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Annual Report

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I.Litigation and non-litigation representative, spokesperson and representative spokesperson name, title, telephone, and e-mail:

Litigation and non-litigation representative

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Acting Spokesperson

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Title: CFO and Chief Accounting Officer

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(1)ANLI INTERNATIONAL HOLDINGS LIMITED

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Tel: (852) 3499-1563

(2)KUANGHECO., LIMITED

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(1)KUNSHAN ANLI PRECISE METAL CO., LTD.

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Tel: (86) 512-5740-6899

(2)KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.

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(4)Huzhou Anli Technology Co., Ltd. (plant in construction)

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First Securities Inc. Stock Affairs Representation Department

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CPA Name: Chiu Chao-Hsien, Chen Chin-Chang

Firm name: PwC Taiwan

Website: <http://www.pwc.tw>

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

VI.Company website: www.anli-group.com

VII.List of Board of Directors

Title	Name	Nationality or place of registration	Major education and experience
Chairman	ANLIINTERNATIONALLIMITED (SAMOA) Representative: Hsu Cheng-Kun	SAMOA R.O.C.	Industry Management, Oriental Industrial Vocation School. QC Section Manager, Sheng Da Spring Co., Ltd.
Director	KUANGHECO., LTD. (SAMOA) Representative: Wu Chin-Song	SAMOA R.O.C.	Mechanical Drawing, Kai Nan Commercial Industrial School President, Kuanghe Development Co., Ltd.
Director	Lin Chih-Kun	R.O.C.	Tai Shi Junior High School President, Yunglun Precision Industrial Co., Ltd.
Director	LoLi-Wen	R.O.C.	Department of Mechanical Engineering, Lunghwa University of Science and Technology President, Certain Micro Application Technology Inc. Chairman, MSH Technology Co., Inc. Director, Doma Investment Holding Co., Ltd.
Independent director	Chen Li-Yuan	R.O.C.	EMBA, Asset Management Division, National Taiwan University Associate, EY Taiwan Supervisor, DATARGET Global Inc.
Independent Director	Huang Kuo-Feng	R.O.C.	PhD, Management, University of London Chief Secretary, Secretariat of National Chengchi University Convener, Chinese Entrepreneur Class, National Chengchi University EMBA Vice CEO, EMBA, National Chengchi University CEO, EMBA, National Chengchi University
Independent director	Huang Kui-Jung	R.O.C.	Master of Science in Materials Science and Engineering, Feng Chia University Product Manager, R&D Center for HEA Materials, National Tsing Hua University

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I.Message to the Shareholders

Ladies and gentlemen, the Company's 2023 business performance and outlook are summarized as follows:

1.2023 Business Report

(1)Operational Implementation Results

Unit: NT\$ thousand

Item	2023	2022	Decrease in amount	Change (%)
Operating revenue	1,525,203	2,059,560	(534,357)	(25.95)
Operating costs	1,212,049	1,528,093	(316,044)	(20.68)
Gross profit	313,154	531,467	(218,313)	(41.08)
Operating expenses	320,022	336,986	(16,964)	(5.03)
Operating profit	(6,868)	194,481	(201,349)	(103.53)
Net non-operating revenue	8,687	47,355	(38,668)	(81.66)
Net profit before taxation	1,819	241,836	(240,017)	(99.25)
Income tax expenses	5,519	45,868	(40,349)	(87.97)
Net income	(3,700)	195,968	(199,668)	(101.89)

(2)Budget execution: The Company mainly sets annual shipment targets based on the estimated needs of customers, taking into account capacity planning and past operating performance.

(3)Financial income and expenditure, and profitability analysis:

Item		2023	2022	Increase (decrease)
Financial structure	Liabilities to assets ratio (%)	38.28	42.58	(4.30)
	Long-term capital to fixed assets ratio (%)	166.10	207.98	(41.87)
Solvency	Current ratio (%)	152.04	173.94	(21.89)
	Quick ratio (%)	128.41	158.01	(24.01)
Profitability	ROA (%)	(1.06)	5.75	(6.81)
	ROE (%)	(0.19)	9.79	(9.98)
	Basic earnings per share (NT\$)	(0.08)	4.40	(4.48)

(4)Research and development status:

The Company's consolidated Research and development expenses were NT\$ 71,836 thousand in 2023 and NT\$ 79,289 thousand in 2022, accounting for 4.71% and 3.85% of the Company's consolidated revenues, respectively.

2.Summary of 2023 Business Plan

(1)Business policy

- A.Continue to strengthen cross-plant resource integration, communication, and management to facilitate decision-making implementation.
- B.Continue to input automated production and instrument updates and adjust the production processes to enhance competitiveness.
- C.Actively develop new products, new markets, and promptly engage in cooperation with academic and research institutions to grasp the Company's future mid-term and long-term high-tech sources.
- D.Keep abreast of economic prosperity and changes in market demand, promptly and flexibly adjust inventory to prevent the risk of sluggish material and raw material price fluctuations.

E.Strengthen and maintain good cooperative relations with customers, keep abreast of the latest market conditions, and actively strive for orders for new products, and continue to create value for customers.

F.Establish strategic partnerships and promote the development of an industrial ecological cooperation system to provide customers with diversified integrated solutions and professional services.

(2)Production and sales policy

A.Actively develop new products,

B.new markets and new applications, and develop new high-value customers. Accelerate the expansion of new products with the investment of new equipment.

C.Continue to commit to improving the cost structure, adjusting internal management processes, and increasing production efficiency to reduce production costs and enhance market competitiveness

3.Development strategy of the Company in the future

(1)Set up the corporate logistics center in Taiwan for coordination and control of all operations and functional department of the group in other regions. Build up the system of real-time communication with key customers. Map out the business strategy from top down and outward to form unified strategies.

(2)Develop global competitive power and horizon, strengthen the capacity for the pursuit of policy and enhance the competitive power of the Company, and spare no effort in the development and training of talents in Taiwan, Hong Kong, and Mainland China.

(3)Set a high standard for customer service, respond to the feedback of customers and works with customer satisfaction to satisfy market mechanisms and customer needs.

(4)Develop proper corporate culture to strengthen the capacity in pursuit. The leadership of the Company will declare the vision and mission of the Company, the corporate goal and commitment to motivate the employees with a sense of participation, cohesion, mission and achievement.

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

The Company has constantly faced external competition since its inception, as well as the impacts of foreign regulations and the overall business environment. The Company is faced with market competition, new laws and regulations issued by securities regulators, and environmental protection laws and regulations around the world. The ever-changing global business environment affects the operational performance of the Company in every aspect.

In response to the current environmental changes, in addition to complying with new regulations promulgated by securities authorities and demanding suppliers companies' products be in line with environmental protection requirements, the Company is continuously committed to implementing a corporate governance system, improving production processes, and actively expanding production capacity to reduce production costs, and keep abreast of customers' purchase order needs to perform proper raw material procurement planning, thereby enhancing the Company's overall competitiveness.

In 2023, due to the poor buying momentum and weak sales force in the consumer market, the inventory level of all players from terminals, system plants to the semiconductor chip production and sales supply chain were too high. The inventory destocking and the overcapacity of memory affected the performance of the entire market in 2023. In 2023, the monetary policies of the central banks had the greatest impact on the financial market. Major central banks such as the United States and Europe launched large-scale interest rate hikes in the hopes of curbing inflation. However, the Central Banks of the US and the European Central Bank have indicated clearly that high interest rates are already having an impact on the economy. They have also become concerned about excessive tightening of the economy, and are assessing that the cycle of interest rate hikes may be approaching the end. Nevertheless, the focus of the market's attention now is whether the interest rate hike cycle will last longer.

With the macroeconomic situation in 2024 still difficult and full of uncertainties, we will continue to pay attention to whether the inflation is under control? Can the financial market respond to higher interest rates? Geopolitics, trade, and the wars in Ukraine and the Middle East have impacted the overall global economy.

Chairman: Hsu Cheng-Kun Manager: Hsu Cheng-Kun Accounting Supervisor: Wang Wan-Hsing

II. Company Profile

1. Date of foundation

Anli International Co., Ltd. (hereinafter referred to as “the Company” or “Anli International”) is a holding company established in the Cayman Islands on June 23, 2010. The Company has acquired the equity shares of Anli International Holdings Limited (Hong Kong) and Kuanghe Co., Limited (Hong Kong) on November 22 of the same year through share swap, including the direct subsidiaries of these two companies, KUNSHAN ANLI PRECISE METAL CO., LTD. and KUNSHAN KUANGHE ELECTRONIC TECHNOLOGY CO., LTD.. In addition, the Company also founded Chongqing Gtek Technology Co., Ltd in 2011 and founded Huzhou Anli Technology Co., Ltd. in 2019.

The Company mainly engages in the development, production, assembly, and sales of various precision metal stamping, magnesium aluminum die casting, and CNC processing, and other products, which are applied in computer, communication, and consumer electronic products (3C products). The Company actively deploys the expansion of products for other industries, such as automotive products, optical communication products, vision system application products, household products, and other new product lines, moving toward product diversification.

The Company specializes in the development, improvement of production process of the mold for metallic devices of parts and components for cooling, and the acquisition and installation of automated equipment for introduction to the production lines. With the wealth of knowledge in stamping, die-casting and CNC chipping techniques and the innovative production methods, the Company could provide the customers with vertical integration production process from product design, tooling, and mass production, and could effectively help the customers to shorten the lead-time of product development and production cycle. In addition, the Company also provides complete solutions for critical parts and components for the customers. In the future, the heat dissipation components applied in electronic products will continue to undergo development to production automation related equipment and will continue to undergo R&D and improvement, actively expanding application products for trend fields, strengthening core technical capabilities, as well as building automated, digitalized and smart intelligent factories, thus improving production efficiency and product yield rates and reducing labor costs.

2. History

Year	Milestones
2010	ANLI Kunshan was selected as an enterprise with intellectual property advantages in Kunshan City, and obtained the qualification of R&D institution in Jiangsu Province. Kuanghe Kunsha was accredited with the QC080000 on hazardous substances process management system.
2011	ANLI Kunshan was cited as a learning enterprise in Kunshan. Kuanghe Kunsha was accredited with the OHSAS18001, the occupational health and safety assessment series. Kuanghe Kunsha passed the enterprise electronic free supervision by the Electrical and Electronic Association of Kunshan Government. Setup a production site at Chongqing with the establishment of Gtek (Chongqing) for expansion of the market in west China.
2012	ANLI Kunshan was granted the Certificate of High-tech enterprise by the R&D Institution of Jiangsu Province again. Kuanghe Kunsha was granted the Certificate of High-tech enterprise by the R&D Institution of Jiangsu Province again. Capital investment of Ways Technologies for expansion to the cell phone market.

Year	Milestones
2013	ANLI Kunshan was granted the certificate of safety production enterprise. Kuanghe Kunsha was granted the certificate of safety production enterprise. ANLI Kunshan expanded its Phase IV plant by 3,864m ² . Procurement of CNC automated equipment and engaged in precision chipping of metals and the production of metal cases.
2014	Gtek (Chongqing) purchased land for plant construction and completed Phase I which occupied an area of 7,035m ² .
2016	Fully launched the automated production process engineering. Fully launched the accreditation of automotive manufacturing TS16949 management system. The company in Taiwan purchased a new office building occupying an area of about 500 m ² (8F, No. 213 and 215, XinBei Blvd Section IV, Xinzhuang District, New Taipei).
2017	Application for listing in the Taipei Exchange in December.
2018	Raised capital of NT\$48,060 thousand by issuing new shares, which made the paid-in capital amount to NT\$432,477 thousand. The stock issued by the Company was officially listed on TPEX for trading on July 2. In the fourth quarter, Gtek (Chongqing) underwent Phase II factory expansion (7,080 square meters in area).
2019	The Phase II factory expansion of Gtek (Chongqing) was completed. A production base was set up in Huzhou, Huzhou Anli was established, and the land use right was obtained for the factory construction.
2020	Convertible bonds were issued and listed on TPEX on October 30.

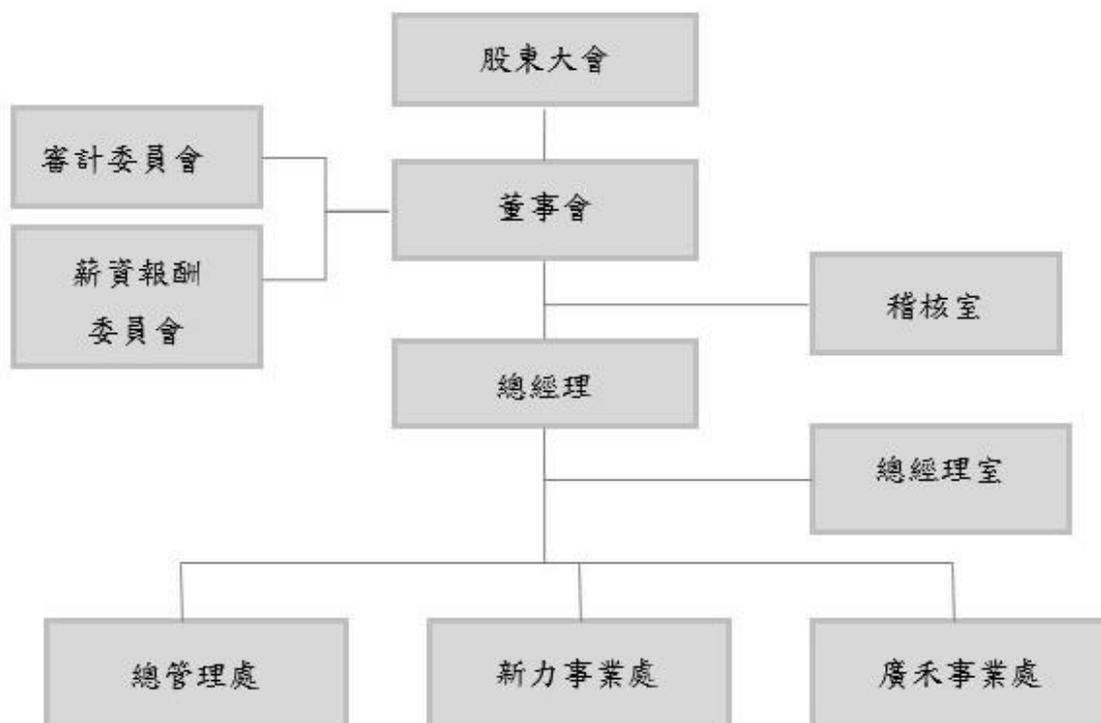
3. Structure of the group: refer to page 117 of this report.

4. Risks: refer to page 113 to 116 of this report

III. Corporate Governance Report

1. Organization

(1) Organizational Chart of the Company



(2) Function of major segments

Department	Assigned duties
Board of Directors	<ol style="list-style-type: none"> 1. Develop the core value of the Company and explicit vision for mid- to long-term development, determine the business policy and objective. 2. Monitor and fully understand the pursuit of the business plan.
Audit Committee	<ol style="list-style-type: none"> 1. Monitor and evaluate the fair presentation of the business, financial position, and financial reporting of the group. 2. Monitor and evaluate the enforcement of the internal control system of the group and the effectiveness of the enforcement. 3. Monitor and evaluate the internal control system of the group and the degree of compliance with the external applicable laws. 4. Monitor and evaluate existing and potential risks of the group and the control of risks. 5. Monitor and evaluate the appointment (dismissal) of the certified public accountants of the group, and their independence and competence.
Remuneration Committee	<ol style="list-style-type: none"> 1. Establishment with routine review of the performance evaluation of the Directors and Managers, and the policies, system, standards, and structure of remuneration. 2. Routine assessment and determination of the remuneration to the Directors and the Managers. 3. Affirmation of the remuneration system of the Company is in compliance with applicable legal rules for the companies listed in TWSE/TPEx and capable of attracting and keeping good people to maintain the competitiveness of the Company.
Audit Office	<ol style="list-style-type: none"> 1. Conduct audits on the operation, financial position, safekeeping of assets, and information in accordance with the internal code of the Company, report on shortcomings and related corrective actions and preventive action and keep track on the result, provide timely recommendation for improvement to ensure the effective implementation of the internal control system of the Company.

Department	Assigned duties
	<ol style="list-style-type: none"> 2. The design, execution, and reporting of the annual audit plan and internal audit system. 3. Training and education on compliance with the internal control system. 4. Review and amendment to the regulations governing internal control, internal audit and related control, and assess the control performance of these systems.
President	<ol style="list-style-type: none"> 1. Report to the Board and Shareholders' meeting on the operation result and development plan of the Company. 2. Execution of the resolutions of the Board. 3. Determination of the business objective, strategy for development in the future and action plans of the Company. 4. Supervision and control of the overall planning and budgeting of the Company to ensure the achievement of the business goals. 5. Planning on direct investment.
Office of the President	<ol style="list-style-type: none"> 1. Design the organizational structure of the Company, planning, establishment, management and the integration and coordination of implementation of the internal code of the system. 2. Integration, planning, implementation and tracking of the assignment of the senior management. 3. Holding meetings for the Shareholders' meeting, Board meeting, Auditing Committee, Remuneration Committee, and Executive Meetings, communication and coordination, recording of the minutes of meetings, following up with the resolutions of the meetings. 4. Administration, communication, and coordination of share registration and investor services, legal affairs and related matters.
General Administration Division	<p>General Administration Division</p> <ol style="list-style-type: none"> 1. Integration and compilation of the annual budget of the group and reporting and analysis of the attainment. 2. Review and compilation of the business report of the group, audit and control of costing. 3. Analysis and supply of information on the operations of the long-term investment of the group. 4. Spokesman of the Company, elaboration and dissemination of information externally and the window for contact with investors and stakeholders. <p>Human Resources</p> <ol style="list-style-type: none"> (1) Human resources planning and personnel administration. (2) Establishment and revision of the regulations governing human resources and personnel administration, planning and implementation of employee training and continuing education programs. <p>Finance</p> <ol style="list-style-type: none"> (1) The analysis and review of the establishment, assessment, and pursuit of the accounting process. (2) Compilation and review of financial statements. (3) Tax planning, declaration, and review. (4) Capital management, financial planning and fund appropriation. <p>Administrative management</p> <ol style="list-style-type: none"> (1) Purchase and miscellaneous management, planning and holding of employee benefits and activities. (2) Assets, specimen seal and document management. (3) Environment, safety and health management at the workplace and fire safety equipment maintenance and management. <p>Information</p> <ol style="list-style-type: none"> (1) Design and installation of related information systems, equipment in line with the business development of the Company, and information security management. (2) Development, management, and maintenance of application systems. (3) The planning, management, and maintenance of mainframe, database, network and peripherals.
ANLI Kunshan Business Division	<ol style="list-style-type: none"> 1. Administering the operation management of investee companies. 2. Introduction and exhibition of products, business promotion events, customer relation management, and development of new accounts. 3. Setting the short- to long-term business plans, leading the business team to achieve the overall business performance goal.

Department	Assigned duties
	<ol style="list-style-type: none"> 4. Product strategy, planning of new products, and related works. 5. Responsible for the research and development of new products and data search. 6. Handling customer complaints, assisting customers and sales personnel to solve technical problems of related products.
Kuanghe Kunsha Business Division	<ol style="list-style-type: none"> 1. Administering the operation management of investee companies. 2. Introduction and exhibition of products, business promotion events, customer relation management, and development of new accounts. 3. Setting the short- to long-term business plans, leading the business team to achieve the overall business performance goal. 4. Product strategy, planning of new products, and related works. 5. Responsible for the research and development of new products and data search. 6. Handling customer complaints, assisting customers and sales personnel to solve technical problems of related products.

2.Profiles of Directors, Supervisors, President, Executive Vice Presidents, Asst. VP, and supervisors of the various departments and branches

(1)Director

A.Profiles of Directors

April 2, 2024

Title	Nationality or place of registration	Name	Gender Age	Date elected	Duration	Inauguration date	At the time of election Status of shareholding		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chairman	SAMOA	ANLI INTERNATIONAL LIMITED (SAMOA)	—				13,312,589	30.78%	12,578,589	28.23%	—	—	—	—	—	—				
	R.O.C.	Representative: Hsu Cheng-Kun	Male 61-70	May 26, 2022	4	August 20, 2012	1,066,371	2.47%	494,000	1.11%	—	—	—	—	Industry Management, Oriental Industrial Vocation School. QC Section Manager, Sheng Da Spring Co., Ltd.	President of the Company Director of ANLI INTERNATIONAL HOLDING SLIMITED Director of KUANGHECO., LIMITED Director, KUNSHAN ANLI PRECISE METAL CO., LTD. Director, Kunshan Kuanghe Electronic Technology Co., Ltd. Director, Chongqing Gtek Technology Co., Ltd. Chairman of Huzhou Anli Technology Co., Ltd. ANLIINTERNATIONALLIMITED Director of (SAMOA) Director, ANLI Spring Co., Ltd. Director, An Tai Spring Co., Ltd.	—	—	—	
Director	SAMOA	KUANGHECO., LTD. (SAMOA)	—				4,467,979	10.33%	3,962,979	8.90%	—	—	—	—	—	—				
	R.O.C.	Representative: Wu Chin-Song	Male 51-60	May 26, 2022	4	August 20, 2012	—	—	—	—	—	—	—	—	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Guanghe Development Co., Ltd.	Director and President, KUANGHE CO., LIMITED Director and President, Kunshan Kuanghe Electronic Technology Co., Ltd. Supervisor, KUNSHAN ANLI PRECISE METAL CO., LTD. Directors and General Manager of Huzhou Anli Technology Co., Ltd. KUANGHECO., LTD. Director of (SAMOA)	Vice President, Kunshan Kuanghe Electronic Technology Co., Ltd.	Wu Chi-Kun	Brothers	
Director	R.O.C.	Lin Chih-Kun	Male 51-60	May 26, 2022	4	March 29, 2011	—	—	—	—	—	—	—	Tai Shi Junior High School President, Yunglun Precision Industrial Co., Ltd.	Director and President, ANLI INTERNATIONAL HOLDINGS LIMITED Director and President, KUNSHAN ANLI PRECISE METAL CO., LTD. Supervisor, Kunshan Kuanghe Electronic Technology Co., Ltd. Directors of Huzhou Anli Technology Co., Ltd. ANLIINTERNATIONALLIMITED (SAMOA)	—	—	—		
Director	R.O.C.	Lo Li-Wen	Female 51-60	May 26, 2022	1	May 26, 2022	—	—	—	—	—	—	—	Department of Mechanical Engineering, Lughwa University of Science and Technology President, Certain Micro Application Technology Inc. Chairman, MSH Technology Co., Inc. Director, Doma Investment Holding Co., Ltd.	President, Certain Micro Application Technology Inc. Chairman, MSH Technology Co., Inc. Director, Doma Investment Holding Co., Ltd.					

Title	Nationality or place of registration	Name	Gender Age	Date elected	Duration	Inauguration date	At the time of election Status of shareholding		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Quantity	Ratio of Shareholding	Title	
Independent Director	R.O.C.	Chen Li-Yuan	Male 51-60	May 26, 2022	1	May 26, 2022	-	-	-	-	-	-	-	-	EMBA, Asset Management Division, National Taiwan University Associate, EY Taiwan	CPA/Responsible Person of Liyuan CPA Firm Director, TURN CLOUD TECHNOLOGY SERVICE INC. Supervisor, BASECOM TELECOMMUNICATION CO., LTD.	-	-	-	
Independent Director	R.O.C.	Huang Kuo-Feng	Male 51-60	May 26, 2022	1	May 26, 2022	-	-	-	-	-	-	-	-	PhD, Management, University of London Chief Secretary, Secretariat of National Chengchi University Convener, Chinese Entrepreneur Class, National Chengchi University EMBA Vice CEO, EMBA, National Chengchi University CEO, EMBA, National Chengchi University	Professor, Department of Business Administration, National Chengchi University Director of National Chengchi University Business Administration Education Foundation	-	-	-	
Independent Director	R.O.C.	Huang Kui-Jung	Male 51-60	May 26, 2022	1	May 26, 2022	-	-	-	-	-	-	-	-	Master of Science in Materials Science and Engineering, Feng Chia University Product Manager, R&D Center for HEA Materials, National Tsing Hua University	President, Jingwei Material Technology Co., Ltd. Sales Manager, High Entropy Materials, Inc.	-	-	-	

Note: If the chairman and general manager or the equivalent (top manager) is the same person, the spouse, or a first-degree relative, the reason, reasonability, necessity, and response measures should be stated.

The Company's chairman and general manager are the same person, as explained below:

1. Mr. Hsu Cheng-Kun, the Company's chairman concurrently serving as the general manager is one of the founders of Anli International Co., Ltd. who has thorough knowledge of the business operations and information of main products, and operational status, not only ensuring the smooth decision-making of the board, but also enhancing the Company's business performance.
2. The Company's seven director seats (including three independent directors) are without spouse relations or first-degree relative relations, and the external directors account for more than 50%. In addition, the Company set up the Audit Committee made up of three independent directors in 2011. Therefore, in case of relevant business decision-making involving one's own interest or loss of objectivity, the supervision and balance mechanism can be promptly brought into play to ensure the rights and interests of the general public.
3. The Company has insured directors and important staff liability insurance, while PwC Taiwan, a large accounting firm, has been invited to serve as the Company's external supervisory agency responsible for financial statement audits and internal control system project reviews in order to reduce the Company's operational risk and enhance the corporate governance function.

Table 1 Main shareholders of corporate shareholders

April 2, 2024

Name of corporate shareholder (Note 1)	Main shareholders of corporate shareholders (Note 2)
ANLIINTERNATIONALLIMITED(SAMOA)	Hsu Cheng-Kun (20%), Lin Chih-Kun (20%), Huang Ta-Peng (20%), Wu Wen-Yu (20%), Huang A-Chun (20%)
KUANGHECO., LTD. (SAMOA)	Wu Chin-Song (35%), Wu Chih-Kun (35%), Lin Chung A-Chueh (20%), Kang Hsiu-Yen (8%), Wu Li-Hui (2%)

Note 1: Directors and supervisors who are corporate shareholder representatives are required to fill out their corporate shareholder names.

Note 2: The names of main shareholders of corporate shareholders (with a shareholding ratio ranking top 10) and the ratios of shareholdings should be filled out.

B. The professional knowledge and independence of the directors

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public companies where the person holds the title as independent director
ANLIINTERNATIONAL LIMITED (SAMOA) Representative: Hsu Cheng-Kun		He has more than five years' work experience in commercial and business operations. He currently serves as the Chairman of Anli International Co., Ltd., Director of ANLI INTERNATIONAL HOLDINGS LIMITED, a Hong Kong-based company, Director of KUANGHE CO., LIMITED, Director of KUNSHAN ANLI PRECISE METAL CO., LTD., Director of Kunshan Kuanghe Electronic Technology Co., Ltd., Director of I Chongqing Gtek Technology Co., Ltd, and Director of Huzhou Anli Technology Co., Ltd., and is free from any of the circumstances referred to in Article 30 of the Company Act.	Not applicable to non-independent directors.	None.
KUANGHECO., LTD.(SAMOA) Representative: Wu Chin-Sung		He has more than five years' work experience in commercial and business operations. He currently serves as the Director of Anli International Co., Ltd., Director of KUANGHE CO., LIMITED, Director of KUNSHAN ANLI PRECISE METAL CO., LTD., Director of Kunshan Kuanghe Electronic Technology Co., Ltd.,and Director of Huzhou Anli Technology Co., Ltd., and is free from any of the circumstances referred to in Article 30 of the Company Act.	Not applicable to non-independent directors.	None.
Lin Chih-Kun		He has more than five years' work experience in commercial and business operations. He currently serves as the Director of Anli International Co., Ltd., Director of Anli International Holdings Limited, a Hong Kong-based company, Director of KUNSHAN ANLI PRECISE METAL CO., LTD., Supervisor of Kunshan Kuanghe Electronic Technology Co., Ltd., and Director of Huzhou Anli Technology Co., Ltd.,and is free from any of the circumstances referred to in Article 30 of the Company Act.	Not applicable to non-independent directors.	None.
Lo Li-Wen		She has more than five years' work experience in commercial, finance, accounting and corporate operations. She currently serves as the Director of Anli International Co., Ltd. and President of Certain Micro Application Technology Inc., and is free from any of the circumstances referred to in Article 30 of the Company Act.	Not applicable to non-independent directors.	None.

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public companies where the person holds the title as independent director
Chen Li-Yuan	At least five years' work experience in commerce, legal affairs, finance, accounting, or corporate operations, and holds a CPA license of the ROC. He currently serves as the Independent Director of Anli International Co., Ltd., CPA of Liyuan CPA Firm, Director of Teng Cloud Technology Service Co., Ltd., and Supervisor of Silicon Asia Co., Ltd., and is free from any of the circumstances referred to in Article 30 of the Company Act.	(1)Not an employee of the Company or its affiliates. (2)Not a Director, Supervisor of the Company or its affiliates (except the independent directors established by the Company or its parent company, subsidiaries under this law or applicable laws in the place of incorporation).	None.	
Huang Kuo-Feng	At least five years' work experience in commerce, legal affairs, finance, accounting, or corporate operations. He currently serves as the Director of Anli International Co., Ltd., Professor of Department of Business Administration, National Chengchi University and Director of National Chengchi University Business Administration Education Foundation, and is free from any of the circumstances referred to in Article 30 of the Company Act.	(3)Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein	None.	
Huang Kui-Jung	He has more than five years' work experience in commercial, legal affairs, finance, accounting and corporate operations. He currently serves as the Independent Director of Anli International Co., Ltd., President of Jingwei Material Technology Co., Ltd. and Sales Manager of High Entropy Materials, Inc., and is free from any of the circumstances referred to in Article 30 of the Company Act.	one of the ten largest natural person shareholders of the company. (4)Not a spouse, relative of the second degree, or direct kin of the third degree or closer to persons not qualified for criteria 1-3. (5)Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee of any of the top 5 corporate shareholders. (6)Directors, supervisors, or employed persons of other companies not	None.	

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public companies where the person holds the title as independent director
		<p>exceeding half of the Company's director seats or shares with voting rights controlled by the same person (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations).</p> <p>(7)Not the owner, partner, director, supervisor, manager and spouse to the owner, partner, director, supervisor of the professional, sole proprietor, partnership, body corporate, or institution providing business, legal, financial and/or accounting services or consultation to the Company. Except for the members of the Remuneration Committee who perform their duties in accordance with Article 7 of the Regulations Governing the Establishment of Remuneration Committees by Companies listed on the Stock Exchange or OTC Markets, and the performance of their duties.</p> <p>(8)Not a director, supervisor, manager, or shareholder with more than 5% shareholding of any specific company or</p>		

Name Condition	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public companies where the person holds the title as independent director
		<p>institution with financial or business dealings with the Company (the restriction does not apply to any specific company or institution with more than 20% but not exceeding 50% of shares issued by the Company and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company or subsidiary or a subsidiary of the same parent company).</p> <p>(9)Professionals engaged in commercial, legal, financial, accounting, and other related services whose audits are not provided by the Company or its conglomerates or whose cumulative rewards in the recent two years have not exceeded NT\$500,000, sole proprietors, company or institution owners, partners, directors (board of directors), supervisors (members of the board of supervisors), managers, and their spouses. (not limited to the members of the Remuneration</p>	

Name	Condition	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of public companies where the person holds the title as independent director
		<p>Committee, Public Takeover Review Committee, or Mergers and Acquisition Special Committee performing their duties in accordance with the Securities Exchanges Act or the Business Mergers and Acquisitions Act)</p> <p>(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11)Not under any of the categories stated in Article 30 of the Company Act.</p> <p>(12)Not elected as a government or corporate representative according to Article 27 of The Company Act.</p>		

(2)Background information of the President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

April 2, 2024

Title	Nationality	Name	Gender	Election Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President	R.O.C.	Hsu Cheng-Kun	Male	June 14, 2013	494,000	1.11%	—	—	—	—	Industry Management, Oriental Industrial Vocation School. QC Section Manager, Sheng Ta Spring Co., Ltd.	Director, ANLI Spring Co., Ltd. Director, An Tai Spring Co., Ltd. ANLIINTERNATIONALLIMITED(SAMOA) Director of ANLI INTERNATIONAL HOLDING SLIMITED Director of KUANGHECO., LIMITED Director, KUNSHAN ANLI PRECISE METAL CO., LTD. Director, Kunshan Kuanghe Electronic Technology Co., Ltd. Director, Chongqing Gtek Technology Co., Ltd Chairman of Huzhou Anli Technology Co., Ltd.	—	—	—	—
President, Kunshan Kuanghe Electronic Technology Co., Ltd.	R.O.C.	Wu Chin-Song	Male	June 23, 2010	—	—	—	—	—	—	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Guanghe Development Co., Ltd.	KUANGHECO., LTD.Director of (SAMOA) Director and President, KUANGHE CO., LIMITED Director and President, Kunshan Kuanghe Electronic Technology Co., Ltd. Supervisor, KUNSHAN ANLI PRECISE METAL CO., LTD. Directors and General Manager of Huzhou Anli Technology Co., Ltd.	Vice President, Kunshan Kuanghe Electronic Technology Co., Ltd.	Wu Chih-Kun	Brothers	—
President, KUNSHAN ANLI PRECISE METAL CO., LTD.	R.O.C.	Lin Chih-Kun	Male	June 23, 2010	—	—	—	—	—	—	Tai Shi Junior High School President, Yunglun Precision Industrial Co., Ltd.	Director, ANLIINTERNATIONALLIMITED (SAMOA) Director and President, ANLI INTERNATIONAL HOLDINGS LIMITED Director and President, KUNSHAN ANLI PRECISE METAL CO., LTD Supervisor, Kunshan Kuanghe Electronic Technology Co., Ltd. Directors of Huzhou Anli Technology Co., Ltd.	—	—	—	—

Title	Nationality	Name	Gender	Election Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President, Chongqing Gtek Technology Co., Ltd	R.O.C.	Chang Yi-Chang	Male	December 4, 2018	680	0.00%	-	-	-	-	Graduate Institute of Entomology, National Chung Hsing University Department of Entomology, National Chung Hsing University COO, North Bay Entertainment Marketing Manager, Forcecon Technology	Director and President, Chongqing Gtek Technology Co., Ltd Directors of Anli Technology Co., Ltd.	-	-	-	-
Vice President, Kunshan Kuanghe Electronic Technology Co., Ltd.	R.O.C.	Wu Chih-Kun	Male	June 23, 2010	-	-	-	-	-	-	Mechanical Drawing, Kai Nan Commercial and Industrial School President, Kuang Feng Development Co., Ltd.	Director and Vice President, Kunshan Kuanghe Electronic Technology Co., Ltd. Director, Chongqing Gtek Technology Co., Ltd Directors of Huzhou Anli Technology Co., Ltd.	President, Kunshan Kuanghe Electronic Technology Co., Ltd.	Wu Chin-Song	Brothers	-
Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD.	R.O.C.	Chen Chia-Feng	Male	January 1, 2015	30,000	0.07%	-	-	-	-	MBA, Concordia University, USA Industry Engineering and Management, Wang Neng Industrial and Commercial School Chief Event Planning Officer, Shang Dian Duo Media Integrated Marketing Co., Ltd. Engineer, Ding Sheng Business Machine Co., Ltd.	Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD. Supervisor, Chongqing Gtek Technology Co., Ltd	-	-	-	-

Title	Nationality	Name	Gender	Election Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
CFO and Chief Accounting Officer	R.O.C.	Yao Li-Fang	Female	March 11, 2024	27,000	0.06%	-	-	-	-	Master, Graduate Institute of Marketing and Distribution Management, National Kaohsiung First University of Science and Technology. Internal Audit Manager, Anli International Co., Ltd.	-	-	-	-	-
Internal Audit Manager	China	Liu Li-Ping	Female	March 11, 2024	-	-	-	-	-	-	Department of Mechanical and Electrical Engineering, Dezhou University, Shandong Province Internal Audit Section Manager, ANLI International Co., Ltd.	-	-	-	-	-
Chief Corporate Governance Officer Vice President	R.O.C.	Cheng Ya-Wen	Female	March 11, 2024	-	-	-	-	-	-	MBA, The University of Queensland, Australia Assistant Vice President, Cathay Securities Co., Ltd.	Representative of Institutional Supervisor, Certain Micro Application Technology Inc. Representative of Institutional Supervisor, Therlect Co., Ltd.	-	-	-	-

Note: If the general manager or the equivalent (top manager) and the chairman is the same person, a spouse, or a first-degree relative, the reason, reasonability, necessity, and response measures should be disclosed, including information related to the methods for adding independent director seats, and more than half of the directors are not concurrently serving as employees or managers, etc.

The Company's general manager and chairman are the same person, as explained below:

1. Mr. Hsu Cheng-Kun, the Company's chairman concurrently serving as the general manager is one of the founders of Anli International Co., Ltd. who has thorough knowledge of the business operations and information of main products, and operational status, not only ensuring the smooth decision-making of the board, but also enhancing the Company's business performance.
2. The Company's seven director seats (including three independent directors) are without spouse or first-degree relative relations, and the external directors account for more than 50%. In addition, the Company set up the Audit Committee made up of three independent directors in 2011. Therefore, in case of relevant business decision-making involving one's own interest or loss of objectivity, the supervision and balance mechanism can be promptly brought into play to ensure the rights and interests of the general public.
3. The Company has insured directors and important staff liability insurance, while PwC Taiwan, a large accounting firm, has been invited to serve as the Company's external supervisory agency responsible for financial statement audits and internal control system project reviews in order to reduce the Company's operational risk and enhance the corporate governance function.

(3) Summarization of resignation or dismissal of the Company's related personnel

April 2, 2024

Title	Name	Date of onboarding	Date of discharge	Reasons for resignation or discharge
CFO and Chief Accounting Officer	Wang Wan-Hsing	May 2, 2017	March 11, 2024	Retirement
Internal Audit Manager	Yao Li-Fang	April 1, 2017	March 11, 2024	Internal job adjustment
Chief Corporate Governance Officer	Tu Shih-Chieh	April 1, 2023	March 11, 2024	Internal job adjustment

Classification of remuneration

Remuneration to individual directors in respective brackets along the salaries scale	Name of Directors			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The Company	All companies mentioned in the financial statements H	The Company	All companies mentioned in the financial statements I
Less than 1,000,000	Hsu Cheng-Kun, Lin Chih-Kun, Wu Chin-Song, Lo Li-Wen , Chen Li-Yun, Huang Kuo-Feng, Huang Kui-Jung	Hsu Cheng-Kun, Lin Chih-Kun, Wu Chin-Song, Lo Li-Wen , Chen Li-Yun, Huang Kuo-Feng, Huang Kui-Jung	Lin Chih-Kun, Wu Chin-Song, Lo Li-Wen , Chen Li-Yun, Huang Kuo-Feng, Huang Kui-Jung	Lo Li-Wen , Chen Li-Yun, Huang Kuo-Feng, Huang Kui-Jung
1,000,000 (inclusive)–2,000,000 (exclusive)	—	—	—	—
2,000,000 (inclusive)–3,500,000 (exclusive)	—	—	—	—
3,500,000 (inclusive)–5,000,000 (exclusive)	—	—	—	—
5,000,000 (inclusive)–10,000,000 (exclusive)			Hsu Cheng-Kun	Hsu Cheng-Kun, Lin Chih-Kun, Wu Chin-Song
10,000,000 (inclusive)–15,000,000 (exclusive)	—	—	—	—
15,000,000 (inclusive)–30,000,000 (exclusive)	—	—	—	—
30,000,000 (inclusive)–50,000,000 (exclusive)	—	—	—	—
50,000,000 (inclusive)–100,000,000 (exclusive)	—	—	—	—
100,000,000 above	—	—	—	—
Total	—	—	—	—

B.Remuneration to the Supervisors: Not applicable, the Company did not establish the seats for Supervisors.

