending machines and pipe fitting forming machinery, pipe cutting machines, metal processing machine centers, and cooperated with the development trends of the industry to meet customers' needs for automation and intelligence equipment.

7.6.4 Effects of and Response to Changes in Domestic and Foreign Policies and Regulations Relating to Corporate Finance and Sales

The company's operations have always adhered to the principle of integrity and followed the laws and regulations promulgated by relevant governments and institutions at home and abroad. Besides performing business in accordance with the current laws and regulations, the company pays close attention to significant domestic and foreign policy trends, policy formation, legislative progress, and detailed connotations related to the company's operations, and proactively and timely proposes corresponding measures. In the most recent year and as of the date of the prospectus, the company has not been affected by significant policy and legal changes at home and abroad that have affected the finance.

7.6.5 Effects of and Response to Changes in Technology (including cyber security risks) and the Industry Relating to Corporate Finance and Sales

The automation equipment industry is an indispensable machine equipment for various foundations and precision processing. It is also closely related to the development of the automotive industry, aerospace industry, semiconductor industry, 3C industry, and optoelectronic industry. With the rapid development of science and technology, the company has accumulated many years of experience in design and development and assembly inspection technology, and self-design, analysis, precise measurement, and other key technologies to meet the needs of market. In addition, the company is also in line with the pulse of industrial development, and actively develops intelligent and high value-added products to enhance the company's market competitiveness and leadership. In the most recent year and as of the date of the prospectus, there has been no event that has a major impact on the finance due to changes in technology.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since the company was established, it has complied with relevant laws and regulations, actively strengthened internal management, improved management quality and performance, and maintained a harmonious labor relationship in order to maintain a good corporate image. The company has not had any incidents affecting the corporate image in the most recent year and as of the date of the prospectus.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

In the most recent year and as of the date of the prospectus, the company has no plans to acquire other companies. If there are events or plans involving mergers and acquisitions in the future, the company will carry out various assessments on benefits and risk control in a prudent manner in accordance with the operating regulations, so as to safeguard the interests of the company and shareholders.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

In the most recent year and as of the date of the annual report, the company has not expanded its factories.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Excessive concentration of purchasing sources

The company's purchases from a single supplier in the last two years have not exceeded 10% of the net purchases in each year. The company has signed procurement contracts with suppliers to establish a long-term cooperative relationship. The company maintains more than two qualified suppliers for main raw materials, so as to maintain the flexibility of purchase to ensure uninterrupted supply of goods, and to grasp the advantage of bargaining to achieve the goal of reducing costs. To sum up, the company should have no risk of concentration of purchases.

2. Excessive customer concentration

In recent years, the company has been committed to the expansion of overseas business to reduce the dependence on agents in a single region, diversify potential market risks, and expand the base of revenue and profit. Based on risk control, in addition to maintaining long-term cooperative relationships with existing customers, the company also actively develops new customers to increase the degree of customer diversification and expand the sources of business. Also, the company regularly and continuously evaluates the financial status of customers to reduce risks; at present, there is no risk of sales concentration.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

As of the date of the annual report, there has been no substantial transfer of equity in the major directors and major shareholders of the company, so it has no impact on the company.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: The company's management rights are stable and have no significant influence.

7.6.12 Litigation or Non-litigation Matters

1. In the most recent year and as of the date of the annual report, the company shall disclose the relevant litigation, non-litigation or administrative disputes that have been decided or are currently pending and the results may have a significant impact on shareholders' rights and interests or securities prices. Facts in dispute, amount of subject matter, date of commencement of litigation, main parties involved in litigation, and current processing status should be disclosed: None.
2. In the latest year and as of the date of the annual report, the company's directors, supervisors, general manager, actual person in charge, major shareholders holding more than 10% of the shares, and affiliated companies who have the lawsuits that have been confirmed or are currently pending, non-litigation or administrative disputes, and the outcome of which may have a significant impact on the shareholders' equity or securities prices: None.
3. The company's directors, supervisors, managers, and major shareholders who hold more than 10% of the shares engaging in the events stipulated in Article 157 of the Securities and Exchange Law that occurred in the most recent year and as of the date of the annual report, and the company's current handling status: none.

7.6.13 Other Major Risks and Response Measures

Evaluation on security risk:

The company has formulated the "Measures for Information Security Management" and "Computerized Information System Management System" to establish a complete network and computer security protection system in accordance with the aforementioned regulations to control or maintain the company's manufacturing operations, accounting, and other important business operational functions. However, it cannot guarantee that the computer system will be completely immune to cyber-attacks that paralyze systems from any third party, which illegally invade the company's internal network system and disrupt the company's operations. In the event of a serious cyber-attack, the company's system may lose important operational information. In order to prevent the risks, the company regularly reviews and evaluates network security regulations and procedures to ensure their appropriateness and effectiveness. However, it cannot guarantee that the company will not be affected by new risks and attacks in the ever-changing network security threats.

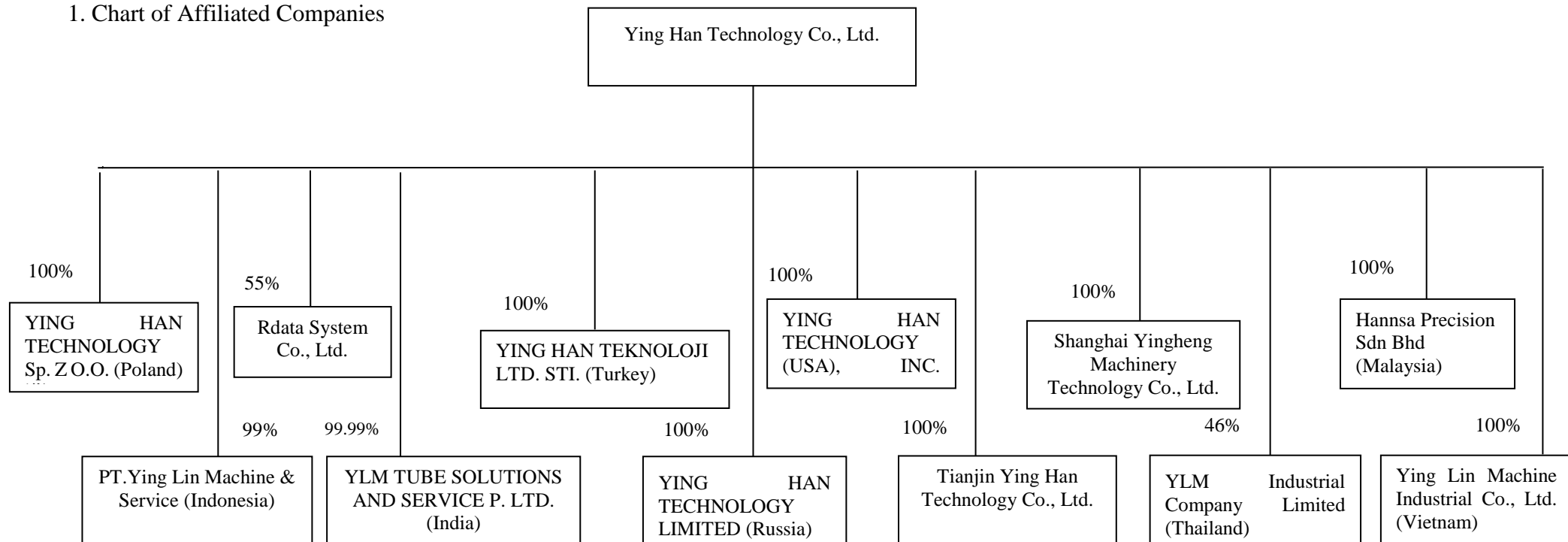
7.7 Other Significant Items: None.

VIII. Special Disclosure

8.1 Consolidated Business Reports of Affiliated Companies

8.1.1 Overview of Affiliated Companies

1. Chart of Affiliated Companies



2. Company Names, Dates of Incorporation, Address, Capital Stock, and Business Activities of Affiliated Companies

December 31, 2023

Company	Date of Incorporation	Address	Capital Stock	Business Activities
YING HAN TECHNOLOGY Sp. Z O.O. (Poland)	April 2, 2014	ul.Piwna 12, Konotopa 05-850 Ożarów Mazowiecki	PLN 1,450 thousand dollars	Trading of machinery equipment and parts
YING HAN TEKNOLOJI LTD. STI. (Turkey)	March 30, 2015	Yeni Dogan Mah.Abdi Ipekci cad.1nci Emintas San.Sit.No:74/205 Bayrampasa-Istanbul/Turkiye	TRY 1,944 thousand dollars	Trading of machinery equipment and parts
YING HAN TECHNOLOGY LIMITED (Russia)	June 15, 2015	Самарская обл. г. Тольятти п. Тимофеевка, Октябрьская 148е	RUB 13,874 thousand dollars	Trading of machinery equipment and parts
HANNSA PRECISION SDN. BHD. (Malaysia)	October 5, 2010	No. 4, Jalan TIB 1/13, Taman Industri Bolton, 68100 Batu Caves, Selangor, Malaysia.	MYR 400 thousand dollars	Trading of machinery equipment and parts
YLM INDUSTRIAL CO., LTD. (Thailand)	July 25, 2015	80/235-236 Rama 2 Rd., Samaedum, Bangkhuntien, Bangkok, 10150, Thailand	THB 5,000 thousand dollars	Trading of machinery equipment and parts
Tianjin Ying Han Technology Co., Ltd.	March 6, 2014	No. 1 Longhuai Road, Shuangjie Town, Beichen District, Tianjin	USD 5,700 thousand dollars	Trading of machinery equipment and parts
Shanghai Yingheng Machinery Technology Co., Ltd.	June 24, 2016	Room 101, 1st Floor, Building 9, No. 489, Xinrun Road, Xinqiao Town, Songjiang District, Shanghai	USD 3,700 thousand dollars	Trading of machinery equipment and parts
Ying Lin Machine Industrial Co., Ltd. (Vietnam)	March 28, 2013	29 NGUYEN THAI SON PHOUNG 3 QUAN GO VAP, HO CHI MINH CITY	USD 200 thousand dollars	Trading of machinery equipment and parts
YLM TUBE SOLUTIONS AND SERVICE P. LTD. (India)	November 14, 2011	C-508, Tower-C, 5th Floor, Nirvana Courtyard.Nirvana Country, Sec-50, Gurgaon-122018	USD 57 thousand dollars	Trading of machinery equipment and parts
PT. YING LIN MACHINE AND SERVICE (Indonesia)	May 19, 2010	Jl. Bandengan Utara 80 Blok D no.28, Penjaringan,Jakarta Utara14440, INDONESIA	USD 110 thousand dollars	Trading of machinery equipment and parts
Rdata System Co., Ltd.	November 15, 2017	No. 27-2, Aly. 2, Ln. 50-6, Sec. 2, Changping Rd., Renmei Vil., Beitun Dist., Taichung City 406047, Taiwan (R.O.C.)	NTD 20,000 thousand dollars	UAV system testing and sales
YING HAN TECHNOLOGY (USA), INC. (USA)	March 1, 2022	38331 ABRUZZI DR, Westland, Michigan 48185,USA	USD 1,700 thousand dollars	Trading of machinery equipment and parts

3. Information on the same shareholders who are the affiliates: None.

4. Information of Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2023

Company	Title	Name	Shareholding	
			Shares	Shareholding Ratio
YING HAN TECHNOLOGY Sp. Z O.O. (Poland)	Director	Ping Nan Hu, Xiu Wen Hu	500 shares	100%
YING HAN TEKNOLOJI LTD. STI. (Turkey)	Responsible person	Xiu Wen Hu	Note	100%
YING HAN TECHNOLOGY LIMITED (Russia)	Responsible person	Zong Ying Lu	Note	100%
HANNSA PRECISION SDN. BHD. (Malaysia)	Director	Chun Chia Hu Lee, Chia-Sui ZAIRUL BIN DZAKARIA	400,000 shares	100%
YLM INDUSTRIAL CO., LTD. (Thailand)	Director	Ping Kun Hu, Xiu Wen Hu, Jia Pei Chang	23,000 shares	46%
Tianjin Ying Han Technology Co., Ltd.	Director	Bo Wen Xiao	Note	100%
Shanghai Yingheng Machinery Technology Co., Ltd.	Director Supervisor	Bo Wen Xiao Yu Shun Gao	Note	100%
Ying Lin Machine Industrial Co., Ltd. (Vietnam)	Responsible person	Ping Nan Hu	Note	100%
YLM TUBE SOLUTIONS AND SERVICE P. LTD. (India)	Director	Ping Nan Hu, Shu Hui Hu, Atma Prakash	369,999 shares	99.99%
PT. YING LIN MACHINE AND SERVICE (Indonesia)	Director	Chun Chia Hu	108,900 shares	99%
Rdata System Co., Ltd.	Responsible person	Jia Yu Lin	1,100,000 shares	55%
YING HAN TECHNOLOGY (USA), INC. (USA)	Director	Chun Chia Hu	60,000 shares	100%

Note: It is in the form of a limited company, and the shares have not been issued.

5. Operational Highlights of Affiliated Companies

December 31, 2023; Unit: NT thousand

Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Revenues	Income (Net Loss) from Operation	Net Income (Loss) (after tax)	Earnings Per Share: NT (after tax)
YING HAN TECHNOLOGY Sp. Z O.O. (Poland)	12,016	36,693	56,647	(19,954)	50,577	(4,262)	(835)	—
YING HAN TEKNOLOJI LTD. STI. (Turkey)	21,006	60,334	110,843	(50,509)	67,973	(8,394)	(29,743)	—
YING HAN TECHNOLOGY LIMITED (Russia)	6,253	780	1,010	(230)	1,563	1,106	1,018	—
HANNSA PRECISION SDN. BHD. (Malaysia)	2,570	10,551	6,159	4,392	20,075	2,261	2,208	—
YLM INDUSTRIAL CO., LTD. (Thailand)	4,070	21,006	13,769	7,237	32,632	(3,221)	(3,278)	—
Tianjin Ying Han Technology Co., Ltd.	174,241	254,619	119,500	135,119	42,852	(11,341)	(33,770)	—
Shanghai Yingheng Machinery Technology Co., Ltd.	112,338	155,869	93,948	61,921	51,380	(26,279)	(26,733)	—
Ying Lin Machine Industrial Co., Ltd. (Vietnam)	6,250	7,152	5,208	1,944	7,285	1,378	1,099	—
YLM TUBE SOLUTIONS AND SERVICE P. LTD. (India)	2,299	2,574	883	1,691	5,495	(367)	(364)	—
PT. YING LIN MACHINE AND SERVICE (Indonesia)	3,548	3,803	540	3,263	2,022	289	227	—
Rdata System Co., Ltd.	20,000	22,269	10,128	12,141	5,833	(7,275)	(7,181)	—
YING HAN TECHNOLOGY (USA), INC. (USA)	54,471	70,597	18,573	52,024	15,594	(131)	(82)	—

8.1.2 Consolidated Financial Statements of the Affiliated Enterprises: Not applicable; please refer to page 92 for the Consolidated Financial Statements of Affiliated Enterprises.

8.1.3 Affiliate Enterprise Relationship Report: Not applicable; please refer to page 92 for the Consolidated Financial Statements of Affiliated Enterprises.

8.1.4 Relationship Report: Not applicable; please refer to page 92 for the Consolidated Financial Statements of Affiliated Enterprises.

8.2 Private Placement Securities in the Most Recent Year and as of the Date of this Annual Report:

On June 6, 2023, the resolution of the regular shareholders' meeting of the company passed the case of "private placement of common shares," which can be handled in batches within the limit of 20,000,000 shares. However, the private placement of securities should be handled in one year from the date of the resolution of the shareholders' meeting. The company considers that there are other fundraising plans, so the private placement of securities has not been processed.

8.3 Status of the Company's Stocks Acquired, Disposed of, and Held by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report: None.

8.4 Other Necessary Supplement: None.

8.5 Any Events in the Most Recent Year and as of the Date of this Annual Report that Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

Consolidated Financial Statements Disclaimer

The entities that are required to be included in the consolidated financial statements of YING HAN Technology Co., Ltd. as of and for the year 2022 (January 1, 2022 - December 31, 2022) 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, all information required to be disclosed in the consolidated financial statements has been included. Consequently, YING HAN Technology Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Company: YING HAN Technology Co., Ltd.

Chairman: HU PING KUN

March 14, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
YING HAN Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of YING HAN Technology Co., Ltd. And Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter for the Company's consolidated financial statements for the year ended December 31, 2023, is stated as follows:

The revenue authenticity of specific customer

The Company is dedicated in designing, manufacturing, installing and sales of parts for automatic machinery such as intelligent pipe bender, forming machine, vertical working machine. The Company's major revenue is from the sales of machinery. The machinery is small in quantity but has higher unit price. The revenue for specific customers has significant impact on the Company's Operating Revenue which is shown on the customer sales report of machineries for year 2023

and 2022. In consequence, we listed the authenticity of the revenue of specific customers for the Company as a key audit matter.

Our audit procedures based on the key audit matter found above includes:

1. Understand and test the internal control systems of operating procedures related to sales cycle and evaluate the effectiveness of the rationale behind the set up and implementation.
2. Sampling the year sales transaction report of specific customers, review the sales orders, customs declarations, invoices, and shipment or loading certificates with customer's signature. And tally the payment afterwards or notices to verify the revenue authenticity.

Other Matter

We have also audited the parent company only financial statements of the Company Limited as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan Republic of China
Auditor WU CHANG JUN

Auditor LIAO HUNG JU

No.Financial-Supervisory-Securities-Auditing-
1110348898

No.Financial-Supervisory-Securities-Auditing-
0990031652

08 March 2024

Notice to Readers

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

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

YINGHAN Technology Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 276,536	12	\$ 265,115	11
1150	Note receivable (Note 4, 7 and 20)	85,391	4	107,694	4
1170	Account receivable (Note 4, 7 and 20)	146,640	7	189,762	8
1180	Account receivable from related parties (Note 4, 7, 20 and 27)	13,284	1	44,281	2
1200	Other receivables (Note 4 and 7)	4,865	-	4,188	-
1220	Tax assets (Note 22)	1,586	-	1,329	-
130X	Inventories (Note 4 and 8)	774,497	34	820,034	33
1410	Prepayments (Note 27)	31,754	1	67,681	3
1479	Other current assets	2,777	-	3,316	-
11XX	Total current assets	<u>1,337,330</u>	<u>59</u>	<u>1,503,400</u>	<u>61</u>
NONCURRENT ASSETS					
1600	Property, plant and equipment (note 4, 10, 27 and 28)	822,192	36	804,531	33
1755	Right-of-use assets (Note 4 and 11)	73,303	3	83,640	3
1760	Investment properties (Note 4, 12 and 28)	18,147	1	18,694	1
1805	Goodwill (Note 4, 13 and 24)	5,333	-	5,333	-
1821	Other intangible assets (Note 4 and 14)	276	-	350	-
1840	Deferred income tax assets (Note 4 and 22)	20,785	1	27,487	1
1915	Prepayment for equipment	201	-	-	-
1931	Long term Notes receivable (Note 7 and 20)	252	-	7,773	-
1942	Long term Receivables from related parties (Note 7, 20 and 27)	3,157	-	15,917	1
1920	Refundable deposits (Note 4)	3,521	-	6,026	-
1990	Other noncurrent assets	400	-	400	-
15XX	Total noncurrent assets	<u>947,567</u>	<u>41</u>	<u>970,151</u>	<u>39</u>
IXXX	Total Assets	<u>\$ 2,284,897</u>	<u>100</u>	<u>\$ 2,473,551</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (Note 15 and 28)	\$ 380,000	17	\$ 360,000	15
2110	Short-term commercial note (Note 15)	99,550	5	82,058	3
2130	Current contracts liabilities (Note 20)	52,603	2	84,567	4
2150	Note payable	8	-	-	-
2170	Account payable	75,759	3	108,863	5
2180	Account payable from related parties (Note 27)	4,761	-	3,458	-
2219	Other payables (Note 16)	76,565	3	70,730	3
2220	Other payables from related parties (Note 27)	-	-	4,752	-
2230	Current tax liabilities (Note 22)	-	-	72	-
2250	Current Provision for Liabilities (Note 4 and 17)	2,432	-	4,003	-
2280	Current Lease liabilities (Note 4, 11 and 27)	6,712	-	8,605	-
2320	Long-term loans due within one year (Note 15 and 28)	82,698	4	82,902	3
2399	Other current liabilities	2,864	-	3,336	-
21XX	Total current liabilities	<u>783,952</u>	<u>34</u>	<u>813,346</u>	<u>33</u>
NONCURRENT LIABILITIES					
2540	Long-term bank loans (Note 15 and 28)	337,747	15	414,270	17
2570	Deferred income tax liabilities (Note 4 and 22)	2,564	-	3,275	-
2580	Non-current Lease liability (Note 4, 11 and 27)	67,594	3	75,657	3
2640	Non-current Net defined benefit liability (Note 4 and 18)	9,673	1	10,840	-
2645	Guarantee deposits (Note 27)	25,104	1	25,104	1
25XX	Total noncurrent liabilities	<u>442,682</u>	<u>20</u>	<u>529,146</u>	<u>21</u>
2XXX	Total liabilities	<u>1,226,634</u>	<u>54</u>	<u>1,342,492</u>	<u>54</u>
Equity attributable to owners (Note 19)					
3110	Common stock	875,460	38	875,460	35
3200	Capital reserve	347,593	15	347,593	14
Accumulated deficits					
3310	Legal reserve	86,606	4	86,606	3
3320	Special reserve	16,373	1	16,373	1
3350	Accumulated deficit	(287,427)	(13)	(206,732)	(8)
3300	Total accumulated deficit	(184,448)	(8)	(103,753)	(4)
3400	Other interests	10,254	1	(2,601)	-
31XX	Total of owners' equity	<u>1,048,859</u>	<u>46</u>	<u>1,116,699</u>	<u>45</u>
36XX	Non-controlling interest	9,404	-	14,360	1
3XXX	Total equity	<u>1,058,263</u>	<u>46</u>	<u>1,131,059</u>	<u>46</u>
Total liabilities and equity					
		<u>\$ 2,284,897</u>	<u>100</u>	<u>\$ 2,473,551</u>	<u>100</u>

The appended notes are parts of this consolidated financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 – December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars
*The net loss per share is New Taiwan Dollars

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
4100	Operating revenues (Note 4, 20 and 27)	\$ 742,197	100	\$ 762,235	100
5110	Operating costs (Note 8, 21 and 27)	<u>490,600</u>	<u>66</u>	<u>526,333</u>	<u>69</u>
5900	Operating margin	<u>251,597</u>	<u>34</u>	<u>235,902</u>	<u>31</u>
	Operating expenses (Note 8, 21 and 27)				
6100	Sales and marketing expenses	169,724	23	156,059	21
6200	General and administrative expenses	92,911	12	86,507	11
6300	Research expenses	46,474	6	50,708	7
6450	Expected credit impairment losses (Rotation benefits)	<u>5,830</u>	<u>1</u>	<u>8,095</u>	<u>1</u>
6000	Total of operating expenses	<u>314,939</u>	<u>42</u>	<u>301,369</u>	<u>40</u>
6500	Other non-operating income and expenses (Note 21)	<u>678</u>	<u>-</u>	<u>15</u>	<u>-</u>
6900	Operating Loss	(<u>62,664</u>)	(<u>8</u>)	(<u>65,452</u>)	(<u>9</u>)
	Non-operating revenue and expenses (Note 4, 21 and 27)				
7100	Interest income	7,946	1	4,159	1
7010	Other income	15,862	2	17,333	2
7020	Other gains and losses	(22,615)	(3)	48,001	6
7050	Finance costs	(<u>21,332</u>)	(<u>3</u>)	(<u>19,858</u>)	(<u>2</u>)
7000	Total of Non-operating revenue and expenses	(<u>20,139</u>)	(<u>3</u>)	<u>49,635</u>	<u>7</u>
7900	Loss before tax	(82,803)	(11)	(15,817)	(2)
7950	Income tax expense (Benefit) (Note 4 and 22)	<u>3,038</u>	<u>1</u>	(<u>1,753</u>)	<u>-</u>

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Code		Year 2023		Year 2022	
		Amount	%	Amount	%
8200	Net loss	(\$ 85,841)	(12)	(\$ 14,064)	(2)
	Other comprehensive income				
	Items not classified to profit or loss:				
8311	Remeasurements of the net defined benefit (Note 18)	147	-	3,367	1
8360	Items may be classified to profit or loss:				
8361	Exchange Differences on Translation of Foreign Financial Statements	16,112	2	11,378	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss. (Note 19)	(3,214)	-	(2,192)	-
		12,898	2	9,186	1
8300	Other comprehensive income (Net of tax)	13,045	2	12,553	2
8500	Total comprehensive income	(\$ 72,796)	(10)	(\$ 1,511)	-
	Net losses belongs to:				
8610	Owners	(\$ 80,842)	(11)	(\$ 12,325)	(2)
8620	Non-controlling interests	(4,999)	(1)	(1,739)	-
8600		(\$ 85,841)	(12)	(\$ 14,064)	(2)
	Comprehensive income belongs to:				
8710	Owners	(\$ 67,840)	(9)	(\$ 189)	-
8720	Non-controlling interests	(4,956)	(1)	(1,322)	-
8700		(\$ 72,796)	(10)	(\$ 1,511)	-
	Net loss per share (Note 23)				
9750	Basic	(\$ 0.92)		(\$ 0.14)	
9850	Dilution	(0.92)		(0.14)	

The appended notes are parts of this consolidated financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 – December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars

		Equity attributable to owners								
		Stock	Accumulated loss			Other Equity Interest				
Code		Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translation of Foreign Financial Statements	Total	Non-controlling Interest	Total Equity
A1	Balance as of January 1, 2022	\$ 875,460	\$ 347,593	\$ 86,606	\$ 16,373	(\$ 197,774)	(\$ 11,370)	\$ 1,116,888	\$ 6,545	\$ 1,123,433
D1	Net Loss of Year 2022	-	-	-	-	(12,325)	-	(12,325)	(1,739)	(14,064)
D3	Other comprehensive income of year 2022 (net of tax)	-	-	-	-	3,367	8,769	12,136	417	12,553
D5	Total comprehensive income of year 2022	-	-	-	-	(8,958)	8,769	(189)	(1,322)	(1,511)
O1	Non-controlling interest (Note 9 and 19)	-	-	-	-	-	-	-	9,137	9,137
Z1	Balance as of December 31, 2022	875,460	347,593	86,606	16,373	(206,732)	(2,601)	1,116,699	14,360	1,131,059
D1	Net Loss of year 2023	-	-	-	-	(80,842)	-	(80,842)	(4,999)	(85,841)
D3	Other comprehensive income of year 2023 (net of tax)	-	-	-	-	147	12,855	13,002	43	13,045
D5	Total comprehensive income of year 2023	-	-	-	-	(80,695)	12,855	(67,840)	(4,956)	(72,796)
Z1	Balance as of December 31, 2023	<u>\$ 875,460</u>	<u>\$ 347,593</u>	<u>\$ 86,606</u>	<u>\$ 16,373</u>	<u>(\$ 287,427)</u>	<u>\$ 10,254</u>	<u>\$ 1,048,859</u>	<u>\$ 9,404</u>	<u>\$ 1,058,263</u>

The appended notes are parts of this consolidated financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 – December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars

Code		Year 2023	Year 2022
	Operating Cash Flow		
A10000	Net loss before tax	(\$ 82,803)	(\$ 15,817)
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation	47,772	50,253
A20200	Amortization	74	74
A29900	Expected Credit Losses	5,830	8,095
A20900	Finance costs	21,332	19,858
A21100	Profit from lease modification	-	(45)
A21200	Interest income from bank deposits	(7,946)	(4,159)
A22500	Loss (gain) from disposal of fixed assets	(678)	30
A23700	Inventory Valuation and Obsolescence Losses	8,200	507
A30000	Changes in operating assets and liabilities		
A31130	Note receivable	30,257	(29,883)
A31150	Account receivable	37,427	46,170
A31160	Account receivable from related parties	43,757	8,049
A31180	Other receivable	(792)	1,989
A31190	Other receivable from related parties	115	(115)
A31200	Inventory	37,465	3,360
A31230	Prepayments	(1,048)	(47,785)
A31240	Other current assets	539	649
A32130	Note payable	8	(1)
A32150	Account payable	(33,104)	(23,905)
A32160	Account payable from related parties	1,303	(886)
A32180	Other payable	5,811	4,896
A32190	Other payable from related parties	(4,752)	(518)
A32200	Liability reserve	(1,571)	1,124
A32125	Contract liabilities	(31,964)	18,149
A32230	Other current liabilities	(472)	(4,268)
A32240	Liability – defined benefit liability	(<u>1,167</u>)	(<u>3,992</u>)
A33000	Operating cash inflow	73,593	31,829
A33100	Interest chargeable	7,946	4,159
A33300	Interest payment	(21,616)	(19,599)

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Code		Year 2023	Year 2022
A33500	Rebate of income tax	(\$ 590)	\$ 1,995
AAAA	Net cash inflow from operating activities	<u>59,333</u>	<u>18,384</u>
	Cash Flows from Investing Activities		
B00050	Financial assets measured at amortized cost are assets	-	250,739
B02200	Net cash outflow from obtaining subsidiaries	-	(654)
B02700	Purchase of property, plant and equipment	(22,677)	(8,508)
B02800	Price on disposal of property, plant and equipment	678	-
B03700	Increase of refundable deposit	-	(1,934)
B03800	Decrease of refundable deposit	2,529	-
B07100	Increase of prepayments for equipment	(2)	-
BBBB	Net cash inflow(outflow) from investment activities	<u>(19,472)</u>	<u>239,643</u>
	Cash Flows from Financing Activities		
C00100	Increase of short-term borrowings	775,000	852,000
C00200	Decrease of short-term borrowings	(755,000)	(1,056,000)
C00500	Increase of short-term commercial note	738,100	871,600
C00600	Decrease of short-term commercial note	(720,300)	(935,000)
C01700	Repayment of long-term loan	(76,727)	(75,944)
C04020	Payments of lease liabilities	(8,600)	(9,569)
C05800	Change in non-controlling interests	-	6,750
CCCC	Net cash outflow from financing activities	<u>(47,527)</u>	<u>(346,163)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>19,087</u>	<u>14,368</u>
EEEE	Net increase (decrease) in cash and cash equivalents	11,421	(73,768)
E00100	Cash and cash equivalents at the beginning of year	<u>265,115</u>	<u>338,883</u>
E00200	Cash and cash equivalents at the end of year	<u>\$ 276,536</u>	<u>\$ 265,115</u>

The appended notes are parts of this consolidated financial statements.

Chairman: Manager: Chief Accounting Supervisor:

YING HAN Technology Co., Ltd.
Notes to the Consolidated Financial Statements
January 1 – December 31, 2023 & 2022
(Unit: Thousands of New Taiwan Dollars. Unless otherwise stated.)

(1) Company History

Founded in January 2008, YING HAN Technology Co., Ltd. (The ‘Company’) is a leading and well organized manufacturer in Taiwan, specialized in designing, manufacturing, installing and sales of parts for automatic machinery such as tube & pipe bender, forming machine.

The Company was approved to issue stocks in August 2015 and was allowed to trade on the Taiwan Stock Exchange (TWSE) in November of the same year. In August 2017, the Company was listed on Taiwan Stock Exchange.

The use of currency in this Consolidated Financial Statements is New Taiwan Dollars.

(2) Date and Procedures of Authorization of Financial Statements for Issuance

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

(3) Newly Issued or Revised Standards and Interpretations

1. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC)(collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

2. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB(Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: The above new, revised or amended standards and interpretations is applicable to annual reporting periods mentioned above. Unless otherwise stated.

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

Note 3: The first time this amendment is applied, some disclosure requirements are exempted.

The rest of the revised standards and interpretations did not have a significant

effect on the financial condition and financial performance of the Company as of the release date of this consolidated financial statements.

3. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 17 “Insurance Contract”	January 1, 2023
Amendments to IAS 17	January 1, 2023
Amendments to IAS 17 “Application of IFRS 17 and IFRS 9- Comparison”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: The above new, revised or amended standards and interpretations is applicable to annual reporting periods mentioned above. Unless otherwise stated.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the Group uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the release date of this consolidated financial statements, the Company continues to evaluate the impact on its financial condition and financial performance from the initial adoption of the standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

(4) Summary Explanation of Significant Accounting Policies

1. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

2. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Financial assets can be categorized into 3 levels based on the degree of observability and importance of the input value:

- 1) Level 1: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.
- 2) Level 2: Refers to observable inputs other than quoted prices at level 1, either directly (that is, prices) or indirectly (that is, derived from prices) for the asset or liability.
- 3) Level 3: An unobservable assets or liabilities.

3. Classification of Current and Noncurrent Assets and Liabilities

Current assets are:

- 1) Assets held for trading purposes;
- 2) Assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period;
- 3) Cash and cash equivalents (but excluding those that subject to restrictions on exchange or settlement of liabilities more than 12 months after the balance sheet date)

Current liabilities are:

- 1) Liabilities incurred for trading purposes;
- 2) Liabilities expected to be settled within one year from the end of the reporting period;
- 3) Liabilities for which settlement cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

4. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company its subsidiaries. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 9 and Schedules 3 and 4.

5. Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

6. Inventories

Inventories include raw materials, work in progress and finished goods, etc. Inventories are stated at the lower of cost or net realizable value. The comparison of cost to net realizable value is done on an individual basis. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are adjusted to approximate weighted-average cost at the end of the reporting period.

7. Property, Plant and Equipment

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Except for freehold land which is not depreciated, depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each

reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

8. Investment properties

Investment properties is real estate held to earn rentals or for capital appreciation or both. Investment properties also includes land that has not yet been determined for future use.

Owned investment properties is initially measured at cost (including transaction costs), and subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

9. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

10. Intangible Assets

(1) Acquired Separately

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The company shall review the estimated useful life, residual value and amortization method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates.

(2) Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the value of the asset is recognized in profit or loss for the year.

11. Impairment of Property, Plant, Equipment, Right-of-use assets, Investment properties and Intangible Assets

At each balance sheet date, the Company reviews the carrying amounts of property, plant, equipment, right-of-use assets, investment properties and intangible assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with undetermined useful lives and not available for use, impairment tests are conducted at least annually and when there is evidence of impairment.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

12. Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the contractual terms of the instrument.

If the financial assets and financial liabilities are not recognized by fair values of financial instruments initially, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss and included in the originally recognized amounts of the financial asset and financial liability.

(1) Financial Assets

Customary transactions of financial assets are recognized and derecognized by transaction date.

1) Type of measurement

The types of financial assets held by the consolidated company are financial assets measured at amortized cost.

Financial assets measured at amortized cost.

Financial assets invested by the consolidated company should be categorized as financial assets measured at amortized cost if both of the below conditions are met:

- A. Held under an operating model whose purpose is to hold financial assets for the purpose of receiving contractual cash flows; and
- B. The interest is based on the cash flow on the date agreed in the contract, the principal paid to complete the relevant cash flow, and the principal amount circulated overseas.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts (including related parties) measured at amortized cost, other receivables and deposits) after original recognition is measured at the amortized cost of the gross carrying amount determined by the effective interest method less any impairment losses, and any foreign exchange gains or losses are recognized in profit or loss.

Interest income from bank deposits is calculated by multiplying the effective interest rate and the total amount if the financial asset except for the below 2 situations:

- A. Purchased or initial impairment financial assets is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- B. Non-purchased or initial impairment financial assets becomes impairment financial assets shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset

from the reporting period following the credit-impairment.

Impairment financial assets means the issuer or debtor had encountered significant financial difficulties, defaulted or the debtor is likely having a bankruptcy or other financial difficulties that will make the active market disappear.

Cash equivalents included deposit and repurchase bonds with high liquidity that is convertible into cash within 3-month and has lower risk of value change. It's to satisfy the short-term cash commitments.

2) Impairment financial assets

The consolidated company evaluates the impairment loss of financial assets (including notes receivable and accounts) measured at amortized cost based on expected credit losses on each balance sheet date.

Notes and accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the loss will be recognized as the 12-month expected credit loss. If there has been a significant increase, it will be recognized as the expected credit loss during the duration Allow for losses.

Expected credit loss is calculated average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible default events of the financial instrument within 12 months after the reporting date, and the expected credit loss during the duration represents the expected credit loss arising from all possible default events of the financial instrument during the duration.

For the purpose of internal risk control, the consolidated company will regard the below situation as defaulted in financial assets without considering the collateral held:

- A. The internal or external indication showing the debtor is unlikely to pay back the debt.
- B. Overdue exceeds the days of credit terms without reasonable and supportable information that shows a delayed payment is more appropriate.

Impairment losses on all financial assets are achieved by reducing their carrying amounts through the use of an allowance account.

3) Derecognition of financial assets

A consolidated company derecognized a financial asset only when the contractual rights to the cash flows from the financial asset have lapsed, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have

been transferred to another entity.

When a financial asset is measured at amortized cost as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an investment in a debt instrument at fair value through other comprehensive profit or loss is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss that has been recognized in other comprehensive profit or loss is recognized in profit or loss. When an equity instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

(2) Financial Liabilities

1) Measurement

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

2) Derecognition of financial liabilities

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

13. Preparation for financial liabilities

The amount recognized as a liability reserve is the best estimate of the expenditure required to settle the obligation on the balance sheet date, considering the risks and uncertainties of the obligation. The liability provision is measured at the discounted value of the estimated cash flows of the settlement obligation.

Warranty

The warranty obligation to ensure that the product is compatible to the agreed specifications is recognized when the relevant product is recognized as revenue based on the management's best estimate of the expenditure required to settle the obligations of the consolidated company.

14. Revenue Recognition

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods.

Revenue from sale of goods

Revenue from sale of goods is recognized when the Company automatic machinery such as intelligent pipe bender, forming machine, vertical working

machine are delivered to designated place or the installation certificate is obtained. The customer has the right to set the price and is responsible for the resales of it. In the meanwhile, customer should bear the risk of obsolete goods. The company recognized the revenue from sale of goods at that point of time. Advance payment is recognized as contract liabilities before shipment or installation certificates are obtained.

15. Leases

The consolidated company assesses whether the contract is (or contains) a lease on the contract inception date.

1. The Company as lessor

When the term of the lease is transferred to the lessee substantially all the risks and rewards of ownership of the asset, it's categorized as finance lease. All the other leases are categorized as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease period. The original direct cost incurred in obtaining the operating lease is added to the book amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if

the Company is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The company has negotiated with the leaser on the rental with regards to Covid-19 situation. The rental before June 30, 2021, has been adjust and reduced. The negotiation has no significant impact on the other part of the contract. The company chooses to adopt a practical expedient approach to deal with the rent negotiation of the factory building and office lease contract that meets the conditions. It does not evaluate whether the negotiation is a lease modification but recognizes the reduction of the lease payment in profit or loss when the concession event or situation occurs (other income and expense), and correspondingly reduce the lease liability.

16. Borrowing Costs

Borrowing costs is the cost to directly obtain, construct or produce the destined assets. It's considered part of the cost of the assets until the use or sale of the item has been performed.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

17. Government Grants

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

Government grants related to revenue are recognized in other income on a systematic basis over the period in which they are intended to compensate for the associated costs that are recognized as an expense by the combined company.

Government grants that are receivables as compensation for expenses already incurred are deducted from incurred expenses in the period in which they become receivables.

18. Employee Benefits

- 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

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

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan.

19. Share-based payment arrangements

Employee Stock Options

Employee stock options are recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve - employee stock options is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

20. Taxation

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

1) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders

approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where 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 assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

3. Current and deferred tax for the year

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

(5) Critical accounting judgements and key sources of estimation and uncertainty

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

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

(6) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 1,921	\$ 2,187
Cheque and Deposit	130,645	164,566
<u>Cash equivalents</u> (investment with initial due date within 3 month)		
Fixed deposit	143,970	82,917
Repurchase agreements collateralized by bonds	-	15,445
	<u>\$ 276,536</u>	<u>\$ 265,115</u>

The interest rate range of cash equivalent on the balance sheet date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed deposit	1.40%~5.40%	3.20%~3.75%
Repurchase agreements collateralized by bonds	-	4%

(7) Note receivable, account receivable (including related parties), other receivable (including related parties), long-term notes receivable and long-term receivable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Note receivable</u>		
Arising from operating activities	\$ 85,989	\$ 108,725
Less: Allowance to reduce	<u>598</u>	<u>1,031</u>
	<u>\$ 85,391</u>	<u>\$ 107,694</u>
 <u>Account receivable (including related parties)</u>		
Carried at amortized cost		
Total carrying amount	\$ 179,140	\$ 247,921
Less: Allowance to reduce	19,216	13,521
Less: Unrealized Interest Income	<u>-</u>	<u>357</u>
	<u>\$ 159,924</u>	<u>\$ 234,043</u>
 <u>Other receivable (including related parties)</u>		
Long-term note receivable	<u>\$ 4,865</u>	<u>\$ 4,188</u>
	<u>\$ 252</u>	<u>\$ 7,773</u>
 Long-term receivable - related parties		
Total carrying amount	\$ 3,227	\$ 16,267
Less: Unrealized Interest Income	<u>70</u>	<u>350</u>
	<u>\$ 3,157</u>	<u>\$ 15,917</u>

Note and account receivable measured at amortized cost

The consolidated company set the credit term based on the financial condition, market region, and trading experience of each client. To management the risk, the consolidated company has assigned a dedicated team to be responsible for the determination and examination of credit term of each client and to ensure all the note receivable have been managed properly. Additionally, on the balance sheet date, the consolidated company will review the recoverable number of receivables one by one to ensure that unrecoverable receivables have been set aside for appropriate derogation losses. Hence the management of the consolidated company believes that the credit risk of consolidated company has been eased significantly.

The consolidated company recognizes the allowance loss of account receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the provision matrix, which considers the customer's past default record and current financial situation. As the Group's historical credit loss experience does show significantly different loss patterns for different sales segments, the Group uses different provision matrixes based on sales segments by geographical region, and determines the expected credit loss rate by reference to past due days of accounts receivable.

If there is evidence that shows the counterparty is facing severe financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, for example, the counterparty is undergoing liquidation, the consolidated company will directly write off the relevant accounts receivable, but it will continue with the activities. The amount is recognized in profit or loss.

The consolidated company measures the allowance loss of account receivable based on the reserve matrix as follows:

Note receivable as of December 31, 2023

	Not Overdue	Overdue 0~180 days	Overdue 181 ~ 270 days	Overdue 271 ~ 450 days	Overdue 451 days and above	Total
Expected credit losses ratio	0%	100%	100%	100%	100%	
Total carrying amount	\$ 85,391	\$ 33	\$ 33	\$ 40	\$ 492	\$ 85,989
Allowance to reduce (Expected credit losses during the duration)	-	(33)	(33)	(40)	(492)	(598)
Amortized cost	<u>\$ 85,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,391</u>

Account receivable as of December 31, 2023

	0~120 days	121~210 days	211~300 days	301~485 days	485 days and above	Individual recognition	Total
Expected credit losses ratio	1%~18%	15%~31%	17%~68%	18%~100%	100%		
Total carrying amount	\$ 26,572	\$ 930	\$ 66	\$ 134	\$ 6,768	\$ 144,670	\$ 179,140
Allowance to reduce (Expected credit losses during the duration)	(427)	(272)	(45)	(134)	(6,768)	(11,570)	(19,216)
Amortized cost	<u>\$ 26,145</u>	<u>\$ 658</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,100</u>	<u>\$ 159,924</u>

Note receivable as of December 31, 2022

	Note Overdue	Overdue 0~180 days	Overdue 181 ~ 270 days	Overdue 271 ~ 450 days	Overdue 451 days and above	Total
Expected credit losses ratio	0%	100%	100%	100%	100%	
Total carrying amount	\$ 107,694	\$ 499	\$ -	\$ -	\$ 532	\$ 108,725
Allowance to reduce (Expected credit losses during the duration)	-	(499)	-	-	(532)	(1,031)
Amortized cost	<u>\$ 107,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,694</u>

Account receivable as of December 31, 2022

	0~120 days	121~210 days	211~300 days	301~485 days	485 days and above	Individual recognition	Total
Expected credit losses ratio	0%~1%	5%~36%	25%~61%	50%~88%	100%		
Total carrying amount	\$ 54,502	\$ 475	\$ 223	\$ 1,492	\$ 6,758	\$ 184,114	\$ 247,564
Allowance to reduce (Expected credit losses during the duration)	(142)	(50)	(104)	(1,292)	(6,758)	(5,175)	(13,521)
Amortized cost	<u>\$ 54,360</u>	<u>\$ 425</u>	<u>\$ 119</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 178,939</u>	<u>\$ 234,043</u>

Changes in the provision for losses on receivables are as follows:

Year 2023

	Note receivable	Account receivable	Total
Balance at the start of year	\$ 1,031	\$ 13,521	\$ 14,552
Add: Impairment loss provision for the year	(110)	5,940	5,830
Foreign currency exchange difference	(323)	(245)	(568)
Balance at the end of year	\$ 598	\$ 19,216	\$ 19,814

Year 2022

	Note receivable	Account receivable	Total
Balance at the start of the year	\$ 753	\$ 5,833	\$ 6,586
Add: Provision (reversal) impairment losses for the year	442	7,653	8,095
Foreign currency exchange difference	(164)	35	(129)
Balance at the end of year	\$ 1,031	\$ 13,521	\$ 14,552

Other receivable have not been provisioned for bad debts because past experience shows that the probability of recovery is extremely high.

(8) Inventories

	December 31, 2023	December 31, 2022
Finished product	\$ 72,823	\$ 94,712
WIP- Work in process	529,335	545,777
Raw material	172,339	179,545
	\$ 774,497	\$ 820,034

The cost of goods sold related to inventories in 2023 and 2022 was NT \$490,600 thousands and NT \$526,333 thousands respectively, and the cost of goods sold, including the inventory price loss, was NT \$8,200 thousands and NT \$507 thousands , respectively.

(9) Subsidiaries

Subsidiaries included in the consolidated financial report

The entities preparing this consolidated financial report are as follows:

Name of Investment Company	Name of Subsidiaries	Nature of Business	Stock Ratio (%)		Remarks
			Year 2023 31 December	Year 2022 31 December	
YING HAN Technology Co., Ltd.	YING HAN TECHNOLOGY Sp. Zo.o. (Poland)	Trading of machinery equipment and parts	100	100	
	YING HAN TEKNOLOJI LTD. STI (Turkey)	Trading of machinery equipment and parts	100	100	
	YING HAN TECHNOLOGY Limited (Russia)	Trading of machinery equipment and parts	100	100	
	HANNSA PRECISION SDN. BHD. (Malaysia)	Trading of machinery equipment and parts	100	100	
	YLM INDUSTRIAL CO., LTD. (Thailand)	Trading of machinery equipment and parts	46	46	
	YING HAN Technology Co., Ltd. (Vietnam)	Trading of machinery equipment and parts	100	100	
	YING HAN Technology Co., Ltd. (Tianjin)	Trading of machinery equipment and parts	100	100	
	YING HAN Technology Co., Ltd. (Shanghai)	Trading of machinery equipment and parts	100	100	

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Name of Investment Company	Name of Subsidiaries	Nature of Business	Stock Ratio (%)		Remarks
			Year 2023	Year 2022	
			31 December	31 December	
	YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India)	Trading of machinery equipment and parts	99.99	99.99	
	PT. YING LIN MACHINE AND SERVICE(Indonesia)	Trading of machinery equipment and parts	99	99	
	Rdata System Co., Ltd(Original funding Company)	UAV- Unmanned Aerial Vehicle system testing and sales	55	55	Note 1
	YING HAN TECHNOLOGY (USA), INC.(USA)	Trading of machinery equipment and parts	100	100	Note 2

Note 1: NT \$8,250 thousands was agreed by the board of directors of the company on April 1, 2022, with a 55% shareholding of the non-affiliated company. The transfer of the joint venture to the joint venture was approved for the difference of NT \$5,333 thousands, please refer to notes 13 and 24. In September 2022, the company increased \$8,250 thousands of the shareholding of the original company.

Note 2: USD\$1,500 thousands was agreed by the board of directors of the company on March 1, 2022 set YING HAN TECHNOLOGY (USA), INC. And increased the investment amount of USD\$200 thousands on May 19, 2023.

Note 3: The company increased the investment amount of USD\$177 thousands in YING HAN TECHNOLOGY Sp. Z.o.o. (Poland) on Nov. 2023.

(10) Property, plant and equipment

	Land	Building	Machinery	Vehicles	Equipment	Lease	Other Equipment	Property in built	Total
<u>Cost</u>									
Balance as of January 1, 2023	\$ 499,064	\$ 364,377	\$ 87,822	\$ 24,966	\$ 75,189	\$ 8,907	\$ 65,212	\$ 590	\$1,126,127
Addition	862	12,882	3,098	3,564	331	-	1,940	-	22,677
Loss	-	-	-	(270)	(56)	-	-	-	(326)
Re-classified	4,225	32,986	-	-	164	-	-	(599)	36,776
Net foreign exchange difference	(27)	(2,831)	(181)	(1,232)	(63)	(67)	(78)	9	(4,470)
Balance as of December 31, 2023	<u>\$ 504,124</u>	<u>\$ 407,414</u>	<u>\$ 90,739</u>	<u>\$ 27,028</u>	<u>\$ 75,565</u>	<u>\$ 8,840</u>	<u>\$ 67,074</u>	<u>\$ -</u>	<u>\$1,180,784</u>
<u>Accumulated depreciation and reduction</u>									
Balance as of January 1, 2023	\$ -	\$ 139,943	\$ 77,087	\$ 22,870	\$ 15,768	\$ 8,869	\$ 57,059	\$ -	\$ 321,596
Fee of depreciation	-	22,801	4,953	1,390	4,459	24	4,601	-	38,228
Loss	-	-	-	(270)	(56)	-	-	-	(326)
Net foreign exchange difference	-	(199)	(106)	(415)	(56)	(69)	(61)	-	(906)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 162,545</u>	<u>\$ 81,934</u>	<u>\$ 23,575</u>	<u>\$ 20,115</u>	<u>\$ 8,824</u>	<u>\$ 61,599</u>	<u>\$ -</u>	<u>\$ 358,592</u>
Net as of December 31, 2023	<u>\$ 504,124</u>	<u>\$ 244,869</u>	<u>\$ 8,805</u>	<u>\$ 3,453</u>	<u>\$ 55,450</u>	<u>\$ 16</u>	<u>\$ 5,475</u>	<u>\$ -</u>	<u>\$ 822,192</u>
<u>Cost</u>									
Balance as of January 1, 2022	\$ 499,064	\$ 354,220	\$ 87,286	\$ 24,859	\$ 73,821	\$ 8,844	\$ 63,650	\$ 2,772	\$1,114,516
Occurred by merging	-	-	520	-	-	-	-	-	520
Addition	-	5,253	50	-	1,547	-	1,498	3,092	11,440
Loss	-	-	(189)	-	(202)	-	-	-	(391)
Re-classified	-	3,806	-	-	-	-	1	(3,807)	-
Net foreign exchange difference	-	1,098	155	107	23	63	63	(1,467)	42
Balance as of December 31, 2022	<u>\$ 499,064</u>	<u>\$ 364,377</u>	<u>\$ 87,822</u>	<u>\$ 24,966</u>	<u>\$ 75,189</u>	<u>\$ 8,907</u>	<u>\$ 65,212</u>	<u>\$ 590</u>	<u>\$1,126,127</u>
<u>Accumulated depreciation and reduction</u>									
Balance as of January 1, 2022	\$ -	\$ 118,273	\$ 69,827	\$ 21,619	\$ 11,206	\$ 8,717	\$ 52,007	\$ -	\$ 281,649
Occurred by merging	-	-	325	-	-	-	-	-	325
Fee of depreciation	-	21,643	7,046	1,169	4,710	91	5,015	-	39,674
Loss	-	-	(179)	-	(182)	-	-	-	(361)
Net foreign exchange difference	-	27	68	82	34	61	37	-	309
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 139,943</u>	<u>\$ 77,087</u>	<u>\$ 22,870</u>	<u>\$ 15,768</u>	<u>\$ 8,869</u>	<u>\$ 57,059</u>	<u>\$ -</u>	<u>\$ 321,596</u>
1 Net as of December 31, 2022	<u>\$ 499,064</u>	<u>\$ 224,434</u>	<u>\$ 10,735</u>	<u>\$ 2,096</u>	<u>\$ 59,421</u>	<u>\$ 38</u>	<u>\$ 8,153</u>	<u>\$ 590</u>	<u>\$ 804,531</u>

Part of the warehouses and extended shelters of the consolidated company's factory buildings have been listed as impairment losses of NT \$3,638 thousands in 2015.

