CHIEFTEK PRECISION CO., LTD.

PARENT COMPANY ONLY 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 CHIEFTEK PRECISION CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of CHIEFTEK PRECISION CO., LTD. (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company's 2023 parent company only financial statements are stated as follows:

Adequacy of allowance for valuation loss on individually recognized obsolete or damaged inventories

Description

Refer to Note 4(10) for the accounting policy on inventory, Note 5 for the information on accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for the details of inventory.

The Company is primarily engaged in the manufacture and sales of linear guides and linear blocks. As the end-users require high-quality performances, there is a risk of inventory devaluation or obsolescence. The Company measures its inventories at the lower of cost and net realizable value. The net realizable value of the Company's inventories aged over a certain period is calculated based on the historical extent of inventory clearance and degree of price markdown. The allowance for valuation loss mainly arises from individually identified obsolete inventories, and the procedures of such identification involves subjective judgment, which might result in high degree of estimation uncertainty. Considering that the Company's inventory and the allowance for inventory valuation losses are material to the financial statements, we considered the allowance for inventory valuation loss as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in response to the abovementioned key audit matter:

A. We obtained understanding of the Company's operations and its industry characteristics to assess the reasonableness of the Company's policies on and procedures for allowance for inventory valuation loss.

B. We verified whether the dates used in the inventory aging reports that the Company applied to value inventories were accurate and complete. We recalculated and evaluated the reasonableness of allowance for inventory valuation losses in order to confirm whether the reported information was in line with the Company's policies.

C. We selected samples from inventory items by each sequence number to verify its net realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.

Authenticity of sales revenue

Description

Refer to Note 4(25) for the accounting policy on revenue recognition and Note 6(17) for the details of operating revenue.

The Company sells a variety of linear guides, ball screws and linear modules with a global target market, including Taiwan, Asia, Europe, America and so forth. Since the customers are numerous and located in different countries, and the number of transactions is voluminous, it takes longer time to verify the existence of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters for this year's audit.

How our audit addressed the matter

We performed the following audit procedures in response to the abovementioned key audit matter:

A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorization procedures and collection processes. Also, we selected samples from different customers to evaluate the management's effectiveness of internal controls over sales revenue recognition.

B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.

C. We sampled and tested the manual accounting entries recognized for sales revenue, including verifying the nature of the manual entries and checking the supporting documents. For the same purpose, we also sampled and checked the reasonableness of the debit notes issued after the balance sheet date and examined the related supporting documents.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 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:

A. Identify and assess the risks of material misstatement of the parent company only 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.

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

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

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

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

F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Lin, Yung-Chih

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan
Republic of China
February 26, 2024

The accompanying parent company only 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 parent company only 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.

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		(Adjusted) December 31, 2022		(Adjusted) January 1, 2022	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 624,168	17	$ 564,977	15	$ 621,844	17
1136	Financial assets at amortized cost - current	6(2) and 8	8,700	-	8,700	-	-	-
1150	Notes receivable, net	6(3)	5,855	-	7,690	-	29,896	1
1170	Accounts receivable, net	6(3) and 12	102,275	3	133,918	4	246,415	7
1180	Accounts receivable - related parties	6(3) and 7	64,760	2	313,502	8	150,487	4
1200	Other receivables	7	1,606	-	113	-	2,955	-
130X	Inventories	5 and 6(4)	501,288	13	477,297	12	386,155	10
1410	Prepayments		56,074	2	53,483	1	41,001	1
11XX	**Total current assets**		1,364,726	37	1,559,680	40	1,478,753	40
	Non-current assets							
1550	Investments accounted for under equity method	6(5)	435,221	12	434,278	11	381,910	11
1600	Property, plant and equipment	6(6) and 8	1,739,775	47	1,659,368	43	1,549,834	42
1755	Right-of-use assets	6(7)	77,470	2	123,913	3	123,377	4
1780	Intangible assets	6(8)	62,265	1	71,078	2	79,576	2
1840	Deferred income tax assets	6(24)	34,967	1	32,058	1	12,919	-
1915	Prepayments for equipment	6(6)	7,377	-	19,260	-	43,508	1
1920	Guarantee deposits paid		2,604	-	3,267	-	3,941	-
1990	Other non-current assets		1,834	-	2,749	-	3,730	-
15XX	**Total non-current assets**		2,361,513	63	2,345,971	60	2,198,795	60
1XXX	**Total assets**		$ 3,726,239	100	$ 3,905,651	100	$ 3,677,548	100

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CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023, DECEMBER 31, 2022 AND JANUARY 1, 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	(Adjusted) December 31, 2022 AMOUNT	%	(Adjusted) January 1, 2022 AMOUNT	%
	Liabilities							
	Current liabilities							
2100	Short-term borrowings	6(9) and 8	$ 365,000	10	$ 225,000	6	$ 230,000	6
2130	Current contract liabilities	6(17)	133	-	153	-	1,741	-
2150	Notes payable		41,913	1	160,497	4	161,421	5
2170	Accounts payable		17,972	-	46,513	1	49,114	1
2200	Other payables	6(10) and 7	94,548	3	122,708	3	137,871	4
2230	Current income tax liabilities	6(24)	25,545	1	69,484	2	43,987	1
2280	Current lease liabilities	6(7)	3,674	-	5,713	-	5,308	-
2320	Long-term liabilities, current portion	6(11), 8 and 9	78,472	2	137,778	4	76,174	2
21XX	**Total current liabilities**		627,257	17	767,846	20	705,616	19
	Non-current liabilities							
2540	Long-term borrowings	6(11), 8 and 9	643,195	17	558,472	14	546,250	15
2570	Deferred income tax liabilities	6(24)	24,505	1	27,670	1	10,968	1
2580	Non-current lease liabilities	6(7)	78,778	2	122,488	3	121,278	3
2640	Net defined benefit liabilities	6(12)	8,936	-	5,945	-	7,481	-
25XX	**Total non-current liabilities**		755,414	20	714,575	18	685,977	19
2XXX	**Total liabilities**		1,382,671	37	1,482,421	38	1,391,593	38
	Equity							
	Share capital	6(13)(16)						
3110	Common stock		892,619	24	892,619	23	811,876	22
	Capital reserves	6(15)						
3200	Capital surplus		446,121	12	446,121	11	440,667	12
	Retained earnings	6(16)						
3310	Legal reserve		247,879	7	213,096	6	182,266	5
3320	Special reserve		24,491	1	50,626	1	36,323	1
3350	Unappropriated retained earnings		905,089	24	992,829	26	891,999	24
3400	Other equity interest	6(5)	(25,061)	(1)	(24,491)	(1)	(50,626)	(1)
3500	Treasury stocks	6(13)	(147,570)	(4)	(147,570)	(4)	(26,550)	(1)
3XXX	**Total equity**		2,343,568	63	2,423,230	62	2,285,955	62
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(7) and 9						
3X2X	**Total liabilities and equity**		$ 3,726,239	100	$ 3,905,651	100	$ 3,677,548	100