C.Remuneration to President and Executive Vice Presidents

Unit NT\$thousand

Title	Name	Salary		Pension		Bonus and special allowance, etc.		Remuneration to the employees				The sum of A, B, C, and D as a percentage of after-tax net profit (%)				Remuneration paid to directors from an invested company other than the company's subsidiary		
		(A)		(B)		(C)		(D)										
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	Total amount	Percentage		Total amount	Percentage
								Cash	Stock	Cash	Stock							
President of ANLI (Caymans)	Hsu Cheng-Kun	11,417	28,502	121	121							11,538	-311.84%	28.623	-773.59%	None		
President, Guanghe Electronic Technology (Kunshan) Co., Ltd.	Wu Chin-Song																	
President, XinLi Precision Metal (Kunshan) Co., Ltd.	Lin Chih-Kun																	
President, IDO Technologies (Chongqing)	Chang Yi-Chang																	
Vice President of ANLI (Caymans)	Cheng Ya-Wen																	

C-1 Remuneration of general and independent directors (individual)

Unit: NT \$Thousand

Title	Name	Remuneration to Directors								Remuneration in the capacity as employees				The sum of A, B, C, D, E, F and G in proportion to Earnings	Remuneration paid to directors from an invested company other than the company's subsidiary						
		Remuneration		Pension		Remuneration to directors		For services		The sum of A, B, C and D in proportion to Earnings		Salaries, bonus and special subsidies				Pension		Remuneration to employees			
		(A)		(B)		(C)		(D)				(E)				(F)		(G)			
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements			The Company	All companies mentioned in the financial statements	Cash	Stock	Cash	Stock
								Total amount	Percentage	Total amount	Percentage	Total amount	Percentage					Total amount	Percentage	Total amount	Percentage
Chairman	ANLIINTERNATIONALLIMITED(SAMOA)Representative: Hsu Chen-Kun							70	70	-1.89	-1.89	4,817	5,585						-132.08	-152.84	
Director	KUANGHECO.LTD.(SAMOA) Representative: Wu Chin-Sung							70	70	-1.89	-1.89		6,683						-1.89	-182.51	
Director	Lin Chi-Kun							70	70	-1.89	-1.89		7,903						-1.89	-215.49	
Director	Luo Li-Wen							60	60	-1.62	-1.62								-1.62	-1.62	
Independent director	Chen Li-Yuan					120	120	70	70	-5.14	-5.14								-5.14	-5.14	
Independent director	Huang Guo-Feng					120	120	70	70	-5.14	-5.14								-5.14	-5.14	
Independent director	Huang Kui-Jung					120	120	70	70	-5.14	-5.14								-5.14	-5.14	

1. Please state the remuneration payment policy, system, standard and structure of independent directors, and the correlation with the amount of remuneration according to the responsibilities, risks, investment time and other factors:

The remuneration of the independent directors of the Company includes the remuneration of directors, the remuneration for the execution of the business and the expenses of transportation. The remuneration Committee regularly reviews and evaluates the policy, system, standard and structure of the remuneration payment, and examines its participation in the operation of the company, the professionalism of the execution of the decision and the effective contribution, etc. At the same time, after taking into account the level of the industry, the remuneration is passed by the Board of Directors. The compensation of directors shall be allocated according to the operating profit of the company and in accordance with the provisions of the articles of association, and shall be passed by the resolution of the board of directors and submitted to the shareholders.

2. Except as disclosed in the above table, remuneration received by the directors of the Company in the most recent year for services provided to all companies in the financial reports (such as acting as consultants who are not employees) : None

Classification of remuneration

The brackets of remuneration to all Presidents and Vice Presidents of the Company	Name of Presidents and Executive Vice Presidents	
	The Company	All companies mentioned in the financial statements
Less than 1,000,000	Wu Chin-Song, Lin Chih-Kun	—
1,000,000 (inclusive)–2,000,000 (exclusive)	—	—
2,000,000 (inclusive)–3,500,000 (exclusive)	Cheng Ya-Wen	Cheng Ya-Wen
3,500,000 (inclusive)–5,000,000 (exclusive)	Hsu Cheng-Kun, Chang Yi-Chang	—
5,000,000 (inclusive)–10,000,000 (exclusive)	—	Hsu Cheng-Kun, Lin Chi-Kun, Wu Chin-Song, Chang Yi-Chang
10,000,000 (inclusive)–15,000,000 (exclusive)	—	—
15,000,000 (inclusive)–30,000,000 (exclusive)	—	—
30,000,000 (inclusive)–50,000,000 (exclusive)	—	—
50,000,000 (inclusive)–100,000,000 (exclusive)	—	—
100,000,000 above	—	—
Total	—	—

D.Name of the managers received remuneration and the distribution of remuneration

Unit NT\$thousand

	Title	Name	Stock	Cash	Total	Total/after-tax profit
Manager	President, Anli International Co., Ltd.	Hsu Cheng-Kun	—	—	—	—
	President, Kunshan Kuanghe Electronic Technology Co., Ltd.	Wu Chin-Song				
	President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Lin Chi-Kun				
	President, Chongqing Gtek Technology Co., Ltd.	Chang Yi-Chang				
	Vice President, Kunshan Kuanghe Electronic Technology Co., Ltd.	Wu Chih-Kun				
	Vice President, KUNSHAN ANLI PRECISE METAL CO., LTD.	Chen Chia-Feng				
	Vice President, Anli International Co., Ltd.	Cheng Ya-Wen				
	CFO and Chief Accounting Officer	Wang Wan-Hsing				
	Chief Internal Auditor	Yao Li-Fang				

(5)The analysis of the total amount of remuneration to the Directors, Supervisors, President and Vice Presidents paid by the Company and all companies included in the consolidated financial statements in the last 2 years in proportion to net income, and the association with the remuneration policy, standard and combination, procedure for determining the remuneration, and operation performance, and the risks in the future.

A.The total amount of remuneration to the Directors, Supervisors, President and Vice Presidents paid by the Company and all companies included in the consolidated financial statements in the last 2 years in proportion to net income.

Item	Ratio of total remuneration to net income			
	2022		2023	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Remuneration to Directors	2.31%	2.10%	-9.73%	-9.73%
President's and Vice Presidents' remuneration	9.62%	19.36%	-311.84%	-773.59

B. Association with the remuneration policy, standard and combination, procedure for determining the remuneration, and operation performance, and the risks in the future:

The Company has established the Remuneration Committee and the members are independent directors. This committee review and evaluate the performance of the Directors and the Managers, and the policy, system, standard, and structure of the remuneration.

(a)Director:

The remuneration to the Directors covers traveling subsidy, business expense, and Director fees. The remuneration to the Directors is regulated by the Articles of Incorporation of the Company and determined by the Board under authorization with reference to their degree of participation in the operation and contribution value to the Company, and also industry level. The appropriation of remuneration to the Directors was made in compliance with the Articles of Incorporation of the Company subject to the resolution of the Board and report to the shareholders' meeting before release.

(b)President and Vice Presidents:

The remuneration to the President and the Vice Presidents covers salaries and remuneration to employees. The salaries were set with reference to their participation in the operation and contribution value, and industry standard. The appropriation of remuneration to the employees was made in compliance with the Articles of Incorporation of the Company subject to the resolution of the Board and report to the Shareholders' meeting before release.

3. Status of Corporate Governance

(1) The function of the Board

The Board of Directors has convened (A) nine meetings in 2023 and until the date of publication of the annual report. The directors' attendance is specified below:

Title	Name	Actual attendance (B)	Attend through proxy	Actual attendance % (B/A)	Remarks
Chairman	ANLI INTERNATIONAL LIMITED Representative: Hsu Cheng-Kun	9	0	100%	Assumed office on 2022.5.26 for a second term
Director	Lin Chih-Kun	9	0	100%	Assumed office on 2022.5.26 for a second term
Director	KUANGHECO., LTD. Representative: Wu Chin-Song	9	0	100%	Assumed office on 2022.5.26 for a second term
Title	Name	Actual attendance (B)	Attend through proxy	Actual attendance % (B/D)	Remarks
Director	Lo Li-Wen	9	1	88.89%	New director appointed on May 26, 2022
Independent director	Chen Li-Yuan	9	0	100%	New director appointed on May 26, 2022
Independent director	Huang Kuo-Feng	9	0	100%	New director appointed on May 26, 2022
Independent director	Huang Kui-Jung	9	0	100%	New director appointed on May 26, 2022

Other notes:

A. For the particulars inscribed in Article 14-3 of the Securities and Exchange Act, and resolutions of the Board with adverse opinions or qualified opinions of the Independent Directors on record or in written declaration, specifying the date and the session, the content of the motion, the opinions of all Independent Directors, and the response of the Company to the opinions of the Independent Directors: None.

B. The recusal of the Directors to avoid conflict of interest:

For directors' avoidance of motions which involves conflict of interest at the Board of Directors' meetings in 2023 and until the date of publication of the annual report:

Date of meeting	Name of Directors	Agenda	Reasons for avoiding conflicting interests	Voting decision
January 12, 2023	Hsu Cheng-Kun Lin Chih-Kun Wu Chin-Song	1. The motion of year-end bonus in 2022.	Related to personal interest of the managers	The Directors concerned recused themselves from the session to avoid conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.
March 21, 2023	Hsu Cheng-Kun Lin Chih-Kun Wu Chin-Song	1. The motion for the salaries of the managers in 2023	Related to personal interest of the managers	The Directors concerned recused themselves from the session to avoid conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.

Date of meeting	Name of Directors	Agenda	Reasons for avoiding conflicting interests	Voting decision
July 10, 2023	Hsu Cheng-Kun Lin Chih-Kun Wu Chin-Song	1. Passed the motion of the remuneration to the Directors of the Company in 2022. 2. The motion for the remuneration to the employees and managers in 2022.	Related to personal interest of the managers	The Directors concerned recused themselves from the session to avoid conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.
January 1, 2024	Hsu Cheng-Kun Lin Chih-Kun Wu Chin-Song	1. The motion of year-end bonus in 2023.	Related to personal interest of the managers	The Directors concerned recused themselves from the session to avoid conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.
March 11, 2024	Hsu Cheng-Kun Lin Chih-Kun Wu Chin-Song	1. The motion for the salaries of the managers in 2024	Related to personal interest of the managers	The Directors concerned recused themselves from the session to avoid conflict of interest. The motion was passed by all other Directors in common consent in reply to the inquiry of the acting Chairman.

C.Board Self-assessment Situation:

2023 Board Performance Self-Assessment Implementation Situation:

(a)The Assessment Cycle and Period, Assessment Scope, method and Assessment Content of Board of Directors Performance Self-assessment content

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Implemented once a year	January 1, 2023 to December 31, 2023	1. The Board of Directors 2. Individual board member 3. Functional Committee	1. Internal self-assessment of board of directors 2. Self-assessment of individual board members 3. Internal self-assessment of Functional Committee	1. Board performance self-assessment content a. Degree of participation in company operation b. Board decision-making quality improvement c. Board makeup and structure d. Director appointment and continuing education e. Internal control 2. Individual board member performance evaluation content a. Grasp of company objectives and mission b. Awareness toward a director's duties c. Degree of participation in company operation d. Internal relation management and communication e. Director professionalism and continuing education f. Internal control 3. Functional Committee performance evaluation content a. Degree of participation in company operation b. Perception of Functional Committee duties c. Improvement of Functional

				Committee decision-making quality d. Functional Committee makeup and member appointment e. Internal control
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(b)Board Performance Self-Assessment Results

i.The Company completed the performance evaluation for the current year in accordance with the “Regulations Governing the Performance Evaluation on the Board of Directors,” and the performance self-assessment result was reported to the Board of Directors on March 11, 2024.

ii.Performance self-assessment is presented in five classes. The performance assessment classes are explained below:
Number 1: Extremely poor (strongly disagree); 2: poor (disagree); 3: Medium (average); 4. Good (agree); 5: Excellent (strongly agree).

iii.Assessment results

i)Internal self-assessment of board of directors

Based on the performance assessment content, it is divided into 45 performance assessment items. The average assessment results ranged from 4: Good (agree) to 5: Excellent (strongly agree).

ii)Individual Board Member Self-assessment

Based on the performance assessment content, it is divided into 23 performance assessment items. The average assessment results ranged from 4: Good (agree) to 5: Excellent (strongly agree).

iii)Functional Committee (including Audit Committee and Remuneration Committee) Internal Self-assessment

Based on the performance assessment content, it is divided into 24 performance assessment items. The average assessment results reached 5: Excellent (strongly agree).

iv.The Company’s 2023 Board performance assessment results have been disclosed in the corporate governance section on the Company’s website.

(c)Improvement and Recommendations

i.The directors should continue to gain a deeper insight into the departmental reports and inspect the management performance of the operational team in order to fully and promptly keep abreast of the Company’s operations and various detrimental trends and risks.

ii.Continue to plan and train suitable board member candidates to maintain the professionalism and experience heritage.

D.Enhancement of the functionality of the Board of Directors in 2023 and 2024 and until the date of publication of the annual report and assessment on the progress:

a.The Company has appointed 5–9 directors according to the Articles of Incorporation. In particular, the independent directors shall be no less than three persons and account for more than one-fifth of all directors. The term of office to be held by the directors of the Company’s 5th Board of Directors has expired. On May 26, 2022, at the annual general meeting, the directors of 5th Board of Directors were selected under the by candidate nomination system according to Article 79 of the Articles of Incorporation. Meanwhile, seven directors (including three independent directors) were appointed in accordance with the Company’s “Regulations Governing Election of Directors,” and the election was published in accordance with Article 192-1 of the Company Act to ensure stringent, transparent, and open election procedures.

b.The Company’s seven directors have no spouse relations or kinship within the second degree to ensure all board members can operate objectively and independently.

c.The diversification, competency, and complementariness of company board members

i.Board Member Diversification

Diversification items Name of Directors	Basic makeup					Industrial experience				Professional skills			
	Nationality	Gender	Concurrent employee status	Age		Manufacturing and R&D	Business marketing	Management	Asset management	Accounting	Finance	Law	Risk management
				51–60	61–70								
ANLI INTERNATIONAL LIMITED Representative: Hsu Cheng-Kun	R.O.C.	Male	V		V	V	V	V	V				V

Diversification items Name of Directors	Basic makeup					Industrial experience				Professional skills			
	Nationality	Gender	Concurrent employee status	Age		Manufacturing and R&D	Business marketing	Management	Asset management	Accounting	Finance	Law	Risk management
				51-60	61-70								
Lin Chih-Kun	R.O.C.	Male	V	V		V	V	V	V				V
KUANGHECO., LTD. Representative: Wu Chin-Song	R.O.C.	Male	V	V		V	V	V	V				V
Lo Li-Wen	R.O.C.	Female		V		V	V	V	V				V
Chen Li-Yuan	R.O.C.	Male		V				V	V	V	V	V	V
Huang Kuo-Feng	R.O.C.	Male		V				V	V	V	V	V	V
Huang Kui-Jung	R.O.C.	Male		V		V	V	V	V				V

ii. Competency and complementariness of board members

The Company's board members specialize in various industrial fields (including manufacturing, food, biotechnology, accounting and taxation affairs, and legal affairs), with practical industrial experience, leadership decision-making, operational judgment, financial and accounting analysis, business management, and crisis management capabilities, professional knowledge and literacy during decision-making. Thus, the board members are free of competency concerns and complementariness among members is demonstrated.

- d. The Audit Committee was established in 2011 to execute the relevant operations in accordance with Article 14-5 of the Securities and Exchange Act. In order to perfect the Board's functions and strengthen corporate governance mechanisms, all the independent directors serve as Audit Committee members, one of whom serves as the convener. The Committee has been operating successfully since it was established.
- e. The Company established the Remuneration Committee in 2011. All the independent directors serve as Remuneration Committee members, one of whom serves as the convener. The members shall provide suggestions and help the Board plan and assess the relevant remuneration policies, systems, standards, and structures, from an independent, objective and professional standpoint. The Committee has been operating successfully since it was established.
- f. The Company has set up the "Board Performance Assessment Guidelines" in accordance with Article 37 of the "Corporate Governance Best-Practice Principles for Exchange-Listed and OTC-Listed Companies." According to the provisions in the guidelines, a performance assessment for the current year was conducted at the end of the year, which was submitted to the board on March 11th, 2024. The 2023 board performance self-assessment implementation situation has been disclosed in the Company's website corporate governance area.
- g. The Company will successively plan board member takeovers when deemed appropriate in the year to come. Targeting the cultivation of future talents, in addition to strengthening core value propaganda, company management philosophy, and experience sharing and heritage, through professional training, operational management, risk management, financial analysis, and risk management, and other diversification abilities can be developed.
- h. The Company has established the position of spokesman and acting spokesman to enhance information transparency. Designated personnel have also been appointed to perform the function of information collection and disclosure.

(2)The operation of the Audit Committee

A.The Company established the Audit Committee on November 28, 2011, which consists of all independent directors. The term of office to be held by the members of the 4th Committee has expired. May 26, 2022, the Company elected three independent directors to serve as the members of the 5th Committee at the Board meeting, who shall hold the term of office for 3 years, from May 26, 2022 to May 25, 2025.

B.The Audit Committee has convened (A) nine meetings in 2023 and 2024 and until the date of publication of the annual report. The members' attendance is specified below:

Title	Name	Attendance in person (B)	Attend through proxy	Attendance in person % (B/D)	Remarks
Independent director/Convener	Chen Li-Yuan	9	0	100%	New director appointed on May 26, 2022
Independent director/Committee	Huang Guo-Feng	9	0	100%	New director appointed on May 26, 2022
Independent director/Committee	Huang Kui-Jung	9	0	100%	New director appointed on May 26, 2022

Other notes:

a.If any of the following applies to the operation of the Auditing Committee, specify the session and the date, the content of the motion, the resolution of the committee in session, and the response of the Company to the opinions of the committee members.

i.The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.

Board of Directors	Details of the relevant agendas and the subsequent	The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two-thirds of the board directors
January 12, 2023 5th Meeting of the 6th Board of Directors	<ol style="list-style-type: none"> Proposed to pass the Company's Business Plan 2023. Proposed to pass the loaning of funds by the Company's subsidiary, ANLI Kunshan, to Huzhou Anli Technology Co., Ltd. Proposed to pass the loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to Huzhou Anli. Proposed to pass the transfer of overdue accounts receivable due from the Company's subsidiary, Kuanghe Hong Kong, by Kuanghe Kunsha into loaning of funds. Proposed to pass the amendments to the Company's "Enforcement Rules of Internal Audits." 	✓	x
March 21, 2023 6th Meeting of the 6th Board of Directors	<ol style="list-style-type: none"> Passed the motion of the appointment of certified public accountants for external audits and certification and remuneration in 2023. To pass the Company's 2022 CPA Independence Assessment Case. Passed the Business Report and consolidated financial statements of 2022. Passed the motion for distribution of earnings in 2022. Proposed to pass the Company's budget for 2023 Q2. Passed the "Declaration of Internal Control System" of the Company in 2022. 	✓	x

Board of Directors	Details of the relevant agendas and the subsequent	The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two-thirds of the board directors
	<ol style="list-style-type: none"> 7. Proposed to pass the amendments to certain provisions of the Company's "Articles of Incorporation." 8. Passed the partial amendment to the "Shareholders' meeting Procedure" of the Company. 9. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Anli Hong Kong. 10. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Kuanghe Hong Kong. 11. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, ANLI Kunshan. 12. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Kuanghe Kunsha. 13. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Gtek (Chongqing) 14. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Huzhou Anli . 15. Proposed to pass the amendments to certain provisions of the Company's "Corporate Governance Best-Practice Principles." 16. Proposed to pass the motion for the Company's purchase of wealth management products from the Company's subsidiary, ANLI Kunshan. 17. Proposed to pass the transfer of overdue accounts receivable due from the Company's subsidiary, Guanghe Hong Kong, by Kuanghe Kunsha into loaning of funds. 18. Proposed to pass the appointment of the Company's Chief Corporate Governance Officer. 		
<p>May 11, 2023 7th Meeting of the 6th Board of Directors</p>	<ol style="list-style-type: none"> 1. Proposed to pass the Company's 2023 Q1 consolidated financial statements. 2. Proposed to pass the Company's budget for 2023 Q3. 3. Proposed to pass the endorsements/guarantees made by the Company's subsidiaries pertaining to customs matters. 4. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with Bank SinoPac for the Company's subsidiary, Anli Hong Kong. 	✓	x
<p>July 10, 2023 8th Meeting of the 6th Remuneration Committee</p>	<ol style="list-style-type: none"> 1. To pass the Company's 2022 base date for surplus distribution in cash dividends. 2. Proposed to pass the capital increase of the Company's subsidiary, Huzhou Anli. 3. Proposed to pass the loaning of funds by the Company's subsidiary, ANLI Kunshan, to KY Anli. 	✓	x

Board of Directors	Details of the relevant agendas and the subsequent	The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two-thirds of the board directors
	<ol style="list-style-type: none"> 4. Proposed to pass the loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to KY Anli. 5. Proposed to pass the loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to Kuanghe Hong Kong. 6. Proposed to pass the transfer of overdue accounts receivable due from the Company's subsidiary, Kuanghe Hong Kong, by Kuanghe Kunsha into loaning of funds. 7. Proposed to pass the Company's application for financing facilities with Cathay United Bank. 8. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with Cathay United Bank for the Company's subsidiary, ANLI International Co., Ltd., Taiwan Branch. 9. Proposed to pass the Company's application for financing facilities with CTBC Bank. 10. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with CTBC Bank for the Company's subsidiary, Kuanghe Hong Kong. 		
<p>August 23, 2023 9th Meeting of the 6th Board of Directors</p>	<ol style="list-style-type: none"> 1. Passed the consolidated financial statements of the Company covering 2023 Q2. 2. Proposed to pass the Company's budget for 2023 Q4. 3. Proposed to pass the authorization for the Company's audit report. 	✓	x
<p>October 19, 2023 10th Meeting of the 6th Board of Directors</p>	<ol style="list-style-type: none"> 1. Proposed to pass the amendments to certain provisions of the Company's "Operating Procedure for Endorsements/Guarantees." 2. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Anli Hong Kong. 3. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Kuanghe Hong Kong. 4. Proposed to pass the application of the Company's subsidiary, Anli Hong Kong, for endorsements/guarantees of financing facilities with CTBC Bank for the Company. 5. Proposed to pass the application of the Company's subsidiary, Kuanghe Hong Kong, for endorsements/guarantees of financing facilities with CTBC Bank for the Company. 	✓	x
<p>November 7, 2023 11th Meeting of the 6th Board of Directors</p>	<ol style="list-style-type: none"> 1. Passed the consolidated financial statements of the Company covering 2023 Q3. 2. Proposed to pass the Company's budget for 2024 Q1. 3. Proposed to pass the 2024 audit plans of the Company and the Company's subsidiaries. 	✓	x

Board of Directors	Details of the relevant agendas and the subsequent	The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two-thirds of the board directors
	<ol style="list-style-type: none"> 4. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Endorsements/Guarantees” of the Company’s subsidiary, ANLI Kunshan. 5. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Endorsements/Guarantees” of the Company’s subsidiary, Kuanghe Kunsha. 6. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Endorsements/Guarantees” of the Company’s subsidiary, Gtek (Chongqing). 7. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Endorsements/Guarantees” of the Company’s subsidiary, Huzhou Anli. 8. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Anli Hong Kong. 9. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Kuanghe Hong Kong. 10. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, ANLI Kunshan. 11. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Guanghe (Kunshan). 12. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Gtek (Chongqing). 13. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Huzhou Anli. 14. Proposed to pass the motion for ratification of acquisition and disposal of machine and equipment by the Company’s subsidiary, Huzhou Anli, from the related party, Kuanghe Kunsha. 15. Proposed to pass the application of the Company’s subsidiary, Kuanghe Kunsha, for endorsements/guarantees of financing facilities with CTBC Bank for Huzhou Anli. 16. Proposed to pass the custody of the Company’s dedicated seal for endorsements/guarantees. 		

Board of Directors	Details of the relevant agendas and the subsequent	The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two-thirds of the board directors
	<ol style="list-style-type: none"> 17. Proposed to pass the termination of loaning of funds by the Company's subsidiary, ANLI Kunshan, to the Company. 18. Proposed to pass the termination of loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to the Company. 19. Proposed to pass the Company's application for financing facilities with First Bank. 20. Proposed to pass the Company's application for financing facilities with The Shanghai Commercial & Savings Bank, Ltd. 21. Proposed to pass the change in the Company's spokesman and deputy spokesman. 		
January 1, 2024 12nd Meeting of the 6th Board of Directors	<ol style="list-style-type: none"> 1. Passed the Business Plan in 2024. 2. Proposed to pass the motion for ratification of acquisition and disposal of machine and equipment by the Company's subsidiary, Huzhou Anli, from the related party, Kuanghe Kunsha. 3. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company. 4. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Anli Hong Kong. 5. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Kuanghe Hong Kong. 6. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, ANLI Kunshan. 7. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Kuanghe Kunsha. 8. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Gtek (Chongqing). 9. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Huzhou Anli. 10. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with The Shanghai Commercial & Savings Bank, Ltd. for the Company's subsidiary, ANLI International Co., Ltd., Taiwan Branch. 	✓	x
March 11, 2024 13th Meeting of the 6th Board of Directors	<ol style="list-style-type: none"> 1. To pass the Company's 2023 CPA Independence Assessment Case. 2. Passed the Business Report and consolidated financial statements of 2023. 3. Passed the motion for distribution of earnings in 2023. 4. Passed the motion of the appointment of certified 	✓	x

Board of Directors	Details of the relevant agendas and the subsequent	The particulars are inscribed in Article 14-5 of the Securities and Exchange Act.	The matters that are not resolved by the Audit Committee must be resolved with the consent of more than two-thirds of the board directors
	<p>public accountants for external audits and certification and remuneration in 2024.</p> <ol style="list-style-type: none"> 5. Proposed to pass the change in the Company's external auditors. 6. Proposed to pass the Company's budget for 2024 Q2. (Please refer to Attachment 15 for relevant information.) 7. Proposed to pass the "Declaration of Internal Control System" of the Company in 2023. 8. Proposed to pass the amendments to certain provisions of the Company's "Articles of Incorporation." 9. Passed the partial amendment to the "Shareholders' meeting Procedure" of the Company. 10. Passed the partial amendment to the "Rules of Procedure for Board of Directors Meetings" of the Company. 11. Proposed to pass the amendments to certain provisions of the Company's "Organization Regulations of Audit Committee." 12. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Loaning of Funds to Others" of the Company's subsidiary, Anli Hong Kong. 13. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Loaning of Funds to Others" of the Company's subsidiary, Kuanghe Hong Kong. 14. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Loaning of Funds to Others" of the Company's subsidiary, ANLI Kunshan. 15. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Loaning of Funds to Others" of the Company's subsidiary, Kuanghe Kunsha. 16. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Loaning of Funds to Others" of the Company's subsidiary, Gtek (Chongqing). 17. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Loaning of Funds to Others" of the Company's subsidiary, Huzhou Anli. 18. Proposed to pass the changes in the Company's "financial officer" and "accounting officer." 19. Proposed to pass the change in the Company's "chief internal auditor." 20. Proposed to pass the change in the Company's "chief corporate governance officer." 		

ii. In addition to the abovementioned items, other resolutions not passed by the Audit Committee and with the consent of more than 2/3 of all the directors:

The Company has no resolution not passed by the Audit Committee and with the consent of more than 2/3 of all the directors.

b. The recusal of the Independent Directors to avoid conflict of interests, specifying the names of the Independent Directors, the content of the motions, the reason for recusal, and the participation in voting: None.

c. For 2023 and up to the date of publication of the annual report, the key tasks of the Audit Committee are summarized as follows:

i. Company annual operational plan discussion and review.

ii. Company annual operational report review

iii. Review on Q1, Q2, Q3 and Annual Consolidated Financial Statements

iv. Discussion and review on internal audit business report and annual audit plan

v. Discussion and review on establishment of or amendments to the internal control system and related regulations, and assessment on effectiveness of the internal control system

vi. Discussion and review on establishment of or amendments to the operating procedures for acquisition or disposal of assets, loaning of funds to others, and making of endorsements/guarantees for others

vii. Discussion and review of important assets or derivatives transactions, or loaning of funds, and making of endorsements/guarantees

viii. Appointment of external auditors, review on remuneration, and assessment on independence and competency

ix. Discussion and review of other major matters provisioned by other companies or competent authorities.

x. Regular or irregular communications between the chief internal auditor and external auditors

d. The communication between the Auditing Committee (Independent Directors) and the Chief Internal Auditor and the certified public accountants (including the communications related to the financial position and state of operation of the Company, in materiality, the means of communications, and the result):

i. Communication between the Audit Committee (independent directors) and chief internal auditor

i) With respect to the implementation of internal audits by the Company's Audit Committee, in addition to reviewing the internal audit reports on a monthly basis, the Audit Committee shall meet at least once per quarter to communicate with the chief internal auditor via the meeting, and may convene special meetings at any time, if necessary, or communicate via e-mail, phone, or visual communication network.

ii) The communication methods, events and results for 2023 and up to the date of publication of the annual report have been disclosed in the corporate governance section of the Company's website. The details are as follows:

Date/Method	Communication matters	Communication result
January 12, 2023 Audit Committee	1. 2022 Q4 Internal Audit Report 2. Discussion on amendments to the internal control system	After full explanation and discussion, all the participants unanimously approved the proposal.
March 21, 2023 Audit Committee	1. Internal Audit Report from January to February 2023 2. Discussion on "2022 Declaration of Internal Control System" 3. Discussion on amendments to the internal control system	After full explanation and discussion, all the participants unanimously approved the proposal.
May 11, 2023 Audit Committee	1. 2023 Q1 Internal Audit Report	After full explanation and discussion, all the participants unanimously approved the proposal.
July 10, 2023 Audit Committee	1. Internal Audit Report from April to May 2023 2. The Company's GHG report.	After full explanation and discussion, all the participants unanimously approved the proposal.

Date/Method	Communication matters	Communication result
August 23, 2023 Audit Committee	1. Internal Audit Report from June to July 2023 2. Discussion on amendments to the internal control system	After full explanation and discussion, all the participants unanimously approved the proposal.
November 7, 2023 Audit Committee	1. 2023 Q3 Internal Audit Report 2. The Company's GHG report. 3. Discussion on 2024 audit plan. 4. Discussion on amendments to the internal control system	After full explanation and discussion, all the participants unanimously approved the proposal.
January 11, 2024 Audit Committee	1. The Company's Internal Audit Report from October to November 2023 2. Discussion on amendments to the internal control system	After full explanation and discussion, all the participants unanimously approved the proposal.
March 11, 2024 Audit Committee	1. 2023 Q4 Internal Audit Report 2. 2023 Declaration of Internal Control System 3. Discussion on amendments to the internal control system	After full explanation and discussion, all the participants unanimously approved the proposal.

ii. Communication between the Audit Committee (independent directors) and CPAs

i) The Company appointed Chiu Chao-Hsien, CPA and Chen Ching-Chang, CPA of PwC Taiwan as the Company's external auditors certifying the Company's financial statements.

ii) When the Company's external auditors review (audit) the Company's quarterly (annual) financial statements, they shall, on a quarterly basis, explain to the Audit Committee (independent directors) about the issues, including whether the financial position and financial performance are reasonable and precise, and fair presentation, adjusting journal entry, amendments to IFRSs and amendments to laws and regulations, before the Audit Committee reviews the Company's consolidated financial statements, and communicate with the independent directors on the key audit matters of the Company to reach agreement with them each year. A meeting may be convened at any time in case of significant abnormal events.

iii) The methods by which they communicate with the CPAs, communication events and results for 2023 and up to the date of publication of the annual report have been disclosed in the corporate governance section of the Company's website. The details are as follows:

Date/Method	Communication matters	Communication result
March 21, 2023 Pre-meeting of Audit Committee	1. Description and communication of the Audit Report on the 2022 consolidated financial statements 2. Descriptions and communication of key audit matters 3. Descriptions and communication of important adjusting journal entry 4. Descriptions about communication of independence of the communication with external auditors 5. Descriptions and communication about the Company's preparation of financial statements 6. Discussion of CPAs on questions raised by the Audit Committee members	Unanimously approved by all participants
May 11, 2023 Pre-meeting of Audit Committee	1. Description and communication of the Review Report on the 2023 Q1 consolidated financial statements 2. Descriptions and communication of important adjusting journal entry 3. Descriptions about communication of independence of the communication with external auditors 4. Description and communication about the audit communication schedule for the semi-annual report of the current year 5. Descriptions and communication about the Company's	Unanimously approved by all participants

Date/Method	Communication matters	Communication result
	preparation of financial statements 6. Laws and information sharing 7. Discussion of CPAs on questions raised by the Audit Committee members	
August 23, 2023 Pre-meeting of Audit Committee	1. Description and communication of the Audit Report on the 2023 Q2 consolidated financial statements 2. Descriptions and communication of important adjusting journal entry 3. Descriptions about communication of independence of the communication with external auditors 4. Description and communication about the annual audit communication schedule of the current year 5. Descriptions and communication about the Company's preparation of financial statements 6. Laws and information sharing 7. Discussion of CPAs on questions raised by the Audit Committee members	Unanimously approved by all participants
November 7, 2023 Pre-meeting of Audit Committee	1. Description and communication of the Review Report on the 2023 Q3 consolidated financial statements 2. Descriptions and communication of important adjusting journal entry	Unanimously approved by all participants
March 11, 2024 Pre-meeting of Audit Committee	1. Description and communication of the Audit Report on the 2023 consolidated financial statements 2. Descriptions and communication of key audit matters 3. Descriptions and communication of important adjusting journal entry 4. Descriptions about communication of independence of the communication with external auditors 5. Descriptions and communication about the Company's preparation of financial statements 6. Discussion of CPAs on questions raised by the Audit Committee members	Unanimously approved by all participants

(3)How The Company’s actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons
	Yes	No	Summary	
1. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	✓		The Company has instituted the “Corporate Governance Best-Practice Principles” in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and has disclosed related information on the official website of the Company and MOPS.	No significant discrepancy.
2. Shareholding structure and shareholders’ equity (1) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly? (2) Will the Company possess the list of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders? (3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	✓ ✓ ✓		(1) The Company has commissioned a professional share registration and investor services institution for handling share registration and investor services, and has established the spokesman system. The spokesman (or acting spokesman) of the Company will accept and respond to the suggestions, queries, and related matters of the shareholders. (2) The Company has declared the state of shareholding by insiders (Directors, Supervisors, Managers, and dominant shareholders holding more than 10% of the outstanding shares) monthly as required, and keeps abreast of the information on the list of dominant shareholders of the Company and the eventual dominant parties behind these dominant shareholders through the share registration and investor services agent. (3) The Company has instituted the “Regulations Governing the Transactions with Related Parties, Designated Companies, and Group Enterprises” and the “Regulations Governing the Supervision of Subsidiaries.” The monitoring and control of subsidiaries by the Company has been made in compliance with the applicable rules and regulations, and the transactions with affiliates are also conducted in compliance with applicable legal rules governing transactions for the proper implementation of risk control and a firewall mechanism.	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons
	Yes	No	Summary	
(4) Will the Company set up internal norms to prohibit insiders from utilizing undisclosed information to trade securities?	✓		(4) The Company has instituted the “Procedure for Handling Material Internal Information” and “Regulations for the Prevention of Insider Transactions,” and has educated insiders with the “Applicable Laws Governing Insider Transactions and Important Guidelines” to prohibit insiders of the Company from using undisclosed information for trading securities.	
3. The organization of the Board and their duties (1) Has the Board of Directors established a diversity policy, set specific management goals, and implemented them accordingly? (2) Further to the establishment of the Remuneration Committee and the Auditing Committee as required by law, has the Company voluntarily established related functional committees? (3) Has the Company set up board performance assessment guidelines and assessment methods to periodically conduct annual performance assessments, submit performance assessment results to the board, and use them as references for individual director remuneration and nomination for a	✓ ✓ ✓		(1) According to the “Corporate Governance Best-Practice Principles,” the members of the Board shall be qualified with the necessary knowledge, skills, and ethics in order to achieve the ideal goal of corporate governance. The Company has mapped out appropriate and diversified policies in line with the mode of operation and development needs. Currently, there are seven seats of Directors (including three seats of Independent Directors) on the Board. These Directors are well trained and experienced in corporate decision-making, the practice of corporate management, finance and accounting, and laws further to their understanding and professional knowledge and skills in marketing. For related information, please refer to Pages 27 to 28 of the annual report. (2) The Company has established the Auditing Committee and the Remuneration Committee in compliance with applicable legal rules of the competent authority, and will establish various functional committees in the future where necessary. (3) The Company has set up the Board Performance Assessment Guidelines and performance assessment methods. According to the provisions, performance assessment is periodically conducted every year and is submitted to the board in advance in the first quarter of the following year. The Company submitted the 2023 board performance assessment report to the board on March 11, 2024, which shall serve as a reference for nominating succeeding annual	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons												
	Yes	No	Summary													
<p>second term in office?</p> <p>(4) Has the Company conducted routine evaluation of the independence of the certified public accountants who conducted the external audits and certification?</p>	✓		<p>directors and nomination for a second term in office. For the Board performance appraisal implementation situation, please refer to Pages 26 to 27..</p> <p>(4)The Company shall periodically (at least once a year) assess the independence and competency of CPAs hired in accordance with the provisions in the “Code of Practice for Exchange-Listed and OTC-Listed Companies.” An assessment on the independence of CPAs was conducted by the Company’s relevant departments. No events affecting independence were found, and the CPAs also supplied a declaration of independence to the Company. The Audit Committee and the Board of Directors reviewed, discussed, and approved the eligibility of Chiu Chao-Hsien, CPA and Chen Ching-Chang, CPA of PwC Taiwan who meet the independence assessment standards to serve as the Company’s external auditors on March 11, 2024. The independence assessment items and assessment results are as shown in the table below:</p> <table border="1"> <thead> <tr> <th>Items for evaluation</th> <th>Assessment results</th> <th>Meet independence standards:</th> </tr> </thead> <tbody> <tr> <td>A.Are there major and indirect financial interests between the CPA and the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>B.Are there financing or guarantee conducts between the CPA and the Company or company directors?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>C.Are there close business relations and potential employment relations between the CPA and the Company?</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Items for evaluation	Assessment results	Meet independence standards:	A.Are there major and indirect financial interests between the CPA and the Company?	No	Yes	B.Are there financing or guarantee conducts between the CPA and the Company or company directors?	No	Yes	C.Are there close business relations and potential employment relations between the CPA and the Company?	No	Yes	
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Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons																		
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			<table border="1"> <thead> <tr> <th>Items for evaluation</th> <th>Assessment results</th> <th>Meet independence standards:</th> </tr> </thead> <tbody> <tr> <td>D. Have the CPA and the audit team member recently (or in the recent two years) served as directors, managers, or positions exerting major influence on audit work?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>E. Does the CPA provide non-audit services that may directly affect audit work to the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>F. Does the CPA have possession of stocks or other securities issued by the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>G. Does the CPA serve as the Company's defender or represent the Company in coordinating conflicts with a third party?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>H. Does the CPA have kinship with the Company's directors, managers, or staff exerting a major influence on audit cases?</td> <td>No</td> <td>Yes</td> </tr> </tbody> </table>	Items for evaluation	Assessment results	Meet independence standards:	D. Have the CPA and the audit team member recently (or in the recent two years) served as directors, managers, or positions exerting major influence on audit work?	No	Yes	E. Does the CPA provide non-audit services that may directly affect audit work to the Company?	No	Yes	F. Does the CPA have possession of stocks or other securities issued by the Company?	No	Yes	G. Does the CPA serve as the Company's defender or represent the Company in coordinating conflicts with a third party?	No	Yes	H. Does the CPA have kinship with the Company's directors, managers, or staff exerting a major influence on audit cases?	No	Yes	
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G. Does the CPA serve as the Company's defender or represent the Company in coordinating conflicts with a third party?	No	Yes																				
H. Does the CPA have kinship with the Company's directors, managers, or staff exerting a major influence on audit cases?	No	Yes																				
4. Has the Company allocated an appropriate number of competent corporate governance staff members, has it designated a corporate governance supervisor responsible for corporate governance related matters (including but not limited to information required by directors and supervisors for business operations), matters at board and shareholders' meetings conducted in accordance with the law, production of board and shareholders' meeting proceedings, etc.?		✓	The Office of the President is an adjunct body of the Company in the pursuit of corporate governance and is responsible for matters pertinent to corporate governance. Including arrangement of the Board of Directors' meetings and shareholders' meeting, compilation of the minutes of meetings on record for the Board of Directors' meetings and shareholders' meetings, supply of the information and materials for the directors in performing their duties, and organization of continuing education and training programs for the directors. The Company's Board of Directors approved the establishment of the chief corporate governance officer on March 21, 2023 to strengthen the efficiency of corporate governance.	No significant variation																		