Depreciation expense is provided on a straight-line basis over the following useful years:

Building	
Main warehouse	20~50 years
Renovation	10~15 years
Machinery	3~8 years
Vehicles	2~8 years
Equipment	3~15 years
Lease	5~10 years
Other equipment	2~10 years

Please refer to Note 28 for the amount of property, plant and equipment pledged by the consolidated company as a loan guarantee.

(11) Lease

1. Right to use

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount		
Building	\$ 71,216	\$ 79,988
Vehicles	<u>2,087</u>	<u>3,652</u>
	<u>\$ 73,303</u>	<u>\$ 83,640</u>
	<u>Year 2023</u>	<u>Year 2022</u>
Addition	<u>\$ -</u>	<u>\$ 11,136</u>
Depreciation		
Building	\$ 7,432	\$ 8,989
Vehicles	<u>1,565</u>	<u>1,043</u>
	<u>\$ 8,997</u>	<u>\$ 10,032</u>

2. Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount		
Current	\$ <u>6,712</u>	\$ <u>8,605</u>
Non-current	<u>\$ 67,594</u>	<u>\$ 75,657</u>

The discount rate range for the lease liability is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building and vehicles	1.30% ~ 1.41%	1.41%

3. Important lease activities and terms

If the consolidated company leases official vehicles, the term is for a period of 3 years. These rental agreements do not have terms of renewal or right of purchase.

The consolidated company also leases buildings as warehouse, and the lease period is 3 to 19 years. When the lease period ends, the consolidated company has no preferential right to purchase the leased building, and it is agreed that the consolidated company shall not sublease or transfer all or part of the leased object without the consent of the lessor.

4. Other lease information

	<u>Year 2023</u>	<u>Year 2022</u>
Short-term Lease	\$ <u>6,927</u>	\$ <u>4,071</u>
Total cash outflow from leases	\$ <u>16,643</u>	\$ <u>14,854</u>

(Continue on the next page)

The consolidated company chooses to apply the recognition exemption to the factory buildings and official vehicles that qualify for short-term leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

(12) Investment Property

	<u>Building</u>
<u>Cost</u>	
Balance as of January 1, 2023, and December 31, 2023.	\$ <u>22,251</u>
<u>Accumulated Depreciation</u>	
Balance as of January 1, 2023	\$ 3,557
<u>Depreciation</u>	<u>547</u>
Balance as of December 31, 2023	\$ <u>4,104</u>
Net as of December 31, 2023	\$ <u>18,147</u>
	<u>Building</u>
<u>Cost</u>	
Balance as of January 1, 2022, and December 31, 2022	\$ <u>22,251</u>
<u>Accumulated Depreciation</u>	
Balance as of January 1, 2022	\$ 3,010
<u>Depreciation</u>	<u>547</u>
Balance as of December 31, 2022	\$ <u>3,557</u>
Net as of December 31, 2022	\$ <u>18,694</u>

The lease for investment property is 5 years. The lessee does not have the preferential purchase right of investment real estate at the end of the lease period.

The total lease payments to be received in the future for leasing investment property under operating leases are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
1 st Year	\$ 450	\$ 1,800
2 nd Year	<u>-</u>	<u>1,800</u>
	<u>\$ 450</u>	<u>\$ 3,600</u>

Investment properties are depreciated on a straight-line basis over a useful life of 41 years.

The fair value of the investment real estate on December 31, 2021 was approximately NT \$46,101 thousands respectively. There is no significant change in fair value on December 31, 2023 and 2022 compared with December 31, 2021. The fair value was evaluated by the management of the consolidated company with reference to the transactions in the neighboring housing market.

Please refer to Note 28 for the amount of investment real estate set as loan guarantee.

(13) Goodwill

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
COST		
Balance as of the start of year	\$ <u>5,333</u>	\$ <u> </u>
Acquired due to merging	<u>-</u>	<u>5,333</u>
Balance as of the end of year	<u>\$ 5,333</u>	<u>\$ 5,333</u>

The consolidated company acquired the original company in April, 2022 and recognized the goodwill of NT\$5,333 thousands for the difference between the transfer consideration and the fair value. Please refer to Notes 09 and 24.

(14) Other intangible assets

	<u>Patent</u>	<u>Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2023, and December 31, 2023	<u>\$ 2,610</u>	<u>\$ 6,815</u>	<u>\$ 9,425</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2023	\$ 2,307	\$ 6,768	\$ 9,075
Depreciation	<u>45</u>	<u>29</u>	<u>74</u>
Balance as of December 31, 2023	<u>\$ 2,352</u>	<u>\$ 6,797</u>	<u>\$ 9,149</u>
Net as of December 31, 2023	<u>\$ 258</u>	<u>\$ 18</u>	<u>\$ 276</u>
<u>Cost</u>			
Balance as of January 1 and December 31, 2022	<u>\$ 2,610</u>	<u>\$ 6,815</u>	<u>\$ 9,425</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2022	\$ 2,262	\$ 6,739	\$ 9,001
Depreciation	<u>45</u>	<u>29</u>	<u>74</u>
Balance as of December 31, 2022	<u>\$ 2,307</u>	<u>\$ 6,768</u>	<u>\$ 9,075</u>
Net as of December 31, 2022	<u>\$ 303</u>	<u>\$ 47</u>	<u>\$ 350</u>

Amortization charges are calculated on a straight-line basis based on the number of useful years listed below:

Patent	5~14 years
Software	3 years

Other intangible assets of the consolidated company are not mortgaged.

(15) Borrowings

(1) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured Loan</u>		
Bank credit loan	<u>\$ 380,000</u>	<u>\$ 360,000</u>
Annual interest rate on unsecured loan	2.1076%~2.265%	1.7982%~2.1038%

(2) Short-term commercial note

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial note		
IBFC	\$ 49,900	\$ 32,100
MEGA BILLS	<u>50,000</u>	<u>50,000</u>
	99,900	82,100
Less: Discount	<u>350</u>	<u>42</u>
	<u>\$ 99,550</u>	<u>\$ 82,058</u>
The refinancing rate	2.278% ~ 2.678%	2.038% ~ 2.408%

(3) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured Loan</u>		
Borrowings (Note1)	\$ 385,757	\$ 458,114
<u>Unsecured Loan</u>		
Bank credit loan (Note2)	<u>34,688</u>	<u>39,058</u>
Total	420,445	497,172
Less: Due in one year	<u>82,698</u>	<u>82,902</u>
	<u>\$ 337,747</u>	<u>\$ 414,270</u>

Note 1:As of December 31, 2023 and 2022, the annual effective interest rate of bank borrowings secured by the the company's freehold land and building (refer to Note 28) was 1.97%-4.3% and 1.85% - 4.3% per annum, respectively. And the aforementioned long-term borrowings will mature from November 2025 to March 2032, with interest calculated and principal repaid on schedule.

Note 2:The bank credit loan will mature sequentially before October 2028, with interest calculated and principal repaid on schedule. As of December 31, 2023 and 2022, the annual effective interest rate was 2.1%-2.97% and 1.67%-2.84% per annum, respectively.

(16) Other payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries	\$ 32,192	\$ 31,824
Leave payment	6,190	5,989
Commission payable	4,218	7,069
Labor health insurance	3,144	3,054
Pension	2,247	2,255
Professional service fees	1,925	1,925
Others	<u>26,649</u>	<u>18,614</u>
	<u>\$ 76,565</u>	<u>\$ 70,730</u>

(17) Liability provision- Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Warranty liability reserve	\$ <u>2,432</u>	\$ <u>4,003</u>

Warranty liability reserve is the current value of the best estimate of future economic benefit outflows caused by warranty obligations by the management of the consolidated company in accordance with the sales contract. This estimate is based on historical warranty experience.

(18) Retirement Benefit

1. Defined contribution plans

The consolidated Company have made monthly contributions of 6% of each employee's monthly salary to employees' pension accounts based on the R.O.C. Labor Pension Act ("the Act").

The employees of the consolidated company's local subsidiary in China are members of the retirement benefit plan operated by the local Chinese government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan. The consolidated Company's obligation is only to contribute a specified amount in order to fund the plan.

2. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

Defined benefit plans loans listed in the consolidated balance sheet are listed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Defined benefit obligation	\$ 12,939	\$ 13,326
Plan assets at fair value	(<u>3,266</u>)	(<u>2,486</u>)
Net defined benefit liability	\$ <u>9,673</u>	\$ <u>10,840</u>

The changes of net defined benefit liability are as follow:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liability
Balance as of January 1, 2022,	\$ 17,399	(\$ 2,567)	\$ 14,832
Interest expense	91	-	91
Recognized in profit or loss	91	-	91
Remeasurement			
Return on planned assets (In addition to the amount included in net interest)	17	(206)	(189)
Actuarial interest - experience adjustment	(893)	-	(893)
Actuarial benefits - changes in financial assumptions	(2,285)	-	(2,285)
Relating to components of other comprehensive income	(3,161)	(206)	(3,367)
Contributions by employer	-	(716)	(716)
Benefit Payment	(1,003)	1,003	-
Balance as of December 31, 2022	13,326	(2,486)	10,840
Interest expense	180	-	180
Recognized in profit or loss	180	-	180
Remeasurement			
Return on planned assets (In addition to the amount included in net interest)	52	(58)	(6)
Actuarial interest - experience adjustment	(357)	-	(357)
Actuarial benefits - changes in financial assumptions	216	-	216
Relating to components of other comprehensive income	(89)	(58)	(147)
Contributions by employer	-	(1,200)	(1,200)
Benefit Payment	(478)	478	-
Balance as of December 31, 2023	\$ 12,939	(\$ 3,266)	\$ 9,673

The company is exposed to the following risks due to the pension system of the "Labor Standards Act":

- 1) Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-use and entrusted operation methods, but the planned assets of the merged company may be allocated. The amount is calculated based on the local bank's 2-year fixed deposit interest rate.
- 2) Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined benefit obligations, but the debt investment return on project assets will also increase accordingly, and the impact of the two on net defined benefit liabilities will have a partial offset effect.
- 3) Salary risk: The calculation of the present value of the defined benefit

obligation refers to the future salary of the plan members. An increase in plan member salaries will therefore increase the present value of the defined benefit obligation.

The present value of the confirmed benefit obligations of the consolidated company is calculated by a qualified actuary, and the major assumptions on the measurement date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625%	1.75%
Expected rate of salary increases	3%	3%

If there are reasonably possible changes in major actuarial assumptions, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase 0.25%	(\$ <u>428</u>)	(\$ <u>451</u>)
Decrease 0.25%	\$ <u>446</u>	\$ <u>470</u>
Expected rate of salary increases		
Increase 0.25%	\$ <u>432</u>	\$ <u>456</u>
Decrease 0.25%	(\$ <u>417</u>)	(\$ <u>440</u>)

Since the actuarial assumptions may be related to each other, the possibility of only a single assumption changing is unlikely, so the above sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected amount allocated within 1 year	\$ <u>1,200</u>	\$ <u>1,200</u>
Determining the weighted average of benefit obligations		
Duration	13.52 years	13.87years

(19) Equity

1. Capital Stock
Common stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousands)	<u>87,546</u>	<u>87,546</u>
Issued capital	<u>\$ 875,460</u>	<u>\$ 875,460</u>

2. Capital reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Can be used to make up for losses, distribute cash or allocate capital (Note)</u>		
Additional paid-in capital	\$ 347,203	\$ 347,203
Lapsed employee stock options	<u>390</u>	<u>390</u>
	<u>\$ 347,593</u>	<u>\$ 347,593</u>

Note: This kind of capital reserve can be used to make up for losses, and can also be used to distribute cash dividends or transfer capital when the company has no losses.

3. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if the Company's annual final accounts have surplus, after paying all taxes and contributions in accordance with the law and making up for previous years' losses, 10% should be allocated as the legal surplus reserve. However, this is not applicable when the total amount of paid-in capital is reached or it is listed or reversed according to the laws and regulations of the competent authority; if there is still a balance, no less than 10% should be allocated as shareholder dividends. The board of directors will submit to the shareholders' meeting for a resolution on the distribution of shareholder dividends and bonuses together with the previous surplus. Please refer to Note 21 (8) Employee Remuneration and Director Remuneration for the distribution policy of employees, directors and supervisors' remuneration after the revision of the Articles of Incorporation.

According to the Company's Articles of Incorporation, cash dividends shall not be less than 10% of the total dividends distributed in the current year. However, it can be adjusted depends on whether the company has improved its financial structure or major capital expenditure plans in the current year. The ratio of cash dividend distribution can be increased or decreased by the resolution of the shareholders' meeting.

Legal reserve can be used to make up losses. When the Company has no losses,

the portion of the legal reserve which exceeding 25% of the total paid-in share capital may be allocated to share capital and distributed in cash.

The Company withdraw and reverse the special reserve according Financial-Supervisory-Securities-Auditing-1010012865, 1010047490 and 1030006415 and IFRSs- Questions and Answers about the Application of Special Reserve.

The company held regular shareholders' meetings on June 07, 2023, and June 14, 2022, and passed resolutions to make up for losses in 2022 and 2021, respectively.

The 2023 loss surplus plan is yet to be resolved at the shareholders' meeting expected to be held in June 2024.

4. Others

Exchange differences arising on translation of foreign operations.

	<u>Year 2023</u>	<u>Year 2022</u>
Balance as of the beginning of the year	(\$ 2,601)	(\$ 11,370)
Occurred in the current year		
Exchange differences arising on translation of foreign operations.	16,069	10,961
Income tax arising on translation of foreign operations.	(<u>3,214</u>)	(<u>2,192</u>)
Balance as of the end of the year	<u>\$ 10,254</u>	(<u>\$ 2,601</u>)

5.	Non-controlling interests		
		<u>Year 2023</u>	<u>Year 2022</u>
	Balance as of the beginning of the year	\$ 14,360	\$ 6,545
	Share attributable to non-controlling interests		
	Net loss of the year	(4,999)	(1,739)
	Exchange differences arising on translation of foreign operations	43	417
	Acquisition of non-controlling interests in subsidiaries	-	2,387
	Increased of non-controlling interests in cash capital injection	-	6,750
	Balance as of the end of the year	<u>\$ 9,404</u>	<u>\$ 14,360</u>

(20) Revenue

The Company and Subsidiaries are selling a single machinery and parts and the sales department is the same operation unit. The contract revenue breakdown is as below:

	<u>Year 2023</u>	<u>Year 2022</u>
Contract revenue		
Sales of goods	<u>\$ 742,197</u>	<u>\$ 762,235</u>

1. Description of customer contract

Sales of goods

The Company recognized its revenue and accounts receivable when the automatic machinery such as intelligent pipe bender, forming machine, vertical working machine has been delivered or loading certificates with customer's signature. The consolidated company set the credit term based on the financial condition, market region, and trading experience of each customer. Most of the contracts are regards as accounts receivable when the commodity is transferred and there is an unconditional right to receive the consideration amount. These accounts receivable usually have a short collection period and do not have a significant financial component; only some contracts charge part of the consideration from the customer before transferring the goods, and the Company needs to undertake the obligation to transfer the goods later, so it is recognized as contract liabilities.

2.	Contract balance			
		2023	2022	2022
		<u>December 31</u>	<u>December 31</u>	<u>January 1</u>
	Notes receivable(Note 7)	\$ 85,391	\$ 107,694	\$ 78,651
	Accounts receivable (Note 7)	\$ 146,640	\$ 189,762	\$ 243,581
	Accounts receivable from related parties(Note 7)	<u>13,284</u>	<u>44,281</u>	<u>48,949</u>
		<u>\$ 159,924</u>	<u>\$ 234,043</u>	<u>\$ 292,530</u>
	Long-term notes receivable(Note 7)	<u>\$ 252</u>	<u>\$ 7,773</u>	<u>\$ 7,211</u>
	Long-term accounts receivable from related parties(Note 7)	<u>\$ 3,157</u>	<u>\$ 15,917</u>	<u>\$ 19,298</u>
	Contract Liabilities - Current			
	Sales of goods	<u>\$ 52,603</u>	<u>\$ 84,567</u>	<u>\$ 66,418</u>

Revenue from the beginning balance of the contract liability and satisfaction during the year 2023 and 2022 were as follows:

	<u>Year 2023</u>	<u>Year 2022</u>
Revenue from the beginning balance of contract liabilities		
Sales of goods	<u>\$ 77,838</u>	<u>\$ 64,230</u>

(21) Net loss before income tax

1. Other income and net loss

	<u>Year 2023</u>	<u>Year 2022</u>
Loss (gain) from disposal of property, plant and equipment	\$ 678	(\$ 30)
Lease modification benefit		<u>45</u>
	<u>\$ 678</u>	<u>\$ 15</u>

2. Interest income from bank deposits

	<u>Year 2023</u>	<u>Year 2022</u>
Bank deposit	\$ 7,031	\$ 3,157
Long-term account receivable	864	993
Others	<u>51</u>	<u>9</u>
	<u>\$ 7,946</u>	<u>\$ 4,159</u>

3.	Other income		
		<u>Year 2023</u>	<u>Year 2022</u>
	Solar Power Revenue	\$ 12,306	\$ 12,559
	Lease(Note 27)	1,532	1,820
	Subsidies	278	785
	Others	<u>1,746</u>	<u>2,169</u>
		<u>\$ 15,862</u>	<u>\$ 17,333</u>
4.	Other benefit and loss	<u>Year 2023</u>	<u>Year 2022</u>
	Net foreign currency exchange gains (Loss)	(\$ 21,802)	\$ 48,047
	Others	(<u>813</u>)	(<u>46</u>)
		<u>(\$ 22,615)</u>	<u>\$ 48,001</u>
5.	Financial costs	<u>Year 2023</u>	<u>Year 2022</u>
	Interest on borrowings from bank	\$ 20,077	\$ 18,541
	Interest on lease liabilities	1,116	1,214
	Less: Interest capitalization	<u>-</u>	(<u>3</u>)
		21,193	19,752
	Other financial costs	<u>139</u>	<u>106</u>
		<u>\$ 21,332</u>	<u>\$ 19,858</u>
	Information on interest capitalization:	<u>Year 2023</u>	<u>Year 2022</u>
	Amount	<u>\$ -</u>	<u>\$ 3</u>
	Interest rate	-	1.3%
6.	Depreciation and amortization	<u>Year 2023</u>	<u>Year 2022</u>
	Depreciation classified by function		
	Operation cost	\$ 30,113	\$ 34,333
	Operation expense	<u>17,659</u>	<u>15,920</u>
		<u>\$ 47,772</u>	<u>\$ 50,253</u>
	Depreciation classified by function		
	Operation cost	<u>\$ 74</u>	<u>\$ 74</u>

7. Employee benefit

	<u>Year 2023</u>	<u>Year 2022</u>
Short-term employee benefit		
Salary	\$ 231,317	\$ 222,940
Labor health insurance	27,428	27,419
Others	<u>4,535</u>	<u>4,152</u>
	<u>263,280</u>	<u>254,511</u>
Post-employment benefits(Note 18)		
Defined contribution plan	11,551	12,601
Defined benefit plans	<u>180</u>	<u>91</u>
	<u>11,731</u>	<u>12,692</u>
Total	<u>\$ 275,011</u>	<u>\$ 267,203</u>
Classified by function		
Operation cost	\$ 95,956	\$ 101,546
Operation expense	<u>179,055</u>	<u>165,657</u>
	<u>\$ 275,011</u>	<u>\$ 267,203</u>

8. Employee and directors' bonus stock

The company allocates employee remuneration and director remuneration at a rate of 1% to 5% and no more than 5% of the pre-tax profit before deducting the distribution of employee and director remuneration in the current year. The company's 2023 and 2022 years were net losses before tax, so the employee remuneration and director's remuneration were not estimated.

For information on employee remuneration and director remuneration for resolutions of the company's board of directors, please visit the "Public Information Observatory" of the Taiwan Stock Exchange.

9. Foreign currency exchange gain and loss

	<u>Year 2023</u>	<u>Year 2022</u>
Total gains	\$ 294,777	\$ 480,886
Total losses	(<u>316,579</u>)	(<u>432,839</u>)
Net losses/gains	(<u>\$ 21,802</u>)	\$ <u>48,047</u>

10. Impairment losses on non-financial assets

	<u>Year 2023</u>	<u>Year 2022</u>
Inventories(Included in the operating cost)	\$ <u>8,200</u>	\$ <u>507</u>

(22) Income Tax

1. Income tax expense (benefit) recognized relating to comprehensive income

The main components of income tax expense (benefit) are as follows:

	<u>Year 2023</u>	<u>Year 2022</u>
Current income tax		
Occurred at current year	\$ 261	\$ 39
Undistributed retained earnings	<u>-</u>	<u>72</u>
	<u>261</u>	<u>111</u>
Deferred income tax		
Occurred at current year	<u>2,777</u>	(<u>1,864</u>)
Income tax expense (benefit) relating to comprehensive income	<u>\$ 3,038</u>	(<u>\$ 1,753</u>)

The adjustment of accounting income and income tax expense (benefit) is as follows:

	<u>Year 2023</u>	<u>Year 2022</u>
Net loss before tax	(<u>\$ 82,803</u>)	(<u>\$ 15,817</u>)
Net loss before tax		
Income tax benefit calculated at statutory tax rate	(\$ 16,790)	(\$ 3,240)
Tax-free income	36	-
Non-deductible expenses	(4)	-
Unrecognized loss deductions and deductible temporary differences	19,796	1,415
Income tax on unappropriated earnings	<u>-</u>	<u>72</u>
Income tax expense (benefit) relating to comprehensive income	<u>\$ 3,038</u>	(<u>\$ 1,753</u>)

2. Income tax recognized in other comprehensive income

	<u>Year 2023</u>	<u>Year 2022</u>
<u>Deferred tax assets</u>		
Occurred at current year		
Conversion of foreign operating units	(<u>\$ 3,214</u>)	(<u>\$ 2,192</u>)

3.	Current tax asset and liability		
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Current tax asset		
	Tax refund receivable	\$ <u>1,586</u>	\$ <u>1,329</u>
	Current tax liability		
	Income tax payable	\$ <u>-</u>	\$ <u>72</u>

4. Deferred tax asset and liability
Changes in deferred tax asset and liability are as follows:
Year 2023

<u>Deferred tax asset</u>	Balance as of the beginning of year	Recognized in profit or loss	Recognized in OCI	Balance as of the end of year
<u>Temporary differences</u>				
Uncollectible accounts	\$ 803	\$ 14	\$ -	\$ 817
Inventory depreciation and sluggish loss	8,970	(546)	-	8,424
Leave Payable	1,198	40	-	1,238
Unrealized sales benefit	9,186	(5,055)	-	4,131
Unrealized exchange loss	-	534	-	534
Liabilities provision	739	(254)	-	485
Conversion of foreign operating units	650	-	(650)	-
Others	<u>5,941</u>	<u>(785)</u>	<u>-</u>	<u>5,156</u>
	<u>\$ 27,487</u>	<u>(\$ 6,052)</u>	<u>(\$ 650)</u>	<u>\$ 20,785</u>
<u>Deferred tax liability</u>				
<u>Temporary differences</u>				
Exchange balance of foreign operating institutions	\$ -	\$ -	\$ 2,564	\$ 2,564
Unrealized exchange loss	<u>3,275</u>	<u>(3,275)</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,275</u>	<u>(\$ 3,275)</u>	<u>\$ 2,564</u>	<u>\$ 2,564</u>

Year 2022

<u>Deferred tax asset</u>	Balance as of the beginning of year	Recognized in profit or loss	Recognized in OCI	Balance as of the end of year
<u>Temporary differences</u>				
Uncollectible accounts	\$ -	\$ 803	\$ -	\$ 803
Inventory depreciation and sluggish loss	9,186	(216)	-	8,970
Leave Payable	1,068	130	-	1,198
Unrealized sales benefit	4,502	4,684	-	9,186
Unrealized exchange loss	1,358	(1,358)	-	-
Liabilities provision	517	222	-	739
Conversion of foreign operating units	2,842	-	(2,192)	650
Others	<u>5,067</u>	<u>874</u>	<u>-</u>	<u>5,941</u>
	<u>\$ 24,540</u>	<u>\$ 5,139</u>	<u>(\$ 2,192)</u>	<u>\$ 27,487</u>
<u>Deferred tax liability</u>				

<u>Temporary differences</u>				
Unrealized exchange gain	\$	-	\$	3,275
			\$	-
			\$	3,275

5. Deductible temporary differences and unused loss deduction amounts not recognized in the balance sheet as deferred tax asset

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Loss deductions</u>		
Due year 2030	\$ 110,483	\$ 110,513
Due year 2031	<u>116,568</u>	<u>116,568</u>
	<u>\$ 227,051</u>	<u>\$ 227,081</u>
 <u>Deductible temporary differences</u>		
Net defined benefit liability	\$ 15,647	\$ 16,667
Impairment loss on property, plant and equipment	<u>2,058</u>	<u>2,255</u>
	<u>\$ 17,705</u>	<u>\$ 18,922</u>

6. Information about unuse loss deductions and tax exemptions
The information as of December 31, 2023 is as follow:

<u>Balance not yet deducted</u>	<u>Final deduction year</u>
\$ 110,483	2030
<u>116,568</u>	2031
<u>\$ 227,051</u>	

7. Income tax verification

The year 2020 and 2021 income tax declaration of the Company and subsidiary of Rdata has been approved by the tax collection agency, respectively.