The accompanying notes are an integral part of these parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31 2023 AMOUNT	%	2022 (Adjusted) AMOUNT	%
4000	Sales revenue	6(17) and 7	$ 795,982	100	$ 1,418,743	100
5000	Operating costs	6(4)(12)(14)(22)(23) and 7	(526,661)	(66)	(893,324)	(63)
5900	Gross profit		269,321	34	525,419	37
5910	Unrealized gain from inter-affiliate accounts	6(5)	(85,343)	(11)	(91,619)	(6)
5920	Realized gain from inter-affiliate accounts	6(5)	91,619	11	44,889	3
5950	Net operating margin		275,597	34	478,689	34
	Operating expenses	6(8)(12)(14)(22)(23) and 7				
6100	Selling expenses		(37,003)	(5)	(53,454)	(4)
6200	General and administrative expenses		(89,970)	(11)	(80,033)	(6)
6300	Research and development expenses		(72,492)	(9)	(74,130)	(5)
6450	Expected credit impairment gain (loss)	12	49	-	(35)	-
6000	Total operating expenses		(199,416)	(25)	(207,652)	(15)
6900	Operating profit		76,181	9	271,037	19
	Non-operating income and expenses					
7100	Interest income	6(2)(18)	5,289	1	1,247	-
7010	Other income	6(19)	2,291	-	1,403	-
7020	Other gains and losses	6(20) and 12	20,371	3	71,016	5
7050	Finance costs	6(6)(7)(21)	(7,245)	(1)	(5,524)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	31,923	4	72,963	5
7000	Total non-operating income and expenses		52,629	7	141,105	10
7900	**Profit before income tax**		128,810	16	412,142	29
7950	Income tax expense	6(24)	(30,768)	(4)	(65,355)	(5)
8200	**Profit for the year**		$ 98,042	12	$ 346,787	24
	Other comprehensive income (loss)(Net)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(12)	($ 3,263)	-	$ 1,291	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	653	-	(258)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(5)	(570)	-	26,135	2
8300	**Other comprehensive (loss) income for the year**		($ 3,180)	-	$ 27,168	2
8500	**Total comprehensive income for the year**		$ 94,862	12	$ 373,955	26
	Earnings per share (in dollars)	6(25)				
9750	Basic		$	1.12	$	3.91
9850	Diluted		$	1.12	$	3.90

The accompanying notes are an integral part of these parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total
2022									
Balance at January 1, 2022		$ 811,876	$ 440,667	$ 182,266	$ 36,323	$ 891,999	($ 50,626)	($ 26,550)	$ 2,285,955
Profit for the year		-	-	-	-	346,787	-	-	346,787
Other comprehensive income for the year	6(5)	-	-	-	-	1,033	26,135	-	27,168
Total comprehensive income for the year		-	-	-	-	347,820	26,135	-	373,955
Appropriations of 2021 earnings:									
Legal reserve		-	-	30,830	-	(30,830)	-	-	-
Special reserve	6(16)	-	-	-	14,303	(14,303)	-	-	-
Cash dividends	6(16)	-	-	-	-	(121,114)	-	-	(121,114)
Stock dividends	6(13)(16)	80,743	-	-	-	(80,743)	-	-	-
Compensation cost recognized for transfer of treasury stocks	6(14)(15)(23)	-	5,534	-	-	-	-	-	5,534
Treasury stocks transferred to employees	6(13)(15)	-	(80)	-	-	-	-	26,550	26,470
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	(147,570)	(147,570)
Balance at December 31, 2022		$ 892,619	$ 446,121	$ 213,096	$ 50,626	$ 992,829	($ 24,491)	($ 147,570)	$ 2,423,230
2023									
Balance at January 1, 2023		$ 892,619	$ 446,121	$ 213,096	$ 50,626	$ 992,829	($ 24,491)	($ 147,570)	$ 2,423,230
Profit for the year		-	-	-	-	98,042	-	-	98,042
Other comprehensive loss for the year	6(5)	-	-	-	-	(2,610)	(570)	-	(3,180)
Total comprehensive income (loss) for the year		-	-	-	-	95,432	(570)	-	94,862
Appropriations of 2022 earnings:									
Legal reserve		-	-	34,783	-	(34,783)	-	-	-
Cash dividends	6(16)	-	-	-	-	(174,524)	-	-	(174,524)
Reversal of special reserve	6(16)	-	-	-	(26,135)	26,135	-	-	-
Balance at December 31, 2023		$ 892,619	$ 446,121	$ 247,879	$ 24,491	$ 905,089	($ 25,061)	($ 147,570)	$ 2,343,568