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons
	Yes	No	Summary	
5. Has the Company established a communication channel with the stakeholders (including but not limited to, shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important sustainable development issues concerned by the stakeholders?	✓		The Company has established the spokesman system, installed an official website, and has designated a special section for the stakeholders and investors. Designated personnel have been appointed to administer the special section providing information on the financial position, business outlook and corporate governance of the Company for the reference of the shareholders and related parties. Stakeholders and investors may use the means suggested on the official website for communication with the Company. The Company will properly respond to the issues of their concerns, including the issue of sustainable development.	No significant variation
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has commissioned First Securities for handling matters related to the Shareholders' meeting by its Share Registration Department.	No significant variation
7. Disclosures (1) Has the Company installed an official website for the disclosure of information on finance, operation, and corporate governance? (2) Has the Company adopted other means in the disclosure of its information (such as the installation of a website in English language, appointment of designated personnel in the collection and disclosure of information on the Company, proper implementation of the spokesman system, and conference of	✓ ✓		(1) The Company has set up an official website for the disclosure of its information, and has declared relevant information on the financial position, operation, and corporate governance on the MOPS in compliance with the requirements of the competent authority. The Company has established the positions of spokesman and acting spokesman, and has installed an official website with the appointment of designated personnel in the collection and disclosure of information on the Company, proper implementation of the spokesman system, and conference of institutional investors and placed the footage on the official website of the Company for the reference of the shareholders and the public. (2) The announcement and declaration of the Company's financial statements for the first, second, and third quarters and the situations of the operational plans are in accordance with the regulations. The announcements and declarations were completed within the provisioned dates.	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons
	Yes	No	Summary	
<p>institutional investors and placed the footage on the official website of the Company)?</p> <p>(3) Were the Company's announcement and declaration of the annual financial statement within two months after the end of the accounting year, and were the announcement and declaration of the financial statements for the first, second, and third quarter in advance and the situations of the operational plans for different months within the provisioned dates?</p>		✓	<p>(3) The Company shall urge the relevant departments to improve operational efficiency and coordinate and cooperate with the financial statement checking (approval) CPAs, with the announcement and declaration of financial and business information in advance as the future goal.</p>	
<p>8. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?</p>	✓		<p>(1) Employee rights: The Company seeks to protect the legitimate rights of the employees under law, and has instituted the rules and regulations governing personnel administration to protect the rights of the employees. Except for the provision of pension according to law, labor insurance and health insurance, the Company has also provided group insurance for the employees to improve the protection of the employees. In addition, the Company also provides sufficient training for the employees and has channels for employees to reflect their opinions in their entirety. The Company has established a mutual trust relation with the employees.</p> <p>(2) Employee care: further to the requirements of the government in the protection of employees, the Company has also subsidized the employees for routine health inspection, and also the policies for the employees on occasions of matrimony, bereavement, and other celebrations. Banquets, birthday parties, and employee pleasure traveling have also been held at appropriate times to provide recreation for the employees, physically and psychologically.</p> <p>(3) Investor relation: The Company has established the positions of spokesman and acting spokesman as the window for the dissemination of Company news and response to the questions of</p>	No significant variation

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons
	Yes	No	Summary	
			<p>the investors. In addition, the Company has also declared and announced relevant information on the financial position, operation, and state of corporate governance on the MOPS in compliance with the requirements of the competent authority.</p> <p>(4) Supplier relation: The Company upholds the principle of honesty and sincerity in the conduct of business on the basis of corporate governance and insists on transparency in the operation. All subsidiaries of the group have maintained mutual trust with the suppliers in the spirit of mutual benefit and are in positive relations for common growth and development where all sides are the winners.</p> <p>(5) Stakeholder rights: The Company has established the spokesman system with accountability to stakeholders, like the customers, employees, shareholders, and suppliers, in setting up channels for communications and respecting their legitimate rights.</p> <p>(6) Continuing education of the Directors: The Directors and Independent Directors of the Company have engaged in continuing education as required by law and made announcements as required by law. Refer to the “Details of Advanced Studies of Directors” for details on the refresher course.</p> <p>(7) The pursuit of risk management policy and risk assessment standard: The Company has instituted the internal control system and related management regulations, and implements these regulations as required by law for the reduction and prevention of possible risks. For the Company’s risk management and implementation thereof, please refer to Pages 113–116 of the annual report.</p> <p>(8) Customer policy implementation status: The subsidiaries of the Company have maintained positive relations with the customers, and have established designated departments to respond to the complaints and related matters of the customers to protect the rights of the customers.</p>	

Items for evaluation	Implementation Status			Exclusion to the Corporate Governance Best-Practice Principles for TWSE/TPEX listed Companies, and the reasons
	Yes	No	Summary	
			(9) The situation of liability insurance purchase for directors: The Company has purchased liability insurance for the directors and major staff, which was submitted to the board on March 11, 2024 and declaration uploading was completed according to the provision.	
<p>9. Explain the improvement situation based on the corporate governance assessment results for the current year released by the Taiwan Stock Exchange Corporate Governance Center and propose prioritized items for strengthening and measures if not yet improved.</p> <p>According to the results of 12th corporate governance evaluation and the Company's internal self-assessment, the improvement of information transparency and disclosure of corporate governance information shall be filed and reported pursuant to the competent authority's requirements, and also disclosed in the Company's annual report and on the Company's website.</p> <p>For some matters that have not yet reached the corporate governance evaluation indicators, such as improvement of the Board of Directors' structure and the implementation of sustainable development, the Company has planned to implement them year by year in order to achieve the corporate governance indicators in a progressive manner, meet the Company's future development needs and protect the interest and right of the Company's investors.</p>				

Table of Continuing Education of the Directors

Title	Name	Training date	Organizer	Course name	Training hours	Total continuing education hours of the year
Corporate Director representative	Hsu Cheng-Kun	December 20, 2023	Securities and Futures Institute	Ethical Management Best-Practice Principles	3	6
		December 21, 2023		2024 Economic Outlook and Industry Trends	3	
Corporate Director representative	Wu Chin-Song	December 12, 2023	Securities and Futures Institute	Concept, Practices and Tools of Group Taxation Governance	3	6
		December 22, 2023	Corporate Governance Association in Taiwan	Carbon-carbon bond: Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading	3	
Director	Lin Chih-Kun	December 12, 2023	Securities and Futures Institute	Concept, Practices and Tools of Group Taxation Governance	3	6
		December 22, 2023	Corporate Governance Association in Taiwan	Carbon-carbon bond: Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading	3	
Director	Lo Li-Wen	December 13, 2023	Securities and Futures Institute	Protection of Business Secrets	3	6
		December 20, 2023		Ethical Management Best-Practice Principles	3	
Independent director	Chen Li-Yuan	December 19, 2023	Securities and Futures Institute	Post-M&A Integration Issue Discussion and Establishment of Management Mechanism	3	6
		December 21, 2023		2024 Economic Outlook and Industry Trends	3	
Independent director	Huang Kui-Jung	December 15, 2023	Accounting Research and Development Foundation	Corporate Ethics and Sustainable Development	3	6
		December 22, 2023	Securities and Futures Institute	Focuses to be noted by directors, supervisors and senior executives of TWSE/TPEX listed companies when dealing with regulatory authorities	3	
Independent director	Huang Kuo-Feng	December 14, 2023	Securities and Futures Institute	Analysis on corporate governance focuses to be noted by directors/supervisors	3	6
				Challenges and Opportunities of Sustainable Development Roadmap and Introduction to GHG Inventory	3	

(4)The composition and operation of the Remuneration Committee

A.Information on the members of the Remuneration Committee

Identity (Note 1) Name		Condition	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
Independent director	Chen Li-Yuan		At least five years' work experience in commerce, legal affairs, finance, accounting, or corporate operations, and holds a CPA license of the ROC. He currently serves as the Independent Director of Anli International Co., Ltd., CPA of Liyuan CPA Firm, Director of Teng Cloud Technology Service Co., Ltd., and Supervisor of Silicon Asia Co., Ltd., and is free from any of the circumstances referred to in Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliates. (2) Directors and supervisors not affiliated with the Company or is conglomerates (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations). (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.	None
Independent director	Huang Kuo-Feng		At least five years' work experience in commerce, legal affairs, finance, accounting, or corporate operations. He currently serves as the Director of Anli International Co., Ltd., Professor of Department of Business Administration, National Chengchi University and Director of National Chengchi University Business Administration Education Foundation, and is free from any of the circumstances referred to in Article 30 of the Company Act.	(4) Not managers listed in (1) or spouses, within second-degree relatives or within third-degree immediate relatives listed in (2), (3). (5) No direct holding of more than 5% of shares issued by the Company, not ranking top five in shareholdings, and not representatives appointed in Paragraph 1 and 2 of Article 27 of the Company Act serving as corporate shareholder directors, supervisors, or employed persons, (not limited to concurrent independent directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations).	None
Independent director	Huang Kui-Jung		He has more than five years' work experience in commercial, legal affairs, finance, accounting and corporate operations. He currently serves as the Independent Director of Anli International Co., Ltd., President of Jingwei Material Technology Co., Ltd. and Sales Manager of High Entropy Materials, Inc., and is free from any of the circumstances referred to in Article 30 of the Company Act.	(6) Directors, supervisors, or employed persons of other companies not exceeding half of the Company's director seats or shares with voting rights controlled by the same person (not limited to concurrent independent	None

Identity (Note 1) Name	Condition	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
			<p>directors designated by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations).</p> <p>(7) Not the same person as the Company's chairman, general manager (or equivalent position); not the spouse's company or institution board of directors (directors), supervisors (members of the board of supervisors), or employed persons (not limited to concurrent independent directors designed by the Company, parent company, subsidiary, or subsidiary under the same parent company by the local regulations).</p> <p>(8) Board of directors (directors), supervisors (members of the board of supervisors), managers, or shareholders with more than 5% shareholding of specific companies or institutions without financial or business dealings with the Company (not limited to specific companies or institutions with more than 20% but not exceeding 50% of shares issued by the Company and concurrent independent directors designated by local regulations of the Company and its parent company and subsidiary company or subsidiaries under the same parent company).</p> <p>(9) Professionals engaged in commercial, legal, financial, accounting, and other related services whose audits are not provided by the Company or its conglomerates or whose cumulative rewards in the recent two years have not exceeded NT\$500,000, sole proprietors, company or institution owners, partners, directors (board of directors), supervisors (members of the board of supervisors),</p>	

Identity (Note 1) Name	Condition	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
			managers, and their spouses. (not limited to the members of the Remuneration Committee, Public Takeover Review Committee, or Mergers and Acquisition Special Committee performing their duties in accordance with the Securities Exchanges Act or the Business Mergers and Acquisitions Act) (10) Not under any of the categories stated in Article 30 of the Company Act.	

B. The operation of the Remuneration Committee

a. In order to improve the efficiency of corporate governance and perfect the remuneration system for the Company's directors and managers, the Company established the Remuneration Committee in 2011, which is composed of three independent directors. The Committee members shall exercise the care of a good administrator and faithfully perform the following duties: (1) Establish and periodically review the policies, systems, standards and structures of the performance evaluation on and remuneration to directors and managers; (2) regularly evaluate and establish the remuneration to directors and managers, and be responsible to the Board of Directors and propose suggestions to the Board of Directors for discussion.

b. The term of office to be held by the current Committee members:

i. The term of office to be held by the current Committee members: from May 26, 2022 to May 25, 2025

ii. The Remuneration Committee has convened five meetings in 2023 and until the date of publication of the annual report. The members' attendance is specified as follows:

Title	Name	Attendance in person (B)	Attend through proxy	Attendance in person % (B/D)	Remarks
Independent director/Convener	Huang Kuo-Feng	5	0	100%	New director appointed on May 26, 2022
Independent director/Committee	Chen Li-Yuan	5	0	100%	New director appointed on May 26, 2022
Independent director/Committee	Huang Kui-Jung	5	0	100%	New director appointed on May 26, 2022

i) Resolutions of the Remuneration Committee in 2023 and until the date of publication of the annual report, and the execution thereof

Remuneration Committee	Agenda	Status of implementation
January 12, 2023 3rd Meeting of the 5th Board of Directors	1. Passed the motion of year-end bonus for the managers of the Company in 2022.	Discussed and approved, and submitted to the Board of Directors for a resolution, and distributed on January 16, 2023
March 21, 2023 4th Meeting of the 5th Board of Directors	1. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 2022. 2. To pass the Company's 2023 manager remuneration case.	Discussed and approved, and submitted to the Board of Directors for a resolution, and executed on April 1, 2023
July 10, 2023 5th Meeting of the 5th Board of Directors	1. Passed the motion of the remuneration to the Directors of the Company in 2022. 2. Passed the motion of remuneration to managers of the Company in 2022.	Discussed and approved, and submitted to the Board of Directors for a resolution, and distributed on October 5, 2023
January 1, 2024 6th Meeting of the 5th Board of Directors	1. Passed the motion of year-end bonus for the managers of the Company in 2023.	Discussed and approved, and submitted to the Board of Directors for a resolution, and distributed on February 5, 2024
March 11, 2024 7th Meeting of the 5th Board of Directors	1. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 2023. 2. To pass the Company's 2024 manager remuneration case.	Discussed and approved, and submitted to the Board of Directors for a resolution, and executed on April 1, 2024

ii) Other notes:

a) If the Board declined to accept or revised the recommendations of the Remuneration Committee, specify the date and the session, the content of the motions, the resolution of the Board, and the response to the opinions of the Remuneration Committee (such as if the resolution of the Board on the remuneration is at a higher level than the recommendation of the committee, specify the difference and the reasons for the difference): None.

b) If there is any member of the Remuneration Committee who holds adverse or qualified opinions on the resolutions of the committee on record or in written declaration, specify the date and session, the content of the motion, the opinions of all members, and response to the opinions of the members: None.

(5) Implementation of sustainable development practice, and deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Items for evaluation	Implementation Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
1. Has the Company established a governance structure for the promotion of sustainable development, with dedicated (or part-time) units to promote sustainable development, with senior management authorized by the Board of Directors to handle it, and whether it is supervised by the Board of Directors?	✓		The chief officers of the Company act as the advocates of sustainable development, and all corporate activities shall comply with applicable laws and the internal control regulations of the Company. Related responsible units of the Company have performed their duties and reported to the Board based on the level of authority, if necessary. The Company's Board of Directors, as a good administrator, will also perform its duties, supervise the implementation of corporate social responsibility, and review implementation effectiveness and seek continuous improvement in order to ensure the fulfillment of sustainable development policies.	No significant discrepancy.
2. Has the Company conducted a risk assessment on the Company's operational plan related environment and social and corporate governance issues, and has it formulated related risk management policies or strategies? (Note 2)	✓		The Company conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations, and formulates the following countermeasures. 1. Evaluation and control of the Company's overall operations and goals. 2. Control over the compliance with government decrees and laws & regulations. 3. Environmental, safety and health risk assessment and control.	No significant discrepancy.
3. Environmental Issues				
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		(1) The Company acts in conformity to the requirements of the ISO 14001/ OHSAS 18001 to integrate the regulations governing environmental management and occupational safety and health management, and thereby established the relevant system on the basis of the specific nature of the industry and has conducted routine audits on the effectiveness and applicability of these systems.	No significant discrepancy.
(2) Is the Company committed to enhancing the efficiency of resources and using renewable materials that have low impact on the environment?	✓		(2) In order to fulfill the social responsibility of protecting the earth's environment and pollution prevention, harmful raw materials are not used during production and R&D processes to reduce the generation of scrap and reduce resource waste. Negotiations with clients have been carried out regarding packaging material reutilization and other recycling and regeneration mechanisms in order to make use of the utilization efficiency of various resources and reduce the load on the environment.	
(3) Has the Company assessed climate change	✓		(3) The Company has set up company energy conservation, carbon reduction, and	

Items for evaluation	Implementation Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>on the Company's present and future potential risks and opportunities, and have coping measures for climate related issues been adopted?</p> <p>(4) Has the Company tallied the greenhouse emission, water usage, and total weight of waste over the past two years, and has it set energy conservation and carbon reduction, greenhouse gas emission reduction, water usage reduction, or other waste management policies?</p>	✓		<p>greenhouse gas emission measures based on the operational plan situation in order to reduce the impact of the Company's operational plan related activities on the natural environment.</p> <p>(4) The Company spares no effort in advocating energy saving for energy efficiency and carbon reduction. The e-office implementation, workshop rectification, and the like are intended to reduce exhaust emissions. Die-casting cooling water recycling and reutilization during the production process, turning off lights, and air-conditioning temperature control, etc., are intended to reduce energy waste and water usage, as well as reducing gas emissions; the concept of energy conservation and carbon reduction is irregularly promoted to achieve energy conservation and greenhouse gas emission policies, reduce environmental impacts, and fulfill the responsibility of corporate environmental protection.</p>	
<p>4. Social Issues</p> <p>(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p> <p>(2) Has the Company set up and implemented staff welfare measures (including remuneration, holidays, and other benefits), and has business performance or results been appropriately reflected in employee remuneration?</p> <p>(3) Does the Company provide employees with</p>	✓		<p>(1) The Company duly observes applicable laws in respective host countries of operation, and also the International Convention on Human Rights including the rights of sexual equality, equal opportunity for employment of both sexes, and the prohibition of sexual discrimination. There is no discrimination against, sex, ethnicity, social class, age, marital status, and family condition in the human resources policy. Fair employment, condition for employment, salaries, benefits, training, evaluation and promotion are provided to protect the legitimate rights of the employees.</p> <p>(2) The Company has set up reasonable remuneration policies, performance management guidelines, and personnel regulations pertaining to staff welfare, employee holidays, and so on, to reasonably reward employees based on operational performance, make adjustments according to the relevant local regulations and actual market needs, and incorporate sustainable development policies in a timely manner, thereby fulfilling the sustainable development.</p> <p>(3) Via the relevant safety and health management system, the Company regularly inspects</p>	No significant discrepancy.

Items for evaluation	Implementation Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
<p>a safe and healthy work environment, and provide safety and health education to employees regularly?</p> <p>(4) Has the company established an effective career development and training program for employees?</p> <p>(5) Regarding the issues including product and service-related customer health & safety and privacy, and marketing and labeling, has the Company set up relevant consumer or customer rights protection policies and complaint reporting procedures in accordance with relevant regulations and international standards?</p> <p>(6) Has the Company set up supplier management policies, requiring suppliers to comply with relevant provisions on the issues of environmental protection, vocational safety and health, or labor human rights? What is the implementation situation?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>and maintains the safety and health of the working environment, and conducts occupational disease testing for the relevant units' personnel, and trains employees on emergency response capabilities and instills safety awareness by means of continuing education, training and promotion, and is committed to improving the work safety and health of employees in order to reduce the work environment hazards to employees' safety and health. The Company had no fire incidents in 2023. The Company installed fire protection equipment and emergency exits, and maintained disaster insurance. Meanwhile, employees also received education and training to build up their awareness toward fire safety. In the event of a fire incident, the disaster losses may be effectively mitigated, and the safety of employees' lives and the Company's assets can be effectively protected.</p> <p>(4) Employees are vital assets to the Company. The Company holds internal and external training of the employees every year to establish a viable human resources development program to strengthen their capacity of career planning.</p> <p>(5) The Company has duly observed applicable laws, international standards, and the requirements of the sales targets and stakeholders in the marketing and labeling of its products and services. The Company has set up internal control systems for R&D, procurement, production, and sales, and has set up quality control departments to ensure product quality and maintain customer health and safety. Meanwhile, the "Customer Complaint Control Procedure" has been set up to conduct cause analysis and improvement based on the content of complaints, thereby protecting customer rights.</p> <p>(6) The Company has established the "Supplier Control Procedures" to select suppliers with proper environmental protection compliance certificate/license and also valuing environmental protection and corporate social responsibility and assess their competency regularly. The Company has not yet included such clause in the contracts entered into with the major suppliers, but will conduct routine on-site inspection and interviews in accordance with the internal control system of the Company, and compile the "Supplier Routine Evaluation Form" to check if they conform to the sustainable development</p>	

Items for evaluation	Implementation Status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			policy. The Company will immediately terminate the business relation with any supplier found in defiance of such policy, or where the source of supply has caused significant adverse impacts on the environment and the society.	
5. Does the Company prepare reports disclosing the Company's non-financial information, such as the Sustainability Report, in reference to international reporting standards or guidelines? Has the aforementioned report been certified or guaranteed by a third-party verification unit?		✓	The Company has not prepared a sustainable development report, but has passed the following certification: ①ISO 9001 quality management system certification, ②ISO 14001 environmental management system certification, ③QC 080000 hazardous substance process management system certification ④ISO 45001 occupational health and safety management system certification. ⑤ISO 14064 carbon inventory SGS audit and certification	The Company is not in the food industry, chemical industry, or financial industry, and its capital stock did not exceed NT\$5 billion, so no sustainable development report was prepared.
6. Where the Company may have established its own sustainable development best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations thereof from such principles: The Company has adopted its "Sustainable Development Best-Practice Principles." While maintaining proper balance between sustainability and profits, the Company also values environmental protection, social charity and fulfillment of corporate governance, and includes the same into the corporate management and operation to promote and implement them step by step. Therefore, there is no significant variation.				
7. Other information critical to the understanding of the Company's sustainable development and operation thereof: (1) Environmental protection measures: In order to fulfill the social responsibility of environmental protection, the Company adopts the following measures: ①no harmful substances are used in production during production and R&D processes; ②water resource recycling and utilization are adopted; ③product packaging materials are reused; ④plants are renovated to mitigate the waste gas emission. (2) Social charity activities: The Company participated in the "Recovery of Pearl Project" to fund unfortunate students to complete high school education. In order to help disadvantaged children from poor families get out of difficult situations, the Company takes part in the "Take Action with Love Side by Side with Children Plan" to support their families and move forward healthily. The Company has taken part in parent-child joint road run events, hoping to create a life filled with happiness for every family.				

(6)The Company’s situation of social responsibility fulfillment, differences in Exchange-Listed and OTC-Listed Companies’ Code of Practice for Corporate Social Responsibility, and the reasons.

Items for evaluation	Implementation Status			Variation with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX listed Companies and the reasons
	Yes	No	Summary	
<p>1. The policy and plan of business integrity</p> <p>(1) Does the Company have the corporate management policy and method declared explicitly in the Articles of Incorporation and external files, and what is the commitment of the Board of Directors and the management to actively implement the operating policies?</p> <p>(2) Has the Company established a dishonest behavioral risk assessment mechanism to periodically analyze and assess the business activities involving a higher risk of dishonest conduct within the business scope, based on which a dishonest conduct behavior plan is set up and covers at least the preventive measures in the conducts in Article 7, Paragraph 2 of the “Code for Integrity Operations of Exchange-Listed and OTC-Listed Companies”?</p> <p>(3) Has the Company explicitly stipulated operational procedures, conduct guidelines, violation punishments, and complaint systems in the Unethical Conduct Prevention Plan? Has it been implemented, and has the abovementioned plan been periodically reviewed and revised?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has adopted the “Ethical Management Best-Practice Principles” and the “Operating Procedure for Ethical Management and Conduct Guidelines,” explicitly stipulating relevant policies and regulations in order to establish the corporate culture of ethical management. Additionally, the Board and the management level uphold ethical management as the management philosophy and implement relevant policies proactively.</p> <p>(2) The Company engages in business activities based on the principles of fairness, honesty, and transparency. The “Ethical Management Best-Practice Principles,” “Operating Procedure for Ethical Management and Conduct Guidelines” and “Code of Ethical Conduct” have been set up to specify the matters to be noted by the Company’s staff in performing their job duties.</p> <p>(3) The Company prohibits the unethical conducts in its “Ethical Management Best-Practice Principles” and “Code of Ethical Conduct.” Meanwhile, it adopts the “Operating Procedure for Ethical Management and Conduct Guidelines” to regulate the resolution of any unethical conduct, and establishes the reward & punishment and complaint system to strictly require compliance by the Company’s staff in order to prevent occurrences of unethical conduct and implement the relevant policies.</p>	No significant discrepancy.

Items for evaluation	Implementation Status			Variation with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx listed Companies and the reasons
	Yes	No	Summary	
<p>2. Implementation of ethical corporate management</p> <p>(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p> <p>(2) Has the Company set up corporate integrity operation full-time (part-time) units under the board, and do they regularly report to the board (at least once a year) regarding the integration operation policies and dishonest conduct prevention plans and supervision execution situations?</p> <p>(3) Does the company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</p> <p>(4) Has the Company set up an effective accounting system, and internal control system to implement integrity operations? Has the internal audit unit formulated relevant audit plans according to dishonest conduct risk assessment results, based on which the dishonest conduct prevention plan compliance situation can be checked, or are CPAs commissioned to execute checking?</p> <p>(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has established the “Ethical Management Best-Practice Principles” and conducted assessment on various issues including ethical practices in business meetings, and has explained to the counterparties of its policies of honesty and integrity.</p> <p>(2) The Company has appointed the board internal audit unit to be responsible for setting up integrity operation policies and prevention plans, engaging in relevant operation conduct and implementation supervision, and periodically reporting to the board.</p> <p>(3) The “Ethical Management Best-Practice Principles” and the “Operating Procedure for Ethical Management and Conduct Guidelines” established by the Company provide the requirement about recusal for conflict interest and sufficient channels for any suggestions and opinions.</p> <p>(4) In order to ensure the implementation of ethical operations, an effective accounting system and internal control system have been established. In addition to the internal audit unit’s formulation of relevant audit plans according to the assessment results, if necessary, the CPAs will be engaged to implement relevant audits.</p> <p>(5) The Company has set up the “Ethical Management Best-Practice Principles” and “Operating Procedure for Ethical Management and Conduct Guidelines” and boosted employee awareness from time to time.</p>	No significant discrepancy.
<p>3. The operations of the Company’s Report System</p> <p>(1) Does the company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p>	<p>✓</p>		<p>(1) The Company explicitly stipulates the procedures and channels for complaint in its “Ethical Management Best-Practice Principles” and “Operating Procedure for Ethical Management and Conduct Guidelines.” Any whistleblowing or complaint can be reported to the internal audit unit via the Company’s internal e-mail. In case of a major violation or the Group is thus subject to major damage, the case should be immediately</p>	No significant discrepancy.

Items for evaluation	Implementation Status			Variation with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX listed Companies and the reasons
	Yes	No	Summary	
(2) Does the Company have the standard investigating procedures, post-investigation measures and related confidentiality mechanism established for the incidents being reported?	✓		made into a report, and the Board and independent directors should be notified in writing.	
(3) Has the company taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	✓		(2) Any unethical conduct discovered may be directly reported to the relevant manager. Meanwhile, relevant operating procedures and subsequent measures may be adopted in accordance with the “Ethical Management Best-Practice Principles” and “Operating Procedure for Ethical Management and Conduct Guidelines,” subject to the severity of the conduct. If necessary, the case shall be reported to the competent authority or transferred to the judicial agency for investigation. The confidentiality of relevant information shall be observed. (3) The Company protects the informants from undue treatment because of the act of reporting on unethical practices.	
4. Enhanced information disclosure Does the company have the contents of ethical corporate management and its implementation disclosed on the website and MOPS?	✓		The Company has set up its official website for the disclosure of related information on ethical corporate management, and has uploaded such information to MOPS as required by law.	No significant discrepancy.
5. Where the company may have established its own business integrity best-practice principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies,” and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: No significant discrepancy. The Company has established the “Ethical Corporate Management Best-Practice Principles” and there is no significant variation from the “Ethical Corporate Management Best-Practice Principles for the TWSE/TPEX listed Companies” in practice.				
6. Other important information that helps to understand the practice of business integrity of the company (e.g. the review and revision of the best-practice principles of the Company in business integrity): (1) The ethics code of conduct for the personnel (including the Directors, Supervisors, managers and the employees) was inscribed in the “Ethical Corporate Management Best-Practice Principles” of the Company for assisting the pursuit of its policy of ethical corporate management. (2) The mechanisms of handling and disclosing material internal information are provided in the “Operating Procedure for Handling Material Internal Information” and ensure the consistency and accuracy of all information for disclosure. (3) The Company has established a conflict of interest avoidance system for Directors in its 'Rules of Procedure for Board of Directors Meetings.' If a Director has a direct or indirect personal interest in an issue, they must disclose the relevant information to the Board. If the Company's interests may be affected, the Director must abstain from voting or discussing the matter and disclose their conflict of interest to the Board. Additionally, the Director cannot vote on behalf of another Director.				

(7)The method of inquiry shall be disclosed if the Company has established the Corporate Governance Best-Practice Principles and related rules and regulations:

The Company has established the “Corporate Governance Best-Practice Principles” and related rules and regulations, which can be found on the Company’s website at <http://www.anli-group.com>, and announced on the Market Observation Post System at <http://mops.twse.com.tw/mops/web/index>, according to laws and regulations.

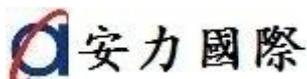
(8) Any other vital information that helps to understand the performance of corporate governance of the Company shall also be disclosed: None.

(9)Climate related information for listed companies

Item	Execution situation
1.Describe the supervision and governance of climate related risks and opportunities by the board of directors and management.	Our capital has not reached \$5 billion and we are currently seeking a consultants company to cooperate with us. We expect to gradually collection of relevant information in the second half of 2024, and subsequently set climate related targets in accordance with the regulations of the competent authority, and implement supervision and governance of climate related risks and opportunities.
2.Describe the identified climate risks and opportunities how affect the business, strategy, and finances (short-term, medium-term, long-term) of the company	
3.Describe the impact of extreme climate events and transitional actions on finances.	
4.How to integrate the identification, evaluation, and management processes of climate risks into the overall risk management system.	
5.If scenario analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be explained.	
6.If there is a transition plan for managing climate related risks, explain the content of the plan, as well as the indicators and objectives used to identify and manage physical and transition risks.	
7.If internal carbon pricing is used as a planning tool, the foundation for pricing should be explained.	
8.If climate related goals are set, information should be provided on the activities covered, greenhouse gas emission categories, planning schedule, and annual progress achieved; If carbon credits or renewable energy credits (RECs) are used to achieve relevant goals, the source and quantity of the carbon reduction credits or RECs exchanged should be explained.	
9.Greenhouse gas inventory and confirmation status, reduction targets, strategies, and specific action plans	

(10)The following shall be disclosed in the pursuit of the internal control system

A.Declaration of Internal Control



Anli International Co., Ltd.
Statement of Declaration of Internal Control System

Date: March 11, 2024

The Company has conducted internal audit in accordance with its Internal Control System covering the period from January 1 to December 31, 2023 and hereby declares as follows:

- I.The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company’s board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II.Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company’s internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the “Regulations Governing the Establishment of Internal Control System by Public Companies” (referred to as the Regulations” hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by “The Governing Principles” consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to “The Governing Principles” for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V.Based on the aforementioned audit findings, the company holds that it has reasonably preserved the achievement of the aforementioned goals of internal control (including the monitoring over the subsidiaries) as of December 31, 2023, including the effectiveness and efficiency in operation, reliability, timeliness, transparency in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control are effective.
- VI. This declaration forms part of the main contents of the company’s annual report and prospectus, and shall be disclosed to the public. This statement of declaration shall form an integral part of the annual report and prospectus on the company and will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
- VII. This declaration has been passed by the Board in a session held on 2024.3.11 with the attendance of seven Directors (including three Independent Directors) with zero adverse opinions. The content has been passed as stated in common consent.

Anli International Co., Ltd.

Chairman: Hsu Cheng-Kun

President: Hsu Cheng-Kun

B.Commissioned CPAs to conduct project review on the internal control system: none

(11) Punishment of the Company and its internal personnel by law, punishment of the internal personnel of the Company for violation of the internal control system in the most recent year to the date this report was printed, and the major defects and state of corrective action taken: None.

(12) Major resolutions of the shareholders' meeting and the Board in 2023 and until the date of publication of the annual report.

A. Major resolutions by the shareholders' meeting in regular session in 2023 and the state of execution

Date	Important Resolution Items	Status of implementation
May 31, 2024	Ratification of the Business Report and Consolidated Financial Statements in 2023.	Resolved to pass the motion.
	Acknowledgment of 2023 deficit compensation proposal.	Resolved to pass the motion. Considering the capital demand, financial structure and the prudent principle of corporate sustainability, the Company plans to distribute no dividends this year.
	Amendment to certain provisions of the "Articles of Incorporation" of the Company. Amendments to certain provisions of the "Shareholders' meeting Procedure" of the Company. Amendment to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company.	Already executed per the resolution of the shareholders' meeting.

B. Major resolutions of the Board in 2023 and until the date of publication of the annual report

Date	Important Resolution Items
January 12, 2023	<ol style="list-style-type: none"> 1. Report on the Company's subsidiary Huzhou Anli plant construction project report. 2. Audit Report covering 2022 Q4. 3. Report on the Company's internal audit follow-up report dated December 2022. 4. Proposed to pass the Company's Business Plan 2023. 5. Proposed to pass the loaning of funds by the Company's subsidiary, ANLI Kunshan, to Huzhou Anli 6. Proposed to pass the loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to Huzhou Anli. 7. Proposed to pass the transfer of overdue accounts receivable due from the Company's subsidiary, Kuanghe Hong Kong, by Kuanghe Kunsha into loaning of funds. 8. Proposed to pass the amendments to the Company's "Enforcement Rules of Internal Audits." 9. Proposed to pass the motion of year-end bonus for the managers of the Company in 2022.
March 21, 2023	<ol style="list-style-type: none"> 1. Report on the Company's subsidiary Huzhou Anli plant construction project report. 2. Report on the Company's 2022 Q4 Business Report 3. Report on the Company's foreign exchange hedging business in March 2023. 4. Report on the Company's Internal Audit Report from January to February 2023 5. Report on the Company's Internal Audit Follow-Up Report in February 2023 6. Report on the 2022 communication between the Company's Audit Committee members and chief internal auditor 7. Report on the Company's 2022 Board performance self-assessment results. 8. Passed the motion of taking professional liability insurance for the protection of the Directors and key employees in 2023. 9. Passed the motion of the appointment of certified public accountants for external audits and certification and remuneration in 2023.

Date	Important Resolution Items
	<ol style="list-style-type: none"> 10. To pass the Company's 2022 CPA Independence Assessment Case. 11. Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 2022. 12. Passed the Business Report and consolidated financial statements of 2022. 13. Passed the motion for distribution of earnings in 2022. 14. Proposed to pass the Company's budget for 2023 Q2. 15. Passed the "Declaration of Internal Control System" of the Company in 2022. 16. Proposed to pass the amendments to certain provisions of the Company's "Articles of Incorporation." 17. Passed the partial amendment to the "Shareholders' meeting Procedure" of the Company. 18. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Anli Hong Kong. 19. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Kuanghe Hong Kong. 20. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, ANLI Kunshan. 21. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Kuanghe Kunsha. 22. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Gtek (Chongqing). 23. Proposed to pass the amendments to certain provisions of the "Enforcement Rules for Internal Audit" of the Company's subsidiary, Huzhou Anli. 24. Proposed to pass the amendments to certain provisions of the Company's "Corporate Governance Best-Practice Principles." 25. Proposed to pass the motion for the Company's purchase of wealth management products from the Company's subsidiary, ANLI Kunshan. 26. Proposed to pass the transfer of overdue accounts receivable due from the Company's subsidiary, Kuanghe Hong Kong, by Kuanghe Kunsha into loaning of funds. 27. Proposed to pass the appointment of the Company's Chief Corporate Governance Officer. 28. To pass the Company's 2023 manager remuneration case. 29. The motion for the convention of the 2023 regular session of the shareholders' meeting.
May 11, 2023	<ol style="list-style-type: none"> 1. The Company's subsidiary Huzhou Anli plant construction project report. 2. Report on the Company's 2023 Q1 Business Report 3. Report on the Company's foreign exchange hedging business in April 2023. 4. Audit Report covering 2023 Q1. 5. Proposed to pass the Company's 2023 Q1 consolidated financial statements. 6. Proposed to pass the Company's budget for 2023 Q3. 7. Proposed to pass the endorsements/guarantees made by the Company's subsidiaries pertaining to customs matters. 8. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with Bank SinoPac for the Company's subsidiary, Anli Hong Kong.
July 10, 2023	<ol style="list-style-type: none"> 1. The Company's subsidiary Huzhou Anli plant construction project report. 2. Report on the Company's foreign exchange hedging business in June 2023. 3. Report on the Company's Internal Audit Report from April to May 2023 4. Report on the Company's GHG inventory report. 5. To pass the Company's 2022 base date for surplus distribution in cash dividends. 6. Proposed to pass the capital increase of the Company's subsidiary, Huzhou Anli. 7. Proposed to pass the loaning of funds by the Company's subsidiary, ANLI Kunshan, to KY Anli. 8. Proposed to pass the loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to KY Anli. 9. Proposed to pass the loaning of funds by the Company's subsidiary, Kuanghe Kunsha, to Kuanghe Hong Kong.