(23) Net loss per share

The loss and weighted average number of common stocks used to calculate the net loss per share are as follows:

Net loss of the year

	<u>Year 2023</u>	<u>Year 2022</u>
Net loss attributable to owners of the company	(<u>\$ 80,842</u>)	(<u>\$ 12,325</u>)

Number of shares

	<u>Year 2023</u>	<u>Year 2022</u>
Weighted average number of common stocks used to calculate diluted net loss per share	<u>87,546</u>	<u>87,546</u>

If the consolidated company can choose to issue employee remuneration in stock or cash, when calculating the diluted net loss per share, it is assumed that the employee remuneration will be issued in the form of stock, and when the potential ordinary shares have a dilutive effect, it will be included in the weighted average number of outstanding shares. Calculate diluted net loss per share. When calculating the diluted net loss per share before deciding on the number of shares issued for employee compensation in the next year, the dilution effect of these potential common stock will also continue to be considered.

(24) Company merger and acquisition

1. Acquisition of a subsidiary

<u>Acquired company</u>	<u>Nature of business</u>	<u>Acquired date</u>	<u>With voting rights ownership interest/ Acquisition ratio (%)</u>	<u>Transfer Pricing</u>
Rdata System Co., Ltd	Unmanned aerial system related business	April 1, 2022	55	<u>\$ 8,250</u>

2. Assets acquired, and liabilities assumed on acquisition date

	<u>Rdata System Co., Ltd</u>
Current assets	
Cash	\$ 7,596
Inventories	1,313
Accounts receivable	39
Prepayment	274
Non-current assets	
Property, plant and equipment	195
Refundable deposits	286
Current liabilities	
Accounts payable	(184)
Others payable	(733)
Tax liabilities	(575)
Other current liabilities	(201)
Non-current liabilities	
Bank loans	(<u>2,706</u>)
	<u>\$ 5,304</u>

3. Non-controlling interest

The non-controlling interest (45% ownership interest) of Rdata System Co., Ltd. is measured by the proportionate share of the recognized amount of the acquiree's identifiable net assets on the acquisition date.

4. Goodwill arising from acquisitions

	Rdata System Co., Ltd
Transfer Pricing	\$ 8,250
Add: Non-controlling interest(45% ownership interest in Original Capital Rdata System Co., Ltd)	2,387
Less: Fair value of identifiable net assets acquired	(5,304)
Goodwill arising from acquisitions	<u>\$ 5,333</u>

The goodwill arising from the acquisition of Rdata System Co., Ltd. is due to the fact that the merger cost includes a control premium.

5. Net cash outflow from acquisition of subsidiaries

	Rdata System Co., Ltd
Consideration paid	(\$ 8,250)
Less: Cash	<u>7,596</u>
	<u>(\$ 654)</u>

6. Effect of business acquisition on operating results

The operating results from the invested company Since the acquisition date are as follows:

	April 1, 2022 to December 31, 2022 Rdata System Co., Ltd
Operation Income	<u>\$ 6,253</u>
Net loss for the period	<u>(\$ 981)</u>

7. If such a business acquisition occurs on the start date of the accounting year to which the acquisition date falls, the operating income and net profit of the consolidated company are as follows:

	January 1, 2022 to December 31, 2022
Operation Income	<u>\$ 762,263</u>
Net loss for the period	<u>(\$ 14,777)</u>

These amounts cannot reflect the actual income and operating results of the consolidated company if the business acquisition is completed on the beginning date of the acquisition year, and should not be used to predict future operating results.

(25) Capital Risk Management

The capital management of the consolidated company is to optimize the balance of debt and equity to make effective use of capital and ensure the smooth operation of each company. The overall strategy of the consolidated company has not changed. The capital structure of the consolidated company is composed of net debt and equity and does not need to comply with other external capital requirements. The management of the consolidated company re-examines the capital structure on a quarterly basis, including consideration of the cost of various types of capital and related risks. According to the recommendations of the management, the consolidated company will pay dividends or repay liabilities, and invest in financial products to increase the company's income and management capital structure.

(26) Financial instruments

1. Fair value information - financial instruments not measured at fair value

Financial instruments of the consolidated company that are not measured at fair value, such as cash and cash equivalents, net receivables, other receivables, deposits, long-term and short-term loans The book amounts of , payables, other payables and deposits are reasonable approximations of fair values.

2. Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 533,646	\$ 640,756
<u>Financial Liabilities</u>		
Financial assets measured at amortized cost (Note 2)	1,082,192	1,152,137

Note 1: The balance includes cash and cash equivalents, note and account receivable (including related parties), other receivables (including related parties), deposits and long-term notes receivable and long-term receivables - related parties and other financial assets measured at cost after amortization.

Note 2: The balance includes short-term loans, short-term commercial note, note and account payable (including related parties), other payable (including related parties), long-term loans (including long-term loans due within one year) and deposits, etc. Financial liabilities are measured at amortized cost.

3. Objectives and policies on financial risks

The main financial instruments of the consolidated company include equity investment, account and note receivable, loans, account and note payable, etc. The financial management of the consolidated company provides services for each business unit, supervises, and manages the financial risks related to the operation of the consolidated company according to the level of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

a. Foreign currency risk

The consolidated company engages sales activities in foreign currency thus exposing the consolidated company to risk of exchange rate fluctuations.

Please refer to Note 29 for the carrying amount of monetary assets and monetary liabilities denominated in non-functional currency of the consolidated company on the balance sheet date.

Sensitivity Analysis

The consolidated company is mainly affected by fluctuations in foreign exchange rates such as the U.S. dollar and the Chinese Yuan. The table below details the sensitivity analysis of the consolidated company when the exchange rates of the consolidated company's foreign currency to NT change. When the relevant foreign currencies appreciate by 1%, the impact on the profit and loss of the consolidated company is as follows:

	US Dollar	
	Year 2023	Year 2022
Profit and loss	\$ 4,983	\$ 4,617

	EURO	
	Year 2023	Year 2022
Profit and loss	\$ 177	\$ 124

	Chinese Yuan	
	Year 2023	Year 2022
Profit and loss	\$ 836	\$ 953

The above-mentioned exchange rate impact is mainly due to the foreign currency-denominated cash and equivalent cash, receivables and payables of the consolidated company that are still in circulation on the balance sheet date and have not undergone cash flow hedging. The decline in exchange rate sensitivity of the consolidated company in the current period is mainly due to the decrease in net assets in US dollars.

b. Interest Rate Risk

Because individuals within the consolidated company borrow funds at floating rates, risks arise. The consolidated company manages interest rate risk by maintaining an appropriate mixture of fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the consolidated company subject to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial Assets	\$ 143,970	\$ 98,362
Financial Liabilities	173,856	166,320
Cash flow interest rate risk		
Financial Assets	130,625	164,546
Financial Liabilities	800,445	857,172

Sensitivity Analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the balance sheet date is all outstanding during the reporting period. The rate of change used when reporting interest rates internally to key management within the Group is a 1% increase or decrease in interest rates and represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases by 1%, and all other variables remain unchanged, the combined company's net loss before tax in 2023 and 2022 will increase by NT \$6,698 thousands and NT \$6,926 thousands, respectively, mainly due to the change in interest rates of deposits and loans of the consolidated company.

The sensitivity of the consolidated company to interest rates decreased in the current period, mainly due to the reduction of debt instruments with variable interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults in contractual obligations and causes financial losses to the Group. As of the balance sheet date, the largest credit risk exposure of the consolidated company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the book value of financial assets recognized in the consolidated balance sheet.

The policy adopted by the consolidated company is to conduct transactions with reputable objects. The consolidated company uses other publicly available financial information and mutual transaction records to evaluate major customers. The consolidated company continues to monitor the credit risk and the credit evaluation of the counterparty, and controls the credit risk through the annual credit limit of the counterparty.

3) Liquidity risk

The consolidated company manages and maintains sufficient cash and equivalent cash to support the group's operations and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

The operating capital of the consolidated company and the amount of bank financing obtained are sufficient to meet future operating needs, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations

a. Liquidity and interest rate risk table for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the Company may be required to repay. Therefore, the bank loans that the company can be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the bank's immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the yield curve on the balance sheet date.

	<u>Within one year</u>	<u>More than one year</u>
<u>December 31, 2023</u>		
No interest liabilities	\$ 157,093	\$ 25,104
Lease liability	8,047	73,787
Floating Rate Instrument - Bank Loans 1.97% ~ 4.3%	472,631	353,556
Fixed Rate Instruments - Short-Term Notes Payable 2.278% ~ 2.678%	99,900	-
	<u>\$ 737,671</u>	<u>\$ 452,447</u>

Further information on the lease liability maturity analysis is as follows:

	<u>Less than one year</u>	<u>1 ~ 5 years</u>	<u>5 ~ 10 years</u>	<u>10 ~ 15 years</u>	<u>15 ~ 20 years</u>
Lease liabilities	<u>\$ 8,047</u>	<u>\$ 24,533</u>	<u>\$ 29,851</u>	<u>\$ 19,403</u>	<u>\$ -</u>

	<u>Within one year</u>	<u>More than one year</u>
<u>December 31, 2022</u>		
No interest liabilities	\$ 187,803	\$ 25,104
Lease liability	9,110	76,584
Floating Rate Instrument - Bank Loans 1.7982% ~ 4.3%	453,452	436,167
Fixed Rate Instruments - Short-Term Notes Payable 2.038% ~ 2.408%	82,100	-
	<u>\$ 732,465</u>	<u>\$ 537,855</u>

Further information on the lease liability maturity analysis is as follows:

	<u>Less than one year</u>	<u>1 ~ 5 years</u>	<u>5 ~ 10 years</u>	<u>10 ~ 15 years</u>	<u>15 ~ 20 years</u>
Lease liability	<u>\$ 9,110</u>	<u>\$ 24,645</u>	<u>\$ 28,075</u>	<u>\$ 23,864</u>	<u>\$ -</u>

b. Financing amount

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured Bank Overdraft Facility		
-Amount used	\$ 415,333	\$ 399,333
-Amount unused	<u>120,000</u>	<u>90,000</u>
	<u>\$ 535,333</u>	<u>\$ 489,333</u>
Secured Bank Overdraft Facility		
-Amount used	\$ 403,606	\$ 469,685
-Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 403,606</u>	<u>\$ 469,685</u>

(27) Related party transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries (related persons of the Company) are all eliminated upon consolidation, so they are not disclosed in this note. The transactions between the merged company and other related parties are as follows:

1. Name of the related part and relationship

<u>Name of the related party</u>	<u>Relationship</u>
YLM USA, Inc(YLM USA)	Other related party(The director of the Company is the immediate family to this related party's person in charge)
Ying Lin Machine Industrial Co., Ltd.(Ying Lin)	Investors with Significant Influence
Lian Yang (TIAN JIN) Machine Co.,Ltd.(Lian Yang)	Other related party(The chairman of the Company is the second degree family to this related party's person in charge)
Tian Jin Jing Feng Machine Co.,Ltd (Jing Feng)	Other related party(The spouse of the chairman of the Company is the chairman of to this related party's person in charge)
TM Technology, Inc.(TM)	Other related party(The chairman of the Company is also the chairman of this related party's person in charge)
Long-Sing Construction Co., Ltd. (Long-Sing)	Other related party(The chairman of the Company is the immediate family to this related party's person in charge)
Kaixing Energy Co., Ltd.(Kaixing)	Other related party(TM Technology 100% holds this related party)
HPN.LLC (HPN)	Other related party(The chairman of the company and the spouse of the chairman of the company are the same person)

2. Operating Revenue

Item	Category	Year 2023	Year 2022
Sales Revenue	Other related party YLM USA	<u>\$ 43,604</u>	<u>\$ 54,628</u>

The sales price of the parts and machinery is negotiated by both parties due to the nature of the product is customization.

The consolidated company set the credit term based on the financial condition, market region, and trading experience of each client.

3. Purchase

Category	Year 2023	Year 2022
Investors with Significant Influence		
Ying Lin	\$ 2,232	\$ 4,180
Other related party		
Lian Yang	1,024	2,210
YLM USA	<u>287</u>	<u>953</u>
	<u>\$ 3,543</u>	<u>\$ 7,343</u>

The price of equipment, machines and spare parts and credit terms set for the related parties is the same as non-related party.

4. Receivables from related parties

Item	Category	December 31 2023	December 31 2022
Account receivable	Other related party YLM USA	<u>\$ 13,284</u>	<u>\$ 44,281</u>
Long-term account receivable	Other related party YLM USA	<u>\$ 3,157</u>	<u>\$ 15,917</u>

There is no guarantee for the outstanding receivables from related parties. The amount receivable from related parties in 2023 and 2022 has not been provisioned for loss.

5. Accounts payable – related party

Item	Category	December 31 2023	December 31 2022
Account Payable	Investors with Significant Influence		
	Ying Lin	\$ 4,555	\$ 3,254
	Other related party		
	YLM USA	143	-
	Lian Yang	<u>63</u>	<u>204</u>
		<u>\$ 4,761</u>	<u>\$ 3,458</u>
Others Payable	Other related party		
	YLM USA	<u>\$ -</u>	<u>\$ 4,752</u>

6. Prepayment

Category	December 31 2023	December 31 2022
Other related party	<u>\$ -</u>	<u>\$ 481</u>

7. Acquisition of property , plant and equipment -Year 2023

Category	Price
Other related party	
HPN.LLC	\$ 42,932
TM	<u>1,175</u>
	<u>\$ 44,107</u>

8. Guarantee deposit

Item	Category	December 31 2023	December 31 2022
Guarantee deposit	Other related party		
	YLM USA	<u>\$ 25,104</u>	<u>\$ 25,104</u>

9. Lease Agreement

Item	Category	December 31 2023	December 31 2022
Lease Liabilities	Investors with Significant Influence		
	Ying Lin	\$ -	\$ 1,561
	Other related party		
	Jing Feng	<u>72,044</u>	<u>78,397</u>
		<u>\$ 72,044</u>	<u>\$ 79,958</u>
Item	Category	Year 2023	Year 2022
Interest	Investors with Significant Influence	\$ -	\$ 16
	Other related party	<u>1,075</u>	<u>1,152</u>
		<u>\$ 1,075</u>	<u>\$ 1,168</u>

10. Rental Agreement

The consolidated company is leased to other related parties under an operating lease with a lease period of 1 to 5 years. The rental income recognized in 2023 and 2022 is NT\$ 1,489 thousands and NT \$1,820 thousands, respectively.

11. Others

In year 2023 and 2022, the consolidated company recognized the processing fees and business-related expenses of investors with significant influence as NT \$6,511 thousands and NT \$5,832 thousands, respectively; the business-related expenses recognized as other related party were NT \$2,795 thousands and NT \$11,097 thousands, respectively; The other income listed in Other related party is NT \$390 thousands and NT \$301 thousands, respectively.

12. Salary of management

The total amount paid to chairman and management is as follows:

	<u>Year 2023</u>	<u>Year 2022</u>
Short-term employee benefit	\$ 12,946	\$ 11,805
Post-employment benefits	<u>296</u>	<u>296</u>
	<u>\$ 13,242</u>	<u>\$ 12,101</u>

The remuneration of directors and other management personnel is determined by the remuneration committee in accordance with individual performance and market trends.

(28) Pledged assets

The following assets were provided as collateral for financing borrowings:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 499,064	\$ 499,064
Building	207,108	223,672
Investment property	<u>18,147</u>	<u>18,694</u>
	<u>\$ 724,319</u>	<u>\$ 741,430</u>

(29) Foreign currency with significant impact and liabilities

The following information is summarized and expressed in terms of foreign currencies other than the individual functional currencies of the consolidated companies. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Information on foreign currency financial assets with significant impact is as follows:

Unit: Thousands

December 31, 2023

Foreign Currency Assets	Foreign Currency	Exchange Rate	Amount
<u>Monetary items</u>			
USD	\$ 16,580	30.705 (USD:TWD)	\$ 509,043
EUR	542	33.98 (EUR:TWD)	18,408
CNY	20,105	4.327 (CNY:TWD)	86,993
JPY	894	0.2172 (JYP:TWD)	194
Foreign Currency Liability			
<u>Monetary items</u>			
USD	350	30.705 (USD:TWD)	10,754
EUR	20	33.98 (EUR:TWD)	666
CNY	794	4.327 (CNY:TWD)	3,434

December 31, 2022

Foreign Currency Assets	Foreign Currency	Exchange Rate	Amount
<u>Monetary items</u>			
USD	\$ 16,242	30.71 (USD:TWD)	\$ 498,839
EUR	506	32.72 (EUR:TWD)	16,561
CNY	22,704	4.408 (CNY:TWD)	100,078
JPY	1,918	0.2201 (JYP:TWD)	422
Foreign Currency Assets			
Foreign Currency Assets	Foreign Currency	Exchange Rate	Amount
<u>Monetary items</u>			
USD	\$ 1,210	30.71 (USD:TWD)	\$ 37,143
EUR	127	32.72 (EUR:TWD)	4,143
CNY	1,088	4.408 (CNY:TWD)	4,796

(Continue on the next page)

(Continued)

Foreign currency exchange profits and losses with significant impact (realized and unrealized) are as follows:

<u>Monetary</u> <u>items</u>	Year 2023		Year 2022	
	Functional currency Exchange currency	Net Losses and Profits	Functional currency Exchange currency	Net Losses and Profits
TWD	1(TWD:TWD)	(\$ 2,331)	1(TWD:TWD)	\$ 70,783
CNY	4.3956(CNY:TWD)	21	4.4218(CNY:TWD)	107
PLN	7.4224(PLN:TWD)	3,452	6.6877(PLN:TWD)	(4,008)
TRY	1.3491(TRY:TWD)	(22,579)	1.8131(TRY:TWD)	(18,441)
THB	0.9005(THB:TWD)	(81)	0.8555(THB:TWD)	45
Others		436		(439)
		<u>(\$ 21,082)</u>		<u>\$ 48,047</u>

(30) Other disclosures

1) Major transactions

1. Lending funds to others(Schedule I)
2. Endorsement for others(Schedule II)
3. Securities held at the end of the period(N/A)
4. Accumulated buying or selling of the same securities amounted to NT \$300 million or more than 20% of the paid-in capital. (N/A)
5. The amount of property acquired is NT\$300 million or more than 20% of the paid-in capital. (N/A)
6. The amount of disposing of property is NT\$300 million or more than 20% of the paid-in capital. (N/A)
7. The amount of goods purchased and sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital. (N/A)
8. Receivables from related parties amount to NT\$100 million or more than 20% of the capital. (VII)
9. Engage in derivative transactions. (N/A)
10. Others: The business relationship between the parent company and the subsidiaries, and the status and amount of important transactions. (Schedule XI)

2) Reinvestment Business (Schedule III)

- 3) Mainland Investment Information:
 1. The name of the mainland invested company, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book amount at the end of the period, repatriated investment profit and loss, and investment quota in the mainland. (Schedule IX)
 2. The following major transactions, prices, payment terms, and unrealized profits and losses with mainland invested companies directly or indirectly via third regions. (Schedule V)
 - <1> The purchase amount and percentage and the ending balance and percentage of related payables.
 - <2> The sales amount and percentage and the closing balance and percentage of related receivables.
 - <3> The amount of assets transactions and the amount of profits and losses arising therefrom.
 - <4> Ending balance of bill endorsement or guarantee and its purpose.
 - <5> Maximum balance of financing, ending balance, interest rate range and total interest of the current period.
 - <6> Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services, etc.
- 4) Corporate shareholders: The name, amount, and ratio of the shareholding. (Schedule VIII)

(31) Segment Information

The operating decision makers of the consolidated company focus on the financial information of the plant for allocating resources and evaluating departmental performance. Each plant uses similar processes to produce similar products and sells them through a unified sales method of the group. Consolidated companies are aggregated into a single operating segment report. In addition, the departmental information provided by the consolidated company to the operating decision-makers for review is based on the same basis as the consolidated financial report. The departmental income, operating results, and assets and liabilities that should be reported in year 2023 and 2022. Please refer to the merger of year 2023 and 2022 balance sheet and consolidated statement of comprehensive income for more information.

1. Regional Information

The consolidated company has two main operating and production plant in Taiwan and China. Other region is for sales only.

The operating income of the consolidated company from external customers according to the region of operation and the information of non-current assets are listed as follows:

	Income from external customer		Non-current Assets	
	Year 2023	Year 2022	2023	2022
			December 31	December 31
Taiwan	\$ 461,431	\$ 462,184	\$ 712,067	\$ 744,413
China	94,232	104,512	154,249	162,420
Turkey	67,973	85,989	1,348	-
Poland	46,579	50,759	16	23
Others	<u>71,982</u>	<u>58,791</u>	<u>46,839</u>	<u>5,692</u>
	<u>\$ 742,197</u>	<u>\$ 762,235</u>	<u>\$ 914,519</u>	<u>\$ 912,548</u>

Non-current assets exclude financial instruments, goodwill and deferred tax assets.

2. Main customer information

The consolidated company has no revenue from a single customer accounted for more than 10% of the total revenue of the merged company in year 2022 and 2023.

YING HAN Technology Co., Ltd. and Subsidiaries
Funds Lent to Others
January 1 to December 31, 2023

Schedule I

Units: Thousands of New Taiwan Dollars

No. (Note 1)	Company that lent funds	Company lent funds to	Business Objective	If It's Related Party	Highest Balance of the period	Balance at the end of the period (Note4)	Actual spending amount	Ratio (%)	Fund loan nature(Note3)	Business dealings amount	Reasons for short-term financing	Allowance and debt amount	Collateral		Individual fund loan and limit	Loan and total limit
													Item	Value		
0	The Company	YING HAN TECHNOLOGY LIMITED(Russia)	Other accounts payable	Yes	\$ 3,674	\$ 389	\$ -	-	1	\$ 389	Business dealings	\$ -	-	\$ -	\$ 389 (Note2)	\$ 419,543 (Note2)
		Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam)	Other accounts payable	Yes	4,789	4,789	2,222	-	1	4,789	Business dealings	-	-	-	4,789 (Note2)	419,543 (Note2)
		HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Other accounts payable	Yes	4,941	4,941	-	-	1	4,941	Business dealings	-	-	-	4,941 (Note2)	419,543 (Note2)
		YING HAN TEKNOLOJI LTD. STI(Turkey Ying Han)	Other accounts payable	Yes	80,996	80,996	65,975	-	1	80,996	Business dealings	-	-	-	80,996 (Note2)	419,543 (Note2)
		YING HAN TECHNOLOGY SP. ZO. O. (Poland Ying Han)	Other accounts payable	Yes	31,260	31,260	22,242	-	1	31,260	Business dealings	-	-	-	31,260 (Note2)	419,543 (Note2)
		YLM TUBE SOLUTIONS AND SERVICE P. LTD(India Ying Han)	Other accounts payable	Yes	502	115	9	-	1	115	Business dealings	-	-	-	115 (Note2)	419,543 (Note2)
		PT.YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Other accounts payable	Yes	952	903	-	-	1	903	Business dealings	-	-	-	903 (Note2)	419,543 (Note2)
		YLM INDUSTRIAL CO., LTD. (Thailand Ying Han)	Other accounts payable	Yes	22,666	17,551	-	-	1	17,551	Business dealings	-	-	-	17,551 (Note2)	419,543 (Note2)
		Tianjin Yinghan Technology Co., Ltd.	Other accounts payable	Yes	39,052	39,052	27,526	-	1	39,052	Business dealings	-	-	-	39,052 (Note2)	419,543 (Note2)
		Shanghai Yingheng Machinery Technology Co., Ltd.	Other accounts payable	Yes	62,578	36,861	31,050	-	1	36,861	Business dealings	-	-	-	36,861 (Note2)	419,543 (Note2)

Note 1: Number 0 in the number column refers to the issuer. Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note 2: (1) The total amount of the company's funds lent to others shall not exceed 40% of the company's net value at the end of the period.

(2) The limit of the company's capital loan to individual companies or firms is limited to the lower of the business transaction amount and 10% of the company's net value at the end of the period.

Note 3: (1) Business dealings.

(2) There is a need for short-term financing.

Note 4: It is the amount approved by the board of directors for the loan.

YING HAN Technology Co., Ltd. and Subsidiaries
Endorsement for Others
January 1 to December 31, 2023

Schedule II

Units: Thousands of New Taiwan Dollars except for remarks

No. (Note1)	Endorsement guarantor company name	Guaranteed by the endorsement		Quota for a single enterprise endorsement guarantee (Note3)	The highest endorsement in this period guaranteed balance(Note4)	End of term endorsement guaranteed balance(Note4)	Actual spending amount	Guarantee Amount secured by property Endorsement	Cumulative Endorsement Guarantee The amount accounted for the most recent Financial Statement Net Worth ratio of(%)	Endorsement guarantee maximum limit(Note3)	Parent company Subsidiary endorsement guarantee	Subsidiary pair Parent company endorsement guarantee	Mainland China endorsement guarantee
		Name of the company	Relationship (Note2)										
0	The Company	Tianjin Yinghan Technology Co., Ltd.	(2)	\$ 209,771	\$ 173,080 (RMB 40,000,000)	\$ 173,080 (RMB 40,000,000)	\$ -	\$ -	16.5	\$ 524,429	Y	N	Y

Note1: The description of the number column is as follows:

(1) 0 for the issuer.