The accompanying notes are an integral part of these parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY 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 (Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 128,810	$ 412,142
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12	(49)	35
Loss on inventory market price decline	6(4)	12,319	3,649
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	(31,923)	(72,963)
Unrealized gain from inter-affiliate accounts	6(5)	85,343	91,619
Realized gain from inter-affiliate accounts	6(5)	(91,619)	(44,889)
Depreciation	6(6)(7)(22)	59,283	69,175
Gain on disposal of property, plant and equipment	6(20)	-	(19)
Amortization	6(8)(22)	10,094	9,900
Prepayments for equipment transferred to loss		-	138
Interest income	6(18)	(5,289)	(1,247)
Interest expense	6(21)	7,245	5,524
Compensation cost recognized for transfer of treasury stocks	6(14)(15)(23)	-	5,534
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,835	22,206
Accounts receivable		31,692	112,462
Accounts receivable - related parties		248,742	(163,015)
Other receivables		(1,493)	2,842
Inventories		(36,310)	(94,791)
Prepayments		(2,591)	(12,482)
Changes in operating liabilities			
Current contract liabilities		(20)	(1,588)
Notes payable		(97,243)	11,885
Accounts payable		(28,541)	(2,601)
Other payables		(28,324)	(4,510)
Net defined benefit liabilities		(272)	(245)
Cash inflow generated from operations		261,689	348,761
Dividends received	6(5)	36,686	-
Interest received		5,289	1,247
Interest paid		(6,793)	(5,375)
Income tax paid		(80,128)	(42,553)
Net cash flows from operating activities		216,743	302,080

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CHIEFTEK PRECISION CO., LTD.
PARENT COMPANY ONLY 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 (Adjusted)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost - current		$ -	($ 8,700)
Cash paid for acquisition of property, plant and equipment	6(26)	(91,870)	(144,804)
Interest paid for acquisition of property, plant and equipment	6(6)(21)(26)	(13,687)	(8,416)
Proceeds from disposal of property, plant and equipment		-	19
Acquisition of intangible assets	6(8)	(1,281)	(1,402)
Increase in prepayments for equipment		(39,576)	(18,299)
Decrease in guarantee deposits paid		663	674
Decrease in other non-current assets		915	981
Net cash flows used in investing activities		(144,836)	(179,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	1,116,900	1,315,000
Decrease in short-term borrowings	6(27)	(976,900)	(1,320,000)
Payments of lease liability	6(27)	(3,609)	(5,612)
Increase in long-term borrowings	6(27)	300,000	200,000
Decrease in long-term borrowings	6(27)	(274,583)	(126,174)
Payments of cash dividends	6(16)	(174,524)	(121,114)
Treasury stocks transferred to employees	6(13)	-	26,470
Purchase of treasury stocks	6(13)	-	(147,570)
Net cash flows used in financing activities		(12,716)	(179,000)
Net increase (decrease) in cash and cash equivalents		59,191	(56,867)
Cash and cash equivalents at beginning of year	6(1)	564,977	621,844
Cash and cash equivalents at end of year	6(1)	$ 624,168	$ 564,977

The accompanying notes are an integral part of these parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) CHIEFTEK PRECISION CO., LTD. (the "Company") was incorporated on October 19, 1998 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company is primarily engaged in the research, development, manufacture and sales of miniature linear guides, miniature ball screws, miniature linear modules, electro-optics equipment and semiconductor process equipment.

(2) The common stocks of the Company were originally listed on the Taipei Exchange from December 28, 2012, and have been authorized to trade in Taiwan Stock Exchange since December 23, 2020.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 26, 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 ("IASB")
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 Company's financial condition and financial performance based on the Company'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 Company

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 IASB
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

Except for the following, the above standards and interpretations have no significant impact to the Company' s financial condition and financial performance based on the Company' 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 IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, these parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with 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") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, critical accounting judgements, estimates and key sources of assumption uncertainty.

(3) Foreign currency translation

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

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 recognized 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 recognized 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 recognized 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

(4) 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 realized, 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 realized within 12 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 12 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 12 months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 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.

(5) Cash equivalents

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

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Company'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.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(8) Impairment of financial assets

For debt instruments measured as financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. When the cost of inventory is higher than net realizable value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(11) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

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 recognized directly in equity.

E. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, "Profit for the year" and "Other comprehensive income for the year" reported in an entity's nonconsolidated statement of comprehensive income, shall equal to "profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(12) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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:

Assets	Useful lives
Buildings and structures	2 ～ 50 years
Machinery and equipment	2 ～ 12 years
Transportation equipment	5 years
Office equipment	2 ～ 8 years
Other equipment	2 ～ 10 years

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

A. Leases are recognized 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 Company. For short-term leases or leases of low-value assets, lease payments are recognized 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 the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Amounts expected to be payable by the lessee under residual value guarantees.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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; and

(b) Any lease payments made at or before the commencement date.

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 recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(14) Intangible assets

A. Trademarks and patents

Separately acquired trademarks of corporate identity system and patents are stated initially at cost. Trademarks and patents have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 10 to 20 years.

B. Computer software

Computer software is stated initially at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

C. Turn-key professional technique

The subsidiary, CSM Maschinen GmbH, which has been merged into cpc Europa GmbH with the approval of the local authority since 2020, was commissioned by the Company to develop and design linear guide, robotic arm and equipment for exhibition which are stated initially at cost and amortized over the economic life of Turn-key professional technique of 10 years.

D. Other intangible assets

Technology contribution is stated initially at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Technology contribution is not amortized but is tested annually for impairment.

(15) Impairment of non-financial assets

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

(16) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a other non-current assets for liquidity services and amortized over the period of the facility to which it relates.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, 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 distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Employee share-based payment

A. 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 recognized 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 recognized is based on the number of equity instruments that eventually vest.

B. When treasury stocks are transferred to employees, the granted date is the date that subscription price and number of treasury stocks transferred to employees are resolved by the Board of Directors.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

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. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent 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. 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 Company 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 realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

(23) Share capital

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

B. 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 resolved 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.

(24) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

Sales of goods

A. The Company manufactures and sells linear guides, ball screws and linear modules. Sales are recognized when control of the products has been transferred, being when the products are delivered to the external customer, and there is no unfulfilled obligation that could affect the buyer'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 Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue is recognized based on the contract price, net of output tax and sales returns and discounts. The sales are made with a credit term of 30 ~ 180 days after monthly closing. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognized 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.