Date	Important Resolution Items
	<ol style="list-style-type: none"> 10. Proposed to pass the transfer of overdue accounts receivable due from the Company's subsidiary, Kuanghe Hong Kong, by Kuanghe Kunsha into loaning of funds. 11. Proposed to pass the Company's application for financing facilities with Cathay United Bank. 12. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with Cathay United Bank for the Company's subsidiary, ANLI International Co., Ltd., Taiwan Branch. 13. Proposed to pass the Company's application for financing facilities with CTBC Bank. 14. Proposed to pass the Company's application for endorsements/guarantees of financing facilities with CTBC Bank for the Company's subsidiary, Kuanghe Hong Kong. 15. Passed the motion of the remuneration to the Directors of the Company in 2022. 16. Passed the motion of remuneration to managers of the Company in 2022.
August 23, 2023	<ol style="list-style-type: none"> 1. Report on the Company's subsidiary Huzhou Anli plant construction project report. 2. Report on the Company's 2023 Q2 Business Report 3. Report on the Company's foreign exchange hedging business in July 2023. 4. Report on the Company's Internal Audit Report from June to July 2023 5. Passed the consolidated financial statements of the Company covering 2023 Q2. 6. Proposed to pass the Company's budget for 2023 Q4. 7. Proposed to pass the authorization for the Company's audit report.
October 19, 2023	<ol style="list-style-type: none"> 1. Proposed to pass the amendments to certain provisions of the Company's "Operating Procedure for Endorsements/Guarantees." 2. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Anli Hong Kong. 3. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Kuanghe Hong Kong. 4. Proposed to pass the application of the Company's subsidiary, Anli Hong Kong, for endorsements/guarantees of financing facilities with CTBC Bank for the Company. 5. Proposed to pass the application of the Company's subsidiary, Kuanghe Hong Kong, for endorsements/guarantees of financing facilities with CTBC Bank for the Company.
November 7, 2023	<ol style="list-style-type: none"> 1. Report on the Company's subsidiary Huzhou Anli plant construction project report. 2. Report on the Company's 2023 Q3 Business Report 3. Report on the Company's foreign exchange hedging business in October 2023. 4. Report on the Company's 2023 Q3 Internal Audit Report 5. Report on the Company's Internal Audit Follow-Up Report in September 2023 6. Report on the Company's GHG inventory report. 7. Passed the consolidated financial statements of the Company covering 2023 Q3. 8. Proposed to pass the Company's budget for 2024 Q1. 9. Proposed to pass the 2024 audit plans of the Company and the Company's subsidiaries. 10. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, ANLI Kunshan. 11. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Kuanghe Kunsha. 12. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Gtek (Chongqing). 13. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Endorsements/Guarantees" of the Company's subsidiary, Huzhou Anli. 14. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Acquisition or Disposal of Assets" of the Company's subsidiary, Anli Hong Kong. 15. Proposed to pass the amendments to certain provisions of the "Operating Procedure for Acquisition or Disposal of Assets" of the Company's subsidiary, Kuanghe Hong Kong. 16. Proposed to pass the amendments to certain provisions of the "Operating Procedure

Date	Important Resolution Items
	<p>for Acquisition or Disposal of Assets” of the Company’s subsidiary, ANLI Kunshan.</p> <p>17. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Kuanghe Kunsha.</p> <p>18. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Gtek (Chongqing).</p> <p>19. Proposed to pass the amendments to certain provisions of the “Operating Procedure for Acquisition or Disposal of Assets” of the Company’s subsidiary, Huzhou Anli.</p> <p>20. Proposed to pass the motion for ratification of acquisition and disposal of machine and equipment by the Company’s subsidiary, Huzhou Anli, from the related party, Kuanghe Kunsha</p> <p>21. Proposed to pass the application of the Company’s subsidiary, Guanghe (Kunshan), for endorsements/guarantees of financing facilities with CTBC Bank for Huzhou Anli.</p> <p>22. Proposed to pass the custody of the Company’s dedicated seal for endorsements/guarantees.</p> <p>23. Proposed to pass the termination of loaning of funds by the Company’s subsidiary, ANLI Kunshan, to the Company.</p> <p>24. Proposed to pass the termination of loaning of funds by the Company’s subsidiary, Kuanghe Kunsha, to the Company.</p> <p>25. Proposed to pass the Company’s application for financing facilities with First Bank.</p> <p>26. Proposed to pass the Company’s application for financing facilities with The Shanghai Commercial & Savings Bank, Ltd.</p> <p>27. Proposed to pass the change in the Company’s spokesman and deputy spokesman.</p>
January 11, 2024	<p>1. Report on the Company’s Internal Audit Report from October to November 2023</p> <p>2. Passed the Business Plan in 2024.</p> <p>3. Proposed to pass the motion for ratification of acquisition and disposal of machine and equipment by the Company’s subsidiary, Huzhou Anli, from the related party, Kuanghe Kunsha</p> <p>4. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company.</p> <p>5. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company’s subsidiary, Anli Hong Kong.</p> <p>6. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company’s subsidiary, Kuanghe Hong Kong.</p> <p>7. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company’s subsidiary, ANLI Kunshan.</p> <p>8. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company’s subsidiary, Kuanghe Kunsha.</p> <p>9. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company’s subsidiary, Gtek (Chongqing).</p> <p>10. Proposed to pass the amendments to certain provisions of the “Enforcement Rules for Internal Audit” of the Company’s subsidiary, Huzhou Anli.</p> <p>11. Proposed to pass the Company’s application for endorsements/guarantees of financing facilities with The Shanghai Commercial & Savings Bank, Ltd. for the Company’s subsidiary, ANLI International Co., Ltd., Taiwan Branch.</p> <p>12. Passed the motion of year-end bonus for the managers of the Company in 2023.</p>
March 11, 2024	<p>1. Report on the Company’s 2023 Q4 Business Report</p> <p>2. Report on the Company’s foreign exchange hedging business in February 2024.</p> <p>3. Report on the Company’s issuance of the 1st Unsecured Convertible Corporate Bonds in Taiwan.</p> <p>4. Audit Report covering 2023 Q4.</p> <p>5. Report on the 2023 communication between the Company’s Audit Committee members and chief internal auditor</p> <p>6. Report on the Company’s GHG inventory report.</p> <p>7. Report on the Company’s 2023 Board performance self-assessment results.</p> <p>8. Passed the motion of taking professional liability insurance for the protection of the</p>

Date	Important Resolution Items
	<p>Directors and key employees in 2024.</p> <p>9.To pass the Company’s 2023 CPA Independence Assessment Case.</p> <p>10.Passed the motion of appropriation of remuneration to the employees and the Directors of the Company in 2023.</p> <p>11.Passed the Business Report and consolidated financial statements of 2023.</p> <p>12.Passed the motion for distribution of earnings in 2023.</p> <p>13.Passed the motion of the appointment of certified public accountants for external audits and certification and remuneration in 2024.</p> <p>14.Proposed to pass the change in the Company’s external auditors.</p> <p>15.Proposed to pass the Company’s budget for 2024 Q2.</p> <p>16.Proposed to pass the “Declaration of Internal Control System” of the Company in 2023.</p> <p>17.Proposed to pass the amendments to certain provisions of the Company’s “Articles of Incorporation.”</p> <p>18.Passed the partial amendment to the “Shareholders’ meeting Procedure” of the Company.</p> <p>19.Passed the partial amendment to the “Rules of Procedure for Board of Directors Meetings” of the Company.</p> <p>20.Proposed to pass the amendments to certain provisions of the Company’s “Organization Regulations of Audit Committee.”</p> <p>21.Proposed to pass the amendments to certain provisions of the “Operating Procedure for Loaning of Funds to Others” of the Company’s subsidiary, Anli Hong Kong.</p> <p>22.Proposed to pass the amendments to certain provisions of the “Operating Procedure for Loaning of Funds to Others” of the Company’s subsidiary, Kuanghe Hong Kong.</p> <p>23.Proposed to pass the amendments to certain provisions of the “Operating Procedure for Loaning of Funds to Others” of the Company’s subsidiary, ANLI Kunshan.</p> <p>24.Proposed to pass the amendments to certain provisions of the “Operating Procedure for Loaning of Funds to Others” of the Company’s subsidiary, Kuanghe Kunsha.</p> <p>25.Proposed to pass the amendments to certain provisions of the “Operating Procedure for Loaning of Funds to Others” of the Company’s subsidiary, Gtek (Chongqing).</p> <p>26.Proposed to pass the amendments to certain provisions of the “Operating Procedure for Loaning of Funds to Others” of the Company’s subsidiary, Huzhou Anli.</p> <p>27.Proposed to pass the changes in the Company’s “financial officer” and “accounting officer.”</p> <p>28.Proposed to pass the change in the Company’s “chief internal auditor.”</p> <p>29.Proposed to pass the change in the Company’s “chief corporate governance officer.”</p> <p>30.Proposed to pass the change in the Company’s deputy spokesman.</p> <p>31.To pass the Company’s 2024 manager remuneration case.</p> <p>32.The motion for the convention of the 2024 regular session of the Shareholders’ meeting.</p>

(13)Adverse opinions from the Directors or the Supervisors against major resolutions of the Board on record or in written declaration in the most recent year to the date this report was printed. The key content: None.

(14)Resignation or relief from office of the Chairman, President, chief accounting officer, chief financial officer, chief internal auditor and chief R&D officer in aggregate: None

4. Disclosure of the accountant's fee in 2023

Unit: NT\$ thousand

Firm Name	CPA Name		The duration of the audit	Auditing fee	Non-Auditing fee	Total	Remarks
PwC Taiwan	Chiu Chao-Hsien	Chen Chin-Chang	January 1, 2023 -March 31, 2023	4,380		4,380	
	Chiu Chao-Hsien	Chen Chin-Chang	April 1, 2023 - June 30, 2023				
	Chiu Chao-Hsien	Chen Chin-Chang	July 1, 2023 – September 30, 2023				
	Chiu Chao-Hsien	Chen Chin-Chang	October 1, 2023–December 31, 2023				

Unit: NT\$ thousand

Name of firm	CPA Name	Auditing fee	Non-Auditing fee					CPA Duration of Audit	Remarks
			System design	Corporate Registration	Human Resources	Others	Subtotal		
PwC Taiwan	Chiu Chao-Hsien Chen Chin-Chang	4,380						January 1, 2023–December 31, 2023	

- (1) Disclosure of audit fees, non-audit fees and details of non-audit services, if the sum of non-audit fees paid to the CPA, CPA's firm and affiliated companies amount to more than one-quarter of total audit fees: Already disclosed in the schedule attached hereto.
- (2) For those whose audit public fees on the year of accounting firm change decreased compared to that of the previous year, the amount, ratio, and reason of audit public fees decrease should be disclosed: Not applicable.
- (3) If the audit remuneration was reduced by more than 10% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: None.

5.Information of CPA:

(1)Information of CPA

A.Information relating to the former CPA

Date of replacement	March 11, 2024		
Reason for reappointment	Due to the internal organizational adjustment of PwC Taiwan, from the first quarter of 2024, the original CPAs of PwC Taiwan, Chiu Chao-Hsien, CPA and Chen Ching-Chang, CPA of PwC Taiwan were replaced by Chiu Chao-Hsien, CPA and Liao Fu-Ming, CPA of PwC Taiwan.		
Was the termination of audit services initiated by the principal or by the CPA	Nature of agreement	CPA	Principal
	Status		
	Service terminated by	Not applicable	Not applicable
	Service no longer accepted (continued) by	Not applicable	Not applicable
Reasons for issuing opinions other than unqualified opinions in the recent 2 years	Not applicable		
Disagreements with the issuer	Yes	—	Accounting policy or practice
		—	Financial statement disclosure
		—	Audit coverage or procedures
		—	Others
	None	✓	
	Remark		
Other disclosures (Matters to be disclosed in Items 1-4 to 1-7, subparagraph 6, Article 10 of the Regulations.)	None.		

B.Information relating to the succeeding CPA

Name of firm	PwC Taiwan
CPA Name	Chiu Chao-Hsien, CPA and Liao Fu-Ming, CPA
Date of reappointment	Passed by the Company board on March 11, 2024.
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue and counseling results on the financial reports prior to reappointment.	None
Written disagreements from the succeeding auditor against the opinions made by the former CPA	None

C.The former CPA's reply on the matters in Article 10, Paragraph 6, Item 1 and Item 2-3 of the criteria: The former holds no differed opinion, hence is not applicable.

6.The Chairman, President, manager charged with finance or accounting of the Company has been working with the CPA firm retained as an external auditor or its affiliate in the last year: None.

7.Shareholding transfers and share collateralization within the latest year, up till the date of publication of the annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest

(1)Shareholding changes of directors, supervisors, managers, and major shareholders

Title (Note 1)	Name	2023		Up till April 2, 2024	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase in the number of shares held (decrease)	Increase in the number of pledged shares (decrease)
Corporate director and currently major shareholder	ANLIINTERNATIONAL LIMITED(SAMOA)	0	0	0	0
Chairman and President	Hsu Cheng-Kun	0	0	0	0
Corporate director and currently major shareholder	KUANGHECO.,LTD. (SAMOA)	0	0	0	0
Corporate director representative and concurrently general manager of Guanghe Electronic Technology (Kunshan) Co., Ltd.	Wu Chin-Song	0	0	0	0
Director and concurrent general manager of XinLi Precision Metal (Kunshan) Co., Ltd.	Lin Chih-Kun	0	0	0	0
Director	Lo Li-Wen	0	0	0	0
Independent director	Huang Kuo-Feng	0	0	0	0
Independent director	Huang Kui-Jung	0	0	0	0
President, IDO Technologies (Chongqing)	Chang Yi-Chang	0	0	0	0
Vice President, Guanghe Electronic Technology (Kunshan) Co., Ltd.	Wu Chih-Kun	0	0	0	0
Vice President, XinLi Precision Metal (Kunshan) Co., Ltd.	Chen Chia-Feng	0	0	0	0
CFO and Chief Accounting Officer	Yao Li-Fang	0	0	0	0
Audit Manager	Liu Li-Ping	0	0	0	0
Chief Corporate Governance Officer	Cheng Ya-Wen	0	0	0	0

Note 1: Shareholders with more than 10% of company shares shall be listed as a major shareholder, as listed below:

Note 2: Where the counterparty of equity transfer or pledge of equity is a related person, the table below should be filled out.

(2)Information on the counterparty of directors, supervisors, managers, and major shareholders' transfer of equity who is a related person: None.

(3)Information on the counterparty of directors, supervisors, managers, and major shareholders' pledge of equity who is a related person:

8. Disclosure of relationships, such as related party or spouse, or relative within the second degree of kinship, among the top ten shareholders

April 2, 2024; Unit: shares, %

Name (Note 1)	Shares held under own name		Shares Held by Spouse & Dependents		Shareholdings under the title of a third party		If there is relationship, such as related party or spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship (Note 3)		Remarks
	Quantity	Ratio of Shareholding	Quantity	Shareholding Proportion	Quantity	Ratio of Shareholding	Name	Relation	
ANLI INTERNATIONAL LIMITED (SAMOA) Representative: Hsu Cheng-Kun	12,578,589	28.23%	-	-	-	-	Wu Wen-Yu Huang A-Chun	A major shareholder of ANLI INTERNATIONAL LIMITED (SAMOA)	
	494,000	1.11%	-	-	-	-			
KUANGHECO., LTD. (SAMOA) Representative: Wu Chin-Song	3,962,979	8.90%	-	-	-	-			
	0	0%	-	-	-	-			
Dinkle Holding Co., Ltd (B.V.I.) Representative: Wu Shang-Tsai	2,020,685	4.54%	-	-	-	-			
	0	0%	-	-	-	-			
Tsai Kuei-Fan	1,670,714	3.75%	40,080	0.09%	-	-			
Tsai Chun-Hsin	1,340,951	3.01%	-	-	-	-			
Chou Feng-yuan	1,272,000	2.86%	-	-	-	-			
WAYS Technical Corp., Ltd. Representative: Kuo Shih-Yi	1,035,207	2.32%	-	-	-	-			
	0	0%	-	-	-	-			
Wu Wen-Yu	981,871	2.20%	140,400	0.32%	-	-	ANLI INTERNATIONAL LIMITED (SAMOA)	Major Shareholder	
Huang A-Chun	638,671	1.43%	-	-	-	-	ANLI INTERNATIONAL LIMITED (SAMOA)	Major Shareholder	
Lin Ting-Jia	604,604	1.36%	-	-	-	-			

Note 1: Illustrate the top ten shareholders. The name of the corporate shareholders and the name of their representatives should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders, spouse, minor children, and in the name of others.

Note 3: The shareholders listed above include both juridical persons and natural persons, and their relationships with each other shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Issuers

9.Number of Shares Held by the Company, Directors, Supervisors, Managers of the Company, and Enterprises Controlled Directly or Indirectly by the Company in the Same Reinvestment Business and Its Consolidated Calculation of Comprehensive Shareholding Percentage

April 2, 2024; Unit: shares, %

Invested business (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Comprehensive investment	
	Quantity	Shareholding ratio	Quantity	Shareholding ratio	Quantity	Shareholding ratio
ANLI INTERNATIONAL HOLDINGSLIMITED	92,190	100%	-	-	92,190	100%
KUANGHECO.,LIMITED	13,166	100%	-	-	13,166	100%
XinLi Precision Metal (Kunshan) Co., Ltd. (Note 1.A)	- (Note 2)	100%	-	-	- (Note 2)	100%
Guanghe Electronic Technology (Kunshan) Co., Ltd. (Note 1.B)	- (Note 2)	100%	-	-	- (Note 2)	100%
IDO Technologies (Chongqing) (Note 1.C)	- (Note 2)	100%	-	-	- (Note 2)	100%
Antronic Technologies Ltd. (Huzhou) (Note 1.D)	- (Note 2)	100%	-	-	- (Note 2)	100%

Note 1: Indirect investment in Mainland China through a third area

- (1) KUNSHAN ANLI PRECISE METAL CO., LTD.made the investment through ANLI INTERNATIONAL HOLDINGS LIMITED.
- (2) Kunshan Kuanghe Electronic Technology Co., Ltd. made the investment through KUANGHE CO., LIMITED and KUNSHAN ANLI PRECISE METAL CO., LTD.
- (3) Chongqing Gtek Technology Co., Ltd made the investment through Kunshan Kuanghe Electronic Technology Co., Ltd.nd KUNSHAN ANLI PRECISE METAL CO., LTD.
- (4) Huzhou Anli Technology Co., Ltd. made the investment through ANLI INTERNATIONAL HOLDINGS LIMITED and KUANGHE CO., LIMITED.

Note 2: It is a limited company and thus is without shares.

IV. Status of Capital Planning

1. The Company's capital stock and stock shares

(1) Sources of shares and dividends

A. Stock Type

April 2, 2024; Unit: shares

Stock Type	Authorized shares capital			Remarks
	Outstanding shares	Unissued Shares	Total	
Common stock	44,549,781	55,450,219	100,000,000	GSTM listed companies stock

Note: Transfer of shares was suspended on April 6, 2019

B. Sources of shares and dividends

Unit: Shares; NT\$

Year and month	Issue price	Authorized shares capital		Paid-in share capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
June 2010	NT\$10	50,000,000	500,000,000	1	10	Authorized capital	-	-
March 2011	NT\$10	50,000,000	500,000,000	26,000,001	260,000,010	Equity conversion at NT\$260,000,000	-	-
October 2011	NT\$10	50,000,000	500,000,000	27,800,000	278,000,000	Capitalization of additional paid-in capital at NT\$17,999,990	-	-
July 2012	NT\$10	50,000,000	500,000,000	31,800,000	318,000,000	Cash capitalization for NT\$40,000,000	-	-
August 2012	NT\$10	50,000,000	500,000,000	34,026,000	340,260,000	Recapitalization of earnings for NT\$22,260,000	-	-
June 2013	NT\$10	50,000,000	500,000,000	35,046,780	350,467,800	Recapitalization of earnings for NT\$10,207,800	-	-
September 2013	NT\$10	50,000,000	500,000,000	38,441,700	384,417,000	Cash capitalization for NT\$33,949,200	-	-
June 2018	NT\$27	50,000,000	500,000,000	43,247,700	432,477,000	Cash capitalization for NT\$48,060,000	-	1070523 Letter Zheng-Gui-Shen-Zi No.0700113862
April 2021	NT\$75.8	100,000,000	1,000,000,000	44,549,781	445,497,810	Corporate bonds conversion at NT\$98,700,000	-	-

C. Relevant information of Shelf Registration System: Not applicable.

(2) Composition of Shareholders

April 2, 2024; Unit: shares

Quantity	Composition of Shareholders	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign institutions and foreigners	Total
		Number of people shareholding	-	3	5	3,604	13
Shareholding ratio	-	0.39%	2.76%	54.09%	42.76%	100.00%	

Note: Shareholding from Mainland China at 0%.

(3)Diversification of Shareholdings

April 2, 2024; Unit: shares

Shareholding level	No. of Shareholders	shareholding	Shareholding percentage %
1-999 shares	321	40,658	0.0913%
1,000-5,000 shares	2,669	5,467,135	12.2720%
5,001-10,000 shares	331	2,610,503	5.8597%
1,001-15,000 shares	98	1,273,601	2.8588%
15,001-20,000 shares	62	1,160,012	2.6039%
20,001-30,000 shares	54	1,383,750	3.1061%
30,001-40,000 shares	25	880,200	1.9758%
40,001-50,000 shares	16	721,080	1.6186%
50,001-100,000 shares	26	1,788,400	4.0144%
100,001-200,000 shares	7	989,800	2.2218%
200,001-400,000 shares	4	1,209,371	2.7147%
400,001-600,000 shares	2	919,000	2.0629%
600,001-800,000 shares	2	1,243,275	2.7908%
800,001-1,000,000 shares	1	981,871	2.2040%
1,000,001 shares and more	7	23,881,125	53.6052%
Total	3,625	44,549,781	100.0000%

(4)Roster of Major Shareholders

Names of shareholders holding more than 5% of the shares or the top 10 shareholders by shareholding, the quantity and proportion of their shareholding:

April 2, 2024; Unit: shares

Name of major shareholder	Stock shareholding	Shareholding percentage %
ANLIINTERNATIONALLIMITED (SAMOA)	12,578,589	28.23
KUANGHECO., LTD. (SAMOA)	3,962,979	8.90
Dinkle HoldingCo., Ltd (B.V.I.)	2,020,685	4.54
Tsai Kuei-Fan	1,670,714	3.75
Tsai Chun-Hsin	1,340,951	3.01
Chou Feng-yuan	1,272,000	2.86
WAYS Technical Corp., Ltd.	1,035,207	2.32
Wu Wen-Yu	981,871	2.20
Huang A-Chun	638,671	1.43
Lin Ting-Jia	604,604	1.36

(5) Information on market price, net worth, earnings and dividends per share in the most recent 2 years

Unit: NT\$

Item		Year	2022	2023	Up till March 31, 2024
Market Price Per Share	The Highest		61.30	44.05	42.50
	The Lowest		35.00	36.80	38.60
	Average		46.69	40.43	39.96
Net Value Per Share	Before Distribution		46.08	43.21	-
	After Distribution		44.08	(Note 4)	-
Earnings per share	Weighted average shares (in thousands shares)		44,550	44,550	44,550
	Earnings per share	Before adjustment	4.40	-0.08	-
		After adjustment	4.06	-0.08	-
Dividend Per Share	Cash dividends		2.00 (Note 4)	-	-
	Free-Gratis Dividends	Retained Shares Distribution	-	-	
		Capital Reserve Shares Distribution	-	-	
	Retained Dividends		-	-	-
Return on investment Analysis	P/E ratio		10.61	-	-
	Dividend Yield		23.35	-	-
		Cash Dividend Yields		4.28	-

Note 1: P/E ratio = Average closing price per share for the year/earnings per share.

Note 2: P/D ratio = Average closing price per share for the year/cash dividends per share.

Note 3: Cash Dividend Yields = Cash dividend per share / Average closing price per share of current year.

Note 4: The 2023 proposal for deficit compensation was approved by the Board of Directors on March 11, 2024.

(6) The Company's dividend policies and execution thereof

A. The Company's dividend policy:

a. The Company is at the stage of long-term growth and is conditioned by basic capital spending, business expansion, and vital financial planning for sustainable development. Therefore, the dividend policy is based on the capital expenditure budgeting and capital requirements of the future where dividends paid to the shareholders will be in the forms of stock dividends and/or cash dividends.

b. If the Company has earnings after account settlement, (1) appropriate for payment of applicable taxes as required by law; (2) Cover carryforward loss (if applicable); followed by (3) the appropriation of 10% as legal reserve until the amount of legal reserve is equivalent to the paid-in capital of the Company; and (4) appropriation or reversal of special reserve as required by law. If there is still a balance, pool up with undistributed incomes for distribution at the proposal of the Board, and present it to the shareholders' meeting for payment of the shareholder dividends.

c. The Company may release dividends in cash and/or stock, and the amount of dividend for release shall not fall below the net earnings of the year of the appropriation specified in (1) to (4) of 5% if there is no contradiction to the law of the Cayman Islands. In addition, the amount of cash dividend shall not fall below 20% and up to 100% of the total dividend payable to the shareholders.

B. The Company's 2023 deficit compensation proposal has been approved by the Board of Directors on March 11, 2024.

(7) The influence of stock dividend planned to be released by the shareholders' meeting for this year on the operation performance and earnings per share of the Company: Not applicable.

(8) Remuneration to the employees and directors: The Company has established the Audit Committee to replace the Supervisors.

A. The Articles of Incorporation of the Company specified that if there are earnings before taxation (EBIT), the Company shall appropriate for:

(1) At least 2% as remuneration to the employees (including the employees of the Company and/or employees of affiliates) (hereinafter referred to as “remuneration to employees”), and (2) No more than 3% as remuneration to the Directors (hereinafter referred to as “remuneration to Directors”). Appropriate for covering carryforward loss, if applicable, followed by the remuneration to employees and remuneration to Directors as mentioned. The remuneration to employees and remuneration to directors shall be reported to the shareholders’ meeting.

B. The estimation of remuneration to the employees and Directors for the current period was based on the calculation of the quantity of shares distributed to the employees and the actual amount paid, and the accounting of the difference between the estimates and the actual payment.

If there is a difference between the actual amount and estimated amount of remuneration to employees and remuneration to directors in 2023, recognize a change in estimates and as income for 2024.

C. The Board passed the proposal for remuneration:

a. The Board of Directors resolved on March 11, 2024 not to distribute remuneration to employees and directors. The above proposed amount has no difference with the amount of expenses recognized in 2023.

b. Percentage of the amount of employee remuneration distributed by shares to the summation of current after-tax profits and total employee remuneration: Not applicable.

D. The actual amount released as remuneration to employees and remuneration to Directors and Supervisors in the previous year (including the quantity and amount of stock dividends paid, and the stock price), and the difference from the recognized amount of remuneration to employees and remuneration to Directors and Supervisors, the reason of the variation and the response:

The 2023 annual general meeting resolved to distribute the remuneration to employees and directors for 2022 as follows:

a. Remuneration to employees: NT\$12,809,281.

b. Remuneration to directors: NT\$4,269,760.

The remuneration was released in cash in the full amount and there was no difference from the estimated amount.

(9) Shares repurchased by the Company: none.

Repurchase by the Company of its shares in 2023 and until the date of publication of the annual report: None.

2. Any offering of corporate bonds (including offshore bonds):

(1) Status of corporate bonds

Type of corporate bond	1st Unsecured Convertible Corporate Bonds in Taiwan	
Date of issue	October 30, 2020	
Face value	NT\$100,000	
Place of issuance and trading (Note 3)	Not applicable	
Issuance price	NT\$100	
Total amount	NT\$400,000,000	
Interest rate	0.00%	
Term	Matured after 3 years: October 30, 2023	
Guaranteeing institution	Unsecured	
Trustee	Trust Department, Taipei Fubon Bank	
Underwriting Institution	Fubon Securities Co., Ltd.	
Certifying attorney-at-Law	Zhi Ding Attorneys-at-Law	
Certifying Attorney-at-Law	PwC Taiwan	
Repayment method	Repayable in cash at maturity in one lump sum based on the bond face value	
Outstanding balance	NT\$400,000,000	
Terms of redemption or early settlement	Please refer to the Company's Regulations Governing Issuance and Conversion of the 1st Unsecured Convertible Corporate Bonds in Taiwan for details.	
Restrictive clauses (Note 4)	Not applicable	
Name of credit rating agency, date of rating, and result of corporate bond rating	Not applicable	
Convertible, exchanged or with warrants?	Convertible	
Transferred (exchanged) shares, or shares subject to subscription	Common stock	
Current transfer (exchange) or subscription price	NT\$64	
Transfer (exchange) or subscription period	January 31, 2021 to October 30, 2023	
Number of shares transferred (exchanged) or subscribed for	1,302,081 shares (until October 30, 2023)	
The expected number of shares to be converted (exchanged) or subscribed for based on the prevailing transfer (exchange) or subscription price	3,013 sheets	
With other rights	Amount that has been converted (exchanged or subscribed for) into common shares, global depository receipts or other marketable securities as of the date of publication of the annual report	Until October 30, 2023, 1,302,081 shares have been converted to common shares in an amount of NT\$98,700,000.

Type of corporate bond		1st Unsecured Convertible Corporate Bonds in Taiwan
	Regulations Governing Issuance and Conversion (Exchange or Subscription)	Please refer to the Company's Regulations Governing Issuance and Conversion of the 1st Unsecured Convertible Corporate Bonds in Taiwan on the MOPS for details.
Possible dilution of shareholding by the regulations and conditions of issuance, conversion, exchange or subscription and impact on existing shareholders' equity		The 1st unsecured convertible corporate bonds issued by the Company expired on October 30, 2023. A total of 3,013 corporate bonds not yet converted have been fully redeemed in an amount of NT\$301,300,000. The following impact has been eliminated.
Name of custodian for exchange object		Not applicable

Note 1: The issuance of corporate bonds includes public offering and private placement of corporate bonds. Publicly offered corporate bonds in progress refer to those that have been validated (approved) by the Commission; privately placed corporate bonds in progress refer to those that have been approved by the Board of Directors.

Note 2: The number of columns is adjustable subject to the circumstances.

Note 3: Fill in for overseas corporate bonds.

Note 4: Such as restrictions on cash dividends, external investments, or requirement to maintain a certain percentage of assets.

Note 5: Private placements, if any, should be prominently marked.

Note 6: In the case of convertible corporate bond, exchangeable corporate bonds, corporate bonds issued under shelf registration or corporate bonds with warrants, it is necessary to further disclose the information about convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under shelf registration and corporate bonds with warrants by nature in a column format.

(2)Information on convertible corporate bonds

Type of corporate bond (Note 1)		1st Unsecured Convertible Corporate Bonds in Taiwan	
Year		2022	Up till October 2023 (Note 4)
Market price of convertible corporate bonds (Note 2)	The Highest	103.20	99.90
	The Lowest	95.50	96.95
	Average	98.83	97.76
Conversion price		67.40	67.40
Date of issuance (process) and conversion price at the time of issuance		75.80	75.80
Method of performing the conversion obligation (Note 3)		Delivery of new shares upon issuance	Delivery of new shares upon issuance

Note 2: The number of columns is adjustable subject to the circumstances.

Note 2: If overseas corporate bonds are traded at multiple locations, they are listed separately for each trade location.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: The information for the year up to the date of publication of the annual report shall be provided.

(3)Utilization of Raised Funds

Scope of utilization	Total raised funds	Amount used (as of April 10, 2024)	Implementation ratio
Plant construction	NT\$402,000 thousand	NT\$519,784 thousand	100%

As of the quarter prior to the publication date of the annual report, the expected use of funds amounted to NT\$544,255 thousand. The Company actually used the funds amounting to NT\$519,784 thousand. The utilization progress fell behind schedule primarily as a result of the delay of Jiangsu Didu Construction Engineering Co., Ltd., the original construction contractor, in the factory construction project. Therefore, it has appointed a local lawyer to apply for an effective arbitration for termination of the contract. The arbitration tribunal has ruled that the contract was terminated effectively. In December 2021, the Board of Directors signed the contract with the new construction contractor, Zhejiang Qiaoxing Construction Group Co., Ltd. in December 2021. The reapplication for the construction permit was completed in Q1 of 2022. The factory construction is underway now. As of Q1 of 2024, the funds raised have been fully disbursed, so there was no undrawn fund.

3. Disclosure relating to preference shares: none.

4. Employee stock certificates: None.

5. Disclosure relating to depository receipts: none.

6. The new shares from restricted employee stock option: None.

7. Disclosure on new shares issued in exchange for other company shares: None.

8. Progress on the use of funds

(1)Plan: As of the quarter prior to the date of publication of the annual report, securities issued by the Company previously or in private placement have not yet been completed, or plan which has been completed within three years but has not yet yielded substantive effect: The 4,000 1st unsecured convertible corporate bonds issued by the Company in Taiwan, each with a face value of NT\$100 thousand issued at 100.5% of the face value, a period of 3 years, the coupon rate 0% per annum, a total face value of NT\$400,000 thousand, and the total amount raised, NT\$402,000 thousand, was used for the factory construction project of Huzhou Anli.

Projects	Expected date of completion	Total funds required	Capital utilization progress							
			2020		2021				2022	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Factory construction	2022 Q2	544,255	28,645	44,455	76,721	76,772	171,645	66,716	50,656	28,645

(2)Execution status: As of the quarter prior to the publication date of the annual report, the expected use of funds amounted to NT\$544,255 thousand. The Company actually used the funds amounting to NT\$519,784 thousand. The utilization progress fell behind schedule primarily as a result of the delay of Jiangsu Didu Construction Engineering Co., Ltd., the original construction contractor, in the factory construction project. Therefore, it has appointed a local lawyer to apply for an effective arbitration for termination of the contract. The arbitration tribunal has ruled that the contract was terminated effectively. In December 2021, the Board of Directors signed the contract with the new construction contractor, Zhejiang Qiaoxing Construction Group Co., Ltd. in December 2021. The reapplication for the construction permit was completed in Q1 of 2022. The factory construction is underway now. As of Q1 of 2024, the funds raised have been fully disbursed, so there was no undrawn fund.

V. Operation profile

1. The operation of the Company

(1) Business contents

A. Business scope

a. Content of principal business:

- i. The manufacturing, processing and trading of various types of machines and parts, and precision molds.
- ii. The manufacturing and sale of various types of precision casting items.
- iii. The manufacturing and sale of various types of stamping items.
- iv. Automated lathe and CNC lathe machine processing.
- v. The export trade of the above products.

b. The proportion of key items to overall operation:

Unit: NT\$ thousand

Year	2023		2022	
	Amount	%	Amount	%
Computer parts and components	1,089,631	71.44	1,585,600	76.99
Consumer Electronics Components	203,748	13.36	299,809	14.56
Automotive accessories	118,392	7.76	60,039	2.92
Portable device parts and components	16,455	1.08	18,447	0.90
Others	96,977	6.36	95,665	4.64
Total	1,525,203	100	2,059,560	100

c. Carrying items of the Company

The Company is a professional supplier of key heat dissipation components. Our production technology includes mold development for heat-dissipating metal components, precision metal die-casting, precision metal stamping, and CNC processing. Our products are mainly used in notebooks, servers, game consoles, and handheld devices.

d. New products and services in planning for development:

The Company's production technology provides integrated solutions for mold development, precision metal die-casting, precision metal stamping, and CNC processing. As the products produced are precision metal components, they can be applied to a wide range of downstream applications, which frees the Company from a single industry order to avoid the impact of economic changes. At present, the Company is a professional supplier of key components for heat dissipation. The products have been widely used in notebook computers, servers, game consoles, and handheld devices. The Company is committed to diversified products and services, and explore new markets and new customers. The products planned for development include:

- i. The development of new models for the above products.
- ii. Continue to optimize and innovate key thermal components for CPUs.
- iii. Automotive electronic product components
- iv. Optical communication product components
- v. Components of Wearable Devices
- vi. Satellite navigation products.
- vii. Household and Electrical Appliance Parts and Accessories

B. Industry overview

a. Industrial status and development

Anli International Co., Ltd. was established in 2010 as the group's holding company. The Company is a professional supplier of key thermal components. The main key components for thermal modules include thermal back covers, fan covers, fin covers, and thermal plates. of cellphones and cellphones. In addition to the aforementioned applications, the Company positions itself as a provider of comprehensive solutions in multiple fields and continues to invest in new product lines such as automotive electronics, optical communication products, wearable devices, satellite navigation, and home appliances to diversify products. In terms of manufacturing, the Company is one of the few in the industry with excellent mold development technology and manufacturing management capabilities, and also provides integrated solutions for precision metal die-casting, precision metal stamping processes, and CNC processing. The consistent production strategy of vertical integration of processes provides customers with a full range of services, from product development to production services, which greatly shortens the development time and creates competitive advantages.

Fig. 1. Anli-KY product line: NB/Thermal module/Shaft/Handheld device components

Source: Anli-KY

In recent years, the Company has been devoted to solving the problem of heat dissipation in electronic products. Through the development of the process planning of heat dissipation modules and the selection of materials, the Company can meet the customization requirements. The metal materials of heat dissipation fins include copper alloy, aluminum and stainless steel. Each metal material has different heat transfer speed. The material must be selected according to the heat dissipation needs of the customer's product. In order to increase the heat dissipation area, the density of heat dissipation fins per unit area must be increased. This density is closely related to the manufacturing process, as it involves the restriction on the design of the heat dissipation mold. In addition, the heat dissipation fins must be fully attached to the CPU for even heat transfer. Therefore, flatness is very important. However, the Company has professional precision metal die-casting and stamping process capabilities, and can according to the heat dissipation requirements of different electronic products, through the die-casting process, stamping, and CNC machining, as well as different combinations of thermal modules, which not only maintain the same quality during mass production, but also make the products meet customized requirements, making thermal molds a highly customized product.

End application of thermal module

Source: Compiled by Fubon Securities

Heat dissipation components are the most critical components in electronic products and the key to the smooth operation of the entire system. From heat pipes, hot plates, fans to heat dissipation modules, they are all indispensable. At present, the majority of electronic products require a heat dissipation device, and thermal modules are extensively utilized across various applications. With the emergence of high-performance computing necessities in areas like 5G, artificial intelligence (AI), and the Internet of Things (IoT), there is an escalating demand for thermal modules to prevent overheating, which could lead to product malfunction. According to forecasts by the Foresight Industry Research Institute,,At present, the Company's products are mainly applied to the related application parts and components of notebook computers, servers, game consoles, and handheld devices. The fluctuation of its sales products is closely related to the outlook of the main product application markets. The industrial classification of the Company is as follows:

i. Notebook PCs

At present, computer products are still the main application of thermal modules, and the design of notebook computers is currently facing two major trends, one is light and thin, and the other is high performance and multi-function. Therefore, while the original chip functions experience a significant increase, the corresponding increase in area is minimal. Consequently, this necessitates accommodating more transistors within a limited space and effectively dissipating the escalating heat. With the increase in heat generation and size reduction of chips, coupled with the rapid increase in computing speed, the heat generation density also increases rapidly. In order to avoid the impact of high temperature and high heat environment on product performance and reliability, the product has even been shortened. Therefore, thermal management is becoming increasingly important to the entire notebook computer industry.