(2) Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note2: (1) Companies with business deals.

(2) A company in which the company directly and indirectly holds more than 50% of the voting shares.

(3) Inter-companies in which the company directly and indirectly holds 90% of the voting shares.

Note3: The company's endorsement guarantee limit for a single enterprise is 20% of the company's net value at the end of the period, but for subsidiaries that hold more than 50% of the company's shares, it is limited to no more than 50% of the company's net value at the end of the period.

Note4: The relevant amount is converted based on the exchange rate at the end of the period when one RMB equals NT\$4.327.

YING HAN Technology Co., Ltd. And Subsidiaries
Invested Company Related Information
January 1 to December 31, 2022

Schedule III

Unit: Share, Thousands of New Taiwan Dollars
(Except for foreign currency)

Name of Company	Name of Invested Company	Location	Main business items	Beginning investment amount		Balance at the end of period			Loss and profit of invested company	Loss and profit recognized in this period (Note1)	Note
				The end of period	The end of last period	Share	Ratio (%)	Booking Amount			
The Company	YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	Poland	Trading of machinery equipment and parts	\$ 12,016	\$ 6,466	500	100	(\$ 24,722)	(\$ 835)	(\$ 1,078)	Note2
	YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Turkey	Trading of machinery equipment and parts	21,006	21,006	-	100	(50,508)	(29,743)	(29,743)	
	YING HAN TECHNOLOGY(Russia Ying Han)	Russia	Trading of machinery equipment and parts	6,253	6,253	-	100	(230)	1,018	1,018	
	HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Malaysia	Trading of machinery equipment and parts	161	161	400,000	100	4,392	2,208	2,208	
	YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	Thailand	Trading of machinery equipment and parts	4,477	4,477	23,000	46	1,613	(3,278)	(1,308)	Note3
	DING LINH MACHINE INDUSTRIAL TRADING CO., LTD.	Vietnam	Trading of machinery equipment and parts	6,141 (USD 200,000)	6,454 (USD 200,000)	-	100	(222)	1,099	830	Note4
	YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	India	Trading of machinery equipment and parts	2,193 (USD 71,434)	2,305 (USD 71,434)	369,999	99.99	1,691	(364)	(364)	
	PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Indonesia	Trading of machinery equipment and parts	3,344 (USD 108,900)	3,514 (USD 108,900)	108,900	99	3,231	224	224	
	Rdata System Co., Ltd	Taiwan	UAV- Unmanned Aerial Vehicle system testing and sales	16,500	16,500	1,100,000	55	12,010	(7,181)	(3,950)	
	YING HAN TECHNOLOGY(USA), INC.(USA Ying Han)	USA	Trading of machinery equipment and parts	52,199 (USD 1,700,000)	48,408 (USD 1,500,000)	60,000	100	52,025	(82)	(82)	

Note1: It is only necessary to list the profit and loss amount of each subsidiary recognized by the company as a direct transfer investment and each investee company that adopts the equity method, and the rest is not required.

Note2: The investment profit and loss recognized in the current period include the current loss of NT \$835 thousands minus the unrealized sales gross profit of NT \$2,683 thousands in downstream transactions, plus the realized sales gross profit of NT \$2,440 thousands.

Note3: The investment profit and loss recognized in the current period include the current loss of NT \$1,508 thousands minus the unrealized sales gross profit of NT \$827 thousands in downstream transactions, plus the realized sales gross profit of NT \$1,027 thousands.

Note4: The investment profit and loss recognized in the current period include the current profit of NT \$1,099 thousands minus the unrealized sales gross profit of NT \$398 thousands in downstream transactions, plus the realized sales gross profit of NT \$129 thousands.

Note5: Please refer to schedule IX for relevant information on investee companies in mainland China.

YING HAN Technology Co., Ltd. And Subsidiaries
Mainland Investment Information
January 1 to December 31, 2023

Schedule IV

Units: Thousands of New Taiwan Dollars except for remarks

Invested Company in Mainland	Main Business Items	Paid-in capital (Note4)	Investment method (Note1)	Beginning of period Accumulated Remittance from Taiwan Amount(Note4)	Remittance or withdrawal of investment amount in the current period		The end of period Accumulated Remittance from Taiwan Amount(Note4)	Loss and profit of invested company this period	The company directly or indirect investment Shareholding %	Recognized in this period Loss and profit of investment (Note2)	Investment at the end of period Booking Value	As of this period Repatriated investment income	Note
					Export	Import							
Tianjin Yinghan Technology Co., Ltd.	Manufacturing of machinery equipment and parts	\$ 175,019 (USD 5,700,000)	(1)	\$ 175,019 (USD 5,700,000)	\$ -	\$ -	\$ 175,019 (USD 5,700,000)	(\$ 33,770)	100	(\$ 30,168) (2)B.	\$ 118,061	\$ -	Note3
Shanghai Yingheng Machinery Technology Co., Ltd.	Trading of machinery equipment and parts	113,608 (USD 3,700,000)	(1)	113,608 (USD 3,700,000)	-	-	113,608 (USD 3,700,000)	(26,733)	100	(26,733) (2)B.	61,921	-	-

Accumulated remittances from Taiwan at the end of the current period Amount of investment in mainland China (Note4)	The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs (Note4)	According to the regulations of the Investment Review Committee of the Ministry of Economic Affairs Investment limit for mainland China (Note5)
\$ 288,674 (USD 9,400,000)	\$ 288,674 (USD 9,400,000)	\$ 629,315

Note1: Investment methods are divided into the following three types, just classify by the category:

- (1) Directly engage investment in Mainland.
- (2) Reinvest in mainland China through a company in a third area (please specify the investment company in the third area).
- (3) Other methods.

Note2: Investment profit and loss column recognized in the current period:

- (1) If it is under preparation and there is no investment profit or loss, it should be noted.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which should be noted.
 - A. Financial statements audited by an international accounting firm that has cooperative relations with accounting firms in the Republic of China.
 - B. Financial statements audited by certified accountants of the parent company in Taiwan.
 - C. Other.

Note3: The investment gains and losses recognized in the current period include the current loss of NT\$33,770 thousands plus the unrealized sales gross profit of NT\$2,195 thousands from the downstream transaction, plus the realized sales gross profit of NT\$5,797 thousands from the downstream transaction.

Note4: The relevant amount is converted based on the exchange rate at the end of the period, when one U.S. dollar equals NT\$30.705.

Note5: The company's NT\$1,048,859 thousands × 60% = NT\$629,315 thousands.

YING HAN Technology Co., Ltd. And Subsidiaries
**Major transactions with mainland investee companies directly or indirectly through the third region,
as well as their prices, payment terms, unrealized gains and losses, and other relevant information**
January 1 to December 31, 2023

Schedule V

Unit: Thousands of New Taiwan Dollars

The company that imports (sells) goods	Trading partners	Relationship	Trading Status				Circumstances and reasons why the transaction amount is different from the general transaction		Notes receivable (payable), accounts		Note
			Import (selling) goods	Amount	Accounted for total sales Ratio(%)	Credit terms			Balance	Total receivables (payable) notes, Account ratio	
							Unit Price	Credit period		Ratio(%)	
The Company	Tianjin Yinghan Technology Co., Ltd.	Subsidiary(Holding 100% share)	Sales	(\$ 15,743)	2	To set individually	Fairly	To set individually	\$ 14,533	6	
	Ying Han Teknoloji Ltd.	Subsidiary(Holding 100% share)	Sales	(14,047)	2	To set individually	Fairly	To set individually	13,467	5	

YING HAN Technology Co., Ltd. And Subsidiaries
Business relationship and important transactions between the parent company and the subsidiary companies
January 1 to December 31, 2023

Schedule VI

Unit: Thousands of New Taiwan Dollars

No.	Name of trader	Business Dealing Company	Relationship (Note)	Business Dealing Status			
				Subject	Amount	Dealing Conditions	Total consolidated revenue or ratio of total assets (%)
0	YING HAN Technology Co., Ltd.	Tianjin Yinghan Technology Co., Ltd.	1.	Sales revenue	\$ 15,743	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	2
			1.	Accounts Receivable	14,533		2
		Shanghai Yingheng Machinery Technology Co., Ltd	1.	Sales revenue	14,047	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	2
			1.	Accounts Receivable	13,467		2
		Vietnam DING LINH MACHINE INDUSTRIAL TRADING CO., LTD.	1.	Sales revenue	2,362	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-
			1.	Other payables	-		-
			1.	Operating Costs	2,943		-
			1.	Accounts Receivable	2,346		-
		YING HAN TECHNOLOGY Sp. Z O. O.(Poland Ying Han)	1.	Sales revenue	25,186	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	3
			1.	Other payables	3,731		-
			1.	Operating Costs	5,043		-
			1.	Accounts Receivable	24,014		2
		YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	1.	Sales revenue	61,713	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	8
			1.	Other payables	5,527		-
			1.	Operating Costs	2,815		-
			1.	Accounts Receivable	42,659		5
		YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	1.	Sales revenue	25,997	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	4
			1.	Accounts Receivable	13,121		1
		YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	1.	Sales revenue	779	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-
			1.	Operating Costs	5,043		-
PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	1.	Accounts Receivable	219	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	1		
	1.	Sales revenue	705		-		
	1.	Other payables	-		-		
	1.	Operating Costs	860		-		
			1.	Accounts Receivable	450	-	-

(Continue on the next page)

(Continued)

No.	Name of trader	Business Dealing Company	Relationship (Note)	Business Dealing Status			Total consolidated revenue or ratio of total assets (%)	
				Subject	Subject	Subject		
1	Rdata System Co., Ltd Shanghai Yingheng Machinery Technology Co., Ltd	HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	1.	Sales revenue	14,993	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	2	
			1.	Other payables	614		-	
			1.	Operating Costs	1,072		-	
			1.	Accounts Receivable	5,895		-	
			1.	Other payables	7		-	
			1.	Operating Costs	2,032		-	
			1.	Sales revenue	10,028		1	
			1.	Accounts Receivable	9,626		-	
								-
								-
2	Tianjin Yinghan Technology Co., Ltd.	YING HAN Technology Co., Ltd.	2.	Sales revenue	555	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	3	
		YING HAN Technology Co., Ltd.	2.	Sales revenue	2,570		1	
			2.	Accounts Receivable	-		-	
3	Shanghai Yingheng Machinery Technology Co., Ltd	Shanghai Yingheng Machinery Technology Co., Ltd	3.	Sales revenue	18,997	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	3	
		Tianjin Yinghan Technology Co., Ltd.	3.	Accounts Receivable	23,637		1	
3	Shanghai Yingheng Machinery Technology Co., Ltd	Tianjin Yinghan Technology Co., Ltd.	3.	Sales revenue	392	Pricing is based on the price agreed by both parties, and the credit terms are individually determined	-	
			3.	Accounts Receivable	431		-	

Note: There are the following three types of relationship with the trader, and the types of marking are as follows:

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to Subsidiary.

YING HAN Technology Co., Ltd. And Subsidiaries
Receivable from related parties amount to NT\$100 million or more than 20% of the capital
 January 1 to December 31, 2023

Schedule VII

Unit: Thousands of New Taiwan Dollars

No.	Name of trader	Business Dealing Company	Relationship	Amount of receivable due from related parties (Note 1)	Turnover Rate (Note 2)	Overdue amounts receivable from related parties		Amount recovered in Subsequent period	Amount of provision for losses
						Amount	Processing method		
0	The Company	YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Subsidiary	Account Receivable \$ 42,659 Other Receivable 65,975	0.7129	\$ -	NA	\$ 11,131	-

Note 1: The account receivable, note receivable, other receivables, etc. of the related parties are filled in respectively.

Note 2: Turnover rate = sales to the related party/average account receivable, note receivable and collections receivable from the related party.

YING HAN Technology Co., Ltd.
Main Shareholder's information
December 31, 2023

Schedule VIII

Name of the main shareholder	Share	
	Number of shares held	Percentage %
YING LIN INVESTMENT CO., LTD	14,678,838	16.76%
XIAO,CAI-YUN INVESTMENT CO., LTD	6,270,000	7.16%
HU CHUN CHIA	5,649,600	6.45%
HU BO XIANG	5,112,600	5.83%

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares that have been delivered without physical registration. The capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information is that the shareholder transfers the holdings to the trust, it is disclosed by the individual account of the trustor who opened the trust account opened by the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, please refer to public information Observatory.

Appendix B

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
YING HAN Technology Co., Ltd.

Opinion

We have audited the accompanying individual financial statements of YING HAN Technology Co., Ltd. (the "Company"), which comprise the individual balance sheets as of December 31, 2023 and 2022, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the individual financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter for the Company's individual financial statements for the year ended December 31, 2023, is stated as follows:

The revenue authenticity of specific customer

The Company is dedicated in designing, manufacturing, installing and sales of parts for automatic machinery such as intelligent pipe bender, forming machine,

vertical working machine. The Company's major revenue is from the sales of machinery. The machinery is small in quantity but has higher unit price. The revenue for specific customers has significant impact on the Company's Operating Revenue which is shown on the customer sales report of machineries for year 2023 and 2022. In consequence, we listed the authenticity of the revenue of specific customers for the Company as a key audit matter.

Our audit procedures based on the key audit matter found above includes:

1. Understand and test the internal control systems of operating procedures related to sales cycle and evaluate the effectiveness of the rationale behind the set up and implementation.
2. Sampling the year sales transaction report of specific customers, review the sales orders, customs declarations, invoices, and shipment or loading certificates with customer's signature. And tally the payment afterwards or notices to verify the revenue authenticity.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

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

7. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan Republic of China
Auditor WU CHANG JUN

Auditor LIAO HUNG JU

No.Financial-Supervisory-Securities-Auditing-
1110348898

No.Financial-Supervisory-Securities-Auditing-
0990031652

8 March 2024

Notice to Readers

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

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

YING HAN Technology Co., Ltd.
INDIVIDUAL BALANCE SHEETS
December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 188,143	9	\$ 168,202	7
1150	Note receivable (Note 4, 7 and 19)	15,326	1	39,640	2
1170	Account receivable (Note 4, 7 and 19)	92,800	4	94,977	4
1180	Account receivables from related parties (Note 4, 7, 19 and 25)	135,712	6	209,070	9
1200	Other receivables (Note 4 and 7)	2,167	-	1,646	-
1210	Other receivables from related parties (Note 4, 7 and 25)	149,024	7	87,352	4
1220	Tax assets (Note 21)	746	-	213	-
130X	Inventories (Note 4 and 8)	643,751	30	666,467	29
1410	Prepayments (Note 25)	8,531	-	10,983	-
1479	Other current assets	1,620	-	1,875	-
11XX	Total current assets	<u>1,237,820</u>	<u>57</u>	<u>1,280,425</u>	<u>55</u>
NONCURRENT ASSETS					
1550	Investment adjustments for Using Equity Method (Note 4 and 9)	179,262	9	240,641	11
1600	Property, plant and equipment (note 4,10 and 26)	691,157	32	719,794	31
1755	Right-of-use assets (Note 4 and 11)	2,087	-	5,175	-
1760	Investment properties (Note 4, 12 and 26)	18,147	1	18,694	1
1821	Other intangible assets (Note 4 and 13)	276	-	350	-
1840	Deferred income tax assets (Note 4 and 21)	20,785	1	27,487	1
1900	Other noncurrent assets	400	-	400	-
1930	Long term Notes receivable (Note 7 and 19)	252	-	7,773	-
1940	Long term Receivables from related parties (Note 7, 19 and 25)	3,157	-	15,917	1
1920	Refundable deposits (Note 4)	2,142	-	4,611	-
15XX	Total noncurrent assets	<u>917,665</u>	<u>43</u>	<u>1,040,842</u>	<u>45</u>
1XXX	Total Assets	<u>\$ 2,155,485</u>	<u>100</u>	<u>\$ 2,321,267</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (Note 14 and 26)	\$ 380,000	18	\$ 360,000	16
2110	Short-term commercial note (Note 14)	99,550	5	82,058	4
2130	Current contracts liabilities (Note 19 and 25)	36,714	2	64,211	3
2170	Account payable	82,804	4	108,506	5
2180	Account payable from related parties (Note 25)	4,555	-	3,254	-
2219	Other payables (Note 15)	50,321	2	52,136	2
2220	Other payables from related parties (Note 25)	9,878	-	9,651	-
2250	Current Provision for Liabilities (Note 4 and 16)	2,426	-	3,696	-
2280	Current Lease liabilities (Note 4, 11 and 25)	1,579	-	3,119	-
2320	Long-term loans due within one year (Note 14 and 26)	74,850	3	76,092	3
2399	Other current liabilities	1,440	-	1,651	-
21XX	Total current liabilities	<u>744,117</u>	<u>34</u>	<u>764,374</u>	<u>33</u>
NONCURRENT LIABILITIES					
2540	Long-term bank loans (Note 14 and 26)	324,637	15	398,866	17
2570	Deferred income tax liabilities (Note 4 and 21)	2,564	-	3,275	-
2580	Non-current Lease liability (Note 4, 11 and 25)	531	-	2,109	-
2640	Non-current Net defined benefit liability (Note 4 and 17)	9,673	1	10,840	1
2645	Guarantee deposits (Note 25)	25,104	1	25,104	1
25XX	Total noncurrent liabilities	<u>362,509</u>	<u>17</u>	<u>440,194</u>	<u>19</u>
2XXX	Total liabilities	<u>1,106,626</u>	<u>51</u>	<u>1,204,568</u>	<u>52</u>
Equity (Note 18)					
3110	Common stock	875,460	41	875,460	38
3200	Capital reserve	347,593	16	347,593	15
Accumulated deficits					
3310	Legal reserve	86,606	4	86,606	4
3320	Special reserve	16,373	1	16,373	-
3350	Accumulated deficit	(287,427)	(14)	(206,732)	(9)
3300	Total accumulated deficit	(184,448)	(9)	(103,753)	(5)
3400	Other equity	10,254	1	(2,601)	-
3XXX	Total equity	<u>1,048,859</u>	<u>49</u>	<u>1,116,699</u>	<u>48</u>
Total liabilities and equity		<u>\$ 2,155,485</u>	<u>100</u>	<u>\$ 2,321,267</u>	<u>100</u>

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd.
Individual Statements of Comprehensive Income
January 1 – December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars
*The net loss per share is New Taiwan Dollars

Code		Year 2023		Year 2022	
		Amount	%	Amount	%
4100	Operating revenues (Note 4, 19 and 25)	\$ 650,666	100	\$ 692,587	100
5110	Operating costs (Note 8, 20 and 25)	<u>422,993</u>	<u>65</u>	<u>486,762</u>	<u>70</u>
5900	Operating margin	227,673	35	205,825	30
5910	Unrealized interest income with parent companies	(6,104)	(1)	(10,448)	(2)
5920	Realized interest income with parent companies	<u>9,393</u>	<u>1</u>	<u>5,536</u>	<u>1</u>
5950	Realized operating margin	<u>230,962</u>	<u>35</u>	<u>200,913</u>	<u>29</u>
	Operating expenses (Note 7, 20 and 25)				
6100	Sales and marketing expenses	104,100	16	107,107	15
6200	General and administrative expenses	69,100	10	61,163	9
6300	Research expenses	44,639	7	49,868	7
6450	Expected credit impairment losses (Rotation benefits)	(<u>1,148</u>)	<u>-</u>	<u>4,966</u>	<u>1</u>
6000	Total of operating expenses	<u>216,691</u>	<u>33</u>	<u>223,104</u>	<u>32</u>
6500	Other non-operating income and expenses (Note 20)	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
6900	Operating Loss	<u>14,279</u>	<u>2</u>	(<u>22,191</u>)	(<u>3</u>)
	Non-operating revenue and expenses (Note 4, 9, 20 and 25)				
7100	Interest income	6,627	1	3,383	1
7010	Other income	15,121	2	15,865	2
7020	Other gains and losses	(2,344)	-	70,604	10
7050	Finance costs	(19,313)	(3)	(17,499)	(3)

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Code		Year 2023		Year 2022	
		Amount	%	mount	%
7070	Share of Profit or Loss of parent company using equity method	(\$ 92,435)	(14)	(64,351)	(9)
7000	Total of Non-operating revenue and expenses	(92,344)	(14)	8,002	1
7900	Loss before tax	(78,065)	(12)	(14,189)	(2)
7950	Income tax expense (or Benefit) (Note 4 and 21)	2,777	-	(1,864)	-
8200	Net loss	(80,842)	(12)	(12,325)	(2)
	Other Comprehensive Income				
8310	Items not classified to profit or loss:				
8311	Remeasurements of the net defined benefit (Note 17)	147	-	3,367	1
8360	Items may be classified to profit or loss:				
8361	Exchange Differences on Translation of Foreign Financial Statements	16,069	2	10,961	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss. (Note 21)	(3,214)	-	(2,192)	-
		12,855	2	8,769	1
8300	Other comprehensive income (Net of tax)	13,002	2	12,136	2
8500	Total comprehensive income	(\$ 67,840)	(10)	(\$ 189)	-
	Net loss (Note 22)				
9750	Basic	(\$ 0.92)		(\$ 0.14)	
9850	Dilution	(0.92)		(0.14)	

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd. and Subsidiaries
Individual Statements of Changes in Equity
January 1 – December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars

Code		Accumulated deficits				Accumulated Deficits	Other Equity Interest	Total Equity
		Common Stock	Capital Reserve	Legal Reserve	Special Reserve		Exchange Differences on Translation of Foreign Financial Statements	
A1	Balance as of January 1, 2022	\$ 875,460	\$ 248,555	\$ 86,606	\$ 16,373	(\$ 197,774)	(\$ 11,370)	\$ 1,116,888
D1	Net Loss of Year 2022	-	-	-	-	(12,325)	-	(12,325)
D3	Other Comprehensive Income of Year 2022 (net of tax)	-	-	-	-	3,367	8,769	12,136
D5	Total comprehensive income of Year 2022	-	-	-	-	(8,958)	8,769	(189)
Z1	Balance as of December 31, 2022	875,460	347,593	86,606	16,373	(206,732)	(2,601)	1,116,699
D1	Net Loss of Year 2023	-	-	-	-	(80,842)	-	(80,842)
D3	Other Comprehensive Income of Year 2023 (net of tax)	-	-	-	-	147	12,855	13,002
D5	Total comprehensive income of Year 2023	-	-	-	-	(80,695)	12,855	(67,840)
Z1	Balance as of December 31, 2023	<u>\$ 875,460</u>	<u>\$ 347,593</u>	<u>\$ 86,606</u>	<u>\$ 16,373</u>	<u>(\$ 287,427)</u>	<u>\$ 10,254</u>	<u>\$ 1,048,859</u>

The appended notes are parts of this individual financial statements.

Chairman:

Manager:

Chief Accounting Supervisor:

YING HAN Technology Co., Ltd. and Subsidiaries
Individual Statements of Cash Flows
January 1 – December 31, 2023 & 2022

Unit: Thousands of New Taiwan Dollars

Code		Year 2023	Year 2022
	Operating Cash Flow		
A10000	Net loss before tax	(\$ 78,065)	(\$ 14,189)
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation	34,395	38,367
A20200	Amortization	74	74
A20300	Expected Credit Losses (Reversal gains)	(1,148)	4,966
A20900	Finance costs	19,313	17,499
A21200	Interest income from bank deposits	(6,627)	(3,383)
A22400	Share of Profit or Loss of parent company using equity method	92,435	64,351
A22500	Gain from disposal of fixed assets	(8)	-
A23900	Unrealized interest income with parent companies	6,104	10,448
A24000	Realized interest income with parent companies	(9,393)	(5,536)
A30000	Changes in operating assets and liabilities		
A31130	Note receivable	31,835	(22,828)
A31150	Account receivable	3,325	30,427
A31160	Account receivable from related parties	86,118	(8,959)
A31180	Other receivable	(521)	1,916
A31190	Other receivable from related parties	(61,672)	(61,999)
A31200	Inventory	22,716	12,005
A31230	Prepayments	2,452	(1,022)
A31240	Other current assets	255	272
A32150	Account payable	(26,200)	(24,066)
A32160	Account payable from related parties	1,301	(1,090)
A32180	Other payable	(1,839)	2,091
A32190	Other payable from related parties	227	(1,495)
A32200	Liability reserve	(1,270)	1,114
A32125	Contract liabilities	(27,497)	33,891
A32230	Other current liabilities	(211)	(1,122)
A32240	Liability – defined benefit liability	(<u>1,020</u>)	(<u>625</u>)
A33000	Operating cash inflow	85,079	71,107
A33100	Interest chargeable	6,627	3,383
A33300	Interest payment	(19,558)	(17,184)
A33500	Rebate of income tax	(<u>533</u>)	(<u>2,918</u>)
AAAA	Net cash inflow from operating activities	<u>71,615</u>	<u>60,224</u>

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Code		Year 2023	Year 2022
	Cash Flows from Investing Activities		
B00050	Financial assets measured at amortized cost are assets	\$ -	\$ 250,739
B02200	Net cash outflow from subsidiaries	-	(56,573)
B02700	Purchase of property, plant and equipment	(1,625)	(1,003)
B02800	Price on disposal of property, plant and equipment	8	-
B03700	Increase of refundable deposit	(716)	(2,163)
B03800	Decrease of refundable deposit	<u>3,185</u>	<u>836</u>
BBBB	Net cash inflow from investment activities	<u>852</u>	<u>191,836</u>
	Cash Flows from Financing Activities		
C00100	Increase of short-term borrowings	775,000	852,000
C00200	Decrease of short-term borrowings	(755,000)	(1,056,000)
C00500	Increase of short-term commercial note	738,100	871,600
C00600	Decrease of short-term commercial note	(720,300)	(935,000)
C01700	Repayment of long-term loan	(75,471)	(67,759)
C04020	Payments of lease liabilities	(3,157)	(4,185)
C05400	Acquisition interests in subsidiary	(<u>11,698</u>)	(<u>8,250</u>)
CCCC	Net cash outflow from financing activities	(<u>52,526</u>)	(<u>347,594</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	19,941	(95,534)
E00100	Cash and cash equivalents at the beginning of year	<u>168,202</u>	<u>263,736</u>
E00200	Cash and cash equivalents at the end of year	<u>\$ 188,143</u>	<u>\$ 168,202</u>

The appended notes are parts of this individual financial statements.