(26) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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 realizable value. Such an evaluation of inventories is calculated based on the inventory clearance and historical date of discounts. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2023, the carrying amount of inventories was $501,288.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	(Adjusted) December 31, 2022
Cash:		
Cash on hand	$ 1,263	$ 1,599
Demand deposits of repatriating offshore funds (Note)	-	60,064
Checking accounts and demand deposits	622,905	503,314
	$ 624,168	$ 564,977

Note: Refer to Note 6(2), 'Financial assets at amortized cost - current'.

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

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

(2) Financial assets at amortized cost - current

	December 31, 2023	(Adjusted) December 31, 2022
Restricted time deposits	$ 8,700	$ 8,700

A. In accordance with the revised regulations of IFRS FAQ issued by the Financial Supervisory Commission on January 5, 2024, the Company reclassified the undrawn balances of $60,064 and $63,206 in the repatriated capital special account which were applicable to "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" on December 31, 2022 and January 1, 2022 to cash and cash equivalents. As of December 31, 2022, cash and cash equivalents and financial assets at amortized cost - current were $504,913 and $564,977 before the adjustments and $68,764 and $8,700 after the adjustments, respectively; in the Company's statements of cash flows for the year ended December 31, 2022, cash flow used in financial assets at amortized cost and total net cash used in investing activities were $5,558 and $8,700 before the adjustments and $176,805 and $179,947 after the adjustments, respectively.

B. In accordance with the regulations mentioned in the previous paragraph, the Company also reclassified interest income for the year ended December 31, 2023 which belonged to the repatriated offshore funds account to interest income from bank deposits. The Company recognized interest income of $133 and $55 from financial assets at amortized cost for the years ended December 31, 2023 and 2022, respectively, shown as part of "Interest income".

C. As of 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 amortized cost held by the Company was its book value.

D. For more information about the Company's time deposits pledged to others as collateral as of December 31, 2023 and 2022, refer to Note 8, 'Pledged assets'.

E. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 5,855	$ 7,690

	December 31, 2023	December 31, 2022
Accounts receivable	$ 103,094	$ 134,786
Less: Allowance for doubtful accounts	(819)	(868)
	$ 102,275	$ 133,918

A. The ageing analysis of notes receivable and accounts receivable (including related parties) is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 5,855	$ 160,605	$ 7,690	$ 448,288
31 to 90 days	-	7,249	-	-
	$ 5,855	$ 167,854	$ 7,690	$ 448,288

The above ageing analysis was based on past due date.

B. The Company's notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balances of notes receivable and accounts receivable (including related parties) from contracts with customers amounted to $427,631.

C. 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 Company's notes and accounts receivable was its book value.

D. As of December 31, 2023 and 2022, the Company does not hold any collateral as security for accounts receivable.

E. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 46,872	($ 5,300)	$ 41,572
Supplies	70,490	(18,308)	52,182
Work in progress	315,628	(23,245)	292,383
Finished goods	119,402	(4,251)	115,151
	$ 552,392	($ 51,104)	$ 501,288

	December 31, 2022		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 68,489	($ 2,975)	$ 65,514
Supplies	88,881	(12,198)	76,683
Work in progress	235,274	(20,481)	214,793
Finished goods	123,438	(3,131)	120,307
	$ 516,082	($ 38,785)	$ 477,297

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 515,162	$ 890,342
Allowance for inventory market price decline	12,319	3,649
Gain on physical inventory	(208)	(60)
Revenue from sale of scraps	(612)	(607)
	$ 526,661	$ 893,324

(5) Investments accounted for under equity method

A. Movements in investments accounted for under equity method were as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ 434,278	$ 381,910
Share of profit or loss of subsidiaries, associates and joint ventures accounted for under equity method	31,923	72,963
Cash dividends under equity method	(36,686)	-
Other equity interest-financial statements translation differences of foreign operations	(570)	26,135
Unrealized gain from downstream sales	(85,343)	(91,619)
Realized gain from downstream sales	91,619	44,889
At December 31	$ 435,221	$ 434,278

B. Details of investments accounted for under equity method

	December 31, 2023	December 31, 2022
CHIEFTEK PRECISION HOLDING CO., LTD.	$ 165,334	$ 205,729
CHIEFTEK PRECISION INTERNATIONAL LLC	112,832	111,657
CHIEFTEK PRECISION USA CO., LTD.	94,835	78,093
cpc Europa GmbH	62,220	38,799
	$ 435,221	$ 434,278

C. For more information regarding the subsidiaries of the Company, refer to Note 4(3), 'Basis of consolidation' in the 2023 consolidated financial statements.

D. As of December 31, 2023 and 2022, no investments accounted for under equity method held by the Company were pledged to others.

(6) Property, plant and equipment

At January 1, 2023	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 316,864	$ 623,531	$ 939,145	$ 2,972	$ 17,520	$ 172,327	$ 816,430	$ 2,888,789
Accumulated depreciation	-	(180,793)	(873,414)	(2,048)	(16,707)	(156,459)	-	(1,229,421)
	$ 316,864	$ 442,738	$ 65,731	$ 924	$ 813	$ 15,868	$ 816,430	$ 1,659,368
2023								
At January 1	$ 316,864	$ 442,738	$ 65,731	$ 924	$ 813	$ 15,868	$ 816,430	$ 1,659,368
Additions	-	2,678	5,314	-	1,113	1,592	73,231	83,928
Transferred from prepayments for equipment	-	-	-	-	-	-	51,459	51,459
Transferred after acceptance inspection	-	3,264	12,645	-	-	2,987	(18,896)	-
Depreciation	-	(18,069)	(26,599)	(500)	(707)	(9,105)	-	(54,980)
Disposals－Cost	-	(1,232)	(24,818)	-	(344)	(3,177)	-	(29,571)
－Accumulated depreciation	-	1,232	24,818	-	344	3,177	-	29,571
At December 31	$ 316,864	$ 430,611	$ 57,091	$ 424	$ 1,219	$ 11,342	$ 922,224	$ 1,739,775
At December 31, 2023								
Cost	$ 316,864	$ 628,241	$ 932,286	$ 2,972	$ 18,289	$ 173,729	$ 922,224	$ 2,994,605
Accumulated depreciation	-	(197,630)	(875,195)	(2,548)	(17,070)	(162,387)	-	(1,254,830)
	$ 316,864	$ 430,611	$ 57,091	$ 424	$ 1,219	$ 11,342	$ 922,224	$ 1,739,775