The demand for high-speed computing, transmission, and image processing in notebooks has surged, leading to an increased need for heat-dissipating metal components. Alongside the rise of M-shaped notebooks, both consumer and business segments are gravitating towards more upscale designs. The forthcoming Narrow border design is poised to become the standard feature, with all notebooks shrinking in size. This shift towards smaller form factors is driving a trend towards high-end casings and precision-engineered, lightweight thermal modules, thereby benefiting the electronic heat dissipation component industry.

ii.Server

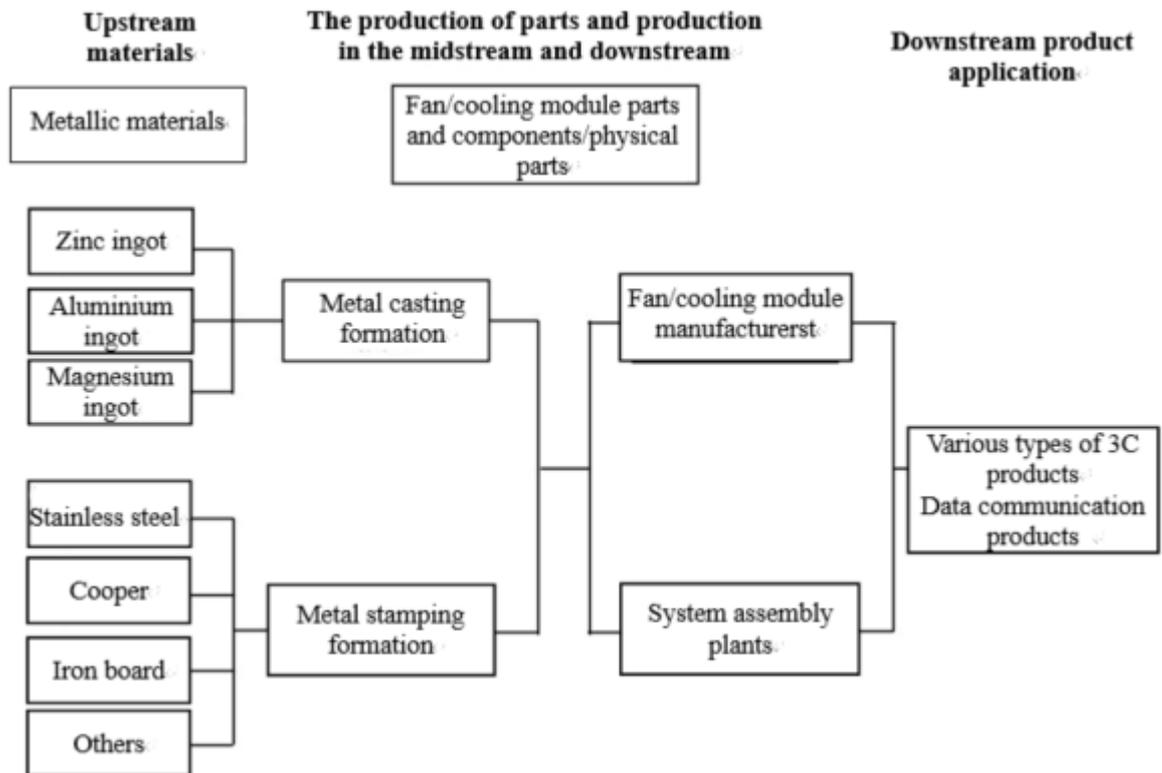
In the server market, it is expected that the service providers will continue to convert old and new platforms and upgrade computing performance, which will help stimulate the emergence of replacement trend, as well as the development of IoT, AI, virtual reality and other applications, and will also drive Internet service providers as the demand for large-scale data centers continues to expand, it will be beneficial to the performance of server shipments. In recent years, enterprises have actively moved toward digitization, and it is expected that more and more data or information will be generated. With the promotion of IoT and 5G mobile broadband services, as well as the improvement of AI technology and applications, the accumulated data has increased exponentially. This influx of data presents both opportunities and challenges for various industries. In the future, the demand for computing servers will increase year by year. It is expected that the server shipments from 2022 to 2027 will still be mainly driven by the demand for large cloud data centers in North America. In addition, edge AIoT and 5G telecommunications applications will drive cloud providers and server brands to invest in the development of hybrid clouds in various application areas. The compound annual growth rate of global server shipments is expected to reach 6.1%. In 2023, large North American data center players, namely Amazon, Microsoft, Google, and Meta, are expected to be the main players in the market. They will be used to provide cloud services or video/audio social platforms. goods grew by 5.2%.

iii.Handheld device

As the functions of mobile phones keep pace with the times, more and more application functions are integrated into mobile phones. The role of mobile phones has also evolved from a traditional communication product to a multi-functional mobile computing handheld product. In addition to the traditional call function, it also covers social networks, emails, mobile networks and open applications, etc., so that the penetration rate of smart phones is increasing. According to the MIC market forecast report, even if the pandemic has an impact on the shipment of smartphones, there will still be a wave of 5G replacement smartphones in the future.

b. Association between upstream, midstream, and downstream industry participants

The formation of metal parts (casting and stamping) of metallic parts of consumer electronics from upstream to downstream.



i. The upstream supply of key materials

Magnesium ingots, aluminum ingots, and different types of metal board (rolls) are important materials purchased in the casting process. The supply of these materials could be secured by a long-term relationship with domestic and foreign suppliers. Usually, there are more than two suppliers. In general, the sources for the supply of materials and parts and components are abundant. In addition, the Company has established positive relations with the suppliers in the long run to assure reliable sources of material supply with a cost advantage. Therefore, the Company has stable sources of supply of key materials.

ii. Downstream product applications

Most 3C precision electronic products require thermal modules, highlighting the critical role of thermal components across various electronic devices. As information electronic products continue to become lighter, thinner, more compact, and increasingly functional, it's foreseeable that the application of thermal components will be further emphasized in the short to medium term across information, communication, and consumer electronics sectors.

c. The development trends for each product

The application of thermal modules is derived from the development of desktop computer CPUs, and the heat generation increases with the improvement of the working clock. As business notebooks and consumer models move toward higher and higher-end designs, the demand for heat dissipation components has increased, and benefited from the diversification of functions in the next-generation game console industry, the increasing demand for e-sports market, and the heat of global electronic-related products. As the production volume and heat generation density continue to increase, the product field continues to diversify, and manufacturers actively seek new growth opportunities in diversified product areas, such as e-sports industry, communication equipment room, automotive industry, and new niche markets such as LED lighting. Continuously improve and apply core technologies to different product areas to create diversified sources of revenue and profit.

The traditional cooling technology is air cooling, including fans and heat dissipation fins. The new generation of the electronic heat dissipation industry is developing in the direction of heat sinks combined with heat

pipes, vapor chambers, water cooling technology, and high thermal conductivity composite materials. This is illustrated as follows:

i. Heat sink combined with heat pipe or vapor chamber

The thermal modules are mainly made of aluminum heat sinks, combined with fans and heat pipes; and special copper paste for adhesion) as an anti-heat solution, especially for large-scale server data centers, the emphasis on space saving has driven the proportion of vapor chambers. In addition, high-end notebook computers have also increased thermal conductivity and accelerated cooling, thereby enhancing the performance of the CPU (central processing unit). It is mainly used in the e-sports industry and high-end server products.

ii. Water cooling technology

Water cooling technology refers to the use of liquid with high specific heat coefficient as the medium to help carry away the heat of the internal parts; the water-cooled heat dissipation module uses a water pump to push the coolant to take the heat source to the external water-cooled heat dissipation radiator, and then the fan drives the air flow Blowing through water cooling fins to assist heat dissipation.

iii. High thermal conductivity composite material

An ideal electronic assembly and heat dissipation material should have the characteristics of high thermal conductivity, low density and low expansion coefficient. To meet the above characteristics, it is not possible for the general traditional copper and aluminum materials alone to achieve, but more than two types of materials must be used. combination; among all advanced heat pipe-lining materials, carbon fiber composite material is considered as a potential heat dissipation material due to its high thermal conductivity (higher than copper), lower density and thermal expansion coefficient than aluminum and copper.

d. Competition situation

The components of 3C products produced by the Company are used by world-renowned computer manufacturers. They are of high technical level and great added value. With continuous development, innovation and process improvement, the Company is competitive in product development and manufacturing. The Company could maintain its competitive edge mainly based on the following factors:

i. The product line is broad. The Company produces and supplies parts and components from world-renowned computer manufacturers with high and stable quality.

ii. For customized production, the Company manufactures products according to customer's specifications, and its technology and quality can meet customer's requirements.

iii. With R&D and innovation capabilities, the Company continues to develop and improve new product processes, and has obtained relevant patents to make the Company's products more competitive.

C. Technology and R&D overview

a. Technical level and R&D for business operations

Since the establishment of the Company, we have successively developed a number of key technologies for the production of professional heat dissipation components, and various key technologies have been awarded multiple patents in mainland China, bringing the design and production of heat dissipation components to a new era. Actively recruit professional talents to be responsible for the research and development of new products and technologies, and to develop and improve precision metal die-casting and stamping processes and technologies, so that heat dissipation components products meet the standards adopted by major brands.

At present, the Company is still actively engaged in the improvement and innovation of precision metal die-casting and precision metal stamping processes for key heat dissipation components, and has developed a number of automated control and production equipment to improve production performance and efficiency in order to meet the complete needs of customers in various fields. The Company will continue to enlarge the scale of R&D and further the development of cooling-related products and technologies, and will also develop products for applications in different areas for diversification of product development.

b. Education and work experience of the R&D staff

Unit: Person

Item	2023	2022
Graduate schools	1	2
University	31	31
Below high school/vocational school	77	82
Total	109	115

c. Annual R&D expenses for the last 5 years

Unit: NT\$ thousand

Item/year	2019	2020	2021	2022	2023
R&D expenses (A)	39,740	46,677	69,271	79,289	71,836
Net operating revenue (B)	1,473,398	2,075,283	2,275,541	2,059,560	1,525,203
(A)/(B)	2.70%	2.25%	3.04%	3.85%	4.71%

d. Successfully developed technologies or products

Based on the competitive advantage of excellent tooling technology for key components of heat dissipation, innovative manufacturing processes and excellent management team, with excellent R&D team and development strategies, the Company continues to innovate design and improve in line with the application needs of customers in the market. to successfully develop multiple technologies and applications, and to obtain numerous patents and competitive advantages in the market. The development results of the Company in recent years are listed as follows:

Year	Important R&D results
2015	<ul style="list-style-type: none"> ■ Development of changing masking lamination to lamination with tape in production process ■ Formation mold and processing technologies for super small magnesium alloy cooling fans ■ Formation technology of locks ■ Production process for physical parts of cell phones
2016	<ul style="list-style-type: none"> ■ Introduction of automatic flatness inspection equipment ■ Introduction of automatic laser engraving equipment ■ Introduction of automatic loading and riveting equipment ■ Integrated stamping-riveting-drilling equipment
2017	<ul style="list-style-type: none"> ■ Introduction of CCD smart camera testing system ■ Development of trapezium cooling plates ■ Development of in-mold riveting technique for introduction into production process. ■ Development of FN series CNC material feeding system ■ Development of FN automatic grinder
2018	<ul style="list-style-type: none"> ■ FN series conversion of manual inspection to automated inspection ■ Self-developed improvement of the fastener for effective reduction of loss ■ Formation of precision motor products and technology improvement ■ The FN series thermal jig stamping module changed to silicone materials to solve the problem of defects black electric fan products.

Year	Important R&D results
2019	<ul style="list-style-type: none"> ■ Technical modification project applied in replacing humans by machines ■ Smart intellectual property international standard system declaration ■ Auxiliary jig for bonding of mobile phone battery and display screen support plate ■ Manufacturing method of mobile phone battery interconnect board ■ Height specifications automatic testing device ■ Computer shaft assembly jig ■ Precision motor accessory processing jig ■ Automatic thread locker
2020	<ul style="list-style-type: none"> ■ Processing technology project of notebook computer heat dissipation bracket ■ Portable projector enclosure molding project ■ Ultrabook fan base ■ Assembly method of switch cover for autonomous driving ■ Inclined heat sink ■ Heat pipe for vacuum dosing
2021	<ul style="list-style-type: none"> ■ High safety and high latitude cutting method for electric vehicles ■ New energy vehicle starting component testing method ■ Swing-adjustable automatic die-casting method for computer components ■ Multi-functional through-pipe heat dissipation fin set ■ Round radio heat dissipation base
2022	<ul style="list-style-type: none"> ■ Multi-tiered 3D heat sink ■ New fan cover ■ Wireless charging shield ■ Molding technology for automotive lidar mechanical parts

D. Long and short-term business development plan

The Company mapped out its long and short-term plans as the basis for business planning in the future in responding to industrial development and the macroeconomic trend so as to upgrade our competitive power. The Company's long and short-term plans are summarized below:

a. Short-term development

i. Marketing strategy

- i) Consolidate the existing notebook market and actively expand the market share of key components for heat dissipation.
- ii) Support the PC system firms in business deployment for expansion of the production capacity in Chongqing plant for bringing in higher revenue.
- iii) Enter the market of parts and components of consumer electronics and traditional sectors like automotive in full effort.
- iv) Continue to improve the product lines of high added value through in-depth cultivation of customer relations.

ii. Production policy

- i) Extend to the back-end production process for an upgrade in the capacity of self-production.
- ii) Satisfy the needs of the customers in delivery
- iii) Automation of equipment to optimize the production utilization rate and capacity utilization rate.
- iv) Enhance logistics management efficiency and reduce logistics costs and delivery schedule.

iii. Direction of product development

- i) Actively develop non-computer heat dissipation components and mechanical component products based on the successful research and development experience of key components for heat dissipation of notebook computers.
- ii) Develop customers in products other than electronics with the advantage of R&D and mass production.
- iii) Keep close ties with existing customers in business cooperation, keep abreast of market information, and secure purchase orders for new models.

iv.R&D strategy

- i)Recruit good people in research and development for augmenting the R&D team.
- ii)Proceed with the research and development of products other than electronic applications without altering the size and staffing of the R&D function, and consider recruiting professionals in related areas of specializations.
- iii)Research and develop the production process for improvement of the yield rate and reduction of the cost of production.
- iv)Strengthen the competitive power of the R&D staff and increase the investment in research and development.

b.Long-term Development Plan

i.Marketing Strategy

- i)Train and develop professional talents in the long run, keep alert of any business opportunity in the market, and increase the market share.
- ii)Continue bonding with customers as good business partners, keep abreast of the market trends and outreach for new customers and purchase orders for the new generation of models to maintain the competitive power of the Company.
- iii)Expand revenues from mechanisms; strengthen the scope of non-electronic product market applications; expand electronic devices (automatic control, automotive, etc.) markets.

ii.Production policy

- i)Cultivate a positive relationship with the OEM partners for the effective use of production capacity and expand the capacity for structural parts to reduce the cost of production and increase revenue.
- ii)Improve the production process and optimize the utilization rate and yield rate.
- iii)Become capable of satisfying the demand of the customers in “speed and quality first.”
- iv)Continue the launch of automated production to enhance productivity and product quality.
- v)Keep abreast of the front-end trend through close association with the supply chain.
- vi)Actively import Industrial 4.0 to enhance efficiency.

iii.Direction of product development

- i)Strengthen the development of other application products such as automotive electronic products, optical communication products, wearable devices, satellite navigation and home appliances, and enhance the Company’s competitiveness by increasing the breadth of products.
- ii)Continue the research and development of products with stronger structural strength, slimmer in size, and lighter in weight.

iv.R&D strategy

- i)Strengthen the development of other application products such as automotive electronic products, optical communication products, wearable devices, satellite navigation and home appliances, and enhance the Company’s competitiveness by increasing the breadth of products.
- ii)Continue the research and development of products with stronger structural strength, slimmer in size, and lighter in weight.
- iii)Recruit professionals capable of internalized operation for bolstering the core competence of the Company

(2)Market and sales overview

A.Market analysis

a.Regions of sale of premium items

Unit: NT\$ thousands

Sales area	2023		2022	
	Amount	%	Amount	%
China	1,243,559	81.53	1,570,502	76.25
Philippines	154,328	10.12	308,535	76.25
Thailand	60,079	3.94	50,497	76.25
Taiwan	46,257	3	126,219	76.25
Others	20,980	1	3,807	2.64
Total	1,525,203	100	2,059,560	100

b.Market share

The key customers of the Company are big international OEM manufacturers and companies listed on the TWSE or TPEX. The products of the Company are customized merchandise and are fully in conformity with the specifications and quantities of the orders of the customers under accreditation. There is no commonality among these products. The performance of thermal modules affects the computing performance of electronic products. Therefore, they have gradually become an indispensable component of thin and light electronic products, and have a certain influence on the sales of 3C electronic products such as computers and mobile devices. Therefore, they are highly trusted by customers. to maintain a long-term cooperative relationship. The Company focuses on the key component technology of thermal modules, and works closely with customers to grasp the front-end trends and develop high value-added products to meet the needs of customers and establish a win-win production and sales cooperation.

c.Future market supply/demand and growth potentials

i.Future development trends of the industry

Anli-KY is a professional supplier of heat dissipation key components. Its production technology includes precision metal die-casting, stamping and self-development and production of molds. Various process technologies are integrated to achieve perfect products. At present, its products are mainly used in the thermal modules of the notebook computer industry, as well as in various 3C electronic products. Most precision electronic devices require their components with thermal modules and mechanical parts, which are important key parts in various electronic products. In the past, thermal product technology was mainly based on active and passive hybrid thermal management solutions. The functions continue to be enhanced. In addition, countries around the world have begun to fully support 5G commercialization since 2019. In the future, 5G application scenarios are actively developing in AR/VR film and television entertainment, smart cars/transportation, smart manufacturing/factories, and IoT, etc. Under the characteristics of delay, the related infrastructure and terminal equipment will be actively developed. In response to the emerging applications of high-performance computing, the demand for thermal modules will continue to expand, and the thermal solutions will be mainly transferred to vapor chambers and heat pipes. Consumer electronics will become the application area for thermal components in the short to medium term. The future development trend is analyzed as follows:

i)Precision and composite development of mold making

With the development of semi-conductor and micro system technology, various 3C and optoelectronics advanced technology products will be developed to be portable and highly functional. Therefore, the requirements for parts and components will move toward precision and miniaturization. With the increasing trend, the demand for micro parts and components is expanding, and there are endless business opportunities for micro molds.

ii)Shortened time to market for new products and compression of mold development schedule

The life cycle of the 3C industry is getting shorter and shorter, so that the mold development period is constantly shortened. At the same time, the price of raw materials is rising, which makes the cost rise and the profit margin is compressed. Therefore, mold design needs to make full use of design software to achieve instant and meet customer needs.

iii) Diversified heat dissipation applications

The application of thermal modules originated from the development of desktop computer CPUs. As the performance of electronic products improves, power consumption increases accordingly, leading to new thermal management requirements. Rapid growth is observed in markets such as tablet computers, laptops, smartphones, and the cloud market. Consequently, the thermal management industry is flourishing. Moreover, the last-generation game console industry, exemplified by products like Sony's PlayStation5, Microsoft's Xbox360, and Nintendo's SWITCH, has diversified its functionalities to include activities such as watching movies, browsing the internet, and listening to music. This indicates a continuous evolution towards the miniaturization of functionalities and appearances in global electronic-related products, resulting in varying degrees of heat dissipation requirements. The heat generation and heat generation density of these products are expected to continue increasing. Leveraging our keen observation and judgment of industry trends, our company will persistently expand into diversified product areas and actively pursue new growth opportunities beyond the PC market. These opportunities include automotive electronic products, optical communication products, wearable devices, satellite navigation systems, and emerging niche markets such as home appliances. We aim to continuously enhance our technological capabilities and apply core technologies across different product domains to foster diversified business opportunities and revenue streams.

ii. The Company's market position

The Company's principal business is to provide parts and components for key thermal modules. Although there are many domestic and foreign manufacturers of metal die-casting and stamping products, many small-scale manufacturers have been added in mainland China in recent years, but the Company's production scale and the precision of products varies greatly. Among the domestic TWSE/TPEX listed companies, the production process, product application, industry relevance and development potential include Shuang-Hong, Lizhi, and Litech-KY.

The Company's core technology is the key components of thermal modules. Through close cooperation with customers, we keep abreast of front-end trends. Products are customized, so there is no commonality between its products. As the performance of key components of thermal modules affects the computing performance of electronic products, it has gradually become an indispensable component of thin and light electronic products, and has a certain impact on the sales of consumer electronics products such as computers and mobile devices. In addition, the Company actively develops and improves die-casting and stamping processes and technologies, so that the thermal module components and structural components products meet the standards adopted by major brands and meet the complete needs of customers in various fields. manufacturers, international OEMs, and TWSE/TPEX listed companies in Taiwan, all of whom have high and stable product quality. Despite the frequent upgrade of terminal electronic products, the Company's main customers still regard the Company as an important cooperative partner during the model conversion period. This shows that the Company has won the high trust of its customers, so it can become one of their main suppliers for a long time and maintain a stable market share growth.

iii. Future growth

In recent years, the maturity of 3C electronic products has continued to improve, and the overall market has transitioned from a high-speed growth period to a stable growth stage. As the growth rate has gradually slowed down, the differentiated and personalized market is open to compete, and the 3C electronics market is moving toward innovation and intelligence. The products have been maintaining a considerable degree of growth, and the market capacity has also been gradually developed with differentiation and personalization. With the continuous development of emerging 3C electronic product application fields, R&D technology upgrades, and benefiting from the rise of emerging smart devices, wearable devices, VR/AR The growth in spending power of equipment and other markets has driven the continued growth of 3C electronics and related industries.

The current design trend is gradually moving toward light, thin, short, and multi-functional, which makes the materials used for product casings more particular. Customized heat dissipation devices must be used to effectively cool down. Therefore, the key components of thermal modules and die-casting parts are applied in It is very extensive and diversified. The Company's current terminal applications are still mainly based on thermal modules for electronic products, including CPU cooling fans, notebook computer thermal modules, communication products, servers and game consoles. In addition to the electronic brand customers' products, the Company is also actively expanding other non-3C product areas to develop diversified applications, and the manufacturing process will also continue to move toward automation, which is explained as follows:

i) Cultivation of existing 3C electronic products and heat dissipation components

The Company focuses on the research and development of heat dissipation components, mainly in response to the development trend of 3C electronic products at various stages and the customized design according to the product specifications of each brand customers. In the future, electronic products will become increasingly slim and light, saving power and fast networking needs. However, as the heat generation of CPUs, chip sets and graphics chips continue to increase, and the performance and functions of software and hardware are improved simultaneously, all of which have resulted in high heat dissipation requirements. In recent years, the Company has developed various slim and light micro-fan computer components, and thermal modules, wearable electronic devices, household appliances, and electrical appliances; from the initial two-piece riveting process for precision metal die-casting and stamping parts to the advancement of one-piece die-casting direct molding, and from traditional fins to the development of ultra-thin ring-shaped fins, stepped fins, and all-in-one high-performance fins. In the future, the Company will continue to work with customers to develop more advanced thermal application technologies and thermal solutions.

ii) Diversify non-3C application products

a) Automotive products

In recent years, governments of various countries have offered various incentives and preferential policies based on considerations of environmental protection, energy security, industrial policies, etc., and have also invested in infrastructure to increase energy supply stations to support the development of the electric vehicle industry. Electric vehicles and autonomous driving are booming development of the automotive industry and will inevitably trigger a new demand for auto parts and components. In the future, the horsepower of electric vehicles will continue to increase. The higher the motor power, the higher the converted power, the higher the related heat dissipation requirements. To reduce the weight of automobiles, the auto parts and components will be switched to light metal such as magnesium and aluminum die castings.

The Company is optimistic about the trend of the automotive industry and has actively deployed various automotive parts and components, internal parts, heat dissipation parts and electronic control related application products, such as parts and components of automotive satellite navigation, and lamp heat sink brackets. In the future, in addition to increasing the breadth of on-board related components and heat dissipation components, the Company will also apply die-casting and stamping processes to the electromechanical system of electric vehicles, such as the die-casting of transmission motor casings, as well as the processes of automotive powder coating, in order to provide customers with a complete product line solutions, the newly developed molding process, and vertical integration to reduce production costs and provide customers with modular services.

b) Others

The upgrade of each generation of communication technology has brought revolutionary changes to the terminal products, redefined products, and driven the restructuring and drastic changes of the entire industry chain. The establishment of 5G is related to the innovation of technology applications in the future. The bottlenecks encountered by many industrial applications will be resolved, and the intelligent era of the Internet of Everything will be ushered in. 5G will reconstruct the digital economy and drive the development of the national economy. Urban life will become smarter in all aspects, including transportation, safety, education, and tourism.

5G is a change of the whole industry chain and the whole ecosystem. The platform, technology, network and all aspects of 5G will revolutionize this field and change the rules of the game for all of society in 8–10 years. The number of connected terminal devices is projected to surpass existing technology by more than 1,000 times. This surge will propel the advancement of AI, IoT, and other technologies, marking the final piece needed for the realization of cutting-edge technologies like edge computing, big data, and blockchain. Such progress will foster the comprehensive development of associated technologies and applications. According to Deloitte Research, between 2020 and 2035, the investment in the global 5G industry chain is expected to reach about USD4 trillion, and the global industrial applications driven by 5G technology will create more than USD12 trillion in sales.

The Company has been actively expanding the application scenarios of 5G products recently. The gradual rise of 5G has driven the demand for optical fibers, smart cities, smart factories, and face recognition security monitoring. Related thermal modules are becoming increasingly popular, and the Company is introducing mass production of them for various 5G terminal applications. The Company will continue to meet customer needs and develop related product components in the future.

iii) Production automation

The Company has made ceaseless efforts to production automation so as to save manpower, cut down cost, and to minimize human error, and hence improve the yield rate. At present, the equipment that the Company has successfully developed and put into automated production include stamping and automatic rivet and riveting equipment, four-axis rotary spot welding automatic equipment, die-casting automatic unloading and blanking, CNC processing automatic loading and unloading, punching, drilling and riveting equipment. All-in-one automated equipment and automated punching, drilling, and tapping equipment. In the future, the Company plans to continuously improve the automated production capacity of each process.

d. Competitive advantage

i. Outstanding production process technology to satisfy the needs of customers

The company's metal materials manufacturing process includes precision metal die-casting, precise metal stamping, and integration with CNC precision machining in the backend. Secondary processes such as drilling, tapping, laser engraving, welding, and riveting are also seamlessly incorporated, either as standalone processes or integrated into CNC machining. Additionally, we offer outsourced surface treatment services such as grinding, polishing, mirror finishing, printing, highlighting, sandblasting, and anodizing. Moreover, we specialize in functional products, combining plastic injection molding and exploring emerging technologies such as exposure and development. Our emphasis on straightforward assembly ensures that we deliver comprehensive services for metal mechanical parts to our customers.

ii. Mold development capability

Molds are the mother of the industry and the main equipment for the mass production of industrial products. The manufacturing of precision molds is particularly critical to the efficient production of high-quality metal and plastic parts. Since its establishment, the Company has accumulated rich experience in professional mold design and production. The Company is a supplier of heat dissipation components, so the heat dissipation components produced need to be jointly developed according to the customer's end product. Through joint discussions with customers, the feasibility of production development is explored through product mold design expectations, through perfect design process planning, to achieve precise development cost management, so that customer products have competitive advantages in the market. Therefore, the excellent mold development capabilities and process technology is the competitive advantage of the Company.

iii. Distinguished management team

The members of our management team have more than 10 years of experience in this industry and are well seasoned for responding to the changes in the industrial environment, product development trend, and experienced in production, manufacturing, and marketing. The revenue and profit over the years indicated growth, which is the result of the professional standing and industrial experience of the management team. In addition, operation performance is also sound. The Company has acquired several patents, which implied the technical capacity of the Company has reached a specific level and is highly competitive.

iv. Solid financial foundation

The enlargement of the scale of operation inevitably pushed up the inventory level and amount of account receivables. Therefore, the management of working capital will become particularly important. In the electronic industry where product update is ceaseless and price raises come so quickly, the control of working capital and healthy financial structures will be critical for proper appropriation and performance of operation. In addition, the Company has conducted credit evaluation on all its customers as a reference for granting credit limits for the customers and management of account receivables. Besides this, the Company also reviewed its aging inventory from time to time to keep sound utility.

v. Technology and people oriented corporate philosophy

In recent years, the Company has significantly expanded its production capacity and continued to optimize its process technology. It is committed to improving its metal process capabilities and developing high-quality heat dissipation components. The Company is also engaged in the training and development of human resources so as to attract good people to become a part of the Company. This remains an integral part of the major strategy. The product development and production technology process are high precision processing processes, and the Company highly treasures professionals in good standing to maintain its competitiveness and advantage.

vi. Sustainable refinement of R&D capacity

Business is like sailing against the current. Under the constantly changing macro environment and rapid development of technology, the Company continues to invest R&D resources and enhance R&D capabilities to meet customer needs, maintain customer relationships, and expand the Company's product lines to

strengthen the Company's competitive advantages.

e. Factors favorable and unfavorable for the development in the long run and response

i. Favorable factors

i) Increased demand for heat dissipation components for electronic products

Under the development trend of electronic products toward ultra-thin, intelligent and multi-functional, the volume of integrated circuit chips and electronic components continues to shrink, but the power density increases rapidly. At the same time, the packaging density is also getting higher and higher, Thinner and thinner, the problem of heat dissipation has become an issue that needs to be solved urgently for electronic devices. The great heat dissipation problem faced by electronic products is inevitably to design related heat dissipation modules inside the electronic products for cooling, making heat dissipation products gradually become an important key component, and the demand is increasing day by day.

ii) Wide range of applications for precision metal die-casting and stamping

Metallic materials are indispensable in the application of different industries and could mainly be classified as ferrous and non-ferrous metals, such as copper, aluminum, and magnesium. Copper is chemically stable and resistant to corrosion, and is a good metallic material for electrical work. Aluminum is lightweight, and highly ductile and malleable, and be used in various kinds of mechanical processing. This is especially notable in industries where aluminum-magnesium alloy has been widely adopted due to its reputation as a durable, lightweight, and environmentally friendly material. Its extensive use underscores its significance in meeting the demands for strong and sustainable metal solutions. It can be foreseen that the development of various industries and products will increase the demand for metal die-casting and stamping processes more rapidly.

iii) Product development is congruent with the trend of industrial development

The Company specializes in precision metal die-casting, stamping and mold manufacturing for key heat dissipation components. Since its establishment, in addition to continuously introducing advanced mold-making and production equipment to improve technical capabilities and product quality, the Company has adhered to the principles of "integrity, positivity, innovation, and breakthrough." In addition, the Company grasps the market trend and actively invests in the research and development of mainstream components with excellent technology, so it is deeply recognized by international big firms and continues to deepen the cooperative relationship between both parties.

ii. Unfavorable factors and response

i) Vulnerable to industry cycles

The functions designed by different manufacturers of consumer electronics approximate one another and are highly substitutional. In addition, the overall consumer market is under the influence of the global economic cycle and inflation. Big brand proprietors are under the ceaseless pressure of price cutting to stimulate sales and clear up the inventory and transfer the burden to the upstream parts suppliers that deprived their profit margin.

Responses:

a) Continue to strengthen the overall technical capacity

The Company continues to upgrade the capacity of mold development and structure a diversity of surface treatment technologies, strengthen the overall technical capacity, and work in conjunction with the big brand proprietors as early as at the product R&D and design stage. In addition, the Company also works closely with the customers to create higher added value for the products. The Company has made ceaseless efforts to production automation so as to save manpower, cut down cost, and to minimize human error, and hence improve the yield rate. Currently, the Company has successfully developed and launched several pieces of automated production equipment including the integrated stamping and automatic loading and riveting equipment, the four-axis rotational integrated automatic spot welding equipment, the automatic material feeding and retrieving casting machine, CNC automatic two-way feeding equipment, integrated stamping/cutting/drilling/riveting formation equipment, and integrated stamping/drilling/tapping equipment. In the future, the Company will continue to develop its automated production capacity in all production process to reduce cost and be the first in the market.

b) Diversified development of products

The application fields of metal die-casting and stamping parts are very wide. At present, the Company's products are mainly used in electronic products. In the future, in addition to continuing to develop other non-3C products, the Company will expand into other products such as automotive electronic products, optical communication products, wearable devices, satellite navigation, and home appliances. In terms of

auto parts and components, Kunshan Guanghe, Kunshan Sony and Chongqing Juhao have obtained IATF16949 automotive quality management system certification. As a matter of the business development strategy, the Company will continue to locate big brand proprietors for the possible opportunity of joint ventures in new products to balance the existing product portfolio and dependence on existing customers for reducing operation risk.

ii)Frequent fluctuation of the prices of key materials.

The key metallic materials used by the Company are copper, aluminum and magnesium and are vulnerable to price fluctuation in the metal market.

Responses:

The Company observes and evaluates international raw material price trends, adjusts the purchase inventory position in a timely manner, reduces the adverse effects of price fluctuations, and establishes long-term and good interaction with raw material suppliers to keep abreast of the latest raw material price trends, obtain the best purchase timing, and reduce prices. There is a risk of fluctuation, and the selling price will be adjusted to maintain a certain profit when the price rises.

iii)Ceaseless entrance of industry peers resulted in acute competition

The competition from existing competitors and the entrance of newly emerging sectors, and the pressure of costing and inventory downsizing strategies from upstream customers made competition even more acute.

Responses:

The Company will continue to upgrade and introduce new technologies to compress the lead-time for mold development, develop high precision products and improve service quality. In addition, the Company will maintain close relationships with suppliers to earn the trust of customers and retain a strong foothold in the market. In addition, the Company will continue to upgrade its management quality for the effective improvement of utility, and seek refinement of the technical know-how currently in service to develop a wider array of products so as to bolster the competitive advantage.

B.The purpose of key items and production process

a.Important use of key items.

Product category	Purpose or scope of application
Computer parts and components	Key components of thermal modules, fan frames, and mechanical parts used in notebook computers, desktop computers, and servers
Consumer Electronics Components	Game consoles, wearable devices
Automotive accessories	Automotive electronic products
Portable device parts and components	Structural parts for Tablet PCs, Smartphones, and LCD Frames
Others	Optical communication products, satellite navigation and home appliances, etc.

b.The production process of the main products

- i.Precision stamping process
- ii.Precision casting process

C.Supply of key materials

Main raw materials	Location of supply	Supply status
Aluminum/aluminum alloy ingot	China	Good
Copper	China	Good
Iron/stainless steel	China	Good

D.Note to significant changes in the gross margin of key items or departments in the last 2 years.

a.Analysis of change in gross margin:

Unit: NT\$ thousand

Primary	2023			2022			Change (%)
	Operating revenue	Gross profit	Gross margin (%)	Operating revenue	Gross profit	Gross margin (%)	
Computer parts and components	1,089,631	198,583	18.22	1,585,600	388,219	24.48	(25.56)
Consumer electronics components	203,748	41,499	20.37	299,809	62,386	20.81	(2.12)
Automotive accessories	118,392	24,562	20.75	60,039	11,215	18.68	11.06
Portable device parts and components	16,455	2,313	14.06	18,447	2,748	14.90	(5.64)

b.Explanation for the change in gross profit margin of more than 20%: The gross profit margin of computer components declined by 25.56% due to the weak consumer demand and insufficient shipment.

c.For construction companies or companies with a construction department, specify the year of declaration and the projected revenue for recognition of construction projects and analysis of gross profit of the previous year, and explain if there is any exception of gross margin, projects completed without sale, and the projected sale: Not applicable.

E.List of key customers for purchase and sales

a.Names of suppliers accounting for more than 10% of the total purchase in any of the last 2 years, the amount of purchase and proportion to total purchase, and explain the reasons for the changes:

Unit: NT\$ thousand

Item	2023				2022			
	Name	Amount	Percentage to net purchase of the whole year (%)	Relationship with the issuer	Name	Amount	Percentage to net purchase of the whole year (%)	Relationship with the issuer
1	Company A	215,471	33.06	None	Company A	119,094	15.48	None
2	Company B	26,475	4.06	None	Company B	78,680	10.23	None
3	Others	409,890	62.88	—	Others	571,546	74.29	—
	Net purchase	651,836	100	—	Net purchase	769,320	100	—

Note to the changes:

In addition to metal raw materials such as copper, aluminum, iron, and stainless steel, the Company's main procurement items include die-casting and stamping semi-finished products. The annual procurement amount changes with the customer's order demand and different materials used for the products.

b. Names of customers accounted for more than 10% of the total sale in any of the last 2 years, the amount of sale and proportion to total sale, and explain the reasons for the changes:

Unit: NT\$ thousand

Item	2023				2022			
	Name	Amount	Percentage to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Percentage to net sales of the whole year (%)	Relationship with the issuer
1	A	249,074	16.33	None	A	375,107	18.21	None
2	B	212,144	13.91	None	B	128,275	6.23	None
3	C	164,634	10.79	None	C	270,813	13.15	None
4	D	154,105	10.10	None	D	308,535	14.98	None
	Others	745,246	48.86	—	Others	976,830	47.43	—
	Net sales	1,525,203	100	—	Net sales	2,059,560	100	—

Note to the changes:

Company A and Company B, the end customers that have had business with our company for many years, are highly affirmative of our product quality, technology, and mass production capacity. The sales amount total has been subject to change mainly due to changes in product portfolio.

F. Production volume and value in the last 2 years

Unit: NT\$1,000/1,000 pcs

Main products	2023			2022		
	Productivity	Outputs	Output value	Productivity	Outputs	Output value
Computer parts and components	128,420	64,210	696,591	128,236	95,311	1,122,051
Consumer Electronics Components	31,639	15,979	158,351	31,578	23,470	254,198
Automotive accessories	9132.79	4612.52	114937	3,133	2,329	41,261
Portable device parts and components	541.4878	356.242	13241	537	399	20,029
Others	5,060	2,556	49,758	5,702	4,238	51,641
Total	174,793	87,714	1,032,878	169,186	125,747	1,489,180

Note to the changes:

Price competition in the market of portable devices is acute. The Company attuned to the product sales strategy by expanding the production capacity of computer parts and components and reducing the capacity for portable devices with proper adjustment of production volume to the purchase orders.