Chairman: Manager: Chief Accounting Supervisor:

YING HAN Technology Co., Ltd.
Notes to the Individual financial statements
January 1 – December 31, 2023 & 2022
(Unit: Thousands of New Taiwan Dollars. Unless otherwise stated.)

1. Company History

Founded in January 2008, YING HAN Technology Co., Ltd. (The ‘Company’) is a leading and well organized manufacturer in Taiwan, specialized in designing, manufacturing, installing and sales of parts for automatic machinery such as tube & pipe bender, forming machine.

The Company was approved to issue stocks in August 2015 and was allowed to trade on the Taiwan Stock Exchange (TWSE) in November of the same year. In August 21, 2017 the Company was listed on Taiwan Stock Exchange.

The use of currency in this Individual Financial Statements is New Taiwan Dollars.

2. Date and Procedures of Authorization of Financial Statements for Issuance

The accompanying individual financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

3. Newly Issued or Revised Standards and Interpretations

1. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC)(collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

2. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: The above new, revised or amended standards and interpretations is applicable to annual reporting periods mentioned above. Unless otherwise stated.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

Note 3: The first time this amendment is applied, some disclosure requirements are exempted.

The rest of the revised standards and interpretations did not have a significant

effect on the financial condition and financial performance of the Company as of the release date of this individual financial statements.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 17 “Insurance Contract”	January 1, 2023
Amendments to IAS 17	January 1, 2023
Amendments to IAS 17 “Application of IFRS 17 and IFRS 9- Comparison”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: The above new, revised or amended standards and interpretations is applicable to annual reporting periods mentioned above. Unless otherwise stated.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the Group uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the release date of this individual financial statements, the Company continues to evaluate the impact on its financial condition and financial performance from the initial adoption of the standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. Summary Explanation of Significant Accounting Policies

1. Statement of Compliance

The accompanying individual financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

2. Basis of Preparation

The accompanying individual financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Financial assets can be categorized into 3 levels based on the degree of observability and importance of the input value:

- 1) Level 1: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.
- 2) Level 2: Refers to observable inputs other than quoted prices at level 1, either directly (that is, prices) or indirectly (that is, derived from prices) for the asset or liability.
- 3) Level 3: An unobservable assets or liabilities.

When preparing the individual financial reports, it adopts the equity method for investment subsidiaries. In order to make the current year profit and loss, other comprehensive profit and loss and equity in this individual financial report the same as the current year profit and loss, other comprehensive profit and loss and equity attributable to the company's owners in the company's individual financial report, certain accounting treatment differences between the individual basis and the consolidated basis are adjusted "Investments using the equity method", "shares of profits and losses of subsidiaries using the equity method", "shares of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items.

3. Classification of Current and Noncurrent Assets and Liabilities

Current assets are:

- 4) Assets held for trading purposes;
- 5) Assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period;
- 6) Cash and cash equivalents (but excluding those that subject to restrictions on exchange or settlement of liabilities more than 12 months after the balance sheet date)

Current liabilities are:

- 4) Liabilities incurred for trading purposes;
- 5) Liabilities expected to be settled within one year from the end of the reporting period;
- 6) Liabilities for which settlement cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

4. Foreign Currencies

In the preparation of the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

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

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

5. Inventories

Inventories include raw materials, work in progress and finished goods, etc. Inventories are stated at the lower of cost or net realizable value. The comparison of cost to net realizable value is done on an individual basis. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are adjusted to approximate weighted-average cost at the end of the reporting period.

6. Investment in subsidiaries

The Company uses the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the company's share of the subsidiary's loss is equal to or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term interests that are substantially part of the company's net investment in the subsidiary), it is continue to recognize losses according to the shareholding ratio.

When the Company transacts with its subsidiaries, profits and losses resulting from the

transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

7. Property, Plant and Equipment

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Except for freehold land which is not depreciated, depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

8. Investment properties

Investment properties is real estate held to earn rentals or for capital appreciation or both. Investment properties also includes land that has not yet been determined for future use. Owned investment properties is initially measured at cost (including transaction costs), and subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

9. Intangible Assets

(1) Acquired Separately

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The company shall review the estimated useful life, residual value and amortization method at least at the end of each year, and postpone the impact of changes in applicable accounting estimates.

(2) Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the value of the asset is recognized in profit or loss for the year.

10. Impairment of Property, Plant, Equipment, Right-of-use assets, Investment properties and Intangible Assets

At each balance sheet date, the Company reviews the carrying amounts of property, plant, equipment, right-of-use assets, investment properties and intangible assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with undetermined useful lives and not available for use, impairment tests are conducted at least annually and when there is evidence of impairment.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

11. Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the contractual terms of the instrument.

If the financial assets and financial liabilities are not recognized by fair values of financial instruments initially, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss and included in the originally recognized amounts of the financial asset and financial liability.

(1) Financial Assets

Customary transactions of financial assets are recognized and derecognized by transaction date.

4) Type of measurement

The types of financial assets held by the Company are financial assets measured at amortized cost.

Financial assets measured at amortized cost.

Financial assets invested by the Company should be categorized as financial assets measured at amortized cost if both of the below conditions are met:

- A. Held under an operating model whose purpose is to hold financial assets for the purpose of receiving contractual cash flows; and
- B. The interest is based on the cash flow on the date agreed in the contract, the principal paid to complete the relevant cash flow, and the principal amount circulated overseas.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts (including related parties) measured at amortized cost, other receivables and deposits) after original recognition is measured at the amortized cost of the gross carrying amount determined by the effective interest method less any impairment losses, and any foreign exchange gains or losses are recognized in profit or loss.

Interest income from bank deposits is calculated by multiplying the effective interest rate and the total amount if the financial asset except for the below 2 situations:

- A. Purchased or initial impairment financial assets is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- B. Non-purchased or initial impairment financial assets becomes impairment financial assets shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the reporting period following the credit-impairment.

Impairment financial assets means the issuer or debtor had encountered significant financial difficulties, defaulted or the debtor is likely having a bankruptcy or other financial difficulties that will make the active market disappear.

Cash equivalents included deposit and repurchase bonds with high liquidity

that is convertible into cash within 3-month and has lower risk of value change. It's to satisfy the short-term cash commitments.

5) Impairment financial assets

The Company evaluates the impairment loss of financial assets (including notes receivable and accounts) measured at amortized cost based on expected credit losses on each balance sheet date.

Notes and accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the loss will be recognized as the 12-month expected credit loss. If there has been a significant increase, it will be recognized as the expected credit loss during the duration Allow for losses.

Expected credit loss is calculated average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible default events of the financial instrument within 12 months after the reporting date, and the expected credit loss during the duration represents the expected credit loss arising from all possible default events of the financial instrument during the duration.

For the purpose of internal risk control, the Company will regard the below situation as defaulted in financial assets without considering the collateral held:

- A. The internal or external indication showing the debtor is unlikely to pay back the debt.
- B. Overdue exceeds the days of credit terms without reasonable and supportable information that shows a delayed payment is more appropriate.

Impairment losses on all financial assets are achieved by reducing their carrying amounts through the use of an allowance account.

6) Derecognition of financial assets

A Company derecognized a financial asset only when the contractual rights to the cash flows from the financial asset have lapsed, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

When a financial asset is measured at amortized cost as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an investment in a debt instrument at fair value through

other comprehensive profit or loss is derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss that has been recognized in other comprehensive profit or loss is recognized in profit or loss. When an equity instrument investment measured at fair value through other comprehensive income is derecognized as a whole, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

(2) Financial Liabilities

1) Measurement

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

2) Derecognition of financial liabilities

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

12. Preparation for financial liabilities

The amount recognized as a liability reserve is the best estimate of the expenditure required to settle the obligation on the balance sheet date, considering the risks and uncertainties of the obligation. The liability provision is measured at the discounted value of the estimated cash flows of the settlement obligation.

Warranty

The warranty obligation to ensure that the product is compatible to the agreed specifications is recognized when the relevant product is recognized as revenue based on the management's best estimate of the expenditure required to settle the obligations of the Company.

13. Revenue Recognition

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods.

Revenue from sale of goods

Revenue from sale of goods is recognized when the Company automatic machinery such as intelligent pipe bender, forming machine, vertical working machine are delivered to designated place or the installation certificate is obtained. The customer has the right to set the price and is responsible for the resales of it. In the meanwhile, customer should bear the risk of obsolete goods. The company recognized the revenue from sale of goods at that point of time. Advance payment is recognized as contract liabilities before shipment or installation certificates are obtained.

14. Leases

The Company assesses whether the contract is (or contains) a lease on the contract

inception date.

1. The Company as lessor

When the term of the lease is transferred to the lessee substantially all the risks and rewards of ownership of the asset, it's categorized as finance lease. All the other leases are categorized as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease period. The original direct cost incurred in obtaining the operating lease is added to the book amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the individual balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Lease liabilities are presented on a separate line in the individual balance sheets.

The company has negotiated with the leaser on the rental with regards to Covid-19 situation. The rental before June 30, 2021, has been adjust and reduced. The negotiation has no significant impact on the other part of the contract.

The company chooses to adopt a practical expedient approach to deal with the rent negotiation of the factory building and office lease contract that meets the conditions. It does not evaluate whether the negotiation is a lease modification but recognizes the reduction of the lease payment in profit or loss when the concession event or situation occurs (other income and expense), and correspondingly reduce the lease liability.

15. Borrowing Costs

Borrowing costs is the cost to directly obtain, construct or produce the destined assets. It's considered part of the cost of the assets until the use or sale of the item has been performed.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

16. Government Grants

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

Government grants related to revenue are recognized in other income on a systematic basis over the period in which they are intended to compensate for the associated costs that are recognized as an expense by the combined company.

Government grants that are receivables as compensation for expenses already incurred are deducted from incurred expenses in the period in which they become receivables.

17. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations.

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

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan.

18. Share-based payment arrangements

Employee Stock Options

Employee stock options are recognized as expenses on a straight-line basis during the vesting period based on the fair value of the equity instrument on the grant date and the best estimated quantity expected to be acquired, and the capital reserve - employee stock options is adjusted at the same time. If it is immediately vested on the grant date, it shall be fully recognized as an expense on the grant date.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

19. Taxation

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

1) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where 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 assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

3) Current and deferred tax for the year

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

5. Critical accounting judgements and key sources of estimation and uncertainty

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

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

6. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 1,526	\$ 1,873
Cheque and Deposit	42,647	67,967
<u>Cash equivalents</u> (investment with initial due date within 3 month)		
Fixed deposit	143,970	82,917
Repurchase agreements collateralized by bonds	-	15,445
	<u>\$ 188,143</u>	<u>\$ 168,202</u>

The interest rate range of cash equivalent on the balance sheet date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed deposit	1.4%~5.4%	3.20%~3.75%
Repurchase agreements collateralized by bonds	-	4%

7. Note receivable, account receivable (including related parties), other receivable (including related parties), long-term note receivable and long-term receivable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Note receivable</u>		
Arising from operating activities	\$ 15,326	\$ 39,640
Less: Allowance to reduce	-	-
	<u>\$ 15,326</u>	<u>\$ 39,640</u>
<u>Account receivable (including related parties)</u>		
Carried at amortized cost		
Total carrying amount	\$ 235,140	\$ 312,180
Less: Allowance to reduce	6,628	7,776
Less: Unrealized Interest Income	-	357
	<u>\$ 228,512</u>	<u>\$ 304,047</u>

<u>Other receivables (including related parties)</u>	\$ 151,191	\$ 88,998
Long-term note receivable	<u>252</u>	<u>7,773</u>
Long-term receivable - related parties		
Total carrying amount	\$ 3,227	\$ 16,267
Less: Unrealized Interest Income	<u>70</u>	<u>350</u>
	<u>\$ 3,157</u>	<u>\$ 15,917</u>

Note and account receivable measured at amortized cost

The Company set the credit term based on the financial condition, market region, and trading experience of each client. To management the risk, the Company has assigned a dedicated team to be responsible for the determination and examination of credit term of each client and to ensure all the note receivable have been managed properly. Additionally, on the balance sheet date, the Company will review the recoverable number of receivables one by one to ensure that unrecoverable receivables have been set aside for appropriate derogation losses. Hence the management of the Company believes that the credit risk of Company has been eased significantly.

The Company recognizes the allowance loss of accounts receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the provision matrix, which considers the customer's past default record and current financial situation. As the Company's historical credit loss experience does show significantly different loss patterns for different sales segments, the company uses different provision matrixes based on sales segments by geographical region, and determines the expected credit loss rate by reference to past due days of accounts receivable.

If there is evidence that shows the counterparty is facing severe financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty is undergoing liquidation, the Company will directly write off the relevant account receivable, but it will continue with the activities. The amount is recognized in profit or loss.

The Company measures the allowance loss of account receivable based on the reserve matrix as follows:

Note receivable as of December 31, 2023

	<u>Not Overdue</u>	<u>Overdue 0~180 days</u>	<u>Overdue 181 ~ 270 days</u>	<u>Overdue 271 ~ 450 days</u>	<u>Overdue 451 days and above</u>	<u>Total</u>
Expected credit losses ratio	0%	100%	100%	100%	100%	
Total carrying amount	\$ 15,326	\$ -	\$ -	\$ -	\$ -	\$ 15,326
Allowance to reduce (Expected credit losses during the duration)	-	-	-	-	-	-
Amortized cost	<u>\$ 15,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,326</u>

Account receivable as of December 31, 2023

	0~120 days	121~210 days	211~300 days	301~485 days	485 days and above	Individual recognition	Total
Expected credit losses ratio	1%	36%	61%	88%	100%		
Total carrying amount	\$ 3,396	\$ 885	\$ 41	\$ 54	\$ 4,863	\$ 225,901	\$ 235,140
Allowance to reduce (Expected credit losses during the duration)	(19)	(231)	(28)	(54)	(4,863)	(1,433)	(6,628)
Amortized cost	\$ 3,377	\$ 654	\$ 13	\$ -	\$ -	\$ 224,468	\$ 228,512

Note receivable as of December 31, 2022

	Not Overdue	Overdue 0~180 days	Overdue 181~270 days	Overdue 271~450 days	Overdue 451 days and above	Total
Expected credit losses ratio	0%	100%	100%	100%	100%	
Total carrying amount	\$ 39,640	\$ -	\$ -	\$ -	\$ -	\$ 39,640
Allowance to reduce (Expected credit losses during the duration)	-	-	-	-	-	-
Amortized cost	\$ 39,640	\$ -	\$ -	\$ -	\$ -	\$ 39,640

Account receivable as of December 31, 2022

	0~120 days	121~210 days	211~300 days	301~485 days	485 days and above	Individual recognition	Total
Expected credit losses ratio	1%	36%	61%	88%	100%		
Total carrying amount	\$ 25,049	\$ 124	\$ 167	\$ 1,461	\$ 4,874	\$ 280,148	\$ 311,823
Allowance to reduce (Expected credit losses during the duration)	(142)	(45)	(103)	(1,278)	(4,874)	(1,334)	(7,776)
Amortized cost	\$ 24,907	\$ 79	\$ 64	\$ 183	\$ -	\$ 278,814	\$ 304,047

Changes in the provision for losses on receivables are as follows:

	Year 2023	Year 2022
Balance at the start of the year	\$ 7,776	\$ 2,810
Impairment loss provision (Reversal gains) for the year	(1,148)	4,966
Balance at the end of year	\$ 6,628	\$ 7,776

Other receivable have not been provisioned for bad debts because past experience shows that the probability of recovery is extremely high.

8. Inventories

	December 31, 2023	December 31, 2022
Finished product	\$ 68,918	\$ 83,202
WIP- Work in process	429,335	438,929
Raw material	145,498	144,336
	<u>\$ 643,751</u>	<u>\$ 666,467</u>

The cost of goods sold related to inventories in 2023 and 2022 was NT \$422,993 thousands and NT \$486,762 thousands, respectively.

9. Investments using the equity method

	December 31, 2023	December 31, 2022
Investment subsidiary	\$ 179,262	\$ 240,641

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	(\$ 24,722)	(\$ 26,552)
YING HAN TEKNOLOJI LTD. STI(Turkey Ying Han)	(50,508)	(43,369)
YING HAN TECHNOLOGY Limited(Russia Ying Han)	(230)	(1,491)
HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	4,392	2,313
YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	1,613	2,884
Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam Ying Han)	(222)	(978)
YING HAN Technology Co., Ltd. (Tianjin)	118,061	150,838
Shanghai Yingheng Machinery Technology Co., Ltd.(Shanghai Ying Han)	61,921	89,912
YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	1,691	2,062
PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	3,231	3,015
Rdata System Co., Ltd.(Rdata)	12,010	15,960
YING HAN TECHNOLOGY(USA), INC.,	<u>52,025</u>	<u>46,047</u>
	<u>\$ 179,262</u>	<u>\$ 240,641</u>

<u>Name of subsidiaries</u>	<u>Ownership Interest and Voting Percentage(%)</u>	
	<u>Year 2023 31 December</u>	<u>Year 2022 31 December</u>
Poland Ying Han	100	100
Turkey Ying Han	100	100
Russia Ying Han	100	100
Malaysia Ying Han	100	100
Thailand Ying Han	46	46
Vietnam Ying Han	100	100
Tianjin Ying Han	100	100
Shanghai Ying Han	100	100
India Ying Han	99.99	99.99
Indonesia Ying Han	99	99
Rdata	55	55
USA Ying Han	100	100

1. NT \$8,250 thousands was agreed by the board of directors of the Company on April 1, 2022, with a 55% shareholding of the non-affiliated company. The transfer of the joint venture to the joint venture was approved for the difference of NT \$5,333 thousands, please refer to notes 13 and 24. In addition, the Company increased its investment in the subsidiary by NT\$8,250 thousands in September 2022 according to its shareholding ratio.

2. YING HAN TECHNOLOGY (USA), INC. was set by the board of directors on March 1, 2022 with the investment amount of US\$1,500 thousands. In addition, the Company increased its investment in the subsidiary by US\$200 thousands in May 19, 2023.
3. the Company increased its investment in Poland Ying Han by US\$177 thousands in November, 2023.

In 2023 and 2022, the profit and loss and other comprehensive profit and loss shares of subsidiaries using the equity method were recognized based on the financial reports of the subsidiaries audited by accountants for the same period.

10. Property, plant and equipment

	Land	Building	Machinery	Vehicles	Equipment	Lease	Other Equipment	Property in built	Total
Cost									
Balance as of January 1, 2023	\$ 499,064	\$ 281,407	\$ 77,341	\$ 17,827	\$ 72,951	\$ 4,648	\$ 60,981	\$ -	\$ 1,014,219
Addition	-	-	-	-	183	-	1,940	-	2,132
Disposal	-	-	-	(101)	-	-	-	-	(101)
Balance as of December 31, 2023	<u>\$ 499,064</u>	<u>\$ 281,407</u>	<u>\$ 77,341</u>	<u>\$ 17,726</u>	<u>\$ 73,134</u>	<u>\$ 4,648</u>	<u>\$ 62,921</u>	<u>\$ -</u>	<u>\$ 1,016,241</u>
Accumulated depreciation and reduction									
Balance as of January 1, 2023	\$ -	\$ 133,523	\$ 71,524	\$ 16,784	\$ 13,855	\$ 4,648	\$ 54,091	\$ -	\$ 294,425
Fee of depreciation	-	17,948	3,729	499	4,323	-	4,261	-	30,760
Disposal	-	-	-	(101)	-	-	-	-	(101)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 151,471</u>	<u>\$ 75,253</u>	<u>\$ 17,182</u>	<u>\$ 18,178</u>	<u>\$ 4,648</u>	<u>\$ 58,352</u>	<u>\$ -</u>	<u>\$ 325,084</u>
Net as of December 31, 2023	<u>\$ 499,064</u>	<u>\$ 129,936</u>	<u>\$ 2,088</u>	<u>\$ 544</u>	<u>\$ 59,956</u>	<u>\$ -</u>	<u>\$ 4,569</u>	<u>\$ -</u>	<u>\$ 691,157</u>
Cost									
Balance as of January 1, 2022	\$ 499,064	\$ 279,937	\$ 77,341	\$ 17,827	\$ 71,754	\$ 4,648	\$ 59,483	\$ 241	\$ 1,010,295
Addition	-	805	-	-	1,197	-	1,498	424	3,924
Reclassified	-	665	-	-	-	-	-	(665)	-
Balance as of December 31, 2022	<u>\$ 499,064</u>	<u>\$ 281,407</u>	<u>\$ 77,341</u>	<u>\$ 17,827</u>	<u>\$ 72,951</u>	<u>\$ 4,648</u>	<u>\$ 60,981</u>	<u>\$ -</u>	<u>\$ 1,014,219</u>
Accumulated depreciation and reduction									
Balance as of January 1, 2022	\$ -	\$ 115,627	\$ 65,528	\$ 16,132	\$ 9,271	\$ 4,648	\$ 49,488	\$ -	\$ 260,694
Fee of depreciation	-	17,896	5,996	652	4,584	-	4,603	-	33,731
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 133,523</u>	<u>\$ 71,524</u>	<u>\$ 16,784</u>	<u>\$ 13,855</u>	<u>\$ 4,648</u>	<u>\$ 54,091</u>	<u>\$ -</u>	<u>\$ 294,425</u>
Net as of December 31, 2022	<u>\$ 499,064</u>	<u>\$ 147,884</u>	<u>\$ 5,817</u>	<u>\$ 1,043</u>	<u>\$ 59,096</u>	<u>\$ -</u>	<u>\$ 6,890</u>	<u>\$ -</u>	<u>\$ 719,794</u>

Part of the warehouses and extended shelters of the Company's factory buildings have been listed as impairment losses of NT \$3,638 thousands in 2015.

Depreciation expense is provided on a straight-line basis over the following useful years:

Building	
Main warehouse	20~50 years
Renovation	10~15 years
Machinery	3~8 years
Vehicles	2~8 years
Equipment	3~15 years
Lease	5~10 years
Other equipment	2~10 years

Please refer to Note 26 for the amount of property, plant and equipment pledged by the Company as a loan guarantee.

11. Lease

1. Right to use

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount		
Building	\$ -	\$ 1,523
Vehicles	<u>2,087</u>	<u>3,652</u>
	<u>\$ 2,087</u>	<u>\$ 5,175</u>
	<u>Year 2023</u>	<u>Year 2022</u>
Addition	<u>\$ -</u>	<u>\$ 4,695</u>
Depreciation		
Building	\$ 1,523	\$ 3,046
Vehicles	<u>1,565</u>	<u>1,043</u>
	<u>\$ 3,088</u>	<u>\$ 4,089</u>

In addition to the depreciation expenses recognized above, the company's right-of-use assets did not have any major sublease and impairment in 2023 and 2022.

2. Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount		
Current	<u>\$ 1,579</u>	<u>\$ 3,119</u>
Non-current	<u>\$ 531</u>	<u>\$ 2,109</u>

The discount rate range for the lease liability is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Building and vehicles	1.30%~1.41%	1.30%~1.41%

3. Important lease activities and terms

If the Company leases official vehicles, the term is for a period of 3 years. These rental agreements do not have terms of renewal or right of purchase.

The Company also leases buildings as warehouse, and the lease period is 6 years. When the lease period ends, the Company has no preferential right to purchase the leased building, and it is agreed that the Company shall not sublease or transfer all or part of the leased object without the consent of the lessor.

4. Other lease information

Please refer to Note 12 for the Company's agreement on leasing investment real estate under business lease.

	<u>Year 2023</u>	<u>Year 2022</u>
Short-term Lease	<u>\$ 2,169</u>	<u>\$ 670</u>
Total cash outflow from leases	<u>\$ 5,365</u>	<u>\$ 4,908</u>

The company chooses to apply the recognition exemption to the factory buildings

and official vehicles that qualify for short-term leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

12. Investment Property

	<u>Building</u>
<u>Cost</u>	
Balance as of January 1, 2023, and December 31, 2023.	\$ <u>22,251</u>
<u>Accumulated Depreciation</u>	
Balance as of January 1, 2023	\$ 3,557
<u>Depreciation</u>	<u>547</u>
Balance as of December 31, 2023	\$ <u>4,104</u>
Net as of December 31, 2023	\$ <u>18,147</u>
<u>Cost</u>	
Balance as of January 1, 2022, and December 31, 2022	\$ <u>22,251</u>
<u>Accumulated Depreciation</u>	
Balance as of January 1, 2022	\$ 3,010
<u>Depreciation</u>	<u>547</u>
Balance as of December 31, 2022	\$ <u>3,557</u>
Net as of December 31, 2022	\$ <u>18,694</u>

The lease for investment property is 5 years. The lessee does not have the preferential purchase right of investment real estate at the end of the lease period.

The total lease payments to be received in the future for leasing investment property under operating leases are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
1 st Year	\$ 450	\$ 1,800
2 nd Year	<u>-</u>	<u>1,800</u>
	\$ <u>450</u>	\$ <u>3,600</u>

Investment properties are depreciated on a straight-line basis over a useful life of 41 years. The fair value of the investment real estate on December 31, 2021 was approximately NT \$46,101 thousands respectively. There is no significant change in fair value on December 31, 2023 and 2022 compared with December 31, 2021. The fair value was evaluated by the management of the consolidated company with reference to the transactions in the neighboring housing market.

Please refer to Note 26 for the amount of investment real estate set as loan guarantee.