At January 1, 2022	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 316,864	$ 620,372	$ 930,401	$ 4,412	$ 17,104	$ 170,144	$ 659,736	$ 2,719,033
Accumulated depreciation	-	(163,080)	(843,555)	(2,920)	(15,634)	(144,010)	-	(1,169,199)
	$ 316,864	$ 457,292	$ 86,846	$ 1,492	$ 1,470	$ 26,134	$ 659,736	$ 1,549,834
2022								
At January 1	$ 316,864	$ 457,292	$ 86,846	$ 1,492	$ 1,470	$ 26,134	$ 659,736	$ 1,549,834
Additions	-	2,433	8,721	-	471	1,467	116,517	129,609
Transferred from prepayments for equipment	-	-	-	-	-	-	42,409	42,409
Transferred after acceptance inspection	-	726	705	-	-	801	(2,232)	-
Depreciation	-	(17,713)	(30,541)	(568)	(1,128)	(12,534)	-	(62,484)
Disposals－Cost	-	-	(682)	(1,440)	(55)	(85)	-	(2,262)
－Accumulated depreciation	-	-	682	1,440	55	85	-	2,262
At December 31	$ 316,864	$ 442,738	$ 65,731	$ 924	$ 813	$ 15,868	$ 816,430	$ 1,659,368
At December 31, 2022								
Cost	$ 316,864	$ 623,531	$ 939,145	$ 2,972	$ 17,520	$ 172,327	$ 816,430	$ 2,888,789
Accumulated depreciation	-	(180,793)	(873,414)	(2,048)	(16,707)	(156,459)	-	(1,229,421)
	$ 316,864	$ 442,738	$ 65,731	$ 924	$ 813	$ 15,868	$ 816,430	$ 1,659,368

A. Property, plant and equipment of the Company were all for operating purposes as of December 31, 2023 and 2022.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2023	2022
Amount capitalized	$ 13,687	$ 8,416
Interest rates for capitalization	1.76%	1.26%

C. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'Pledged assets'.

(7) Leasing arrangements－lessee

A. The Company leases land in Southern Taiwan Science Park Bureau of the Ministry of Science and Technology. Rental contracts are typically made for a period of 20 years. 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	$ 77,470	$ 123,913

Depreciation charge:

	For the years ended December 31,	
	2023	2022
Land	$ 4,303	$ 6,691

C. For the years ended December 31, 2023 and 2022, there were no additions to right-of-use assets; revaluations to right-of-use assets were ($42,140) and $7,227, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,	
Items affecting profit or loss	2023	2022
Interest expense on lease liabilities	$ 1,517	$ 2,358
Expense on short-term lease contracts	$ 1,831	$ 2,311

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $6,957 and $10,281, respectively.

(8) Intangible assets

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2023						
Cost	$ 685	$ 12,103	$ 11,020	$ 90,718	$ 60,000	$ 174,526
Accumulated amortization	(584)	(5,144)	(10,504)	(27,216)	(13,500)	(56,948)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 101	$ 6,959	$ 516	$ 63,502	$ -	$ 71,078
2023						
Net value at January 1, 2023	$ 101	$ 6,959	$ 516	$ 63,502	$ -	$ 71,078
Additions－acquired separately	-	878	403	-	-	1,281
Amortization	(11)	(755)	(257)	(9,071)	-	(10,094)
Net value at December 31, 2023	$ 90	$ 7,082	$ 662	$ 54,431	$ -	$ 62,265
At December 31, 2023						
Cost	$ 685	$ 12,981	$ 11,423	$ 90,718	$ 60,000	$ 175,807
Accumulated amortization	(595)	(5,899)	(10,761)	(36,287)	(13,500)	(67,042)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 90	$ 7,082	$ 662	$ 54,431	$ -	$ 62,265

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2022						
Cost	$ 578	$ 11,332	$ 10,496	$ 90,718	$ 60,000	$ 173,124
Accumulated amortization	(578)	(4,429)	(10,397)	(18,144)	(13,500)	(47,048)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ -	$ 6,903	$ 99	$ 72,574	$ -	$ 79,576
2022						
Net value at January 1, 2022	$ -	$ 6,903	$ 99	$ 72,574	$ -	$ 79,576
Additions－acquired separately	107	771	524	-	-	1,402
Amortization	(6)	(715)	(107)	(9,072)	-	(9,900)
Net value at December 31, 2022	$ 101	$ 6,959	$ 516	$ 63,502	$ -	$ 71,078
At December 31, 2022						
Cost	$ 685	$ 12,103	$ 11,020	$ 90,718	$ 60,000	$ 174,526
Accumulated amortization	(584)	(5,144)	(10,504)	(27,216)	(13,500)	(56,948)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 101	$ 6,959	$ 516	$ 63,502	$ -	$ 71,078

A. For the years ended December 31, 2023 and 2022, no borrowing costs were capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
General and administrative expenses	$ 23	$ 12
Research and development expenses	10,071	9,888
	$ 10,094	$ 9,900

(9) Short-term borrowings

Nature	December 31, 2023	Interest rate range	Collateral
Bank secured borrowings	$ 30,000	1.81%	Buildings and Structures
Bank unsecured borrowings	335,000	1.35%～1. 88%	None
	$ 365,000		

Nature	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	$ 225,000	0.87%～1.40%	None

For more information about interest expense recognized by the Company for the years ended December 31, 2023 and 2022, refer to Note 6(21), 'Finance costs'.