G. Sales volume and value in the last two years

Currency: NT\$1,000/1,000 pcs

Main products	2023				2022			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer parts and components	38,977	331,104	26,054	758,527	49,796	437,863	42,985	1,147,736
Consumer Electronics Components	17,387	194,804	163.788	8,944	23,153	288,215	768.986	11,595
Automotive accessories	3,395	104,696	616.849	13,696	1,571	41,666	529.163	18,373
Portable device parts and components	258	16,101	101.65	354	165	17,307	190.428	1,140
Others	1,831	77,223	616	19,753	2,667	56,661	956	39,004
Total	61,849	723,928	27,552	801,275	77,353	841,712	45,430	1,217,848

Note: Others are mold development, automotive parts and components, and 3D goggle parts and components. The unit of calculation varied significantly and the sales volume is not stated.

Note to the changes:

Due to the fierce price competition in the handheld device market, the Company adjusted its business strategy and shifted to notebook computer mechanical parts and components with better profit, resulting in a decrease in the number of handheld devices.

2.The number of employees, average years of service, average age and education in the last 2 years to the date this report was printed.

Unit: Person

Year		2022	2023
Employee No.	R&D	115	109
	Management and sale personnel	107	99
	Operators and technical staff	406	360
	Total	628	568
Average age		38.18	40.34
Average seniority		6.61	7.05
Academic qualification	Doctoral Degree	-	-
	Master	1%	1%
	University	21%	22%
	Below Senior High School	78%	77%
Total		100.00%	100%

3.Information on spending on environmental protection

(1)Application for anti-pollution facility and spending

Permit of the installation of pollution treatment facility, or permit for emission of pollutants, or the payable fees for anti-pollution treatment, or the appointment of the designated body and personnel for environmental protection under law, and the status of licensing, payment or installation of such facility:

The production process of the Company is subject to the regulations of local bylaws so that application for permission of the emission of pollutants is required by law and specified as follows:

Plant	Contents	Effective date
ANLI Kunshan	The Company has installed water treatment facilities for treating water pollutants from production and household use to the required standard before emission.	The Company has been granted the permit for the emission of pollutants
		Validity date: 2025.12.5
Gtek (Chongqing)	The Company has installed water treatment facilities for treating water pollutants from production and household use to the required standard before emission.	The Company has been granted the permit for the emission of pollutants
		Validity date: 2026.7.25

(2)Anti-pollution equipment

Specify the investment in the major equipment of the Company for environmental protection and anti-pollution, the purpose and desired result:

December 31, 2023

Machinery name	Quantity	Acquisition date	Investment cost	Balance before depreciations and amortization	Purpose and expected result
Water pollutant treatment work	1	November 30, 2007	1,951	195	Water pollutants from household use and industrial production were treated to the required standard before emission. This helps to reduce the consumption of water required for neutralization and reduce the emission of hazardous substances.
Water and air pollutants treatment work	1	May 30, 2016	653	65	Water pollutants from household use and industrial production were treated to the required standard before emission. This helps to reduce the consumption of water required for neutralization and the collection and purification of air pollutants from industrial production for purification, and reduce the emission of hazardous substances.
Treatment of air pollutants from the casting process	1	November 30, 2021	737	460	Used to collect waste gas for discharge, and pass through a cyclone dust removal device to reduce the emission of harmful substances.
Combustion waste gas treatment project	1	November 30, 2021	232	145	Used for collecting waste gas emission, secondary combustion, water spraying, and plasma devices to reduce the emission of harmful substances.
Production wastewater treatment project	1	November 30, 2021	1,588	993	Used for industrial wastewater discharge after reaching the standard after neutralization; it can save the amount of tap water required for neutralization and the collection and purification of industrial waste gas, reducing the emission of harmful substances.
Treatment of air pollutants from the casting process	1	December 31, 2017	4,687	1,787	For use in the collection of air pollutants before emission, and transferred through the spraying device to reduce the emission of air pollutants.
Treatment of air pollutants from the casting process	1	December 31, 2017	4,492	1,713	For use in the collection of air pollutants before emission, and transferred through the spraying device to reduce the emission of air pollutants.

(3)Please describe the process taken to improve the environment in the two most recent fiscal years and up to the date of publication of the annual report; if there is any pollution dispute, the process of handling it should also be explained: None.

(4) In the most recent two years and up to the date of publication of the annual report, the losses incurred by the company due to environmental pollution, including compensation and environmental audits, indicate violations of environmental laws and regulations. The company will disclose both the estimated current and future amounts of these losses, as well as the corresponding response measures; if it cannot be reasonably estimated, the reason why it cannot be estimated shall be stated: The Company has not suffered any losses due to environmental pollution.

(5) Describe the status of pollution and corrective action, and the influence on the earnings, competitive position, and capital expenditures of the Company, and the major capital expenditures for environmental protection projected in the 2 years ahead:

A. Current problem of pollution and the influence of the remedy to pollution on the earnings, competitive position, and capital expenditure of the Company:

In the last 2 years to the day this report was printed, the Company's earnings, competitive position, and capital expenditures have not been affected by pollution.

B. Significant capital expenditures on environmental protection in 2 years ahead: None.

4. Labor-Management Relations

(1) List out the employee benefits, continuing education, training, retirement system and the status of implementation, and labor-management agreement and the protection of employee rights:

A. Employee benefit policies:

As always, the Company spares no effort in providing benefits and a positive work environment for its employees. Further to the release of bonuses and gifts for the Chinese New Year and festivals, the Company also provides the opportunity for its employees to participate in the operation of the Company for improving labor-management bonding and teamwork. Performance bonuses will be released in commensuration with the individual performance of the employees and the business performance of the Company. The Company also takes care of the physical and mental health of its employees by establishing the Employee Welfare Committee for organizing tourist traveling and parties for the employees from time to time in addition to the protection of the employees with medical insurance, social security insurance, and all the required insurances under law.

B. Continuing education and training for the employees

The Company organized internal training from time to time, and arranged external training on topics relevant to the required professional skills for the employees to improve their professional skills and competitive power. Different training programs have also been arranged for employees of different job functions.

C. Retirement system and implementation of the system:

a. Factories in China: The Company pays pension in accordance with the regulations of each place of operation. Each month, the Company contributes 24% of the total salary and deposits it in a designated account, of which 16% is borne by the Company and the other 8% is borne by the individual. The Company has no other obligations for pension benefits.

b. Employees of Taiwanese origin are governed by the "Labor Pension Act" under the system of defined appropriation of pension funds. Under this system, 6% of the monthly salaries of the employees will be appropriated to their individual pension accounts at the Labor Insurance Bureau.

c. Subsidiaries established in different regions shall be governed by the applicable laws of the respective regions governing pension funds. The Company recognized the contribution to the pension fund as an expense and is not liable for any other retirement fund and pension of the employees.

D. Labor-management agreement and the protection of employee rights:

The Company attaches great importance to employee benefits, employee future planning, employee professional intelligence enhancement and employee opinions, hoping to promote harmonious labor-management relations. As of the publication date of the annual report, there were no labor disputes.

(2) Losses incurred due to labor disputes in the last 2 years to the day this report was printed (including the violation of Labor Standards Act found in labor inspections, specify the date of punishment, punishment document number, the provisions of the law violated, the content of the violation, and the content of punishment). Also, disclose the estimated amount that may occur at present and in the future, and measures in response. If it cannot be reasonably estimated, specify the facts of the reason:

The Company's labor relations have always been harmonious. In the last two years and as of the printing date of the annual report, the Company has not suffered losses due to labor disputes.

5. Cyber security management

(1) Cyber security risk management framework, cyber security policy, specific management plans, and resources invested in cyber security management:

A. Cyber security risk management framework

The Company's Information Department is the responsible unit for information communication security. It has established information security officer and professional information personnel to formulate the Company's information security policy, plan information security operations, and promote and implement information security policies. Each year, the Audit Office conducts regular audits. If any deficiencies are found during the audit, the audited unit will be immediately required to propose improvement measures, and the results of improvement will be tracked regularly to reduce internal information security risks.

B. Cyber security policy

In order to maintain the normal operation of the Company's information system, strengthen information security management, ensure the availability, integrity and confidentiality of information, and protect against internal and external deliberate or accidental threats.

The Company's information communication security management mechanism includes the following four aspects:

- a. System and regulation: Formulate the Company's information and communication security management system to regulate personnel operating behavior.
- b. Organization and management system: Establish a top-down information security management system of the Company, define the responsibilities of the security management organization, make overall planning, and make expert decision-making to promote the development of information security work for the entire jurisdiction.
- c. System protection: Establish information security management equipment and tools, and implement information security management measures.
- d. Personnel training: The Company conducts regular information security training to improve the information security knowledge and professional skills of the Company's employees.

C. Specific management plan for information security

Regularly review internal information security regulations; coordinate, manage, and supervise all information security operations of the Group; regularly conduct protection system effectiveness inspections, social engineering drills and other related information security tests, and continue to provide relevant information security propaganda to employees. Through the implementation of information security policies and operating procedures, a sufficient information security environment can be provided to ensure the normal operation of the Company's services.

D. Invest resources in cyber security management

By establishing an information security monitoring system and executing system vulnerability scanning, professional information security measures can prevent hackers from invading and stealing confidential company information. At the same time, a complete information system security protection (for desktop computers, laptops, etc.) is essential to implement the protection of employees' personal information, confidential company information, customers and suppliers.

(2) Losses due to major IT security incidents in the most recent year and up to the date of publication of the annual report, their possible impacts and responsive measures: None.

6. Important contract

Valid supply contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other contracts that are significant enough to affect shareholders' equity that are currently in force and expire in the most recent year:

(1) Anli-KY

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Credit limit contracts	Cathay United Bank	August 25, 2023 to August 24, 2024	Applying for short-term financing quota from a bank.	None
Credit limit contracts	CTBC Bank	August 31, 2023 to August 31, 2024	Applying for short-term financing quota from a bank.	None
Credit limit contracts	Shilin Branch, First Commercial Bank	October 3, 2022 to October 3, 2023	Applying for short-term financing quota from a bank.	None

(2) Anli Hong Kong

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	First Commercial Bank HsinFu Branch	October 28, 2016 to October 28, 2031	Financing for procurement of fixed assets	None

(3) Kuanghe Hong Kong

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	First Commercial Bank HsinFu Branch	October 28, 2016 to October 28, 2031	Financing for procurement of fixed assets	None
Credit limit contracts	CTBC Bank	August 31, 2023 to August 31, 2024	Applying for bank financing facility	None

(4) Kuanghe Kunsha

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Housing Lease Agreement	Shencheng Metal Technology (Kunshan) Co., Ltd.	January 1, 2024 to December 31, 2024	Plant Lease Agreement	None
Loans contract	Kunshan Rural Commercial Bank Co., Ltd.	September 7, 2023 to July 10, 2024	Working capital turnover	None

(5)ANLI Kunshan

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Loans contract	Kunshan Rural Commercial Bank Co., Ltd.	August 8, 2023 to February 21, 2024	Working capital turnover	None

(6)Gtek (Chongqing)

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Engineering contract	Chongqing Jinqing Construction Engineering Co., Ltd.	May 9, 2022 to December 31, 2024	Plant construction	None

(7)Huzhou Anli

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Construction contract	Zhejiang Qiaoxing Construction Group Co., Ltd.	December 28, 2021 to August 31, 2023	Plant construction project	None
Credit limit contracts	CTBC Bank	December 28, 2021 to August 31, 2023	Plant construction project	None

VI. Financial Status

1. Condensed Balance Sheet and Income Statement of the last 5 years

(1) Consolidated Balance Sheet – IFRS (Consolidated Financial Statements)

Unit: NT\$ thousand

Year		Financial information from the past five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,254,440	1,983,009	2,581,059	2,052,413	1,326,863
Property, plant, and equipment		717,872	854,739	850,637	1,152,072	1,352,538
Intangible assets		2,480	1,525	769	2,989	1,863
Other assets		437,151	328,678	329,800	368,257	438,004
Total assets		2,411,943	3,167,951	3,762,265	3,575,731	3,119,268
Current liabilities	Before Distribution	590,181	695,902	1,173,203	1,179,977	872,688
	After Distribution	642,078	848,022	1,293,487	1,269,077	872,688
Non-current liabilities		317,940	713,943	637,364	342,698	321,459
Total liabilities	Before Distribution	908,121	1,409,845	1,810,567	1,522,675	1,194,147
	After Distribution	960,018	1,561,965	1,930,851	1,611,775	1,194,147
Equity of the parent company		-	-	-	-	-
Share capital		432,477	432,477	445,498	445,498	445,498
Capital reserve		463,064	479,795	561,556	561,556	561,556
Reserved	Before Distribution	752,704	984,291	1,063,339	1,139,023	1,046,223
Earnings	After Distribution	700,807	832,171	943,055	1,049,923	1,046,223
Other equity		(144,423)	(138,457)	(118,697)	(93,021)	(128,156)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Equity	Before Distribution	1,503,822	1,758,106	1,951,696	2,053,056	1,925,121
Total amount	After Distribution	1,451,925	1,605,986	1,831,414	1,963,956	1,925,121

Note 1: The financial information for the above years has been audited by the accountant.

(2) Consolidated Income Statement – IFRS (Consolidated Financial Statements)

Unit: NT\$ thousand

Item	Year	Financial information from the past five years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		1,473,398	2,075,283	2,275,541	2,059,560	1,525,203
Gross profit		451,224	707,336	625,474	531,467	313,154
Operating income		182,584	408,535	287,042	194,481	(6,868)
Non-operating revenues and expenses		-997	(42,388)	6,887	47,355	8,687
Net profit before taxation		181,587	366,147	293,929	241,836	1,819
Current year profit of continuing business units		154,309	283,484	231,168	195,968	(3,700)
Losses from discontinued operations		-	-	-	-	-
Net income (loss)		154,309	283,484	231,168	195,968	(3,700)
Other comprehensive incomes in the current period (net income)		(47,392)	5,966	19,760	25,676	(35,135)
Current period other comprehensive income (Gross)		106,917	289,450	250,928	221,644	(38,835)
Net profit attributable to parent company		154,309	283,484	231,168	195,968	(3,700)
Net income attributable to uncontrolled equity		-	-	-	-	-
The total comprehensive profit and loss is attributed to the owner of the parent company.		106,917	289,450	250,928	221,644	(38,835)
Comprehensive income, gross, attributable to non-controlling interest		-	-	-	-	-
Earnings per share (NT\$)		3.57	6.56	5.22	4.40	(0.08)

Note 1: The financial information for the above years has been audited by the accountant.

(3) Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Firm Name	Name of auditor	Audit Opinions
2019	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2020	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2021	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2022	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion
2023	PwC Taiwan	Chiu Chao-Hsien, Chen Chin-Chang	Unqualified opinion

2. Financial analysis for the latest 5 years

(1) IFRS (Consolidated Financial Statements)

Analytical items		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio (%)	37.65	44.50	48.12	42.58	38.28	
	Long-term capital to property, plant and equipment (%)	253.77	289.21	304.37	207.97	166.10	
Solvency (%)	Current ratio (%)	212.55	284.95	220.00	173.93	152.04	
	Quick ratio (%)	192.17	256.57	199.82	158.00	128.40	
	Times interest earned (times)	45.29	84.24	52.79	25.32	1.31	
Operating ability	Account receivable turnover (times)	2.26	2.55	2.17	2.22	1.99	
	Number of days in average cashing	161.23	142.83	168.13	164.41	183.41	
	Inventory turnover (times)	9.51	9.96	8.70	8.70	8.81	
	Account payable turnover (times)	6.32	6.90	7.11	7.49	9.94	
	Average number of days in sales	38.38	36.64	41.97	41.93	41.41	
	Property, plant and equipment turnover (times)	2.17	2.63	2.67	2.05	1.21	
	Total assets turnover (times)	0.62	0.74	0.66	0.56	0.45	
Profitability	ROA (%)	6.59	10.30	6.90	5.74	-1.05	
	Return on equity (%)	10.29	17.38	12.46	9.78	-0.18	
	As a percentage of net worth (%)	Operating profit (%)	42.22	94.46	62.20	43.65	-1.54
		Net profit before tax (%)	41.99	84.66	65.98	54.28	0.40
	Net profit margin (%)	10.47	13.66	10.16	9.51	-0.24	
	Earnings per share (NT\$)	3.57	6.55	5.22	4.30	-0.08	
Cash flow	Cash flow ratio (%)	57.23	12.07	35.43	37.40	2.74	
	Cash flow adequacy ratio (%)	203.23	127.70	176.52	106.10	77.10	
	Cash flow reinvestment ratio (%)	11.80	1.16	14.16	11.51	-2.46	
Level of leverage	Operating leverage	1.16	1.08	1.15	1.21	-4.55	
	Financial leverage	1.02	1.01	1.04	1.10	0.30	

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase/decrease change is less than 20%, the analysis can be waived.)

Changes in the financial ratios of more than 20% in 2023 and 2022 are analyzed as follows:

- A. The decrease in long-term capital to fixed assets ratio in the financial structure ratio change is mainly due to an increase in fixed asset purchases
- B. Decreased solvency (times interest protection): mainly because the overall operating profitability in 2023 is not as good as 2022.
- C. Increase in operating capacity (payables turnover): mainly due to the decrease in average payables in 2023.
- D. Decrease in operating capacity (fixed asset turnover): mainly due to the decrease in operating revenue in 2023 and the increase in the purchase of fixed assets.
- E. Decrease in profitability: mainly due to loss of operating profit and net profit after tax in 2023.
- F. Cash flow (cash flow ratio, cash reinvestment ratio) decreased: mainly due to the decrease of operating cash flow in 2023 and the increase in fixed asset purchases.
- G. Increase in leverage: mainly due to operating gains and losses in 2023.

Note 1: The financial information covering the aforementioned periods was audited or reviewed by CPAs.

Note 2: The formula for calculation is as follows:

1. Financial structure

(1) The ratio of total liabilities to total assets = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equities + non-current liabilities) / property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current 5-character variable liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities.
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

3. Operating ability

- (1) Accounts receivable turnover (including accounts receivable and notes receivable resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivable and notes receivable resulting from business operations).
- (2) Average collection days = 365 / Accounts receivable turnover.
- (3) Inventory turnover = Cost of goods sold / Average inventory value.
- (4) Accounts payable turnover (including accounts payable and notes payable resulting from business operations) = Cost of goods sold / Average accounts payable in various periods (including accounts payable and notes payable resulting from business operations)
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Property, plant and equipment turnover rate = Net sales / Net average property, plant and equipment.
- (7) Total assets turnover = Net sales / Total assets.

4. Profitability

- (1) Return on assets = (after-tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
- (2) Return on shareholders' equity = after-tax net profit / total average equity.
- (3) Profit ratio = net income / net sales.
- (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued.

5. Cash flows

- (1) Net cash flow ratio = Net cash flow from operating activities / Current liability.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activity-cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / Operating profit
- (2) Financial leverage = Operating profit / (Operating profit - interest expense)

3. Auditing Committee's Review Report on Financial Statements.

Anli International Co., Ltd

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2023 financial statements (including consolidated statements), business reports and earnings distribution proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by CPA Chiu, Chao-Hsien and CPA Chen, Chin-Chang of PricewaterhouseCoopers, Taiwan, who has issued unqualified opinions. Hence, the 2023 financial statements (including consolidated statements), business reports and earnings distribution proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations. Please review.

Submitted to: 2024 Shareholders' meeting of Anli International Co., Ltd

Audit Committee of Anli International Co., Ltd:

Independent Directors: Chen Li-Yuan

March 11, 2024

Anli International Co., Ltd

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2023 financial statements (including consolidated statements), business reports and earnings distribution proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by CPA Chiu, Chao-Hsien and CPA Chen, Chin-Chang of PricewaterhouseCoopers, Taiwan, who has issued unqualified opinions. Hence, the 2023 financial statements (including consolidated statements), business reports and earnings distribution proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations. Please review.

Submitted to: 2024 Shareholders' meeting of Anli International Co., Ltd

Audit Committee of Anli International Co., Ltd:
Independent Directors: Huang Kuo-Feng
March 11, 2024

Anli International Co., Ltd

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2023 financial statements (including consolidated statements), business reports and earnings distribution proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by CPA Chiu, Chao-Hsien and CPA Chen, Chin-Chang of PricewaterhouseCoopers, Taiwan, who has issued unqualified opinions. Hence, the 2023 financial statements (including consolidated statements), business reports and earnings distribution proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations. Please review.

Submitted to: 2024 Shareholders' meeting of Anli International Co., Ltd

Audit Committee of Anli International Co., Ltd:
Independent Directors: Huang Kui-Jung
March 11, 2024

4. The financial statements of the most recent year, including the Auditors' Report, Balance Sheet, Comprehensive Income Statements, Statement of Changes in Shareholders Equity, Statement of Cash Flows and note to financial statement or appendix comparing 2 fiscal years: please refer to page 133 to page 207.
5. The company's individual financial report for the current year approved by the accountant: Not applicable. We only presented the consolidated financial statement of the parent company only.
6. Any insolvency of the Company and its affiliates in the most recent year to the date this report was printed, and the influence on the financial position of the Company, if applicable: The Company did not have any insolvency: Not applicable.

VII. Financial position and review and analysis of the financial performance

1. Comparison and analysis of the financial position

Unit: NT\$ thousand %

Item	Year		Variation	
	2022	2023	Amount	%
Current assets	2,052,413	1,326,863	(725,550)	(35.35)
Property, plant, and equipment	1,152,072	1,352,538	200,466	17.40
Intangible assets	2,989	1,863	(1,126)	(37.67)
Other non-current assets	368,257	438,004	69,747	18.94
Total assets	3,575,731	3,119,268	(456,463)	(12.77)
Current liabilities	1,179,977	872,688	(307,289)	(26.04)
Non-current liabilities	342,698	321,459	(21,239)	(6.20)
Total liabilities	1,522,675	1,194,147	(328,528)	(21.58)
Share capital	445,498	445,498	-	-
Capital reserve	561,556	561,556	-	-
Retained earnings	1,139,023	1,046,223	(92,800)	(8.15)
Other equity	-93,021	-128,156	(35,135)	37.77
Total equity	2,053,056	1,925,121	(127,935)	(6.23)

For the changes of more than 20% and the amount of changes of more than NT\$10 million, the main reasons are as follows:

- (1) Current assets decreased by 35.35%: Mainly due to the decrease in the disposal of financial assets measured at amortized cost and cash and cash equivalents in 2023.
- (2) Current liabilities decreased by 26.04%: Mainly due to the maturity of bonds payable in 2023 resulting in the decrease in long-term liabilities, current portion.
3. Other equity increased by 37.77% due to changes in foreign exchange rates.

2.Comparison and analysis of the financial performance

Unit: NT\$ thousand %

Item	Year	2022	2023	Variation	
				Amount	%
Operating revenue		2,059,560	1,525,203	(534,357)	(25.95)
Operating costs		(1,528,093)	(1,212,049)	316,044	(20.68)
Gross profit		531,467	313,154	(218,313)	(41.08)
Operating expenses		336,986	320,022	(16,964)	(5.03)
Net Operating Income		194,481	(6,868)	(201,349)	(103.53)
Non-operating income (expenses)		47,355	8,687	(38,668)	(81.66)
Net profit before taxation		241,836	1,819	(240,017)	(99.25)
Income tax expenses		(45,868)	(5,519)	40,349	(87.97)
Net income		195,968	(3,700)	(199,668)	(101.89)
Other comprehensive profit or loss		25,676	(35,135)	(60,811)	(236.84)
Current period other comprehensive income (Gross)		221,644	(38,835)	(260,479)	(117.52)

If the change between the two periods exceeds 20% and the amount is more than NT\$10 million, the analysis of the main cause of the change is specified below:

- (1)Gross profit decreased by 41.08%, mainly due to the decrease in market demand and shipment volume in 2023.
- (2)non-operating income and expenses decreased by 81.66%, mainly due to the decrease in net foreign exchange gain of NT\$21,525 thousand and interest income by NT\$17,647 thousand in 2023.
- (3)Income tax expenses decreased by 87.97%, mainly because the pre-tax profit and loss in 2023 was less than that of the previous year.
- (4)Other comprehensive income decreased by 236.84%, mainly due to the impact of changes in the exchange differences of the financial statements in 2023 caused by the different foreign currency exchange rates.

3.Cash flows

(1)Analysis of changes in cash flow in the most recent year:

Unit: NT\$ thousand

Opening cash balance	Expected net cash inflow from operating activities for the year	Expected net cash inflow from investing activities for the year	Expected net cash inflow from financing activities for the year	Projected cash surplus (deficit) amount	Financing of cash deficits	
					Investment	Wealth management
(1)	(2)	(3)	(4)	(1)+(2)+(3)+(4)		
336,504	46,020	(32,355)	27,626	377,795	—	—
Analysis of cash flow changes						
A.Operating activities: It is estimated that the revenue will grow by 7% in 2024 and funds are recovered from accounts receivable. The overall performance should be a net inflow from operating activities.						
B.Investing activities: It is estimated that the Company will continue to purchase equipment to improve the competitiveness and invest in Huzhou in 2024.						
C.Financing activities: It is estimated that external financing will be required due to the continuous investment in Huzhou in 2024, showing a net cash flow expenditure.						

(2)Plans to improve liquidity

The Company's operating activities will be in a state of net cash inflow for the next year. The capital expenditures of the Huzhou Plant will be financed by bank financing and fund transfers within the Group.

(3)Cash flow analysis for the next year

The Company's cash liquidity is good, and there is no insufficient liquidity.

4.Impacts of major capital expenditures in the most recent year on business and financial operations:

(1)Status and funding sources of major capital expenditures:

Planned items	Source of Funds	Expected date of completion	Total funds required	Actual or planned utilization of funds (2024)
Factory construction	Self-owned capital and bank financing	2024 Q1	615,622	83,393

(2)Expected benefits: The Anli Technology Co., Ltd. (Huzhou) factory construction project will be completed in response to the Group's capacity planning, business growth and development needs, in order to meet the Company's future production and operation needs.

5.The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

(1)The Company's investment policy

The Company's investments are mainly located in areas related to the Company's business, and the relevant execution departments are executed in accordance with the internal control system "Investment Cycles" and "Operating Procedure for Acquisition or Disposal of Assets." The above regulations or procedures have also been discussed and approved by the Board of Directors or shareholders' meetings.

(2)The main reason for the profit or loss of reinvestment in the most recent year, and the improvement plan

Unit: NT\$ thousand

Description item	Gains (losses) recognized in 2023	Main reason for profit or loss	Improvement plan
Anli Hong Kong	57,457	Investment in the Mainland China subsidiaries through the company has achieved good performance and profitability.	Not applicable
Kuanghe Hong Kong	(48,522)	Investment in the Mainland China subsidiaries through the company resulted in the decrease in customers' purchases and annual losses.	Proactive development of new customers
ANLI Kunshan	62,495	It is the actual operating entity in Mainland China in a good standing.	Not applicable
Kuanghe Kunsha	(41,139)	As the actual operating entity in mainland China, due to the relocation of the factory, the employee compensation and the decrease in customers' purchases resulted in the annual loss.	Proactive development of new customers
Gtek (Chongqing)	25,975	It is the actual operating entity in Mainland China in a good standing.	Not applicable
Huzhou Anli	(9,791)	Subsidiary under construction	Not applicable

(3)Investment plans for the coming year:

The Company plans to invest in the establishment of a new plant in Huzhou, Zhejiang Province, in response to the Group's strategy for launch into the business of new energy cars, 5G communications equipment, and the overall upgrading of the production capacity of the Group. The mass production is scheduled in 2024.

6.Risk analysis and assessment:

(1)Impacts of interest rate and exchange rate changes and inflation on the Company's profit and loss and future countermeasures:

A.Interest rate

Unit: NT\$ thousand

Year	2023		2022	
	Amount	As a percentage of net operating revenue	Amount	As a percentage of net operating revenue
Interest revenue	10,209	0.67%	27,856	1.35%
Interest expenditure	15,570	1.02%	18,294	0.89%

Data source: Financial statements with the auditing and attestation performed by the CPAs.

The Company's interest incomes in 2023 and 2022 accounted for 0.67% and 1.35% of the net operating revenues for the years, respectively. The interest expenses in 2023 and 2022 accounted for 1.02% and 0.89% of the net operating revenues for the year, respectively. Therefore, there was no significant impact on the Company. Besides this, the Company has always maintained good relationships with banks, with sound finance and good credit standing, and can obtain better interest rates in case of capital needs. It is expected that future changes in interest rates will not have a significant impact on the overall operation of the consolidated company.

B.Foreign exchange rate

Unit: NT\$ thousand

Item	Year	2023	2022
Foreign exchange loss (A)		(2,036)	19,489
Operating revenue (B)		1,525,203	2,059,560
(A)/(B) (%)		-0.13%	0.95%

Data source: Financial statements with the auditing and attestation performed by the CPAs.

The Company's exchange gain (loss) account is mainly generated by the conversion of USD obtained from export into RMB to meet the needs of local purchases and daily expenses in Mainland China. Therefore, fluctuations in the foreign exchange market may erode its profits and make fund management difficult. In the face of the risk brought about by exchange rate fluctuations, the Company has adopted the following response measures to reduce the impact posed by exchange rate changes on it. The response measures that the Company may take are as follows:

- a. Keeping abreast of exchange rate trends: To enhance the finance and accounting personnel's understanding of the concept of exchange rate hedging, to maintain close contact with foreign exchange departments of various financial institutions, and to collect exchange rate information at any time to fully verify the trend of exchange rate changes and respond to the negative impact posed therefor proactively.
- b. Determining the appropriate timing of foreign exchange settlement and maintaining safe foreign currency levels: The Company reviews foreign currency cash levels on a daily basis, comprehensively evaluates the capital demand, and makes reference to the actual exchange rate and exchange rate assessment reports issued by the bank, and settles the deposit in USD as that in RMB in a timely manner.
- c. Adjust the product quote in a timely manner: The products of the Company are all customized, and the business units will take the trend of exchange rates into account when quoting quotations to customers to prevent changes in exchange rates from eroding the Company's profits.
- d. Undertaking of financial hedging instruments: The Company and each of its subsidiaries have established their own "operating procedures for acquisition and disposal of assets." Each of them will conduct hedging operations in accordance with internal control regulations when it is necessary to apply financial derivatives, such as forward foreign exchange contracts, for hedging based on evaluation results, subject to the foreign currency position and changes in foreign exchange rates.

C. Inflation:

The global economic environment is changing rapidly. Up to now, the Company has not experienced an inflation crisis that has had a significant impact on the profit and loss. In the future, the Company will continue to maintain close and good interaction with customers and suppliers, keep noticing market price fluctuations, and adjust procurement and sales strategies and cost structure in a timely manner, in order to mitigate the impact posed by inflation changes on the Company's profit and loss.

- (2) High-risk investments, high-leverage investments, loans to others, endorsements/guarantees, and derivative transactions, the main reasons for profit or loss, and response measures:

- A. The Company's financial strategy is based on the principle of prudence and conservatism. Therefore, in the most recent year and as of the date of publication of the annual report, the Company has not engaged in high-risk or high-leverage investments and derivative transactions.
- B. The Company and its subsidiaries have formulated the "Operating Procedure for Loaning of Funds to Others," "Operating Procedure for Endorsements/Guarantees," and "Operating Procedure for Acquisition or Disposal of Assets" to serve as guidelines for loaning of funds to others and making of endorsements/guarantees.

- (3) Future R&D plans and expected R&D expenses:

The Company has R&D departments in Kunshan Xinli, Guanghe (Kunshan) and IDO Chongqing, focusing on mold development for heat dissipation parts and components and other metal component products, modification of manufacturing processes, acquisition and construction of automation equipment and implementation thereof into actual production lines. In response to the rapid changes in the environment, the Company trains professional mold, stamping, and die-casting technicians proactively, and improves production processes and innovates technologies to provide customers with complete key component solutions. In the future, the Company will keep making every endeavor to develop heat dissipation parts and components for electronic

products, expand to the applications of automotive and optoelectronic communications, and continue to research, develop, and improve related equipment for automated production so as to enhance production efficiency and reduce the cost of manual labor.

The Company spent approximately NT\$71,836 thousand and NT\$79,289 thousand in R&D in 2023 and 2022, respectively, for production research and development, innovation of production technologies and improvement of production process. In the future, the Company will continue to invest R&D resources depending on product development plans. Through joint R&D cooperation with customers, the Company will continue to develop advanced technologies, accumulate R&D results, and refine product performance and cost to maintain its market competitiveness.

- (4) Impacts posed by changes in important domestic and foreign policies and laws on the Company's financial operations, and countermeasures:

The Company is registered in the Gaiman Islands, and its main business locations are situated in Hong Kong and China. The Company's products are ultimately sold to various system factories in China. The main economic activities of the Gaiman Islands are financial services. Hong Kong is a Special Administrative Region of the People's Republic of China, and Mainland China is the world's main economic system. The products developed and sold by the Company belong to the key components of heat transfer and 3C structure, and are not licensed or restricted industries. The Company conducts its business in accordance with important domestic and foreign policies and laws and regulations, and always pays attention to the development trends of important domestic and foreign policies and legal changes, and adopts appropriate countermeasures in response to changes in the market environment. Therefore, the Company has not yet experienced any material events that affect its financial business due to important policies and legal changes in the Gaiman Islands, Hong Kong, and Mainland China.

- (5) Effects of technological and industrial changes to the company's financial and business performance, and the responsive actions

By interacting with customers and regularly reading related technology and industry reports, we accumulate long-term observation of technological changes and technological development evolution related to our industry, and can quickly grasp the industry dynamics. Patent protection is applied for various innovative concepts, designs and developments; in order to enhance competitiveness and actively expand into future market sectors, the Company anticipates that changes in technology and industry will have no significant adverse impact.

- (6) Impacts of changes in corporate image on corporate crisis management and countermeasures:

The Company's business philosophy is based on the principles of honesty, cooperation, innovation, speed and learning. Since its inception, the Company has had a good image and a stable management team, and the Company continues to introduce outstanding talents to join the Company to provide services, return the operating results to shareholders, and at the same time fulfill the Company's due Social Responsibility. At present, there is no corporate crisis caused by the change of corporate image.

- (7) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

In the most recent year and as of the publication date of the annual report, the Company did not have any plan to merge or merge other companies. If there is any plan of merger in the future, the Company will carefully evaluate and consider the synergy of the merger to ensure the rights and interests of shareholders.

- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The expansion of the Company's plant is in response to the future increase in product lines and to improve the performance of production line equipment. All plant expansions undergo a thorough, prudent and professional evaluation process and comply with internal control requirements. Significant capital expenditures also need to be reported to the Board of Directors for review. The source of the required funds is the Company's own earnings, cash capital increase, or bank financing. Possible risks and countermeasures: In order to avoid many uncertainties in the environment and the market, the Company will review industry and market trends from time to time, and propose relevant countermeasures based on the market demand and its own capital position to reduce the Company's operational risks, while taking into account the Company's development and competitiveness.

- (9) Risks associated with any concentration of purchases or sales, and mitigation measures being or to be taken:

A. Procurement risk

The main raw materials for the key components of thermal conductivity and 3C structure are copper, aluminum, iron, and stainless steel. There is no irreplaceable monopoly on the suppliers of these materials, and their sources of supply are still sufficient; in addition, the Company has always adopted the principle of

decentralized procurement, and inquiries about the prices of the same raw materials from two or more suppliers, so there is no centralized procurement and related risks.

B.Sales risk

The Company's sales targets are mainly well-known thermal module manufacturers, international system assembly factories, and brand manufacturers. In 2023, the sales amount to each single customer and the proportion of the Company's sales amount exceeded 10%. Four companies were all less than 10%. Current response measures:

- a.Maintain close interaction with customers, assist in front-end design and development, and enhance customer adhesion
- b.Diversified development of products
- c.Enhance automated production to improve yield rate and production efficiency to expand the competitive niche.

(10)Impacts upon and risks to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

In the most recent year and up to the date of publication of the annual report, the Company did not have directors, supervisors or major shareholders holding more than 10% of the shares transferred in a large amount to others.

(11)Impacts, risks, and responsive measures of a change in management rights:

In the most recent year and up to the publication date of the annual report, the Company has not experienced changes in management rights that affected its operations.

(12)Litigation or non-litigation events Dispute, non-litigation, or administrative litigation, where the outcome is likely to have a significant impact on shareholders' equity or securities prices, the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties involved, and the status of handling as of the printing date of the annual report: None

(13)Other important risks and coping measures: Information security risk assessment analysis and coping measures:

The company has set up information security policies to establish the company information and computer system and maintain a safe environment, with complete information system measures and management processes. Although the Company has established the above policies, procedures and many other information security protection measures, it cannot guarantee that the computer system that controls or maintains the Company's important corporate functions such as manufacturing operations and accounting can completely prevent illegal intrusions by any third party. of the internal network system. That said, the company will continue to strengthen safety measures and management processes through inspection and evaluation in order to ensure appropriateness and effectiveness, thereby reducing risks.

7.Other important notes: None.

VIII.Special Notes

1.Affiliated companies

(1)Organizational Chart of the affiliate companies (up to the publication date of this annual report)

(2)Information on affiliate companies

Name of affiliate company	Date of foundation	Address	Paid-in capital	Main business activities or products
Anli Hong Kong	April 30, 2008	Unit s10,5/F.,W luxe, 5 On Yiu Steet,Shatin, Hong Kong	HKD 92,190 thousand	Investment, trading, and sales business of subsidiaries
Kuanghe Hong Kong	May 13, 2010	Unit s10,5/F.,W luxe, 5 On Yiu Steet,Shatin, Hong Kong	USD 13,166 thousand	Investment, trading, and sales business of subsidiaries
ANLI Kunshan	November 28, 2000	No. 99-88, Jidian East Road, Shipu Industrial and Commercial Management Zone, Qiandeng Township, Kunshan, Jiangsu Province.	USD 3,880 thousand	Responsible for the production and sales of the Company's stamping products
Kuanghe Kunsha	December 8, 2005	No. 1425, Fengshou North Road, Qiandeng Township, Kunshan, Jiangsu Province.	USD 5,000 thousand	Responsible for the production and sales of the Company's die-casting products
Gtek (Chongqing)	November 7, 2011	No. 199, Donglin Blvd, Bishan District, Chongqing City	USD 10,000 thousand	Responsible for the production and sales of the Company's stamping and die-casting products
Huzhou Anli	May 29, 2019	No.777, Waixi Road., South Taihu High-Tech Industrial Park, High-Tech Zone, Wuxing District, Huzhou City, Zhejiang Province	USD 23,971 thousand	Responsible for the production and sales of the Company's stamping and die-casting products

(3)Information on the same shareholders presumed to have control and affiliation: None.