13. Other intangible assets

	<u>Patent</u>	<u>Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2023, and December 31, 2023	\$ <u>2,610</u>	\$ <u>6,815</u>	\$ <u>9,425</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2023	\$ 2,307	\$ 6,768	\$ 9,075
Amortization fee	<u>45</u>	<u>29</u>	<u>74</u>
Balance as of December 31, 2023	\$ <u>2,352</u>	\$ <u>6,797</u>	\$ <u>9,149</u>
Net as of December 31, 2023	\$ <u>258</u>	\$ <u>18</u>	\$ <u>276</u>
<u>Cost</u>			
Balance as of January 1, 2022, and December 31, 2022	\$ <u>2,610</u>	\$ <u>6,815</u>	\$ <u>9,425</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2022	\$ 2,262	\$ 6,739	\$ 9,001
Amortization fee	<u>45</u>	<u>29</u>	<u>74</u>
Balance as of December 31, 2022	\$ <u>2,307</u>	\$ <u>6,768</u>	\$ <u>9,075</u>
Net as of December 31, 2022	\$ <u>303</u>	\$ <u>47</u>	\$ <u>350</u>
<u>Cost</u>			
Balance as of January 1, 2022, and December 31, 2022	\$ <u>2,610</u>	\$ <u>6,815</u>	\$ <u>9,425</u>

Amortization charges are calculated on a straight-line basis based on the number of useful years listed below:

Patent	5~14 years
Software	3 years

Other intangible assets of the Company are not mortgaged.

14. Borrowings

1. Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured Loan</u>		
Bank credit loan	\$ <u>380,000</u>	\$ <u>360,000</u>
Annual interest rate on unsecured loans	2.1076%~2.265%	1.7982%~2.1038%

2.	Short-term commercial note		
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Commercial note		
	IBFC	\$ 49,900	\$ 32,100
	MEGA BILLS	<u>50,000</u>	<u>50,000</u>
		99,900	82,100
	Less: Discount	<u>350</u>	<u>42</u>
		<u>\$ 99,550</u>	<u>\$ 82,058</u>
	The refinancing rate	2.278%~2.678%	2.038%~2.408%

3.	Long-term borrowings		
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Secured Loan(Note 1)</u>		
	Borrowings	\$ 371,154	\$ 436,625
	<u>Unsecured Loan(Note 2)</u>		
	Bank credit loan	<u>28,333</u>	<u>38,333</u>
	Total	399,487	474,958
	Less: Due in 1 year	<u>74,850</u>	<u>76,092</u>
		<u>\$ 324,637</u>	<u>\$ 398,866</u>

Note 1:As of December 31, 2023 and 2022, the annual effective interest rate of bank borrowings secured by the the company's freehold land and building (refer to Note 28) was 1.97%-4.3% and 1.85% - 4.3% per annum, respectively. And the aforementioned long-term borrowings will mature from November 2025 to March 2032, with interest calculated and principal repaid on schedule.

Note 2:The bank credit loan will mature sequentially before October 2028, with interest calculated and principal repaid on schedule. As of December 31, 2023 and 2022, the annual effective interest rate was 2.1%-2.97% and 1.67%-2.84% per annum, respectively.

15.	<u>Other payable</u>		
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Salaries	\$ 27,454	\$ 27,363
	Leave payment	6,190	5,989
	Commission payable	4,218	7,069
	Labor health insurance	3,144	3,054
	Pension	2,247	2,255
	Professional service fees	1,925	1,925
	Others	<u>5,143</u>	<u>4,481</u>
		<u>\$ 50,321</u>	<u>\$ 52,136</u>

16. Liability provision- Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Warranty liability reserve	<u>\$ 2,426</u>	<u>\$ 3,696</u>

Warranty liability reserve is the current value of the best estimate of future economic benefit outflows caused by warranty obligations by the management of the Company in accordance with the sales contract. This estimate is based on historical warranty experience.

17. Retirement Benefit

1. Defined contribution plans

The Company have made monthly contributions of 6% of each employee's monthly salary to employees' pension accounts based on the R.O.C. Labor Pension Act ("the Act").

2. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

Defined benefit plans loans listed in the individual balance sheet are listed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Defined benefit obligation	\$ 12,939	\$ 13,326
Plan assets at fair value	(<u>3,266</u>)	(<u>2,486</u>)
Net defined benefit liability	<u>\$ 9,673</u>	<u>\$ 10,840</u>

The changes of net defined benefit liability are as follow:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liability
Balance as of December 31, 2021	<u>17,399</u>	<u>(2,567)</u>	<u>14,832</u>
Interest expense	<u>91</u>	<u>-</u>	<u>91</u>
Recognized in profit or loss	<u>91</u>	<u>-</u>	<u>91</u>
Remeasurement			
Return on planned assets (In addition to the amount included in net interest)	17	(206)	(189)
Actuarial interest - experience adjustment	(893)	-	(893)
Actuarial benefits - changes in financial assumptions	(2,285)	-	(2,285)
Relating to components of other comprehensive income	(3,161)	(206)	(3,367)
Contributions by employer	<u>-</u>	<u>(716)</u>	<u>(716)</u>
Benefit Payment	<u>(1,003)</u>	<u>1,003</u>	<u>-</u>
Balance as of December 31, 2022	<u>\$ 13,326</u>	<u>(\$ 2,486)</u>	<u>\$ 10,840</u>
Interest expense	<u>180</u>	<u>-</u>	<u>180</u>
Recognized in profit or loss	<u>180</u>	<u>-</u>	<u>180</u>
Remeasurement			
Return on planned assets (In addition to the amount included in net interest)	52	(58)	(6)
Actuarial interest - experience adjustment	(357)	-	(357)
Actuarial benefits - changes in financial assumptions	<u>216</u>	<u>-</u>	<u>216</u>
Relating to components of other comprehensive income	(89)	(58)	(147)
Contributions by employer	<u>-</u>	<u>(1,200)</u>	<u>(1,200)</u>
Benefit Payment	<u>(478)</u>	<u>478</u>	<u>-</u>
Balance as of December 31, 2023	<u>\$ 12,939</u>	<u>(\$ 3,266)</u>	<u>\$ 9,673</u>

The company is exposed to the following risks due to the pension system of the "Labor Standards Act":

- 4) Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-use and entrusted operation methods, but the planned assets of the merged company may be allocated. The amount is calculated based on the local bank's 2-year fixed deposit interest rate.
- 2) Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined benefit obligations, but the debt investment return on project assets will also increase accordingly, and the impact of the two on net defined benefit liabilities will have a partial offset effect.
- 3) Salary risk: The calculation of the present value of the defined benefit obligation refers to the future salary of the plan members. An increase in

plan member salaries will therefore increase the present value of the defined benefit obligation.

The present value of the confirmed benefit obligations of the Company is calculated by a qualified actuary, and the major assumptions on the measurement date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625%	1.75%
Expected rate of salary increases	3%	3%

If there are reasonably possible changes in major actuarial assumptions, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase 0.25%	(\$ 428)	(\$ 451)
Decrease 0.25%	<u>\$ 446</u>	<u>\$ 470</u>
Expected rate of salary increases		
Increase 0.25%	<u>\$ 432</u>	<u>\$ 456</u>
Decrease 0.25%	(<u>\$ 417</u>)	(<u>\$ 440</u>)

Since the actuarial assumptions may be related to each other, the possibility of only a single assumption changing is unlikely, so the above sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected amount allocated within 1 year	<u>\$ 1,200</u>	<u>\$ 1,200</u>
Determining the weighted average of benefit obligations		
Duration	13.52 years	13.87 years

18. Equity

1. Capital Stock

Common stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Authorized capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousands)	<u>87,546</u>	<u>87,546</u>
Issued capital	<u>\$ 875,460</u>	<u>\$ 875,460</u>

2. Capital reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Can be used to make up for losses, distribute cash or allocate capital (Note)</u>		
Additional paid-in capital	\$ 347,203	\$ 347,203
Lapsed employee stock options	<u>390</u>	<u>390</u>
	<u>\$ 347,593</u>	<u>\$ 347,593</u>

Note: This kind of capital reserve can be used to make up for losses, and can also be used to distribute cash dividends or transfer capital when the company has no losses.

3. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, if the Company's annual final accounts have surplus, after paying all taxes and contributions in accordance with the law and making up for previous years' losses, 10% should be allocated as the legal surplus reserve. However, this is not applicable when the total amount of paid-in capital is reached or it is listed or reversed according to the laws and regulations of the competent authority; if there is still a balance, no less than 10% should be allocated as shareholder dividends. The board of directors will submit to the shareholders' meeting for a resolution on the distribution of shareholder dividends and bonuses together with the previous surplus. Please refer to Note 20 (8) Employee Remuneration and Director Remuneration for the distribution policy of employees, directors and supervisors' remuneration after the revision of the Articles of Incorporation.

According to the Company's Articles of Incorporation, cash dividends shall not be less than 10% of the total dividends distributed in the current year. However, it can be adjusted depends on whether the company has improved its financial structure or major capital expenditure plans in the current year. The ratio of cash dividend distribution can be increased or decreased by the resolution of the shareholders' meeting.

Legal reserve can be used to make up losses. When the Company has no losses, the portion of the legal reserve which exceeding 25% of the total paid-in share capital may be allocated to share capital and distributed in cash.

The Company withdraw and reverse the special reserve according Financial-Supervisory-Securities-Auditing-1090150022 and IFRSs- Questions and Answers about the Application of Special Reserve.

The company held regular shareholders' meetings on June 7, 2023, and June 14, 2022, and passed resolutions to make up for losses in 2022 and 2021, respectively.

The 2023 loss surplus plan is yet to be resolved at the shareholders' meeting expected to be held in June 2024.

4. Others

Exchange differences arising on translation of foreign operations.

	<u>Year 2023</u>	<u>Year 2022</u>
Balance as of the beginning of the year	(\$ 2,601)	(\$ 11,370)
Occurred in the current year	16,069	10,961
Exchange differences arising on translation of foreign operations.	(<u>3,214</u>)	(<u>2,192</u>)
Income tax arising on translation of foreign operations.	<u>\$ 10,254</u>	(<u>\$ 2,601</u>)

19. Revenue

	<u>Year 2023</u>	<u>Year 2022</u>
Contract revenue		
Sales of goods	<u>\$ 650,666</u>	<u>\$ 692,587</u>

1. Description of customer contract

Sales of goods

The Company recognized its revenue and accounts receivable when the automatic machinery such as intelligent pipe bender, forming machine, vertical working machine has been delivered or loading certificates with customer's signature. The Company set the credit term based on the financial condition, market region, and trading experience of each customer. Most of the contracts are regards as accounts receivable when the commodity is transferred and there is an unconditional right to receive the consideration amount. These accounts receivable usually have a short collection period and do not have a significant financial component; only some contracts charge part of the consideration from the customer before transferring the goods, and the Company needs to undertake the obligation to transfer the goods later, so it is recognized as contract liabilities.

2. Contract balance

	<u>2023 December 31</u>	<u>2022 December 31</u>	<u>2022 January 1</u>
Notes receivable (Note 7)	<u>\$ 15,326</u>	<u>\$ 39,640</u>	<u>\$ 17,374</u>
Accounts receivable (Note 7)	\$ 92,800	\$ 94,977	\$ 130,370
Accounts receivable from related parties (Note 7)	<u>135,712</u>	<u>209,070</u>	<u>196,730</u>
	<u>\$ 228,512</u>	<u>\$ 304,047</u>	<u>\$ 327,100</u>

	<u>2023</u> <u>December 31</u>	<u>2022</u> <u>December 31</u>	<u>2022</u> <u>January 1</u>
Long-term notes receivable (Note 7)	<u>\$ 252</u>	<u>\$ 7,773</u>	<u>\$ 7,211</u>
Long-term accounts receivable from related parties (Note 7)	<u>\$ 3,157</u>	<u>\$ 15,917</u>	<u>\$ 19,298</u>
Contract Liabilities - Current			
Sales of goods	<u>\$ 36,714</u>	<u>\$ 64,211</u>	<u>\$ 30,320</u>

Revenue from the beginning balance of the contract liability and satisfaction during the year 2023 and 2022 were as follows:

<u>Revenue from the beginning balance of contract liabilities</u>	<u>Year 2023</u>	<u>Year 2022</u>
Sales of goods	<u>\$ 58,789</u>	<u>\$ 28,762</u>

20. Net loss before income tax

1. Other income and net loss

	<u>Year 2023</u>	<u>Year 2022</u>
Loss (gain) from disposal of property, plant and equipment	<u>\$ 8</u>	<u>\$ -</u>

2. Interest income from bank deposits

	<u>Year 2023</u>	<u>Year 2022</u>
Bank deposit	<u>\$ 5,711</u>	<u>\$ 2,382</u>
Long-term account		
receivable	864	993
Others	<u>52</u>	<u>8</u>
	<u>\$ 6,627</u>	<u>\$ 3,383</u>

3. Other income

	<u>Year 2023</u>	<u>Year 2022</u>
Solar Power Revenue	<u>\$ 12,306</u>	<u>\$ 12,559</u>
Lease	1,622	1,820
Subsidies	278	785
Others	<u>915</u>	<u>701</u>
	<u>\$ 15,121</u>	<u>\$ 15,865</u>

4. Other benefit and loss		
	<u>Year 2023</u>	<u>Year 2021</u>
Net foreign currency exchange gains (Loss)	(\$ <u>2,344</u>)	\$ <u>70,604</u>
5. Financial costs		
	<u>Year 2023</u>	<u>Year 2022</u>
Interest on borrowings from bank	\$ 19,274	\$ 17,449
Interest on lease liabilities	39	53
Less: Interest capitalization	<u>-</u>	<u>3</u>
	<u>\$ 19,313</u>	<u>\$ 17,499</u>
Interest capitalization amount	\$ -	\$ 3
Interest capitalization rate	-	1.30%
6. Depreciation and amortization		
	<u>Year 2023</u>	<u>Year 2022</u>
Depreciation classified by function		
Operation cost	\$ 23,394	\$ 27,416
Operation expense	<u>11,001</u>	<u>10,951</u>
	<u>\$ 34,395</u>	<u>\$ 38,367</u>
Depreciation classified by function		
Operation cost	<u>\$ 74</u>	<u>\$ 94</u>
7. Employee benefit		
	<u>Year 2023</u>	<u>Year 2022</u>
Short-term employee benefit		
Salary	\$ 174,775	\$ 179,098
Labor health insurance	19,393	20,199
Others	<u>2,328</u>	<u>1,829</u>
	<u>196,496</u>	<u>201,126</u>
Post-employment benefits(Note 17)		
Defined contribution plan	9,065	9,781
Defined benefit plans	<u>180</u>	<u>91</u>
	<u>9,245</u>	<u>9,872</u>
Total	<u>\$ 205,741</u>	<u>\$ 210,998</u>

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	<u>Year 2023</u>	<u>Year 2022</u>
Classified by function		
Operation cost	\$ 92,021	\$ 97,618
Operation expense	<u>113,720</u>	<u>113,380</u>
	<u>\$ 205,741</u>	<u>\$ 210,998</u>

8. Employee and directors' bonus stock

The company allocates employee remuneration and director remuneration at a rate of 1% to 5% and no more than 5% of the pre-tax profit before deducting the distribution of employee and director remuneration in the current year. The company's 2023 and 2022 years were net losses before tax, so the employee remuneration and director's remuneration were not estimated.

For information on employee remuneration and director remuneration for resolutions of the company's board of directors, please visit the "Public Information Observatory" of the Taiwan Stock Exchange.

9. Foreign currency exchange gain and loss

	<u>Year 2023</u>	<u>Year 2022</u>
Total gains	\$ 16,769	\$ 83,351
Total losses	(<u>19,113</u>)	(<u>12,747</u>)
Net losses/gains	(<u>\$ 2,344</u>)	\$ <u>70,604</u>

21. Income Tax

1. Income tax expense (benefit) recognized relating to comprehensive income

The main components of income tax expense (benefit) are as follows:

	<u>Year 2023</u>	<u>Year 2022</u>
Deferred income tax (benefit)		
Occurred at current year	\$ <u>2,777</u>	(<u>\$ 1,864</u>)

The adjustment of accounting income and income tax expense (benefit) is as follows:

	<u>Year 2023</u>	<u>Year 2022</u>
Net loss before tax	(\$ <u>78,065</u>)	(\$ <u>14,189</u>)
Net loss before tax		
Income tax benefit calculated at statutory tax rate	(\$ 15,613)	(\$ 2,838)
Non-deductible expenses	36	-
Tax-free income	(4)	-
Unrecognized loss deductions and deductible temporary differences	<u>18,358</u>	<u>974</u>
Income tax expense (benefit) relating to comprehensive income	<u>\$ 2,777</u>	(\$ <u>1,864</u>)

2. Income tax recognized in other comprehensive income

	<u>Year 2023</u>	<u>Year 2022</u>
<u>Deferred tax assets</u>		
Occurred at current year		
Conversion of foreign operating units	(\$ <u>3,214</u>)	(\$ <u>2,192</u>)

3. Current tax asset and liability

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax asset		
Tax refund receivable	<u>\$ 746</u>	<u>\$ 213</u>

4. Deferred tax asset

Changes in deferred tax assets are as follows:

Year 2023

<u>Deferred tax asset</u>	<u>Balance as of the beginning of year</u>	<u>Recognized in profit or loss</u>	<u>Recognized in OCI</u>	<u>Balance as of the end of year</u>
Temporary differences				
Uncollectible accounts	\$ 803	\$ 14	\$ -	\$ 817
Inventory depreciation and sluggish loss	8,970	(546)	-	8,424
Leave Payable	1,198	40	-	1,238
Unrealized sales benefit	9,186	(5,055)	-	4,131
Unrealized exchange loss	-	534	-	534
Liabilities provision	739	(254)	-	485
Conversion of foreign operating units	650	-	(650)	-
Others	<u>5,941</u>	<u>(785)</u>	<u>-</u>	<u>5,156</u>
	<u>\$ 27,487</u>	<u>(\$ 6,052)</u>	<u>(\$ 650)</u>	<u>\$ 20,785</u>

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Deferred tax liability	Balance as of the beginning of year	Recognize d in profit or loss	Recognized in OCI	Balance as of the end of year
<u>Temporary differences</u>				
Conversion of foreign operating units	\$ -	\$ -	\$ 2,564	\$ 2,564
Unrealized exchange gain	<u>3,275</u>	(3,275)	-	-
	<u>\$ 3,275</u>	(\$ 3,275)	<u>\$ 2,564</u>	<u>\$ 2,564</u>
 <u>Year 2022</u>				
Deferred tax asset	Balance as of the beginning of year	Recognized in profit or loss	Recognized in OCI	Balance as of the end of year
<u>Temporary differences</u>				
Uncollectible accounts	\$ -	\$ 803	\$ -	\$ 803
Inventory depreciation and sluggish loss	9,186	(216)	-	8,970
Leave Payable	1,068	130	-	1,198
Unrealized sales benefit	4,502	4,684	-	9,186
Unrealized exchange loss	1,358	(1,358)	-	-
Liabilities provision	517	222	-	739
Conversion of foreign operating units	2,842	-	(2,192)	650
Others	<u>5,067</u>	<u>874</u>	<u>-</u>	<u>5,941</u>
	<u>\$ 24,540</u>	<u>\$ 5,139</u>	<u>(\$ 2,192)</u>	<u>\$ 27,487</u>
<u>Deferred tax liability</u>				
<u>Temporary differences</u>				
Unrealized exchange gain	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ -</u>	<u>\$ 3,275</u>

5. Deductible temporary differences and unused loss deduction amounts not recognized in the balance sheet as deferred tax asset

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss deductions		
Due year 2030	110,483	110,513
Due year 2031	<u>116,568</u>	<u>116,568</u>
	<u>\$ 227,051</u>	<u>\$ 227,081</u>
Deductible temporary differences		
Net defined benefit liability	\$ 15,647	\$ 16,667
Impairment loss on property, plant and equipment	<u>2,058</u>	<u>2,255</u>
	<u>\$ 17,705</u>	<u>\$ 18,922</u>

6. Information about unused loss deductions and tax exemptions

The information as of December 31, 2023 is as follow:

<u>Balance not yet deducted</u>	<u>Final deduction year</u>
\$ 110,483	2030
<u>116,568</u>	2031
<u>\$ 227,051</u>	

7. Income tax verification

The year 2020 income tax declaration of the Company has been approved by the tax collection agency

22. Net loss per share

The loss and weighted average number of common stocks used to calculate the net loss per share are as follows:

Net loss of the year

	<u>Year 2023</u>	<u>Year 2022</u>
Net loss	(\$ 80,842)	(\$ 12,325)

Number of shares

	<u>Year 2023</u>	<u>Year 2022</u>
Weighted average number of common stocks used to calculate diluted net loss per share	<u>87,546</u>	<u>87,546</u>

Unit: Thousands share

If the Company can choose to issue employee remuneration in stock or cash, when calculating the diluted net loss per share, it is assumed that the employee remuneration will be issued in the form of stock, and when the potential ordinary shares have a dilutive effect, it will be included in the weighted average number of outstanding shares. Calculate diluted net loss per share. When calculating the diluted net loss per share before deciding on the number of shares issued for employee compensation in the next year, the dilution effect of these potential common stock will also continue to be considered.

23. Capital Risk Management

The capital management of the Company is to optimize the balance of debt and equity to make effective use of capital and ensure the smooth operation of each company. The overall strategy of the Company has not changed. The capital structure of the Company is composed of net debt and equity and does not need to comply with other external capital requirements. The management of the Company re-examines the capital structure on a quarterly basis, including consideration of the cost of various types of capital and related risks. According to the recommendations of the management, the Company will pay dividends or repay liabilities, and invest in financial products to increase the company's income and management capital structure.

24. Financial instruments

1. Fair value information - financial instruments not measured at fair value

Financial instruments of the Company that are not measured at fair value, such as cash and cash equivalents, net receivables, other receivables, deposits, long-term and short-term loans The book amounts of , payables, other payables and

deposits are reasonable approximations of fair values.

2. Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 588,723	\$ 629,188
<u>Financial Liabilities</u>		
Financial assets measured at amortized cost (Note 2)	1,051,699	1,115,667

Note 1: The balance includes cash and cash equivalents, note and account receivable (including related parties), other receivable (including related parties), deposits and long-term note receivable and long-term receivable - related parties and other financial assets measured at cost after amortization.

Note 2: The balance includes short-term loans, short-term commercial note, note and account payable (including related parties), other payable (including related parties), long-term loans (including long-term loans due within one year) and deposits, etc. Financial liabilities are measured at amortized cost.

3. Objectives and policies on financial risks

The main financial instruments of the Company include equity investment, account and note receivable, loans, account and note payable, etc. The financial management of the Company provides services for each business unit, supervises, and manages the financial risks related to the operation of the Company according to the level of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

a. Foreign currency risk

The Company engages sales activities in foreign currency thus exposing the Company to risk of exchange rate fluctuations.

Please refer to Note 27 for the carrying amount of monetary assets and monetary liabilities denominated in non-functional currency of the Company on the balance sheet date.

Sensitivity Analysis

The Company is mainly affected by fluctuations in foreign exchange rates such as the U.S. dollar and the Chinese Yuan. The table below details the sensitivity analysis of the Company when the exchange rates of the Company's foreign currencies to NT change. When the relevant foreign currencies appreciate by 1%, the impact on the profit and loss of the Company is as follows:

US Dollar

	Year 2023	Year 2022
Profit and loss	\$ 4,505	\$ 3,778

	Chinese Yuan	
	Year 2023	Year 2022
Profit and loss	\$ 836	\$ 582

b. Interest Rate Risk

Because individuals within the Company borrow funds at floating rates, risks arise. The Company manages interest rate risk by maintaining an appropriate mixture of fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the Company subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial Assets	\$ 143,970	\$ 98,362
Financial Liabilities	101,660	87,286
Cash flow interest rate risk		
Financial Assets	42,632	67,967
Financial Liabilities	779,487	834,958

Sensitivity Analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis method assumes that the amount of liabilities outstanding on the balance sheet date is all outstanding during the reporting period. The rate of change used when reporting interest rates internally to key management within the Group is a 1% increase or decrease in interest rates and represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases by 1%, and all other variables remain unchanged, the combined company's net loss before tax in 2023 and 2022 will increase by NT \$7,368 thousands NT \$7,670 thousands respectively, mainly due to the change in interest rates of deposits and loans of the Company.

The sensitivity of the Company to interest rates decreased in the current period, mainly due to the reduction of debt instruments with variable interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults in contractual obligations and causes financial losses to the Group. As of the balance sheet date, the largest credit risk exposure of the Company that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the book value of financial assets recognized in the individual balance sheet.

The policy adopted by the Company is to conduct transactions with reputable objects. The Company uses other publicly available financial information and mutual transaction records to evaluate major customers. The Company continues to monitor the credit risk and the credit evaluation of the counterparty, and controls the credit risk through the annual credit limit of the counterparty.

3) Liquidity risk

The Company manages and maintains sufficient cash and equivalent cash to support the group's operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank financing facilities and ensures compliance with the terms of the loan contract.

The operating capital of the Company and the amount of bank financing obtained are sufficient to meet future operating needs, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations

a. Liquidity and interest rate risk table for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the Company may be required to repay. Therefore, the bank loans that the company can be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the bank's immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the yield curve on the balance sheet date.