(10) Other payables

	December 31, 2023	December 31, 2022
Accrued salaries and bonuses	$ 50,786	$ 60,770
Employees' compensation and directors' remuneration payable	13,478	22,500
Equipment payable	4,117	4,405
Miscellaneous payable	3,423	6,422
Others	22,744	28,611
	$ 94,548	$ 122,708

(11) Long-term borrowings

Nature	Expiry date	December 31, 2023	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	May 15, 2027～ August 25, 2028	$ 465,209	1.73%～ 1.84%	Land, buildings and structures
Unsecured borrowings	February 25, 2025～ May 15, 2027	256,458	1.84%～ 1.90%	None
		721,667		
Less: Current portion		(78,472)		
		$ 643,195		

Nature	Expiry date	December 31, 2022	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	March 20, 2025～ November 29, 2027	$ 486,250	1.48%～ 1.96%	Land, buildings and structures
Unsecured borrowings	February 25, 2025～ May 15, 2027	210,000	1.71%～ 1.81%	None
		696,250		
Less: Current portion		(137,778)		
		$ 558,472		

For more information about interest expense recognized by the Company for the years ended December 31, 2023 and 2022, refer to Note 6(21),'Finance cost'.

(12) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 16,184)	($ 12,731)
Fair value of plan assets	7,248	6,786
Net defined benefit liability	($ 8,936)	($ 5,945)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 12,731)	$ 6,786	($ 5,945)
Interest (expense) income	(165)	88	(77)
	(12,896)	6,874	(6,022)
Remeasurements:			
Return on plan assets	-	25	25
Change in financial assumptions	(75)	-	(75)
Experience adjustments	(3,213)	-	(3,213)
	(3,288)	25	(3,263)
Pension fund contribution	-	349	349
Balance at December 31	($ 16,184)	$ 7,248	($ 8,936)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	($ 13,487)	$ 6,006	($ 7,481)
Interest (expense) income	(94)	42	(52)
	(13,581)	6,048	(7,533)
Remeasurements:			
Return on plan assets	-	441	441
Change in financial assumptions	547	-	547
Experience adjustments	303	-	303
	850	441	1,291
Pension fund contribution	-	297	297
Balance at December 31	($ 12,731)	$ 6,786	($ 5,945)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	3.25%	3.25%

Assumptions regarding future mortality experience are both set based on actuarial advice in accordance with Taiwan Life Insurance 6th Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 185)	$ 192	$ 168	($ 162)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 212)	$ 221	$ 198	($ 191)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once.The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $360.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	8,735
2-5 years		3,221
Over 6 years		5,224
	$	17,180

B. Effective July 1, 2005, the Company 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 Company 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. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $11,724 and $15,870, respectively.

(13) Share capital

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

	For the years ended December 31,	
	2023	2022
Balance at beginning of year	87,262	80,743
Stock dividends	-	8,074
Treasury stocks tansferred to employees	-	445
Purchase of treasury stocks	-	(2,000)
Balance at end of year	87,262	87,262

B. On May 27, 2022, the Company's stockholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $80,743 and obtained approval from the SFC. The effective date of capitalization was set on September 4, 2022.

C. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows (in thousands of shares):

Reason for reacquisition	For the year ended December 31, 2023 Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	2,000	-	-	2,000

Reason for reacquisition	For the year ended December 31, 2022 Shares at beginning of year	Increase	Decrease	Shares at end of year
To be reissued to employees	445	2,000	(445)	2,000

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. For the year ended December 31, 2022, treasury stocks purchased by the Company amounted to $147,570 (2,000 thousand shares).

As of December 31, 2023 and 2022, the treasury shares both amounted to $147,570.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 year period are to be retired.

(e) For the year ended December 31, 2022, the Company transferred treasury stocks to employees amounting to $26,550 (445 thousand shares). The proceeds amounting to $26,550 (net of related securities transaction tax amounting to $26,470) and the difference of $80 were recognized as deduction from capital surplus.

D. As of December 31, 2023, the Company's authorized capital was $1,500,000 (including $30,000 reserved for employee stock options), and the paid-in capital was $892,619 (89,262 thousand shares) with par value of $10 (in dollars) per share.

(14) Share-based payment

For the year ended December 31, 2022, the recognized compensation cost of treasury stock transferred to employees was $5,534. The related details were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stocks transferred to employees	September 21, 2022	445	—	Vested immediately

There was no such situation for the year ended December 31, 2023.

(15) Capital reserve

For the year ended December 31, 2023	Share premium	Treasury share transactions	Others	Total
Balances at beginning and end of year	$ 440,553	$ 5,454	$ 114	$ 446,121

For the year ended December 31, 2022	Share premium	Treasury share transactions	Employee stock options	Others	Total
Balances at beginning of year	$ 440,553	$ -	$ -	$ 114	$ 440,667
Compensation cost recognized for transfer of treasury stocks	-	-	5,534	-	5,534
Treasury stocks transferred to employees	-	5,454	(5,534)	-	(80)
Balances at end of year	$ 440,553	$ 5,454	$ -	$ 114	$ 446,121

Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.

B. According to the Company’s Articles of Incorporation, the Company’s dividend policy is to distribute the current year’s earnings, if any, in the following order:

(1) pay all taxes and dues;

(2) offset any loss of prior years;

(3) set aside 10% as legal reserve;

(4) set aside or reverse special reserve as required by regulations or the Competent Authority;

(5) The appropriation of the remaining amount after deducting items (1) to (4), along with the unappropriated retained earnings of prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the shareholders' meeting. However, the distribution of dividends shall not be lower than 20% of the current year's profit after deducting items (1) to (4). In order to continually expand the scale of operations, increase competitiveness and support the Company's long-term development plans, future capital requirements and long-term financial plan, the Company's dividend policy is to distribute stock dividends and partially as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The Board of Directors of the Company shall adopt a resolution by a majority of more than two-thirds of the directors present to distribute whole or a part of the distributable dividends, bonuses, capital reserves or legal reserve in the form of cash, and report to the shareholders during their meetings. The above is not subject to provisions that require shareholders' approval.

C. 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. As of December 31, 2022, pursuant to the regulations for the deduction amount to stockholders' equity from other equity items, the Company has set aside special reserve of $24,491, which cannot be distributed to shareholders.

D. The Company recognized cash dividends distributed to owners amounting to $174,524 ($2.0 (in dollars) per share) and $121,114 ($1.5 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On May 27, 2022, the Company's stockholders resolved the distribution of stock dividends from 2021 earnings in the amount of $80,743 ($1.0 (in dollars) per share). On February 26, 2024, the Board of Directors proposed the distribution of cash dividends from 2023 earnings in the amount of $69,809 ($0.8 (in dollars) per share).