(4) Information on directors, supervisors, and general managers of affiliate companies

Name of affiliate company	Title	Name or the representative person	Status of shareholding	
			Quantity	Shareholding ratio
Anli Hong Kong	Director/President	Lin Chih-Kun	-	-
	Director	Hsu Cheng-Kun	-	-
Kuanghe Hong Kong	Director/President	Wu Chin-Song	-	-
	Director	Hsu Cheng-Kun	-	-
ANLI Kunshan	Director/President	Lin Chih-Kun	-	-
	Director	Hsu Chen-Kun	-	-
	Director	Huang Da-Peng	-	-
	Supervisor	Wu Chin-Song	-	-
Kuanghe Kunsha	Director/President	Wu Chin-Song	-	-
	Director	Hsu Cheng-Kun	-	-
	Director	Wu Chih-Kun	-	-
	Supervisor	Lin Chih-Kun	-	-
Gtek (Chongqing)	Director/President	Chang Yi-Chang	-	-
	Director	Hsu Cheng-Kun	-	-
	Director	Wu Chih-Kun	-	-
	Supervisor	Chen Chia-Feng	-	-
Huzhou Anli	Chairman	Hsu Cheng-Kun	-	-
	Director/President	Wu Chin-Song	-	-
	Director	Lin Chih-Kun	-	-
	Director	Wu Chih-Kun	-	-
	Director	Chang Yi-Chang	-	-
	Supervisor	Cheng Ya-We	-	-

(5) Overview of the operation of each affiliate company

December 31, 2023; Unit: NT\$ thousand

Name of affiliate company	Share capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Current period profit (after tax)	Earnings per share (\$) (After tax)
Anli Hong Kong	497,221	1,448,965	210,571	1,238,394	378,572	8,157	57,457	Note 1
Kuanghe Hong Kong	390,241	1,092,460	182,757	909,703	82,601	(4,159)	48,522	Note 1
ANLI Kunshan	112,927	1,062,127	178,911	883,216	458,068	47,275	62,495	Note 1
Kuanghe Kunsha	145,525	1,011,419	257,479	753,940	407,753	(53,071)	(41,139)	Note 1
Gtek (Chongqing)	283,456	641,989	200,658	441,331	434,865	23,354	25,975	Note 1
Huzhou Anli	639,639	830,507	153,501	677,006	-	(11,509)	(9,791)	Note 1

Note 1: Non-limited company

(6) Consolidated financial statements of affiliate companies: Same as the consolidated financial statements of the parent company and subsidiaries. Please refer to pages 133 to 207. Report of Affiliate Company: None.

2. In the latest financial year to the date this report was printed, private placement of securities: None.

3. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

4. Other supplementary information:

The Company promised the Taipei Exchange prior to OTC listing to revise "In the event the Company's direct or indirect forfeit of XinLi Precision Metal (Kunshan) Co., Ltd., Guanghe Electronic Technology (Kunshan) Co., Ltd., and IDO Technologies Ltd. (Chongqing) capital increase for years to come or directly or indirectly disposes the shares of the said companies causing the Company to lose substantive control over the said companies, approval by the Company's board (Special Resolution) is required, and the independent directors should attend and express their opinions" in the "Acquisition and Disposal of Asset Operation procedure." The above resolution contents and subsequent guideline amendments shall be disclosed as major information on the Market Observation Post System and reported to the Taipei Exchange for recordkeeping. The Company issued a letter on April 10, 2018, promising revision operations in accordance with the provisions. The revised articles were passed by the board on April 24, 2018 and was passed at the general shareholders' meeting on May 25, 2018.

5.Explanation for the material difference from the protection of shareholders’ rights and interests in Taiwan

Important matters concerning the protection of shareholders’ rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders’ equity
<p>If the Company repurchases its own shares for transfer to employees, the employees may be restricted from transferring the shares for a certain period of time. However, the maximum period may not exceed two years.</p>	<p>The content of this paragraph is stipulated in Article 40D of the Articles of Incorporation, which read as follows: “Except as otherwise provided in Article 40E of the Articles of Incorporation and applicable laws governing TWSE and TPEX listed companies the treasury shares may be disposed of by the Company on such terms and conditions as determined by the Board of Directors. If the repurchase of treasury shares is transferred to employees in accordance with applicable laws governing TWSE and TPEX listed companies the employees may undertake to the Company not to transfer them within a certain period of time, but the period of restriction is no more than two years. (Note: The above is the Chinese version)”</p>	<p>Pursuant to Article 1 of the Company’s Articles of Incorporation, “Treasury Shares” refer to the shares that are issued in accordance with the Articles of Incorporation, the Cayman Companies Act and applicable laws governing TWSE and TPEX listed companies which have been purchased, redeemed or otherwise acquired by the Company and have not been canceled. The content of this paragraph is stipulated in Article 40D of the Articles of Incorporation. According to the lawyer of the Cayman Islands, “the restrictions agreed between the transferor and transferee is a contractual matter between themselves.”</p>	<p><u>This transfer restriction can be settled in the form of a contract, and there should not have a material adverse effect on stockholders’ equity.</u></p>
<p>6. The following matters shall be listed and explained in the reason for convening the shareholders’ meeting, and shall not be proposed as an extraordinary motion. Its main contents may be placed on the website designated by the securities authority or the Company, and its URL shall be specified in the notice: (1)The election or dismissal of directors,</p>	<p>The contents of this paragraph are stipulated in Article 50 of the Company’s Articles of Incorporation, which read as follows: “the following matters shall be included in the notice of the convention of the shareholders’ meeting and may not be proposed as an extraordinary motion.” The principal contents may be placed on the website designated by the TPEX or TWSE or</p>	<p>The Cayman Companies Act has no particular regulations on extempore motions. According to the lawyer of the Cayman Islands, with regard to extraordinary motions, the shareholders’ meeting notice must clearly state the content of the meeting’s discussions and provide relevant information to facilitate shareholders’ understanding.</p>	<p><u>In accordance with “Foreign Issuer Registration Country Shareholders’ right Protection Matter Checklist” (hereinafter Shareholders’ Right Protection Matter Checklist) amendment by letter of Zheng-Gui-Shen-Zi No. 10800681281 announced by</u></p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
<p>supervisors;</p> <p>(2) Amendments to the Company Corporate Charter (Articles of Incorporation);</p> <p>(3) Capital reduction;</p> <p>(4) Application for cessation of public offering;</p> <p>(5) Company Dismissal, Consolidation, Share Conversion and Division;</p> <p>(6) Entering into, alteration, or termination of the agreement on leasing of the whole operation, entrustment of operation, or joint venture in operation with a third party;</p> <p>(7) Transferring the whole or any essential part of its business or assets;</p> <p>(8) Accepting the transfer of another whole business or assets, which has great bearing on the business operation of the company;</p> <p>(9) Private placement of equity-type securities;</p> <p>(10) Permission for directors to engage in non-competition activities;</p> <p>(11) Distributing dividends and bonuses in whole or in part in the form of new shares;</p> <p>(12) Distributing legal reserve and capital surplus from the issuance of stock premiums or receipts to the original shareholders in the form of new shares or cash.</p>	<p>websites designated by the Company and the website should be stated in the meeting notice: (a) the election or dismissal of directors or supervisors (if any); (b) change to the Memorandum and/or the Articles of Incorporation; (c) capital reduction. (d) application for cessation of public offering; (e) dissolution, share conversion (as defined in laws and regulations of TWSE and TPEX), merger or division of the Company; (f) conclude, change, or terminate all leased businesses, agreements on commissioned business operations with others of any contract relating to the lease of all the Company's businesses, commission of business, or regular joint business with others; (g) Transfer of all or any major part of the business or assets of the Company; (h) Transfer of the entire business or assets of another party that has a significant impact on the Company's operations; (i) Private placement of equity securities; (j) permission of directors to engage in non-competition activities; (k) dividends and bonuses are distributed in whole or in part by way of new shares; (l) legal reserve and capital surplus from the issuance of stock premiums or donations are distributed to the original shareholders in</p>	<p>However, "any other proposal" is usually added to the shareholders' meeting notice. Usually, it is of an informal or unimportant nature, and the chair may not include important matters in this proposal. If there are any important matters, they should be discussed and resolved in a separate meeting in accordance with the procedures. However, details of urgent matters discussed at the shareholders' meeting must be submitted to and ratified at the next meeting. Although the laws of Cayman Islands do not expressly prohibit extraordinary motions, Cayman's lawyers recommend that it is not appropriate to have extraordinary motions at the shareholders' meeting.</p>	<p><u>Taipei Exchange on January 8th, 2020, the Corporate Charter has been amended according to the Shareholders' Right Protection Matter Check List and shall not have major impacts on shareholders' rights.</u></p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
	<p>proportion to their shareholdings through the issuance of new shares in whole or in part; (m) in accordance with the Company Act, all or part of the legal reserve and capital surplus from the issuance of stock premiums or donations is distributed to the original shareholders in proportion to their shareholdings in the form of cash; (n) transfer of the Company's treasury shares to employees; and (o) delisting. Except as otherwise provided in the Company Act or the Articles of Incorporation, a shareholder may make a proposal at a shareholders' meeting only to the extent of the original proposal. (Note: The above is the Chinese version)"</p>		
<p>2. When the Company exercises voting rights in writing or by way of electronic transmission, the method of exercising the voting rights shall be specified in the shareholders' meeting notice. Shareholders who exercise voting power in writing or by way of electronic transmission are considered to have attended the shareholders' meeting in person. However, they waive their rights to participate in any special motions or revisions to the original agendas that may arise during the shareholders' meeting.</p>	<p>The content of this paragraph is set out in Article 67 and Article 68 Paragraph 1 of the Articles of Incorporation, which are as follows: "67. Except as otherwise provided for by these Articles, when the Company convenes a shareholders' meeting, the Company may adopt the exercise of voting power in writing or by way of electronic transmission, provided, however, that the method of exercising voting rights shall be specified in the shareholders' meeting notice. Unless otherwise provisioned by</p>	<p>The Cayman Companies Act has no particular regulations on the contents of the beginning section of Paragraph 2. Given this, the beginning section of Paragraph 2 is stipulated in Article 67 of the Company's Articles of Incorporation. In addition, according to the opinion of the lawyer of the Cayman Islands, a written vote of the shareholder is deemed to be a proxy vote of the chair of the shareholders' meeting; therefore, the latter section of Paragraph 2</p>	<p>According to Article 68 of the Articles of Incorporation, if a deemed chair exercising the voting rights on behalf of the shareholder in accordance with the instructions in writing or an electronic file, the voting right of the shareholder shall not be exercised by the chair in a manner not stated in the written or electronic file. There seems to be no significant adverse impact on shareholders' equity.</p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
	<p>OTC listing regulations, the Company shall list electronic means as one of the channels for exercising voting rights at shareholders' meetings. If the Board of Directors decides to convene a shareholders' meeting outside the Republic of China, such shareholders shall be entitled to exercise their voting power in writing or by way of electronic transmission." "68. According to the requirements of the previous paragraph, shareholders who exercise their voting power in writing or by way of electronic transmission in accordance with the preceding Article shall be deemed to have entrusted the chair of the shareholders' meeting to exercise their voting rights on behalf of them at the shareholders' meeting in accordance with the instructions in writing or electronic files. Extraordinary motions and amendments to the original proposals at such shareholders' meeting shall be deemed to be waived the right from voting. However, aforementioned appointment shall not be deemed as constituting the requirement of proxy under the laws and regulations of TWSE and TPEX. If a shareholder is represented by the chair, the voting right of the shareholder shall not be</p>	<p>is stipulated for in Article 68 of the Company's Articles of Incorporation according to the opinion of the lawyer of the Cayman Islands.</p>	

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
	exercised by the chair in a manner not stated in the written or electronic file. (Note: The above is the Chinese version)"		
<p>4. Shareholders after exercising their voting power in writing or by way of electronic transmission wish to attend the meeting of shareholders in person shall have the intension of exercising votes in writing or by electronic transmission revoked the same way of exercising their votes two days prior to the meeting commencement date. For overdue revocations, the votes exercised in writing or by electronic transmission shall prevail.</p>	<p>The content of this paragraph is set out in Article 70 of the Articles of Incorporation, which read as follows: "If a shareholder has voted in writing or by electronic transmission and wishes to attend the shareholders' meeting in person, he/she shall submit a written ballot or electronically such person shall be deemed to have revoked the proxy of the chair of the shareholders' meeting as referred to in Article 68. If a shareholder has revoked his/her vote power by a written or electronic transmission after the said time limit pursuant to Article 67 after the aforementioned period, the written or electronic vote and the appointment of the chair of the shareholders' meeting as stipulated in Article 68 shall prevail. If a shareholder, separately appoints a proxy to attend the shareholders' meeting on his/her behalf after submitting a written or electronic vote pursuant to Article 67, it shall be deemed to be a revocation of the appointment of the chair of the shareholders' meeting as referred to in Article 68, and the voting rights exercised by such proxy shall prevail. (Note: The above is the Chinese version)"</p>	<p>The Cayman Companies Act has no particular regulations on the content of Paragraph 4. Therefore, Paragraph 4 is stipulated in Article 70 of the Articles of Incorporation. According to the lawyer of the Cayman Islands, a person may revoke their proxy by attending the meeting in person under the common law. As shareholders who exercise voting rights in the same manner shall be deemed to have entrusted the chair of the shareholders' meeting to exercise his/her voting rights on behalf of him/her at the shareholders' meeting in accordance with the instructions in writing or electronic file. Therefore, the content of Paragraph 4 may not be enforceable.</p>	<p><u>The variation in this section is caused by the principle of the Anglo-American Common Law system, which will not cause unfavorable and significant influence on shareholders equity. The shareholders' equity could be protected after the disclosure of the content to the shareholders through the annual report.</u></p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
<p>4. After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.</p>	<p>The content of this paragraph is set out in Article 62B of the Articles of Incorporation, which read as follows: "After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting so as to rescind the proxy at issue; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail. (Note: The above is the Chinese version)"</p>	<p>The Cayman Companies Act has no particular regulations on proxies or the solicitation of proxies. Therefore, Paragraph 4 is stipulated in Article 62B of the Articles of Incorporation. According to the lawyer of the Cayman Islands, a person may revoke their proxy by attending the meeting in person. Therefore, the content of Paragraph 4 may not be enforceable.</p>	<p><u>The variation in this section is caused by the principle of the Anglo-American Common Law system, which will not cause unfavorable and significant influence on shareholders equity. The shareholders' equity could be protected after the disclosure of the content to the shareholders through the annual report.</u></p>
<p>The following motions involving significant interests of shareholders require the attendance of shareholders representing more than two-thirds of the total number of outstanding shares and the consent of more than half of the shareholders with voting rights present at the meeting. If the total number of shares held by shareholders present is less than the aforementioned quorum, a two-thirds or more of the voting rights of the shareholders representing more than half of outstanding shares, and voted in favor by more than two-thirds of votes present in the meeting.</p>	<p>Subparagraphs 1, 4, and 5 regarding merger or demerger, Subparagraphs 6 and 7 of this Paragraph are set out in Article 32(a)(b)(c)(d)(g)(h) of the Articles of Incorporation. The contents are as follows: The Company shall adopt A-type Special Resolution or B-type Special Resolution to: (a) conclude, change, or terminate all leased businesses, agreements on commissioned business operations and business cooperation with others; (b) transfer all or any of the businesses or properties; (c) transfer all business or properties of</p>	<p>According to the lawyer of the Cayman Islands, (i) the Articles of Incorporation of a Cayman company must comply with the mandatory provisions of the Cayman Companies Act. In case of conflict, the provisions of the Cayman Companies Act shall prevail; (ii) "Special Resolution" is a legal term under the Cayman Companies Act. According to the Cayman Companies Act, matters that are subject to a Special Resolution should be resolved by the shareholders. The</p>	<p>Articles 32(a)(b)(c)(d)(g)(h) and 33(a) (referring to the voluntary dissolution of the company due to the inability to repay debts on time) have been generally amended based on the requirements of the Shareholders' Rights Protection Checklist. In addition, Article 157 of the Company's Articles of Incorporation changes the Articles of Incorporation (including Article 18 of the Company's Articles of</p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
<p>(1)The Company concludes, changes or terminates any contract relating to the lease of all businesses, entrusts operations or regular joint operation with or by another person, the transfer of all or a major portion of the business or property, or the transfer of the entire business or property of another person, which has a significant impact on the Company's operations</p> <p>(2)Amendments to Articles of Incorporation</p> <p>(3)Changes in the Articles of Incorporation that damage preferred shareholders' rights shall be subject to resolution at the special shareholders' meeting</p> <p>(4)Dividends and bonuses in whole or in part distributed in the form of new shares to be issued</p> <p>(5)A resolution for dissolution, consolidation or merger, or split-up of a company</p> <p>(6)Issuance of new restricted employee shares</p> <p>(7)Share Conversion</p>	<p>others causing a major impact on the Company's operational plan; (d) perform company mergers in accordance with regulations for OTC listing (except "mergers & acquisitions/or consolidation" defined in the Company Act that only require Special Resolution), share transfer or division; [...] (g) issue new restricted employee shares in accordance with Article 17B; (h) distribute part or all dividends or bonuses by issuance of new shares. (Note: The above is the Chinese version)" Subparagraph 2 of this paragraph is stipulated in Article 157 of the Articles of Incorporation, which read as follows: "Except as otherwise provided in the Company Act and these articles, the Company may at any time, by a special resolution, amend the Memorandum and/or these Articles of Incorporation in whole or in part. (Note: The above is the Chinese version)" Subparagraph 3 of this paragraph is stipulated in Article 18 of the Articles of Incorporation, which read as follows: "If at any time when the capital of the Company is divided into different classes of shares (e.g. common shares and preferred shares), a materially adverse change in, or abrogation of, the rights (subject to the terms of issue of the shares of that</p>	<p>number of voting rights shall not be less than the threshold for a Special Resolution under the Cayman Companies Act; a higher threshold may be stipulated in the Articles of Incorporation.</p>	<p>Incorporation to amend the Company's Articles of Incorporation to the detriment of the rights of the preferred stock shareholders); Article 33(b) (except dissolution) and Article 31(c), merger and other matters are mandatory in accordance with the Cayman Companies Act and must be resolved through a "Special Resolution" and may not be arbitrarily changed by the Articles of Incorporation.</p> <p><u>However, with reference to the manner of resolution provided in the Special Resolution and the Shareholders' Rights Protection Checklist, the extent of protection of shareholders' rights set forth by the Articles of Incorporation and the Shareholders' Rights Protection Checklist is comparable.</u></p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
	<p>class) (including but not limited to any amendments to the Articles of Incorporation that may prejudice the rights of any preferred shareholders) shall be approved (1) a special resolution of the common shareholders at a meeting of the common shareholders, and (2) a special resolution of the individual shareholders' meetings for that class of shares (e.g. preferred shares). (Note: The above is the Chinese version)"</p> <p>The requirement of section 5 in the aspect of dissolution of the organization is presented in Article 33 of the Articles of Incorporation and is specified as "Unless the Company Act, the Articles of Incorporation, and applicable laws and regulations of TWSE and TPEX specify otherwise in attendance, the Company shall (a) resolve to voluntary dissolution in case of insolvency for settlement of debts upon due under Special Resolution A or Special Resolution B; or (b) resolve to voluntary dissolution in case of other incidents beyond insolvency under special resolution for the dissolution of the Company. (Note: The above is the Chinese version)"</p> <p>Subparagraph 5 of this section in the aspect of merger is presented in Article 31 (c) of the</p>		

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
	Articles of Incorporation and is specified as “the Company may (c) proceed to merger in accordance with the applicable laws governing TWSE or TPEX listed companies through special resolution. (Note: The above is the Chinese version)”		
Regulations governing supervisors.	The Company has not designated supervisors. Thus, no amendments have been made to the provisions related to supervisors in the charter.	The Cayman Companies Act has no specific provisions on supervisors, and the Company has set up the Audit Committee in place of supervisors.	Pursuant to the first paragraph of Article 14-4 of the Securities and Exchange Act, a public company shall appoint an audit committee or supervisors. Although the Shareholder Rights Protection Checklist does not stipulate that the Company should establish an audit committee or supervisors, it has been added that <u>a company applying for the first listing of shares should establish an audit committee. Taking into account its intent, Article 118 of the Articles of Incorporation provides that the Company should establish an audit committee, which is consistent with the intent. Therefore, the absence of supervisors does not appear to have material adverse impact on shareholders' equity.</u>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
<p>1.Shareholders who hold more than 1% of the total number of issued shares of the Company for more than six months may request the supervisor in writing to file a lawsuit against the director for the company, and the Taiwan Taipei District Court shall be the court of jurisdiction for the lawsuit.</p> <p>2.Within 30 days after a shareholder's request, if the supervisor does not file a lawsuit, the shareholder may file a lawsuit for the Company, and the Taipei District Court, Taiwan shall be the court of first instance jurisdiction.</p>	<p>The first and second paragraphs are stipulated in Article 123 of the Articles of Incorporation, which read as follows: "Subject to the laws of the Cayman Islands, a shareholder holding more than one percent (1%) of the total number of issued shares of the Company for more than six (6) consecutive months may, in writing, request that a member of the Audit Committee who is an independent director, to file a lawsuit on behalf of the Company against a director, and may also have the right to do so in a court of competent jurisdiction (including the Taipei District Court, Taiwan, if applicable). Within 30 days after the receipt of a shareholder's request in accordance with the preceding paragraph, if the independent audit committee member at the request of the shareholder does not file or refuses to file a lawsuit, except as otherwise provided by the laws of the Cayman Islands, the shareholder may file a lawsuit on behalf of the Company, and the court may have jurisdiction over the court (including the Taipei District Court, Taiwan, if applicable). (Note: The above is the Chinese version)"</p>	<p>The Articles of Incorporation in the Cayman Islands have no particular requirements or prohibitions. Pursuant to the laws of the Cayman Islands, a shareholder may file a lawsuit on behalf of the Company if: (i) the act is illegal or beyond the scope of the Company's authority and thus cannot be ratified by the shareholder; or (ii) the act constitutes fraud on the minority shareholders (i.e. If the person against whom relief is sought in such action is a substantial shareholder who does not permit the company to release the plaintiff for relief in such action, an action under this paragraph would require proof of fraud and that the person engaging in the wrongful conduct had control of the company). Where an act is within the scope of the company's authority, or an act that exceeds the scope of authority but can be ratified by the shareholders, and is in line with the will of the majority of shareholders, the Cayman court mostly tends not to interfere with the internal acts of the company. In addition, the lawyer of the Cayman Islands stated that Article 123 of the Articles of</p>	<p><u>In accepting the opinion of the lawyer of the Cayman Islands, this section is recommended to be disclosed in the annual report to make the information for the shareholders complete.</u></p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
		Incorporation must comply with Cayman law. Under Cayman law, a director is not obliged to file a lawsuit against another director at the request of a shareholder holding more than 1% of the shares if the director does not consider that it is beneficial to the company.	
<p>1.The directors of the Company shall carry out their duties faithfully and exercise the due care of a good administrator and shall be liable for any damages caused to the Company due to any violation. If the act is done by the shareholder or a third party, the shareholders' meeting may resolve that any proceeds from such act shall be treated as proceeds of the Company.</p> <p>2.If a director of the Company violates the law in the execution of the Company's business and causes damage to a third party, he/she shall be jointly and severally liable to the third party for compensation against the Company.</p> <p>3.In the course of performing duties within the scope of their duties, the Company's managers and supervisors shall bear the same liability for damages as the directors of the Company.</p>	<p>The content of requirement in this paragraph is presented in Article 97B of the Articles of Incorporation and is specified as "All Directors owe a fiduciary duty to the Company under the law of the Cayman Islands and applicable laws governing TWSE or TPEX listed companies, and such fiduciary duty shall include without limitation the observation of honesty and good will, and avoidance of conflict between obligation and personal interest. If any director violates the aforementioned fiduciary duty, such director shall be liable for the damages incurred in accordance with the laws of the Cayman Islands and applicable laws governing TWSE or TPEX listed companies. According to the laws of the Cayman Islands and applicable laws governing TWSE or TPEX listed companies, if any director breaches the aforementioned fiduciary duty for himself/herself</p>	<p>According to the Cayman Companies Act, directors have fiduciary duties to the Company. If a director breaches such duties and causes damage to the Company, the court may hold the director liable for damages. If the breach of fiduciary duties is for himself/herself or for another person and he has an interest in the breach, the court may order the return of such interests.</p> <p>Under Cayman law, if a director causes damage to a third party in the course of carrying out the Company's business, the third party may claim damages from the Company. The Company may claim from such director the loss caused to the Company by the third party. Although the Articles of Incorporation provide that the director and the Company are jointly and severally liable, from the point of view of Cayman law, the</p>	<p><u>In accepting the opinion of the lawyer of the Cayman Islands, this section is recommended to be disclosed in the annual report to make the information for the shareholders complete.</u></p>

Important matters concerning the protection of shareholders' rights and interests	Contents Provisioned in the Corporate Charter	Reason for difference	Effect on shareholders' equity
	<p>or for another person, the shareholders' meeting may resolve that any proceeds from such act shall be treated as proceeds of the Company. If a director acts for the Company and violates relevant laws and regulations and causes damage to a third party, the director shall be jointly and severally liable to the third party and the Company in accordance with the laws of the Cayman Islands and applicable laws governing TWSE or TPEX listed companies. In such event, the director shall compensate the Company for the damages claimed against the third party. In accordance with the laws of the Cayman Islands and applicable laws governing TWSE or TPEX listed companies, the Company's managers and supervisors (if any), within the scope of their respective duties, shall bear the same responsibilities as the directors under the preceding paragraphs of this article. (Note: The above is the Chinese version)"</p>	<p>third party cannot directly claim against the director.</p>	

6. Occurrences of events defined under Article 36-3-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

**ANLI INTERNATIONAL CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Anli International Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Anli International Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(12) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(5) for details of allowance for inventory losses.

The Group is primarily engaged in the sales of steelwork of computer, communication, consumer electronic (3C) products and automotive components. There is a higher risk of incurring loss on inventory valuation and obsolescence after considering the highly competitive market, short life cycle of electronic products, and fluctuations in market prices. Further, the determination of net realisable value in the evaluation of inventories involves subjective judgement. Thus, we considered the evaluation of inventories as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures related to the provision for allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of its industry, including the classification of inventory in determining the net realisable value.
2. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of internal controls over inventory.
3. Obtained an understanding of the policy on inventory aging and the preparation logic of inventory aging report. Tested the selected samples to verify the accuracy of inventory aging report.
4. Checked the appropriateness of classification of obsolete inventory and amount of net realisable value, including testing inventory sales or purchase prices, recalculating and evaluating the reasonableness of allowance for inventory valuation losses.

Existence and occurrence of revenue from customers with a significant increase in sales

Description

Refer to Notes 4(26) and 6(19) for accounting policy on revenue recognition and related details of revenue.

The Group is primarily engaged in the sales of steelwork of computer, communication, consumer electronic (3C) products and automotive components. For the year ended December 31, 2023, revenue from main customers constituted more than 80% of consolidated operating revenue. As such, the existence and occurrence of revenue from main customers are considered to be material to the consolidated operating revenue. Due to significant changes in revenue recognition arising from the main customers because of the highly competitive market, comparatively large changes in sales revenue and the pressure from the management to meet its financial targets, we considered the existence and occurrence of revenue from customers with significant changes in sales as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures in respect of the above key audit matter:

1. Understood and assessed the internal control over sales revenue from the customers with significant changes in sales and tested the effectiveness of its relevant control procedures.
2. Sampled and tested whether the sales schedules were in agreement with the supporting documents to ascertain the existence of revenue from customers with significant changes in sales.
3. Inspected related documents with respect to sales returns and discounts from customers with

significant changes in sales, which occurred subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 professional skepticism throughout the audit. We also:

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

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

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

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

Chiu, Chao-Hsien

Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 11, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023 AMOUNT	December 31, 2022 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 336,504	\$ 796,667
1136	Financial assets at amortised cost		
	-current	26,016	264,610
1150	Notes receivable, net	29,502	5,105
1170	Accounts receivable, net	713,945	781,151
1180	Accounts receivable due from related parties, net	-	1,023
1200	Other receivables	14,642	15,881
130X	Inventories	129,779	145,291
1410	Prepayments	76,475	42,685
11XX	Total current assets	1,326,863	2,052,413
Non-current assets			
1517	Financial assets at fair value through other comprehensive income - non-current	96,284	45,203
1535	Financial assets at amortised cost - non-current	43,359	44,102
1600	Property, plant and equipment	1,352,538	1,152,072
1755	Right-of-use assets	241,650	251,215
1760	Investment property, net	19,361	-
1780	Intangible assets	1,863	2,989
1840	Deferred tax assets	17,570	20,735
1915	Prepayments for business facilities	16,560	3,679
1920	Guarantee deposits paid	3,220	3,323
15XX	Total non-current assets	1,792,405	1,523,318
1XXX	Total assets	\$ 3,119,268	\$ 3,575,731

(Continued)

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023 AMOUNT	December 31, 2022 AMOUNT
Current liabilities			
2100	Short-term borrowings	\$ 416,078	\$ 348,046
2130	Contract liabilities - current	2,181	510
2170	Accounts payable	101,647	141,879
2180	Accounts payable to related parties	29	211
2200	Other payables	334,422	358,027
2220	Other payables to related parties	275	-
2230	Current income tax liabilities	682	15,779
2280	Lease liabilities - current	12,701	13,452
2320	Long-term liabilities, current portion	4,057	301,361
2399	Other current liabilities	616	712
21XX	Total current liabilities	<u>872,688</u>	<u>1,179,977</u>
Non-current liabilities			
2540	Long-term borrowings	31,013	35,078
2570	Deferred income tax liabilities	174,773	190,935
2630	Long-term deferred revenue	115,370	116,023
2645	Guarantee deposits received	303	662
25XX	Total non-current liabilities	<u>321,459</u>	<u>342,698</u>
2XXX	Total liabilities	<u>1,194,147</u>	<u>1,522,675</u>
Equity			
Share capital			
3110	Ordinary share	445,498	445,498
Capital surplus			
3200	Capital surplus	561,556	561,556
Retained earnings			
3310	Legal reserve	172,311	152,714
3320	Special reserve	98,005	118,697
3350	Unappropriated retained earnings	775,907	867,612
Other equity			
3400	Other equity interest	(128,156)	(93,021)
3XXX	Total equity	<u>1,925,121</u>	<u>2,053,056</u>
Significant contingent liabilities and unrecorded contract commitments			
Significant subsequent events			
3X2X	Total liabilities and equity	<u>\$ 3,119,268</u>	<u>\$ 3,575,731</u>

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

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share)

		Year ended December 31	
		2023	2022
Items	Notes	AMOUNT	AMOUNT
4000	Operating revenue	\$ 1,525,203	\$ 2,059,560
5000	Operating costs	(1,212,049)	(1,528,093)
5900	Gross profit from operations	313,154	531,467
	Operating expenses		
6100	Selling expenses	(66,216)	(73,295)
6200	Administrative expenses	(182,004)	(184,585)
6300	Research and development expenses	(71,836)	(79,289)
6450	Impairment gain determined in accordance with IFRS 9	34	183
6000	Total operating expenses	(320,022)	(336,986)
6900	Operating (loss) income	(6,868)	194,481
	Non-operating income and expenses		
7100	Interest income	10,209	27,856
7010	Other income	16,667	15,940
7020	Other gains and losses	(2,619)	21,853
7050	Finance costs	(15,570)	(18,294)
7000	Total non-operating income and expenses	8,687	47,355
7900	Profit before income tax	1,819	241,836
7950	Income tax expense	(5,519)	(45,868)
8200	(Loss) Profit	<u>(\$ 3,700)</u>	<u>\$ 195,968</u>
	Other comprehensive income		
	Components of other comprehensive income that will not be reclassified to profit or loss		
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ 6,081	(\$ 11,439)
	Components of other comprehensive income that will be reclassified to profit or loss		
8361	Exchange differences on translation	(41,216)	37,115
8300	Other comprehensive (loss) income	<u>(\$ 35,135)</u>	<u>\$ 25,676</u>
8500	Total comprehensive (loss) income	<u>(\$ 38,835)</u>	<u>\$ 221,644</u>
	(Loss) earnings per share (in dollars)		
9750	Basic (loss) earnings per share	(\$ 0.08)	\$ 4.40
9850	Diluted (loss) earnings per share	(\$ 0.08)	\$ 4.06

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

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										Total equity	
		Capital Reserves					Retained Earnings			Other Equity Interest			
		Ordinary share	Capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus, employee share options	Capital surplus, share options	Capital surplus, expired share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
Year ended December 31, 2022													
Balance at January 1, 2022		\$ 445,498	\$ 542,17€	\$ 952	\$ 6,54€	\$ 11,88€	\$ -	\$ 129,597	\$ 138,457	\$ 795,28€	(\$ 132,62€)	\$ 13,931	\$ 1,951,69€
Profit for the year		-	-	-	-	-	-	-	-	195,968	-	-	195,968
Other comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	-	37,115	(11,439)	25,676
Total comprehensive income (loss)		-	-	-	-	-	-	-	-	195,968	37,115	(11,439)	221,644
Appropriations of 2021 earnings													
Legal reserve	6(18)	-	-	-	-	-	-	23,117	-	(23,117)	-	-	-
Special reserve	6(18)	-	-	-	-	-	-	-	(19,760)	19,760	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	-	-	(120,284)	-	-	(120,284)
Balance at December 31, 2022		\$ 445,498	\$ 542,17€	\$ 952	\$ 6,54€	\$ 11,88€	\$ -	\$ 152,714	\$ 118,697	\$ 867,61€	(\$ 95,51€)	\$ 2,492	\$ 2,053,05€
Year ended December 31, 2023													
Balance at January 1, 2023		\$ 445,498	\$ 542,17€	\$ 952	\$ 6,54€	\$ 11,88€	\$ -	\$ 152,714	\$ 118,697	\$ 867,61€	(\$ 95,51€)	\$ 2,492	\$ 2,053,05€
Loss for the year		-	-	-	-	-	-	-	-	(3,700)	-	-	(3,700)
Other comprehensive (loss) income for the year		-	-	-	-	-	-	-	-	-	(41,216)	6,081	(35,135)
Total comprehensive (loss) income		-	-	-	-	-	-	-	-	(3,700)	(41,216)	6,081	(38,835)
Appropriations of 2022 earnings													
Legal reserve	6(18)	-	-	-	-	-	-	19,597	-	(19,597)	-	-	-
Special reserve	6(18)	-	-	-	-	-	-	-	(20,692)	20,692	-	-	-
Cash dividends	6(18)	-	-	-	-	-	-	-	-	(89,100)	-	-	(89,100)
Expired share options	6(11)	-	-	-	-	(11,88€)	11,88€	-	-	-	-	-	-
Balance at December 31, 2023		\$ 445,498	\$ 542,17€	\$ 952	\$ 6,54€	\$ -	\$ 11,88€	\$ 172,311	\$ 98,00€	\$ 775,907	(\$ 136,72€)	\$ 8,57€	\$ 1,925,121

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,819	\$ 241,836
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment gain determined in accordance with IFRS 9	12(2)	(34)	(183)
Loss (gain) on disposals of property, plant and equipment	6(21)	1,292	(5,522)
Depreciation	6(23)	111,965	119,367
Amortization	6(23)	1,656	1,475
(Gain) loss on financial assets at fair value through profit or loss	6(21)	(1,484)	151
Recognition of long-term deferred revenue	6(14)	(2,788)	(2,786)
Interest income	6(20)	(10,209)	(27,856)
Dividend income		(2,165)	(793)
Finance costs	6(22)	15,570	18,294
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(24,982)	(1,000)
Accounts receivable		58,347	316,685
Accounts receivable due from related parties		1,023	(295)
Other receivables		(1,067)	(2,134)
Inventory		15,888	65,366
Prepayments		(31,428)	(12,158)
Changes in operating liabilities			
Contract liabilities		1,671	(2,487)
Accounts payable		(40,232)	(123,858)
Accounts payable to related parties		(182)	3
Other payables		(49,119)	(125,426)
Other payables to related parties		275	-
Other current liabilities		(96)	(1,204)
Cash inflow generated from operations		45,720	457,475
Receipt of interest		12,515	23,270
Payment of interest		(13,230)	(10,271)
Receipt of dividends		2,165	793
Refund of income tax		13,930	4,011
Payment of income tax		(37,122)	(33,943)
Net cash flows from operating activities		23,978	441,335

(Continued)

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortised cost		\$ 238,908	\$ 412,916
Acquisition of financial assets at fair value through other comprehensive income - non-current	6(2) and 12(3)	(45,000)	(22,668)
Acquisition of property, plant and equipment	6(27)	(294,131)	(408,140)
Proceeds from disposals of property, plant and equipment		1,169	21,645
Acquisition of investment property		(19,458)	-
Acquisition of intangible assets		(176)	(3,673)
Increase in prepayments for business facilities		(12,881)	(1,939)
Decrease (increase) in guarantee deposits paid		48	(918)
Net cash flows used in investing activities		(131,521)	(2,777)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(28)	769,826	1,022,387
Decrease in short-term loans	6(28)	(705,479)	(1,095,707)
Repayment of long-term borrowings	6(28)	(3,959)	(3,946)
Lease principal repayment	6(28)	(13,495)	(13,000)
Decrease in guarantee deposits received	6(28)	(354)	-
Redemption of convertible bonds	6(28)	(301,300)	-
Cash dividends paid	6(18)	(89,100)	(120,284)
Net cash flows used in financing activities		(343,861)	(210,550)
Effects of exchange rate changes on cash		(8,759)	5,469
Net (decrease) increase in cash and cash equivalents		(460,163)	233,477
Cash and cash equivalents at beginning of year		796,667	563,190
Cash and cash equivalents at end of year		\$ 336,504	\$ 796,667

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

ANLI INTERNATIONAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Anli International Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on June 23, 2010. The Company acquired a 100% equity interest in ANLI INTERNATIONAL HOLDINGS LIMITED and KUANGHE CO., LIMITED by using the Company’s shares totaling 26 million shares. The Company became the holding company of these two companies when the reorganisation was completed. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the stamping of various precision metals, manufacture and sales of die casting components, computers, communication equipment, vehicle components, precision metalworking products and new electronic components such as inductance, and metal finishing. The Company’s shares of stock were listed on the Taipei Exchange on July 2, 2018.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
The Company	ANLI INTERNATIONAL HOLDINGS LIMITED	Investment company and stamping of various precision metal and sales of die casting components	100.00	100.00	
"	KUANGHE CO., LIMITED	Investment company and sales of new electronic components	100.00	100.00	
ANLI INTERNATIONAL HOLDINGS LIMITED	Kunshan Anli Precise Metal Co., Ltd.	Stamping of various precision metal and manufacturing and sales of die casting components	100.00	100.00	
"	HuZhou Anli Technology Co., Ltd.	Design, research and development of electronic components, vehicle components, new metal material, machine parts, communication equipment and computer software; and manufacture of fine blanking die	48.56	52.33	Note 1 and 2
KUANGHE CO., LIMITED	Kunshan Kuanghe Electronic Technology Co., Ltd.	Manufacture and sales of new electronic components such as inductance	85.00	85.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
KUANGHE CO., LIMITED	HuZhou Anli Technology Co., Ltd.	Design, research and development of electronic components, vehicle components, new metal material, machine parts, communication equipment and computer software; and manufacture of fine blanking die	51.44	47.67	Note 1 and 2
Kunshan Anli Precise Metal Co., Ltd.	Kunshan Kuanghe Electronic Technology Co., Ltd.	Manufacture and sales of new electronic components such as inductance	15.00	15.00	
Kunshan Anli Precise Metal Co., Ltd.	Gtek Technology Co., Ltd.	Manufacture and sales of new electronic components such as inductance; and metal finishing	50.00	50.00	
Kunshan Kuanghe Electronic Technology Co., Ltd.	Gtek Technology Co., Ltd.	Manufacture and sales of new electronic components such as inductance; and metal finishing	50.00	50.00	

Note 1: On August 9, 2023, the Board of Directors of ANLI INTERNATIONAL HOLDINGS LIMITED resolved to participate in the capital increase of the Group's subsidiary, HuZhou Anli Technology Co., Ltd. ANLI INTERNATIONAL HOLDINGS LIMITED contributed its receivables from HuZhou Anli Technology Co., Ltd. as capital, and the shareholding ratios were 48.56% and 51.44%, respectively, after the capital infusion was completed.