	<u>Within one year</u>	<u>More than one year</u>
<u>December 31, 2023</u>		
No interest liabilities	\$ 147,558	\$ 25,104
Lease liability	1,597	532
Floating Rate Instrument - Bank Loans 1.97%~4.3%	464,164	340,027
Fixed Rate Instruments - Short-Term Notes Payable 2.278%~2.678%	99,900	-
	<u>\$ 713,219</u>	<u>\$ 365,663</u>

Further information on the lease liability maturity analysis is as follows:

	<u>Within one year</u>	<u>More than one year</u>
Lease liability	<u>\$ 1,597</u>	<u>\$ 532</u>

	<u>Within a year</u>	<u>More than a year</u>
<u>December 31, 2022</u>		
No interest liabilities	\$ 173,547	\$ 25,104
Lease liability	3,157	2,129
Floating Rate Instrument – Bank Loans 1.798%~2.84%	446,046	420,544
Fixed Rate Instruments - Short-Term Notes Payable 2.038%~2.408%	82,100	-
	<u>\$ 704,850</u>	<u>\$ 447,777</u>

Further information on the lease liability maturity analysis is as follows:

	<u>Within one year</u>	<u>More than one year</u>
Lease liability	<u>\$ 3,157</u>	<u>\$ 2,129</u>

b. Financing amount

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured Bank Overdraft Facility		
-Amount used	\$ 408,333	\$ 398,333
-Amount unused	<u>120,000</u>	<u>90,000</u>
	<u>\$ 528,333</u>	<u>\$ 488,333</u>
Secured Bank Overdraft Facility		
-Amount used	\$ 371,154	\$ 436,625
-Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 371,154</u>	<u>\$ 436,625</u>

25. Related party transactions

The transactions between the Company and related parties are as follows:

1. Name of the related part and relationship

<u>Name of the related party</u>	<u>Relationship</u>
YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	Subsidiary
YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Subsidiary
YING HAN TECHNOLOGY Limited(Russia Ying Han)	Subsidiary
HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Subsidiary
YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	Subsidiary
Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam Ying Han)	Subsidiary
Tianjin Ying Han Technology Co., Ltd.(Tianjin Ying Han)	Subsidiary
Shanghai Ying Han Machinery Technology Co., Ltd(Shanghai Ying Han)	Subsidiary
YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	Subsidiary
PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Subsidiary
YLM USA, INC(YLM USA)	Other related party(The director of the Company is the immediate family to this related party's person in charge)

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<u>Name of the related party</u>	<u>Relationship</u>
YING LIN MACHINE INDUSTRIAL CO., LTD.(Ying Lin)	Investors with Significant Influence
TM Technology, Inc.(TM)	Other related party(The chairman of the Company is also the chairman of this related party's person in charge)
Lian Yang (TIAN JIN) Machine Co.,Ltd.(Lian Yang)	Other related party(The chairman of the Company is the second degree family to this related party's person in charge)
Long-Sing Construction Co., Ltd. (Long-Sing)	Other related party(The chairman of the Company is the immediate family to this related party's person in charge)
Kaixing Energy Co., Ltd.(Kaixing)	Other related party(TM Technology 100% holds this related party)

2. Operating Revenue

<u>Item</u>	<u>Category</u>	<u>Year 2023</u>	<u>Year 2022</u>
Sales Revenue	Subsidiary	\$ 171,283	\$ 216,857
	Other related party		
	YLM USA	<u>39,558</u>	<u>54,628</u>
		<u>\$ 210,841</u>	<u>\$ 271,485</u>

The sales price of the parts and machinery is negotiated by both parties due to the nature of the product is customization.

The Company set the credit term based on the financial condition, market region, and trading experience of each client.

3. Purchase

<u>Category</u>	<u>Year 2023</u>	<u>Year 2022</u>
Investors with Significant Influence		
Ying Lin	\$ 2,232	\$ 4,180
Other related party		
YLM USA	<u>140</u>	<u>953</u>
	<u>\$ 2,372</u>	<u>\$ 5,133</u>

The price of equipment, machines and spare parts and credit terms set for the replated parties is the same as non-related party.

4. Receivables from related parties (Excluding loans to related parties)

Item	Category	December 31 2023	December 31 2022
Account receivable	Subsidiary		
	Turkey Ying Han	\$ 42,659	\$ 64,496
	Poland Ying Han	24,014	26,202
	Others	59,658	74,091
	Other related party		
	YLM USA	<u>9,381</u>	<u>44,281</u>
		<u>\$ 135,712</u>	<u>\$ 209,070</u>
Long-term accounts receivable	Other related party		
	YLM USA	<u>\$ 3,157</u>	<u>\$ 15,917</u>

There is no guarantee for the outstanding receivables from related parties. The amount receivable from related parties in 2023 and 2022 has not been provisioned for loss.

5. Accounts payable – related party

Item	Category	December 31 2023	December 31 2022
Accounts Payable	Investors with Significant Influence		
	Ying Lin	<u>\$ 4,555</u>	<u>\$ 3,254</u>
Others Payable	Subsidiary	\$ 9,878	\$ 4,899
	Other related party	<u>-</u>	<u>4,752</u>
		<u>\$ 9,878</u>	<u>\$ 9,651</u>

6. Lease Liabilities

Item	Category	December 31 2023	December 31 2022
Lease Liabilities	Subsidiary	<u>\$ 8</u>	<u>\$ 2,982</u>

7. Guarantee deposit

Item	Category	December 31 2023	December 31 2022
Guarantee deposit	Other related party		
	YLM USA	<u>\$ 25,104</u>	<u>\$ 25,104</u>

8. Prepayment

Category	December 31 2023	December 31 2022
Other related party	<u>\$ -</u>	<u>\$ 481</u>

9. Loans to related parties

Item	Category	December 31 2023	December 31 2022
Others account receivable	Subsidiary	<u>\$ 149,024</u>	<u>\$ 87,352</u>

There is no interest on loans to related parties.

10. Lease Agreement

Item	Category	December 31 2023	December 31 2022
Lease Liabilities	Investors with Significant Influence Ying Lin	<u>\$ -</u>	<u>\$ 1,561</u>

Item	Year 2023	Year 2022
Interest Investors with Significant Influence	<u>\$ -</u>	<u>\$ 16</u>

11. Rental Agreement

The Company is leased to other related parties under an operating lease with a lease period of 1 to 5 years. The rental income recognized in 2023 and 2022 is NT\$ 1,579 thousands and NT \$1,820 thousands respectively.

12. Others

In year 2023 and 2022, the Company recognized the processing fees and business-related expenses of investors with significant influence as NT \$6,511 thousands and NT \$5,832 thousands respectively; the business-related expenses recognized as other related party were NT \$10,113 thousands in 2022; The payment to subsidiaries to promote the business is NT \$19,807 thousands and NT \$ 14,758 thousands ; The other income listed in other related party is NT \$390 thousands and NT \$301 thousands respectively.

13. Salary of management

The total amount paid to chairman and management is as follows:

	Year 2023	Year 2022
Short-term benefit employee	\$ 12,946	\$ 11,805
Post-employment benefits	<u>296</u>	<u>296</u>
	<u>\$ 13,242</u>	<u>\$ 12,101</u>

The remuneration of directors and other management personnel is determined by the remuneration committee in accordance with individual performance and market trends.

26. Pledged assets

The following assets were provided as collateral for financing borrowings:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 499,064	\$ 499,064
Building	129,936	147,884
Investment property	<u>18,147</u>	<u>18,694</u>
	<u>\$ 647,147</u>	<u>\$ 665,642</u>

27. Foreign assets and liabilities with significant impact

The following information is summarized and expressed in terms of foreign currencies other than the individual functional currencies of the consolidated companies. The disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currencies. Information on foreign currency financial assets with significant impact is as follows:

			Unit: Thousands
<u>December 31, 2023</u>			
<u>Foreign Currency Assets</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Amount</u>
<u>Monetary items</u>			
USD	\$ 15,021	30.705 (USD:TWD)	\$ 461,216
EUR	480	33.98 (EUR:TWD)	16,326
CNY	20,105	4.327 (CNY:TWD)	86,993
JPY	894	0.2172 (JYP:TWD)	194
<u>Non-monetary items</u>			
Related companies using the equity method			
CNY	41,595	4.327 (CNY:TWD)	179,982
THB	1,789	0.9017 (THB:TWD)	1,613
PLN	(3,168)	7.8030 (PLN:TWD)	(24,722)
TRY	(48,403)	1.0435 (TRY:TWD)	(50,508)
MYR	685	6.411 (MYR:TWD)	4,392
RUB	(673)	0.3419 (RUB:TWD)	(230)
INR	4,590	0.3685 (INR:TWD)	1,691
IDR	1,631,702	0.002 (IDR:TWD)	3,231
VND	(178,077)	0.0012 (VND:TWD)	(222)
USD	1,694	30.705 (USD:TWD)	52,025

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Foreign Currency Liability	Foreign Currency	Exchange Rate	Amount
<u>Monetary items</u>			
USD	\$ 348	30.705 (USD:TWD)	\$ 10,680
EUR	18	33.98 (EUR:TWD)	604
CNY	794	4.327 (CNY:TWD)	3,435
 <u>December 31, 2022</u>			
Foreign Currency Assets	Foreign Currency	Exchange Rate	Amount
<u>Monetary items</u>			
USD	\$ 12,527	30.71 (USD:TWD)	\$ 384,808
EUR	396	32.72 (EUR:TWD)	12,946
CNY	14,286	4.408 (CNY:TWD)	62,974
JPY	1,918	0.2201 (JYP:TWD)	422
<u>Non-monetary items</u>			
Related companies using the equity method			
CNY	54,617	4.408 (CNY:TWD)	240,750
THB	3,226	0.8941 (THB:TWD)	2,884
PLN	(3,806)	6.9767 (PLN:TWD)	(26,552)
TRY	(26,427)	1.6411 (TRY:TWD)	(43,369)
MYR	345	6.699 (MYR:TWD)	2,313
RUB	(3,406)	0.4377 (RUB:TWD)	(1,491)
INR	5,550	0.3716 (INR:TWD)	2,062
IDR	1,522,502	0.00198 (IDR:TWD)	3,015
VND	(760,721)	0.0012 (VND:TWD)	(978)
USD	1,499	30.71 (USD:TWD)	46,047

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Foreign Currency Liability	Foreign Currency	Exchange Rate	Amount
<u>Monetary items</u>			
USD	\$ 229	30.71 (USD:TWD)	\$ 7,043
EUR	116	32.72 (EUR:TWD)	3,791
CNY	1,088	4.408 (CNY:TWD)	4,796

Foreign currency exchange profits and losses with significant impact (realized and unrealized) are as follows:

<u>Monetary items</u>	Year 2023		Year 2022	
	Functional currency Exchange currency	Net Losses and Profits	Functional currency Exchange currency	Net Losses and Profits
USD	30.705(USD:TWD)	\$ 11,691	30.71(USD:TWD)	\$ 25,760
EUR	33.98(EUR:TWD)	(346)	32.72(EUR:TWD)	163
CNY	4.327(CNY:TWD)	(748)	4.408(CNY:TWD)	2,364
Others		(12,941)		42,317
		(\$ 2,344)		\$ 70,604

28. Other disclosures

1) Major transactions

1. Lending funds to others(Schedule I)
2. Endorsement for others(Schedule II)
3. Securities held at the end of the period(N/A)
4. Accumulated buying or selling of the same securities amounted to NT \$300 million or more than 20% of the paid-in capital. (N/A)
5. The amount of property acquired is NT\$300 million or more than 20% of the paid-in capital. (N/A)
6. The amount of disposing of property is NT\$300 million or more than 20% of the paid-in capital. (N/A)
7. The amount of goods purchased and sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital. (N/A)
8. Receivables from related parties amount to NT\$100 million or more than 20% of the capital. (Schedule VI)
9. Engage in derivative transactions. (N/A)

2) Information of investment business (Schedule III)

3) Mainland Investment Information:

1. The name of the mainland invested company, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book amount at the end of the period, repatriated investment profit and loss, and investment quota in the mainland. (Schedule IV)
2. The following major transactions, prices, payment terms, and unrealized profits and losses with mainland invested companies directly or indirectly via third regions. (Schedule V)

- <1> The purchase amount and percentage and the ending balance and percentage of related payables.
- <2> The sales amount and percentage and the closing balance and percentage of related receivables.
- <3> The amount of assets transactions and the amount of profits and losses arising therefrom.
- <4> Ending balance of bill endorsement or guarantee and its purpose.
- <5> Maximum balance of financing, ending balance, interest rate range and total interest of the current period.
- <6> Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services, etc.

4) Corporate shareholders: Names, shareholding amounts, and percentages of shareholders who own more than 5% of the company's equity. (Schedule VII)

YING HAN Technology Co., Ltd. and Subsidiaries
Funds Lent to Others
January 1 to December 31, 2023

Schedule I

Units: Thousands of New Taiwan Dollars

No. (Note 1)	Company that lent funds	Company lent funds to	Business Objective	If It's Related Party	Highest Balance of the period	Balance at the end of the period (Note4)	Actual spending amount	Ratio (%)	Fund loan nature(Note3)	Business dealings amount	Reasons for short-term financing	Allowance and debt amount	Collateral		Individual fund loan and limit	Loan and total limit
													Item	Value		
0	The Company	YING HAN TECHNOLOGY LIMITED(Russia)	Other accounts payable	Yes	\$ 3,674	\$ 389	\$ -	-	1	\$ 389	Business dealings	\$ -	-	\$ -	\$ 389 (Note2)	\$ 419,543 (Note2)
		Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.(Vietnam)	Other accounts payable	Yes	4,789	4,789	2,222	-	1	4,789	Business dealings	-	-	-	4,789 (Note2)	419,543 (Note2)
		HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Other accounts payable	Yes	4,941	4,941	-	-	1	4,941	Business dealings	-	-	-	4,941 (Note2)	419,543 (Note2)
		YING HAN TEKNOLOJI LTD. STI(Turkey Ying Han)	Other accounts payable	Yes	80,996	80,996	65,975	-	1	80,996	Business dealings	-	-	-	80,996 (Note2)	419,543 (Note2)
		YING HAN TECHNOLOGY SP. ZO. O. (Poland Ying Han)	Other accounts payable	Yes	31,260	31,260	22,242	-	1	31,260	Business dealings	-	-	-	31,260 (Note2)	419,543 (Note2)
		YLM TUBE SOLUTIONS AND SERVICE P. LTD(India Ying Han)	Other accounts payable	Yes	502	115	9	-	1	115	Business dealings	-	-	-	115 (Note2)	419,543 (Note2)
		PT.YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Other accounts payable	Yes	952	903	-	-	1	903	Business dealings	-	-	-	903 (Note2)	419,543 (Note2)
		YLM INDUSTRIAL CO., LTD. (Thailand Ying Han)	Other accounts payable	Yes	22,666	17,551	-	-	1	17,551	Business dealings	-	-	-	17,551 (Note2)	419,543 (Note2)
		Tianjin Yinghan Technology Co., Ltd.	Other accounts payable	Yes	39,052	39,052	27,526	-	1	39,052	Business dealings	-	-	-	39,052 (Note2)	419,543 (Note2)
		Shanghai Yingheng Machinery Technology Co., Ltd.	Other accounts payable	Yes	62,578	36,861	31,050	-	1	36,861	Business dealings	-	-	-	36,861 (Note2)	419,543 (Note2)

Note 1: Number 0 in the number column refers to the issuer. Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note 2: (1) The total amount of the company's funds lent to others shall not exceed 40% of the company's net value at the end of the period.

(2) The limit of the company's capital loan to individual companies or firms is limited to the lower of the business transaction amount and 10% of the company's net value at the end of the period.

Note 3: (1) Business dealings.

(2) There is a need for short-term financing.

Note 4: It is the amount approved by the board of directors for the loan.

YING HAN Technology Co., Ltd. and Subsidiaries
Endorsement for Others
January 1 to December 31, 2023

Schedule II

Units: Thousands of New Taiwan Dollars except for remarks

No. (Note1)	Endorsement guarantor company name	Guaranteed by the endorsement		Quota for a single enterprise endorsement guarantee (Note3)	The highest endorsement in this period guaranteed balance(Note4)	End of term endorsement guaranteed balance(Note4)	Actual spending amount	Guarantee Amount secured by property Endorsement	Cumulative Endorsement Guarantee The amount accounted for the most recent Financial Statement Net Worth ratio of(%)	Endorsement guarantee maximum limit(Note3)	Parent company Subsidiary endorsement guarantee	Subsidiary pair Parent company endorsement guarantee	Mainland China endorsement guarantee
		Name of the company	Relationship (Note2)										
0	The Company	Tianjin Yinghan Technology Co., Ltd.	(2)	\$ 209,771	\$ 173,080 (RMB 40,000,000)	\$ 173,080 (RMB 40,000,000)	\$ -	\$ -	16.5	\$ 524,429	Y	N	Y

Note1: The description of the number column is as follows:

(1) 0 for the issuer.

(2) Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note2: (1) Companies with business deals.

(2) A company in which the company directly and indirectly holds more than 50% of the voting shares.

(3) Inter-companies in which the company directly and indirectly holds 90% of the voting shares.

Note3: The company's endorsement guarantee limit for a single enterprise is 20% of the company's net value at the end of the period, but for subsidiaries that hold more than 50% of the company's shares, it is limited to no more than 50% of the company's net value at the end of the period.

Note4: The relevant amount is converted based on the exchange rate at the end of the period when one RMB equals NT\$4.327.

YING HAN Technology Co., Ltd. And Subsidiaries
Information of Invested Companies
January 1 to December 31, 2023

Schedule III

Unit: Share, Thousands of New Taiwan Dollars
(Except for foreign currency)

Name of Company	Name of Invested Company	Location	Main business items	Beginning investment amount		Balance at the end of period			Loss and profit of invested company	Loss and profit recognized in this period (Note1)	Note
				The end of period	The end of last period	Share	Ratio (%)	Booking Amount			
The Company	YING HAN TECHNOLOGY Sp. Z O.O.(Poland Ying Han)	Poland	Trading of machinery equipment and parts	\$ 12,016	\$ 6,466	500	100	(\$ 24,722)	(\$ 835)	(\$ 1,078)	Note2
	YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Turkey	Trading of machinery equipment and parts	21,006	21,006	-	100	(50,508)	(29,743)	(29,743)	
	YING HAN TECHNOLOGY(Russia Ying Han)	Russia	Trading of machinery equipment and parts	6,253	6,253	-	100	(230)	1,018	1,018	
	HANNSA PRECISION SDN. BHD.(Malaysia Ying Han)	Malaysia	Trading of machinery equipment and parts	161	161	400,000	100	4,392	2,208	2,208	
	YLM INDUSTRIAL CO., LTD.(Thailand Ying Han)	Thailand	Trading of machinery equipment and parts	4,477	4,477	23,000	46	1,613	(3,278)	(1,308)	Note3
	Ying Han Teknoloji Ltd. Ylm Industrial Co., Ltd.	Vietnam	Trading of machinery equipment and parts	6,141 (USD 200,000)	6,454 (USD 200,000)	-	100	(222)	1,099	830	Note4
	YLM TUBE SOLUTIONS AND SERVICE P. LTD.(India Ying Han)	India	Trading of machinery equipment and parts	2,193 (USD 71,434)	2,305 (USD 71,434)	369,999	99.99	1,691	(364)	(364)	
	PT. YING LIN MACHINE AND SERVICE(Indonesia Ying Han)	Indonesia	Trading of machinery equipment and parts	3,344 (USD 108,900)	3,514 (USD 108,900)	108,900	99	3,231	224	224	
	Rdata System Co., Ltd	Taiwan	UAV- Unmanned Aerial Vehicle system testing and sales	16,500	16,500	1,100,000	55	12,010	(7,181)	(3,950)	
	YING HAN TECHNOLOGY(USA), INC.(USA Ying Han)	USA	Trading of machinery equipment and parts	52,199 (USD 1,700,000)	48,408 (USD 1,500,000)	60,000	100	52,025	(82)	(82)	

Note1: It is only necessary to list the profit and loss amount of each subsidiary recognized by the company as a direct transfer investment and each investee company that adopts the equity method, and the rest is not required.

Note2: The investment gain and loss recognized in the current period includes the current loss of NT \$835 thousands minus the unrealized gross sales profit of NT \$2,683 thousands in downstream transactions, plus the realized sales gross profit of NT \$2,440 thousands.

Note3: The investment gain and loss recognized in the current period include the current loss of NT \$1,508 thousands minus the unrealized sales gross profit of NT \$827 thousands in downstream transactions, plus the realized sales gross profit of NT \$1,027 thousands.

Note4: The investment gain and loss recognized in the current period includes the current profit of NT \$1,099 thousands in the current period minus the unrealized sales gross profit of NT \$398 thousands in downstream transactions, plus the realized sales gross profit of NT \$129 thousands.

Note5: Please refer to schedule IV for relevant information on investee companies in mainland China.

YING HAN Technology Co., Ltd. And Subsidiaries
Mainland Investment Information
January 1 to December 31, 2023

Schedule IX

Units: Thousands of New Taiwan Dollars except for remarks

Invested Company in Mainland	Main Business Items	Paid-in capital (Note4)	Investment method (Note1)	Beginning of period Accumulated Remittance from Taiwan Amount(Note4)	Remittance or withdrawal of investment amount in the current period		The end of period Accumulated Remittance from Taiwan Amount(Note4)	Loss and profit of invested company this period	The company directly or indirect investment Shareholding %	Recognized in this period Loss and profit of investment (Note2)	Investment at the end of period Booking Value	As of this period Repatriated investment income	Note
					Export	Import							
Tianjin Yinghan Technology Co., Ltd.	Manufacturing of machinery equipment and parts	\$ 175,047 (USD 5,700,000)	(1)	\$ 175,047 (USD 5,700,000)	\$ -	\$ -	\$ 175,047 (USD 5,700,000)	(\$ 33,770)	100	(\$ 30,168) (2)B.	\$ 118,061	\$ -	Note3
Shanghai Yingheng Machinery Technology Co., Ltd.	Trading of machinery equipment and parts	113,608 (USD 3,700,000)	(1)	113,608 (USD 3,700,000)	-	-	113,608 (USD 3,700,000)	(26,733)	100	(26,733) (2)B.	61,921	-	-

Accumulated remittances from Taiwan at the end of the current period Amount of investment in mainland China (Note4)	The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs (Note4)	According to the regulations of the Investment Review Committee of the Ministry of Economic Affairs Investment limit for mainland China (Note5)
\$ 288,627 (USD 9,400,000)	\$ 288,627 (USD 9,400,000)	\$ 629,315

Note1: Investment methods are divided into the following three types, just classify by the category:

- (1) Directly engage investment in Mainland.
- (2) Reinvest in mainland China through a company in a third area (please specify the investment company in the third area).
- (3) Other methods.

Note2: Investment gain and loss column recognized in the current period:

- (1) If it is under preparation and there is no investment profit or loss, it should be noted.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which should be noted.
 - A. Financial statements audited by an international accounting firm that has cooperative relations with accounting firms in the Republic of China.
 - B. Financial statements audited by certified accountants of the parent company in Taiwan.
 - C. Other.

Note3: The investment gain and loss recognized in the current period include the current loss of NT\$33,770 thousands minus the unrealized sales gross profit of NT\$2,195 thousands from the downstream transaction, plus the realized sales gross profit of NT\$5,797 thousands.

Note4: The relevant amount is converted based on the exchange rate at the end of the period, when one U.S. dollar equals NT\$30.705.

Note5: The company's NT\$1,048,859 thousands × 60% = NT\$629,315 thousands.

YING HAN Technology Co., Ltd. And Subsidiaries
**Major transactions with mainland investee companies directly or indirectly through the third region,
as well as their prices, payment terms, unrealized gains and losses, and other relevant information**
January 1 to December 31, 2023

Schedule V

Unit: Thousands of New Taiwan Dollars

The company that imports (sells) goods	Trading partners	Relationship	Trading Status				Circumstances and reasons why the transaction amount is different from the general transaction		Notes receivable (payable), accounts		Note
			Import (selling) goods	Amount	Accounted for total sales Ratio(%)	Credit terms			Balance	Total receivables (payable) notes, Account ratio	
							Unit Price	Credit period		Ratio(%)	
The Company	Tianjin Yinghan Technology Co., Ltd. Ying Han Teknoloji Ltd.	Subsidiary(Holding 100% share) Subsidiary(Holding 100% share)	Sales	(\$ 15,743)	2	To set individually	Fairly	To set individually	\$ 14,533	6	
			Sales	(14,047)	2	To set individually	Fairly	To set individually	13,467	5	

YING HAN Technology Co., Ltd. And Subsidiaries
Receivable from related parties amount to NT\$100 million or more than 20% of the capital
 January 1 to December 31, 2023

Schedule VI

Unit: Thousands of New Taiwan Dollars

No.	Name of trader	Business Dealing Company	Relationship	Amount of receivable due from related parties (Note 1)	Turnover Rate (Note 2)	Overdue amounts receivable from related parties		Amount recovered in Subsequent period	Amount of provision for losses
						Amount	Processing method		
0	The Company	YING HAN TEKNOLOJI LTD. STI.(Turkey Ying Han)	Subsidiary	Account Receivable \$ 42,659 Other Receivable 65,975	0.7129	\$ -	NA	\$ 11,131	-

Note 1: The account receivable, note receivable, other receivables, etc. of the related parties are filled in respectively.

Note 2: Turnover rate = sales to the related party/average accounts receivable, note receivable and collections receivable from the related party.

YING HAN Technology Co., Ltd.
Main Shareholder's information
December 31, 2023

Schedule VII

Name of the main shareholder	Share	
	Number of shares held	Percentage %
YING LIN INVESTMENT CO., LTD	14,678,838	16.76%
XIAO,CAI-YUN INVESTMENT CO., LTD	6,270,000	7.16%
HU CHUN CHIA	5,649,600	6.45%
HU BO XIANG	5,112,600	5.83%

Note 1: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter, and the shareholders hold more than 5% of the company's ordinary shares that have been delivered without physical registration. The capital recorded in the company's individual financial report and the actual number of shares delivered without physical registration may be different or different due to the different basis of preparation and calculation.

Note 2: If the above-mentioned information is that the shareholder transfers the holdings to the trust, it is disclosed by the individual account of the trustor who opened the trust account opened by the trustee. As for insider equity declarations for shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider equity declarations, please refer to public information Observatory.

Thank you for attending the general meeting of shareholders.
You are welcome to provide criticism and advice at any time.

Ying Han Technology Co., Ltd.



Chairman Ping Kun Hu