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

2023	Germany	China	Taiwan	USA	Others	Total
Revenue from external customer contracts	$205,830	$146,030	$116,162	$ 91,028	$236,932	$ 795,982
Timing of revenue						
－At a point in time	$205,830	$146,030	$116,162	$ 91,028	$236,932	$ 795,982

2022	Germany	China	Taiwan	USA	Others	Total
Revenue from external customer contracts	$404,268	$282,090	$188,425	$125,593	$418,367	$1,418,743
Timing of revenue						
－At a point in time	$404,268	$282,090	$188,425	$125,593	$418,367	$1,418,743

B. Contract liabilities

(a) The Company has recognized revenue-related contract liabilities related to the contract revenue of $133, $153 and $1,741 on December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

(b) The revenue recognized that were included in the contract liability balance at the beginning of 2023 and 2022 amounted to $133 and $1,213 for the years ended December 31, 2023 and 2022, respectively.

(18) Interest income

	For the years ended December 31,	
		(Adjusted)
	2023	2022
Interest income from bank deposits	$ 5,141	$ 1,183
Interest income from financial assets measured at amortized cost	133	55
Other interest income	15	9
	$ 5,289	$ 1,247

(Note) The detailed classification of Company's interest income was adjusted in accordance with the regulations of the Financial Supervisory Commission FAQ, and related information is provided in Note 6(2), 'Financial assets at amortized cost - current'.

(19) Other income

	For the years ended December 31,	
	2023	2022
Government grants income	$ 40	$ 125
Other income－others	2,251	1,278
	$ 2,291	$ 1,403

(20) Other gains and losses

	For the years ended December 31,	
	2023	2022
Currency exchange gain	$ 20,371	$ 70,997
Gain on disposal of property, plant, and equipment	-	19
	$ 20,371	$ 71,016

(21) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Interest expense on bank borrowings	$ 19,415	$ 11,582
Interest expense on lease liabilities	1,517	2,358
Less: Capitalization of qualifying assets	(13,687)	(8,416)
	$ 7,245	$ 5,524

(22) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 191,835	$ 102,784	$ 294,619
Depreciation	40,308	18,975	59,283
Amortization	-	10,094	10,094
	$ 232,143	$ 131,853	$ 363,996

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 317,592	$ 95,851	$ 413,443
Depreciation	48,109	21,066	69,175
Amortization	-	9,900	9,900
	$ 365,701	$ 126,817	$ 492,518

(23) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 153,617	$ 87,762	$ 241,379
Labor and health insurance expense	22,216	6,449	28,665
Pension costs	8,659	3,142	11,801
Directors' remuneration	-	3,302	3,302
Other personnel expenses	7,343	2,129	9,472
	$ 191,835	$ 102,784	$ 294,619

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 267,689	$ 73,638	$ 341,327
Employee compensation cost	249	5,285	5,534
Labor and health insurance expense	28,192	6,702	34,894
Pension costs	12,678	3,244	15,922
Directors' remuneration	-	4,720	4,720
Other personnel expenses	8,784	2,262	11,046
	$ 317,592	$ 95,851	$ 413,443

A. As of December 31, 2023 and 2022, the Company had 405 and 457 employees, among these, 7 and 6 directors were not full-time employees, respectively.

B. The average employee benefit expense for the years ended December 31, 2023 and 2022 were $732 and $906, respectively. The average wages and salaries for the years ended December 31, 2023 and 2022 were $606 and $769, respectively with a decrease of 21%.

C. Remuneration policies, standards and packages, procedures of determining remuneration, and the relevance between the Company's operating performance and future risk exposure:

(a) The Company's remuneration to the directors is examined and reviewed by the Remuneration Committee. The committee makes recommendations for the board discussions. The resolution made the Board will be based on the individual's degree of participation in and contribution to the Company's daily operations, as well as the industry's standard.

(b) The Company has set up related guidelines in appointment, termination, and remuneration of general manager and vice general managers. The standard of remuneration is aligned with the key performance indicators scheme set by human resource department of the Company. Before the rewarding principle being approved by the Board, individual's performance and contribution to overall business operation, as well as the peer industry norm are put into consideration by the Remuneration Committee.

(c) Employees' reward policy:

i. As there is a positive correlation between the Company's operating capacity and the employees' personal ability, contribution and individual performance, and future risks are considered and controlled, the correlation between the employees' compensation policy and future risks is low.

ii. The total salaries primarily consist of fixed wages, short-term rewards, such as performance bonus, employees' compensation, etc., and long-term rewards, such as employee stock options, treasury stock transfer, etc.

iii. According to the Articles of Incorporation, the Company should appropriate 3% to 15% of net profits of the year for employees' compensation.

D. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3% to 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

E. For the years ended December 31, 2023 and 2022, the Company's employees' compensation were $11,048 and $18,500, respectively; while directors' remuneration were $2,430 and $4,000, respectively. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company.

The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were $18,500 and $4,000, respectively. The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were equal to the amounts recognized in the 2022 financial statements. The employees' compensation and directors' remuneration as resolved by the Board of Directors on February 2, 2024 were $11,048 and $2,430, respectively. The employees' compensation will be distributed in the form of cash.