Note 2: On July 4, 2022, the Board of Directors of ANLI INTERNATIONAL HOLDINGS LIMITED and KUANGHE CO., LIMITED resolved to participate in the capital increase of the Group's subsidiary, HuZhou Anli Technology Co., Ltd. in the amount of RMB 22,541 thousand and RMB 14,279 thousand, and the shareholding ratios were 52.33% and 47.67%, respectively, after the capital infusion was completed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures

Main building	20 ~ 50	years
Auxiliary building	10	years
Machinery and equipment	3 ~ 10	years
Transportation equipment	2 ~ 5	years
Office equipment	3 ~ 10	years
Leasehold improvements	10 ~ 20	years
Other equipment	3 ~ 10	years

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Investment property

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

(16) Intangible assets

Intangible assets, mainly computer software and patents, are amortised on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services are those resulting from operating and non-operating activities.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

Sales of goods

- A. The Group manufactures and sells steelwork and electronic components in the market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated customer returns, sales discounts and other similar allowances. Accumulated experience is used to estimate and provide for the customer returns, sales discounts and other similar allowances and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term ranging from 30 days after monthly billings to 120 days after the end of the month of sales. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to right-of-use asset, property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(28) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$129,779.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 677	\$ 2,654
Checking accounts and demand deposits	218,399	552,317
Time deposits	<u>117,428</u>	<u>241,696</u>
	<u>\$ 336,504</u>	<u>\$ 796,667</u>

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

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 87,711	\$ 42,711
Valuation adjustment	<u>8,573</u>	<u>2,492</u>
	<u>\$ 96,284</u>	<u>\$ 45,203</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$96,284 and \$45,203 as at December 31, 2023 and 2022, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 6,081</u>	<u>(\$ 11,439)</u>

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$96,284 and \$45,203, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with original maturity of more than three months	\$ 26,016	\$ 264,610
Non-current items:		
Time deposits with original maturity of more than one year	43,359	44,102
	\$ 69,375	\$ 308,712

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2023	2022
Interest income	\$ 2,810	\$ 21,151

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$69,375 and \$308,712, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions

with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 29,502	\$ 5,105
Accounts receivable	\$ 714,159	\$ 781,402
Less: Allowance for uncollectible accounts	(214)	(251)
	\$ 713,945	\$ 781,151

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 682,835	\$ 29,502	\$ 749,191	\$ 5,105
Up to 30 days	21,753	-	18,307	-
31 to 60 days	5,270	-	11,321	-
61 to 120 days	2,765	-	2,382	-
121 to 180 days	308	-	-	-
181 to 300 days	1,228	-	201	-
	\$ 714,159	\$ 29,502	\$ 781,402	\$ 5,105

The above ageing analysis was based on past due date.

- B. The Group has no accounts and notes receivable pledged to others.
- C. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,063,407. As of the end of the reporting period, without taking into account any collateral held or other credit enhancements, the Group's maximum exposure to credit risk in respect of the financial loss arising from unfulfilled obligation of the counterparties is the carrying amount of the financial assets.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 19,873	(\$ 4,268)	\$ 15,605
Work in progress	46,844	(8,559)	38,285
Finished goods	96,847	(20,958)	75,889
	<u>\$ 163,564</u>	<u>(\$ 33,785)</u>	<u>\$ 129,779</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 28,742	(\$ 6,029)	\$ 22,713
Work in progress	66,890	(6,525)	60,365
Finished goods	86,223	(24,010)	62,213
	<u>\$ 181,855</u>	<u>(\$ 36,564)</u>	<u>\$ 145,291</u>

The Group recognised as expense or loss:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 1,214,257	\$ 1,517,675
(Gain on reversal of) loss on decline in market value	(2,208)	3,668
Others	-	6,750
	<u>\$ 1,212,049</u>	<u>\$ 1,528,093</u>

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold during the year ended December 31, 2023.

(6) Property, plant and equipment

2023

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1</u>									
Cost	\$ 42,672	\$ 303,188	\$ 971,711	\$ 41,180	\$ 10,602	\$ 8,464	\$ 60,620	\$ 469,664	\$ 1,908,101
Accumulated depreciation	-	(121,826)	(546,106)	(31,240)	(8,666)	(8,464)	(39,727)	-	(756,029)
	<u>\$ 42,672</u>	<u>\$ 181,362</u>	<u>\$ 425,605</u>	<u>\$ 9,940</u>	<u>\$ 1,936</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 469,664</u>	<u>\$ 1,152,072</u>
Opening net book amount as at January 1	\$ 42,672	\$ 181,362	\$ 425,605	\$ 9,940	\$ 1,936	\$ -	\$ 20,893	\$ 469,664	\$ 1,152,072
Additions	-	47,939	28,138	4,597	82	-	840	237,405	319,001
Disposals	-	-	(2,125)	(213)	(82)	-	(41)	-	(2,461)
Transfers	-	38,598	1,414	-	-	-	-	(40,012)	-
Depreciation charge	-	(14,223)	(69,161)	(3,636)	(613)	-	(5,828)	-	(93,461)
Net exchange differences	-	(4,007)	(6,331)	(157)	(21)	-	(251)	(11,846)	(22,613)
Closing net book amount as at December 31	<u>\$ 42,672</u>	<u>\$ 249,669</u>	<u>\$ 377,540</u>	<u>\$ 10,531</u>	<u>\$ 1,302</u>	<u>\$ -</u>	<u>\$ 15,613</u>	<u>\$ 655,211</u>	<u>\$ 1,352,538</u>
<u>At December 31</u>									
Cost	\$ 42,672	\$ 383,466	\$ 971,668	\$ 42,667	\$ 9,256	\$ 8,464	\$ 60,175	\$ 655,211	\$ 2,173,579
Accumulated depreciation	-	(133,797)	(594,128)	(32,136)	(7,954)	(8,464)	(44,562)	-	(821,041)
	<u>\$ 42,672</u>	<u>\$ 249,669</u>	<u>\$ 377,540</u>	<u>\$ 10,531</u>	<u>\$ 1,302</u>	<u>\$ -</u>	<u>\$ 15,613</u>	<u>\$ 655,211</u>	<u>\$ 1,352,538</u>

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1</u>									
Cost	\$ 42,672	\$ 316,179	\$ 933,452	\$ 41,569	\$ 10,240	\$ 8,332	\$ 54,334	\$ 116,434	\$ 1,523,212
Accumulated depreciation	-	(116,433)	(478,698)	(27,052)	(8,514)	(7,144)	(34,734)	-	(672,575)
	<u>\$ 42,672</u>	<u>\$ 199,746</u>	<u>\$ 454,754</u>	<u>\$ 14,517</u>	<u>\$ 1,726</u>	<u>\$ 1,188</u>	<u>\$ 19,600</u>	<u>\$ 116,434</u>	<u>\$ 850,637</u>
Opening net book amount as at January 1	\$ 42,672	\$ 199,746	\$ 454,754	\$ 14,517	\$ 1,726	\$ 1,188	\$ 19,600	\$ 116,434	\$ 850,637
Additions	-	-	46,930	550	772	-	5,786	354,109	408,147
Disposals	-	(6,194)	(9,800)	(53)	(34)	-	(42)	-	(16,123)
Transfers	-	-	-	-	46	-	299	(345)	-
Depreciation charge	-	(15,004)	(73,719)	(5,293)	(612)	(1,215)	(5,054)	-	(100,897)
Net exchange differences	-	2,814	7,440	219	38	27	304	(534)	10,308
Closing net book amount as at December 31	<u>\$ 42,672</u>	<u>\$ 181,362</u>	<u>\$ 425,605</u>	<u>\$ 9,940</u>	<u>\$ 1,936</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 469,664</u>	<u>\$ 1,152,072</u>
<u>At December 31</u>									
Cost	\$ 42,672	\$ 303,188	\$ 971,711	\$ 41,180	\$ 10,602	\$ 8,464	\$ 60,620	\$ 469,664	\$ 1,908,101
Accumulated depreciation	-	(121,826)	(546,106)	(31,240)	(8,666)	(8,464)	(39,727)	-	(756,029)
	<u>\$ 42,672</u>	<u>\$ 181,362</u>	<u>\$ 425,605</u>	<u>\$ 9,940</u>	<u>\$ 1,936</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 469,664</u>	<u>\$ 1,152,072</u>

A. Property, plant and equipment were acquired for self-use.

B. Information about the property, plant and equipment pledged to others as collateral is provided in Note 8.

(7) Leasing arrangements – lessee

A. The Group leases various assets including land use right, plant and buildings. Rental contracts are made for periods of 50 years and 1 year, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Land use right	\$ 228,948	\$ 238,395
Plant and buildings	12,702	12,820
	<u>\$ 241,650</u>	<u>\$ 251,215</u>
Depreciation charge		
Years ended December 31,		
	2023	2022
Land use right	(\$ 5,544)	(\$ 5,564)
Plant and buildings	(12,861)	(12,906)
	<u>(\$ 18,405)</u>	<u>(\$ 18,470)</u>

C. As of December 31, 2023 and 2022, the balance of lease liabilities (including current and non-current) were \$12,701 and \$13,452, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

<u>Items affecting profit or loss</u>	Years ended December 31,	
	2023	2022
Interest expense on lease liabilities	<u>\$ 254</u>	<u>\$ 798</u>
Expense on short-term lease contracts	<u>\$ 629</u>	<u>\$ 771</u>
Expense on leases of low-value assets	<u>\$ 230</u>	<u>\$ 443</u>

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$14,608 and \$15,012, respectively.

(8) Investment property

	Buildings and structures	
	2023	2022
At January 1		
Cost	\$ -	\$ -
Accumulated depreciation and impairment	-	-
	<u>\$ -</u>	<u>\$ -</u>
Opening net book amount as at January 1	\$ -	\$ -
Additions	19,458	-
Depreciation charge	(99)	-
Net exchange differences	2	-
Closing net book amount as at December 31	<u>\$ 19,361</u>	<u>\$ -</u>
At December 31		
Cost	\$ 19,460	\$ -
Accumulated depreciation and impairment	(99)	-
	<u>\$ 19,361</u>	<u>\$ -</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2023	2022
Rental income from investment property	<u>\$ 131</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 133</u>	<u>\$ -</u>

B. The fair value of the investment property held by the Group as at December 31, 2023 was \$21,145. Valuation was based on the recent market value of similar investment properties in the same location and condition, which is categorised within Level 3 in the fair value hierarchy.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 391,510	2.42%~6.59%	None
Secured borrowings	24,568	5.43%	Note
	<u>\$ 416,078</u>		
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 212,240	4.27%~5.53%	None
Secured borrowings	135,806	1.65%~4.63%	Note
	<u>\$ 348,046</u>		

Details of assets pledged as collateral for short-term borrowings are provided in Note 8.

- A. Interest expense recognised in profit or loss amounted to \$11,426 and \$12,889 for the years ended December 31, 2023 and 2022, respectively.
- B. Endorsements and guarantees of short-term borrowings were provided by the management of the Group. Details of the guarantees provided for short-term borrowings are provided in Note 7.

(10) Long-term liabilities, current portion

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Long-term borrowings-current portion	\$ 4,057	\$ 3,951
Bonds payable-current portion	-	297,410
	<u>\$ 4,057</u>	<u>\$ 301,361</u>

(11) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ -	\$ 301,300
Less: Discount on bonds payable	-	(3,890)
	-	297,410
Less: Current portion or exercise of put options	-	(297,410)
	<u>\$ -</u>	<u>\$ -</u>

A. The issuance of domestic convertible bonds by the Company:

- (a) The terms of the first time domestic unsecured convertible bonds issued by the Company are as follows
- i. The Company issued \$400,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 30, 2020 ~ October 30, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on October 30, 2020.

- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (January 31, 2021) to 40 days before the maturity date (September 20, 2021), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - iii. The conversion price of the bonds is \$64, set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms.
 - iv. From the date after three months of the bonds issue (January 31, 2021) to 40 days (September 20, 2023) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of December 31, 2023, the bonds totaling \$98,700 (face value) had been converted into 1,302 thousand shares of common stock.
- (c) As of November 7, 2023, the bonds had all been redeemed by the Company from the Taipei Exchange.
- B. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component in accordance with IAS 32. As of November 7, 2023, the convertible bonds issued by the Group were redeemed at face value of \$301,300. The share options which had not been converted were reclassified to "Capital surplus – expired share options", amounting to \$11,886.

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2023
Secured borrowings	Borrowing period is from November 17, 2016 to November 17, 2031; interest is repayable monthly in 180 installments; principal is repayable starting from the 25th installment	2.50% (Note 1)	Note 2	\$ 35,070
Less: Current portion				(4,057)
				<u>\$ 31,013</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022
Secured borrowings	Borrowing period is from November 17, 2016 to November 17, 2031; interest is repayable monthly in 180 installments; principal is repayable starting from the 25th installment	2.38% (Note 1)	Note 2	\$ 39,029
Less: Current portion				(3,951)
				<u>\$ 35,078</u>

Note 1: In accordance with the floating interest rate on a 2-year time deposit as posted by the First Commercial Bank plus 0.73% points or more.

Note 2: Details of assets pledged as collateral for long-term borrowings are provided in Note 8.

(13) Other payables

	December 31, 2023	December 31, 2022
Processing fees payable	\$ 85,996	\$ 94,402
Benefits payable	48,035	31,760
Salary and bonus payable	46,429	90,057
Pension payable	40,434	43,076
Machinery and equipment payable	30,389	5,519
Insurance payable	24,909	33,681
Others	58,230	59,532
	<u>\$ 334,422</u>	<u>\$ 358,027</u>

(14) Long-term deferred revenue

The Group received government grant for acquiring land use right (shown as right-of-use asset in 2023 and 2022), which were recognised as deferred revenue and are transferred to profit or loss over the estimated useful lives of the related assets. Income recognised for the years ended December 31, 2023 and 2022 was \$2,788 and \$2,786, respectively.

(15) Pensions

- A. Effective July 1, 2005, the Group's Taiwan branch has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group's Taiwan branch contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. Defined contribution plan is as follows:

<u>Management</u>	<u>Beneficiary</u>	<u>Contribution percentage</u>
City government of each province in Mainland China	Employees of all China subsidiaries	16%

- C. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$18,169 and \$21,014, respectively.

(16) Share capital

As of December 31, 2023, the Company's authorised capital was \$1,000,000, consisting of 100 million shares of ordinary stock, and the paid-in capital was \$445,498 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (in thousands of shares) are as follows:

	<u>2023</u>	<u>2022</u>
At January 1 as at December 31	<u>44,550</u>	<u>44,550</u>

(17) Capital surplus

Under the e R.O.C. Company Act, all or a portion of capital surplus arising from paid-in capital on issuance of common stocks and donations can be used to issue new stocks or cash to shareholders in proportion to their share ownership. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 5% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 20% and not be higher than 100% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. (a) The appropriations of earnings for the years ended December 31, 2022 and 2021 have been resolved at the shareholders' meeting on June 15, 2023 and May 26, 2022, respectively. Details are summarized below:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 19,597		\$ 23,117	
Special reserve	(20,692)		(19,760)	
Cash dividends	89,100	\$ 2.00	120,284	\$ 2.70
	<u>\$ 88,005</u>		<u>\$ 123,641</u>	

Note: Information about the appropriations of earnings resolved at the shareholders' meeting

will be posted in the "Market Observation Post System" at the website of the Taiwan StockExchange.

- (b) Due to loss incurred for the year ended December 31, 2023, the Board of Directors proposed to retain the earnings on March 11, 2024.

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	\$ 1,525,203	\$ 2,059,560

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Goods sales revenue	\$ 1,484,746	\$ 2,014,856
Molding revenue	40,457	44,704
	\$ 1,525,203	\$ 2,059,560

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022
Contract liabilities:		
Advance receipts from customers	\$ 2,181	\$ 510
		January 1, 2022
Contract liabilities:		
Advance receipts from customers		\$ 2,997

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Years ended December 31,	
	2023	2022
Advance receipts from customers	\$ 295	\$ 2,917

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 7,399	\$ 6,705
Interest income from financial assets measured at amortised cost	2,810	21,151
	\$ 10,209	\$ 27,856

(21) Other gains and losses

	Years ended December 31,	
	2023	2022
Net currency exchange (losses) gains	(\$ 2,036)	\$ 19,489
(Losses) gains on disposals of property, plant and equipment	(1,292)	5,522
Gains (losses) on financial assets at fair value through profit	1,484	(151)
Other losses	(775)	(3,007)
	<u>(\$ 2,619)</u>	<u>\$ 21,853</u>

(22) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense on bank borrowings	\$ 11,426	\$ 12,889
Interest expense on lease liabilities	254	798
Interest expense on bonds payable	3,890	4,607
	<u>\$ 15,570</u>	<u>\$ 18,294</u>

(23) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 292,978	\$ 374,552
Depreciation charges on property, plant and equipment	93,461	100,897
Depreciation charges on right-of-use assets	18,405	18,470
Depreciation charges on investment property	99	-
Amortisation charges on intangible assets	1,656	1,475
	<u>\$ 406,599</u>	<u>\$ 495,394</u>

(24) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 247,289	\$ 305,644
Pension costs	18,169	21,014
Other personnel expenses	27,520	47,894
	<u>\$ 292,978</u>	<u>\$ 374,552</u>

A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to offset prior years' operating losses. For the remainder, if any, at least 2% shall be distributed as employees' compensation and the distribution of directors' remuneration shall not be higher than 3%.

B. Due to the loss incurred for the year ended December 31, 2023, employees' compensation and directors' remuneration were not accrued. For the year ended December 31, 2022,

employees' compensation and directors' remuneration were accrued at \$12,809 and \$4,270, respectively. The aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' remuneration for 2022 amounting to \$12,809 and \$4,270, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 22,471	\$ 40,804
Prior year income tax (over) under estimation	(3,601)	680
Total current tax	18,870	41,484
Deferred tax:		
Origination and reversal of temporary differences	(13,351)	4,384
Income tax expense	\$ 5,519	\$ 45,868

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 15,998	\$ 103,929
Expenses disallowed by tax regulation	1,731	1,721
Tax exempt income by tax regulation	(6,104)	(53,600)
Tax losses not recognised as deferred tax assets	6,357	2,330
Effect from investment tax credits	(7,648)	(13,803)
Change in assessment of realisation of deferred tax assets	-	(44)
Prior year income tax (over) under estimation	(3,601)	680
Acquisition of cash dividends distributed by investee company accounted for using the equity method	14,443	-
Deferred tax effects of subsidiaries' profit	(15,657)	4,655
Income tax expense	<u>\$ 5,519</u>	<u>\$ 45,868</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	At January 1	Recognised in profit or loss	Exchange difference	At December 31
Deferred tax assets:				
- Temporary differences				
Loss on inventory	\$ 5,484	(\$ 331)	(\$ 86)	\$ 5,067
Employee benefit expense payable	15,220	(2,536)	(206)	12,478
Others	31	(6)	-	25
	<u>20,735</u>	<u>(2,873)</u>	<u>(292)</u>	<u>17,570</u>
Deferred tax liabilities:				
- Temporary differences				
Retained earnings of subsidiary	(181,787)	15,657	(205)	(166,335)
Depreciation expenses	(9,148)	567	143	(8,438)
	<u>(190,935)</u>	<u>16,224</u>	<u>(62)</u>	<u>(174,773)</u>
	<u>(\$ 170,200)</u>	<u>\$ 13,351</u>	<u>(\$ 354)</u>	<u>(\$ 157,203)</u>

	2022			
	At January 1	Recognised in profit or loss	Exchange difference	At December 31
Deferred tax assets:				
- Temporary differences				
Loss on inventory	\$ 5,835	(\$ 443)	\$ 92	\$ 5,484
Employee benefit expense payable	20,401	(5,516)	335	15,220
Others	113	(85)	3	31
	<u>26,349</u>	<u>(6,044)</u>	<u>430</u>	<u>20,735</u>
Deferred tax liabilities:				
- Temporary differences				
Retained earnings of subsidiary	(159,511)	(4,655)	(17,621)	(181,787)
Depreciation expenses	(15,206)	6,315	(257)	(9,148)
	<u>(174,717)</u>	<u>1,660</u>	<u>(17,878)</u>	<u>(190,935)</u>
	<u>(\$ 148,368)</u>	<u>(\$ 4,384)</u>	<u>(\$ 17,448)</u>	<u>(\$ 170,200)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets pertaining to the subsidiaries of the Group are as follows:

December 31, 2023				
Year incurred	Assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	\$ 10,095	\$ 10,095	\$ 10,095	2033
2019-2023	\$ 14,281	\$ 12,446	\$ 12,446	None
December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019-2020	\$ 7,636	\$ 5,801	\$ 5,801	None

E. The income tax returns of the Group's Taiwan branch through 2021 have been assessed and approved by the Tax Authority.

F. Kunshan Kuanghe Electronic Technology Co., Ltd., Kunshan Anli Precise Metal Co., Ltd. and Gtek Technology Co., Ltd. are productive foreign investment businesses which were incorporated in the People's Republic of China (PRC), with the applicable income tax rate of 25%. As these subsidiaries obtained high-tech enterprise certification, they are entitled to a 10% income tax deduction from December 2022 to November 2025, November 2023 to October 2026 and November 2021 to October 2024, respectively, and the applicable income tax rate is 15%.

(26) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic (diluted) loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 3,700)	44,550	(\$ 0.08)
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 195,968	44,550	\$ 4.40
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 195,968		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	343	
Convertible bonds	4,607	4,470	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 200,575	49,363	\$ 4.06

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 319,001	\$ 408,147
Add: Opening balance of payable on equipment	5,519	5,512
Less: Ending balance of payable on equipment	(30,389)	(5,519)
Cash paid during the year	\$ 294,131	\$ 408,140

(28) Changes in liabilities from financing activities

	2023						
	Short-term borrowings	Long-term borrowings - current portion	Long-term borrowings	Guarantee deposits received	Lease liability	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 348,046	\$ 3,951	\$ 35,078	\$ 662	\$ 13,452	\$ 297,410	\$ 698,599
Changes in cash flow from financing activities	64,347	(3,959)	-	(354)	(13,495)	(301,300)	(254,761)
Long-term borrowings, current portion	-	4,057	(4,057)	-	-	-	-
Interest paid for lease liabilities	-	-	-	-	254	-	254
Remeasurement of lease liabilities	-	-	-	-	(254)	-	(254)
Changes in other non-cash items	-	8	(8)	-	12,960	3,890	16,850
Impact of changes in foreign exchange rate	3,685	-	-	(5)	(216)	-	3,464
At December 31	<u>\$ 416,078</u>	<u>\$ 4,057</u>	<u>\$ 31,013</u>	<u>\$ 303</u>	<u>\$ 12,701</u>	<u>\$ -</u>	<u>\$ 464,152</u>
	2022						
	Short-term borrowings	Long-term borrowings - current portion	Long-term borrowings	Guarantee deposits received	Lease liability	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 400,195	\$ 4,004	\$ 38,971	\$ 651	\$ 25,954	\$ 292,803	\$ 762,578
Changes in cash flow from financing activities	(73,320)	(3,946)	-	-	(13,000)	-	(90,266)
Long-term borrowings, current portion	-	3,951	(3,951)	-	-	-	-
Interest paid for lease liabilities	-	-	-	-	(798)	-	(798)
Remeasurement of lease liabilities	-	-	-	-	798	-	798
Changes in other non-cash items	-	(58)	58	-	-	4,607	4,607
Impact of changes in foreign exchange rate	21,171	-	-	11	498	-	21,680
At December 31	<u>\$ 348,046</u>	<u>\$ 3,951</u>	<u>\$ 35,078</u>	<u>\$ 662</u>	<u>\$ 13,452</u>	<u>\$ 297,410</u>	<u>\$ 698,599</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Kunshan Guanghui Precision Metal. Co., Ltd	Other related party
Kunshan Guanghui Precise Hardware Co., Ltd.	Other related party
Certain Micro Application Technology Inc.	Other related party
HSU, CHENG-KUN	Key management personnel of the Group
WU, CHING-SONG	Key management personnel of the Group

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31	
	2023	2022
Sales of goods:		
Other related party	\$ 376	\$ 1,468

The sales prices to related parties and third parties are negotiated. Credit terms of related parties are 90 days after monthly billings, and of third parties are between 30 days after monthly billings and 180 days after the end of the month of sales.

B. Purchases

	Years ended December 31	
	2023	2022
Purchases of goods:		
Other related party	\$ 1,130	\$ 1,032

The purchase prices of related parties and third parties are negotiated. Payment terms of related parties are between 90 days after monthly billings and 130 days after the end of the month of purchase, and of third parties are between 30 days after monthly billings and 150 days after the end of the month of purchase.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Other related party	\$ -	\$ 1,023
Other receivables:		
Other related party	2	7
	\$ 2	\$ 1,030

The receivables from related parties mainly arise from sale transactions. The receivables are collectible within three months after the date of sale. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related party	\$ 29	\$ 211
Other payables:		
Other related party	275	-
	<u>\$ 304</u>	<u>\$ 211</u>

The outstanding trade payables from related parties are unsecured.

E. The key management of the Group has provided financial guarantee on the Group's short-term borrowings. As of December 31, 2023 and 2022, the guarantee amounted to \$320,877 and \$92,145, respectively.

(3) Key management compensation

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 43,869	\$ 63,052
Post-employment benefits	266	256
	<u>\$ 44,135</u>	<u>\$ 63,308</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>	<u>Book value</u>	<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Land	\$ 42,672	\$ 42,672	Long-term borrowings
Buildings and structures	75,185	153,116	Short-term and long-term borrowings
Right-of-use assets	7,849	62,652	Short-term borrowings
	<u>\$ 125,706</u>	<u>\$ 258,440</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

HuZhou Anli Technology Co., Ltd., a subsidiary of the Group, signed the Construction Project Construction Contract with Jiangsu Didu Construction Engineering Co., Ltd. on September 1, 2020. As Jiangsu Didu Construction Engineering Co., Ltd. deliberately delayed the construction progress, Huzhou Anli Technology Co., Ltd. appointed a lawyer to apply with the Huzhou Arbitration Commission for arbitration to request the termination of the contract, which was confirmed by the arbitration award of Huzhou Arbitration Commission on December 15, 2021. The termination of the contract involves claims for delay and breach of contract. The Group has applied for compensation in a separate case on September 28, 2022. The arbitration case is currently in progress.

Jiangsu Didu Construction Engineering Co., Ltd. applied to the court to apply for property preservation for the real estate which under the name of Huzhou Anli Technology Co., Ltd., during the Arbitration procedure. The period of seizure is from May 10, 2023 to May 9, 2026. According to the local court's question and answer statement, the property preservation did not have a major impact on the company's finances, business and factory construction plan. Huzhou Anli Technology Co., Ltd. has appointed a lawyer to claim that the seizure is unreasonable in relation to property preservation and to request that the seizure be lifted in order to protect legal rights.

(2)Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equipment	\$ 6,470	\$ 8,754
Plant construction under consignment	127,522	318,569
	<u>\$ 133,992</u>	<u>\$ 327,323</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Note 6(18)E(b) for details of the appropriation of earnings for the year ended December 31, 2023.

12. Others

(1)Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 96,284	\$ 45,203
Financial assets at amortised cost		
Cash and cash equivalents	\$ 336,504	\$ 796,667
Financial assets at amortised cost	69,375	308,712
Notes receivable	29,502	5,105
Accounts receivable (including related parties)	713,945	782,174
Other receivables (including related parties)	14,642	15,881
Guarantee deposits paid	3,220	3,323
	<u>\$ 1,167,188</u>	<u>\$ 1,911,862</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 416,078	\$ 348,046
Accounts payable (including related parties)	101,676	142,090
Other payables (including related parties)	334,697	358,027
Bonds payable (including current portion)	-	297,410
Long-term borrowings		
(including current portion)	35,070	39,029
Guarantee deposits received	303	662
	<u>\$ 887,824</u>	<u>\$ 1,185,264</u>
Lease liability	<u>\$ 12,701</u>	<u>\$ 13,452</u>

B. Financial risk management policies

The primary financial instruments of the Group include accounts receivable, accounts payable and borrowings. Group treasury provides services to each operating unit, by coordinating the operations of domestic and foreign financial markets, analysing the internal risk report on exposure by risk degree and supervising and managing the financial risk of the consolidated company. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Group treasury periodically reports to the Board of Directors which monitors risk and the execution of policy to reduce the Group's exposure to identified risks.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and NTD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Natural hedge is adopted to minimise the volatility of the exchange rate affecting assets and liabilities in foreign currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023					
		Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:RMB	\$	7,288	7.0827	\$	223,814
USD:NTD		118	30.7100		3,624
RMB:NTD		3,252	4.3359		14,100
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	\$	3,700	7.0827	\$	113,627
USD:NTD		1,086	30.7100		33,351

December 31, 2022					
		Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)	
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:RMB	\$	19,551	6.9646	\$	600,509
USD:NTD		587	30.7150		18,030
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	\$	6,911	6.9646	\$	212,271
USD:NTD		163	30.7150		5,007

- iv. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$2,036) and \$19,489, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023					
Sensitivity analysis					
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:RMB	1%	\$	2,238	\$	-
USD:NTD	1%		36		-
RMB:NTD	1%		141		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:RMB	1%	\$	1,136	\$	-
USD:NTD	1%		334		-

Year ended December 31, 2022

	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	\$ 6,005	\$ -
USD:NTD	1%	180	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	1%	\$ 2,123	\$ -
USD:NTD	1%	50	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$963 and \$452, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and financial assets at amortised cost based on the agreed terms, and the contract cash flows which were settled in accordance with trading conditions.

- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain grade are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group had no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability of the global economic information to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable of general credit customers. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~120 days past due	121~180 days past due	181~300 days past due	Total
<u>December 31, 2023</u>							
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	
Total book value	\$ 682,835	\$ 21,753	\$ 5,270	\$ 2,765	\$ 308	\$ 1,228	\$ 714,159
Loss allowance	\$ 204	\$ 7	\$ 2	\$ 1	\$ -	\$ -	\$ 214
<u>December 31, 2022</u>							
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%-5.03%	
Total book value	\$ 749,191	\$ 18,307	\$ 11,321	\$ 2,382	\$ -	\$ 201	\$ 781,402
Loss allowance	\$ 223	\$ 7	\$ 3	\$ 1	\$ -	\$ 17	\$ 251

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 251	\$ 864
Reversal of impairment loss	(34)	(183)
Write-off during the year	-	(457)
Effect of exchange rate changes	(3)	27
Balance at December 31	<u>\$ 214</u>	<u>\$ 251</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in short-term interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ 444,516	\$ 228,833
Expiring beyond one year	230,167	313,109
	<u>\$ 674,683</u>	<u>\$ 541,942</u>

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
December 31, 2023				
<u>Non-derivative financial liabilities</u>				
Accounts payable (including related parties)	\$ 88,305	\$ 13,371	\$ -	\$ -
Other payables (including related parties)	304,667	30,030	-	-
Lease liability	3,226	9,677	-	-
Long-term borrowings (including current portion)	1,191	3,573	19,057	13,895
Short-term borrowings	24,905	401,231	-	-
December 31, 2022				
<u>Non-derivative financial liabilities</u>				
Accounts payable (including related parties)	\$ 124,277	\$ 17,813	\$ -	\$ -
Other payables	347,715	10,312	-	-
Lease liability	3,426	10,279	-	-
Long-term borrowings (including current portion)	1,191	3,573	19,057	18,660
Short-term borrowings	228,436	120,232	-	-
Bonds payable (including current portion)	-	301,300	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's emerging stock investment is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

	December 31, 2022			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 297,410	\$ -	\$ 295,385	\$ -

- (b) The methods and assumptions of bonds payable' fair value estimate is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

- (a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ 45,000	\$ 51,284	\$ 96,284
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 45,023	\$ 45,023

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange).
- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)7.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	<u>2023</u>
	<u>Equity instruments</u>
At January 1	\$ 45,203
Gain recognised in other comprehensive income	6,081
Acquired during the year	45,000
Transfers out from level 3	(45,000)
At December 31	<u>\$ 51,284</u>

	2022		
	Equity		
	Call options	instruments	Total
At January 1	\$ 151	\$ 33,974	\$ 34,125
Gains and losses recognised in profit or loss			
Recorded as non-operating income and expenses	(151)	-	(151)
Loss recognised in other comprehensive income	-	(11,439)	(11,439)
Acquired during the year	-	22,668	22,668
At December 31	<u>\$ -</u>	<u>\$ 45,203</u>	<u>\$ 45,203</u>

- E. Transfers out from level 3 for the year ended December 31, 2023 were due to the investment target being listed on the emerging stock market at December, 2023. Considering the relatively low turnover rate, the fair value was assessed using the market method, which is included in Level 2. The Group has transferred the fair value from Level 3 into Level 2 when the event occurred. For the year ended December 31, 2022, there was no transfer into or out from Level 3.
- F. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 38,351	Market comparable companies	Industrial average price to book ratio	Not Applicable	The higher the book value per share, the higher the fair value
			Price to sales ratio	Not Applicable	The higher the sales per share, the higher the fair value
			Discount for lack of marketability	20.50%	The higher the discount for lack of marketability, the lower the fair value
	12,933	Discounted cash flow	Long-term revenue growth rate	Not Applicable	The higher the long-term revenue growth rate, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 30,084	Market comparable companies	Industrial average price to book ratio	Not Applicable	The higher the book value per share, the higher the fair value
			Price to earnings ratio multiple	Not Applicable	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20.80%	The higher the discount for lack of marketability, the lower the fair value
	15,119	Discounted cash flow	Long-term revenue growth rate	Not Applicable	The higher the long-term revenue growth rate, the higher the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Industrial average book value per share	± 1%	\$ 233	(\$ 233)
	Sales per share	± 1%	160	(160)
	Discount for lack of marketability	± 1%	481	(481)
	Long-term revenue growth rate	± 1%	827	(827)
Total			<u>\$ 1,701</u>	<u>(\$ 1,701)</u>
			December 31, 2022	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instrument	Industrial average book value per share	± 1%	\$ 168	(\$ 168)
	Price to earnings ratio multiple	± 1%	131	(131)
	Discount for lack of marketability	± 1%	379	(379)
	Long-term revenue growth rate	± 1%	775	(775)
Total			<u>\$ 1,453</u>	<u>(\$ 1,453)</u>

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker, the Board of Directors, that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>Year ended December 31, 2023</u>	<u>A segment</u>	<u>B segment</u>	<u>C segment</u>	<u>All other segments</u>	<u>Total</u>
Revenue from external customers	\$ 420,245	\$ 670,093	\$ 434,865	\$ -	\$ 1,525,203
Inter-segment revenue	-	25,654	-	-	25,654
Total segment revenue	<u>\$ 420,245</u>	<u>\$ 695,747</u>	<u>\$ 434,865</u>	<u>\$ -</u>	<u>1,550,857</u>
Internal write-offs					(25,654)
Consolidated revenue					<u>\$ 1,525,203</u>
Segment (loss) income	<u>(\$ 8,027)</u>	<u>\$ 78,523</u>	<u>\$ 45,611</u>	<u>(\$ 9,453)</u>	<u>\$ 106,654</u>
Depreciation	<u>\$ 67,034</u>	<u>\$ 22,032</u>	<u>\$ 22,899</u>	<u>\$ -</u>	<u>\$ 111,965</u>
Amortisation	<u>\$ 430</u>	<u>\$ 379</u>	<u>\$ 847</u>	<u>\$ -</u>	<u>\$ 1,656</u>

<u>Year ended December 31, 2022</u>	<u>A segment</u>	<u>B segment</u>	<u>C segment</u>	<u>All other segments</u>	<u>Total</u>
Revenue from external customers	\$ 642,151	\$ 703,175	\$ 714,234	\$ -	\$ 2,059,560
Inter-segment revenue	-	39,311	-	-	39,311
Total segment revenue	<u>\$ 642,151</u>	<u>\$ 742,486</u>	<u>\$ 714,234</u>	<u>\$ -</u>	<u>2,098,871</u>
Internal write-offs					(39,311)
Consolidated revenue					<u>\$ 2,059,560</u>
Segment income (loss)	<u>\$ 118,097</u>	<u>\$ 104,056</u>	<u>\$ 124,634</u>	<u>(\$ 14,385)</u>	<u>\$ 332,402</u>
Depreciation	<u>\$ 73,688</u>	<u>\$ 24,444</u>	<u>\$ 21,070</u>	<u>\$ 165</u>	<u>\$ 119,367</u>
Amortisation	<u>\$ 486</u>	<u>\$ 516</u>	<u>\$ 473</u>	<u>\$ -</u>	<u>\$ 1,475</u>

Note: Inter-segment revenue has been eliminated to \$0.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Years ended December 31,	
	2023	2022
Reportable segments income	\$ 116,107	\$ 346,787
Other segments income/(loss)	(9,453)	(14,385)
Total segments	106,654	332,402
Depreciation	(111,965)	(119,367)
Amortisation	(1,656)	(1,475)
Interest income	10,209	27,856
Other income	16,667	15,940
Other gains and losses	(2,520)	21,853
General management cost and directors' compensation	-	(17,079)
Finance costs	(15,570)	(18,294)
Income before tax from continuing operations	<u>\$ 1,819</u>	<u>\$ 241,836</u>

(4) Information on products and services

Revenue from external customers is mainly from computer peripherals. Details of revenue are as follows:

	Years ended December 31,	
	2023	2022
Computer components	\$ 1,089,631	\$ 1,585,600
Consumer electronics components	203,748	299,809
Automotive components	118,392	60,039
Handheld device components	16,455	18,447
Others	96,977	95,665
	<u>\$ 1,525,203</u>	<u>\$ 2,059,560</u>

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 1,243,559	\$ 1,698,172	\$ 1,570,502	\$ 1,424,772
Philippines	154,328	-	308,535	-
Thailand	60,079	-	50,497	-
Taiwan	46,257	73,443	126,219	74,488
Others	20,980	-	3,807	-
	<u>\$ 1,525,203</u>	<u>\$ 1,771,615</u>	<u>\$ 2,059,560</u>	<u>\$ 1,499,260</u>

(6) Major customer information

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

	Years ended December 31,	
	2023	2022
	A	\$ 249,074
B	212,144	128,275
C	164,634	270,813
D	154,105	308,535

Anli International Co., Ltd

Chairman: Hsu Cheng-Kun