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

(24) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31, 2023	2022
Current income tax:		
Income tax incurred in current year	$ 25,966	$ 69,580
Tax on unappropriated earnings	3,732	-
Prior year's income tax under (over) estimation	6,491	(1,530)
Total current income tax	36,189	68,050
Deferred income tax:		
Origination and reversal of temporary differences	(5,421)	(2,695)
Income tax expense	$ 30,768	$ 65,355

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31, 2023	2022
Remeasurement of defined benefit obligations	($ 653)	$ 258

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 25,762	$ 82,428
Effect of items exempt by tax regulation	(44)	(8,976)
Effect from investment tax credits	(5,173)	(6,567)
Tax on unappropriated earnings	3,732	-
Prior year's income tax under (over) estimation	6,491	(1,530)
Income tax expense	$ 30,768	$ 65,355

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

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Loss on inventory market value decline	$ 7,757	$ 2,464	$ -	$ 10,221
Unused compensated absences	4,058	(239)	-	3,819
Unrealized gain on inter affiliates	18,324	(1,255)	-	17,069
Pensions	1,919	-	653	2,572
Unrealized loss on foreign currency exchange	-	1,286	-	1,286
	$ 32,058	$ 2,256	$ 653	$ 34,967
Deferred tax liabilities:				
Investment (income) loss	($ 23,763)	$ 953	$ -	($ 22,810)
Depreciation	(1,746)	51	-	(1,695)
Unrealized gain on foreign currency exchange	(2,161)	2,161	-	-
	($ 27,670)	$ 3,165	$ -	($ 24,505)
	$ 4,388	$ 5,421	$ 653	$ 10,462

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Loss on inventory market value decline	$ 7,027	$ 730	$ -	$ 7,757
Unused compensated absences	3,396	662	-	4,058
Unrealized gain on inter affiliates	50	18,274	-	18,324
Pensions	2,177	-	(258)	1,919
Unrealized loss on foreign currency exchange	269	(269)	-	-
	$ 12,919	$ 19,397	($ 258)	$ 32,058
Deferred tax liabilities:				
Investment (income) loss	($ 9,170)	($ 14,593)	$ -	($ 23,763)
Depreciation	(1,798)	52	-	(1,746)
Unrealized gain on foreign currency exchange	-	(2,161)	-	(2,161)
	($ 10,968)	($ 16,702)	$ -	($ 27,670)
	$ 1,951	$ 2,695	($ 258)	$ 4,388

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of February 26, 2024.

(25) Earnings per share ("EPS")

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 98,042	87,262	$ 1.12
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 98,042	87,262	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	185	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 98,042	87,447	$ 1.12

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 346,787	88,735	$ 3.91
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 346,787	88,735	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	283	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 346,787	89,018	$ 3.90

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the years ended December 31, 2023	2022
Purchase of property, plant and equipment	$ 83,928	$ 129,609
Add: Opening balance of notes payable	22,828	35,637
Opening balance of payable for equipment	4,405	15,207
Less: Ending balance of notes payable	(1,487)	(22,828)
Ending balance of payable for equipment	(4,117)	(4,405)
Capitalization for interest	(13,687)	(8,416)
Cash paid during the year	$ 91,870	$ 144,804

B. Investing activities with no cash flow effects

	For the years ended December 31, 2023	2022
Prepayments for equipment reclassified to property, plant and equipment	$ 51,459	$ 42,409

(27) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2023	$ 225,000	$ 128,201	$ 696,250	$ 1,049,451
Changes in cash flow from financing activities	140,000	(3,609)	25,417	161,808
Revaluations	-	(42,140)	-	(42,140)
At December 31, 2023	$ 365,000	$ 82,452	$ 721,667	$ 1,169,119

	Short-term borrowings	Lease liabilities	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2022	$ 230,000	$ 126,586	$ 622,424	$ 979,010
Changes in cash flow from financing activities	(5,000)	(5,612)	73,826	63,214
Revaluations	-	7,227	-	7,227
At December 31, 2022	$ 225,000	$ 128,201	$ 696,250	$ 1,049,451

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
cpc Europa GmbH	A subsidiary of the Company
CHIEFTEK PRECISION USA CO., LTD.	A subsidiary of the Company
Chieftek Machinery (Kunshan) Co., Ltd.	A subsidiary of the Company

(2) Key management compensation

A. Sales of goods and services

	For the years ended December 31,	
	2023	2022
cpc Europa GmbH	$ 205,830	$ 404,268
Chieftek Machinery (Kunshan) Co., Ltd.	115,799	220,382
CHIEFTEK PRECISION USA CO., LTD.	91,028	125,593
	$ 412,657	$ 750,243

Prices of goods sold to related parties are determined based on mutual agreement at each time, and the credit term is 180 days after monthly-closing, T/T. For third parties, the credit terms ranged from 30 to 180 days after monthly-closing.

B. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
cpc Europa GmbH	$ 41,613	$ 186,188
CHIEFTEK PRECISION USA CO., LTD.	17,054	24,449
Chieftek Machinery (Kunshan) Co., Ltd.	6,093	102,865
	$ 64,760	$ 313,502
Other receivables:		
CHIEFTEK PRECISION USA CO., LTD.	$ -	$ 61

The receivables from related parties arise mainly from sale transactions.

The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

C. Other payables

	December 31, 2023	December 31, 2022
cpc Europa GmbH	$ -	$ 1,611

D. Endorsements and guarantees

Endorsement and guarantee by the Company to subsidiaries are as follows:

	Nature	December 31, 2023	December 31, 2022
cpc Europa GmbH	Financial guarantee	$ 186,890	$ -

As of December 31, 2023 and 2022, the actual amount guaranteed by the Company to the subsidiaries was $122,328 and $－, respectively.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$ 19,159	$ 16,645

8. PLEDGED ASSETS

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

	Book value		
Asset pledged	December 31, 2023	December 31, 2022	Purpose of collateral
Restricted time deposits (Note 1)	$ 8,700	$ 8,700	Performance guarantee
Land (Note 2)	316,864	316,864	Guarantee for long-term borrowings
Buildings and structures-net (Note 2)	412,884	424,041	Guarantee for long and short-term borrowings
	$ 738,448	$ 749,605	

(Note 1) Listed as 'Financial assets at amortized cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) For the details of endorsements and guarantees provided by the Company to subsidiaries, refer to Note 7(2) D. 'Endorsements and guarantees'.

(2) As of December 31, 2023 and 2022, the Company's remaining balance due for construction in progress and prepayments for equipment were $164,838 and $208,203, respectively.

(3) On February 19, 2020, the Company entered into a mid-term secured syndicated loan contract for a credit line facility of $2,900,000 with 11 financial institutions including Mega International Commercial Bank Co., Ltd. The credit term is 7 years. Under the terms of the syndicated loan, the Company agrees that:

A. The financial ratios stated in the Company's semi-annual reviewed financial statements and annual audited financial statements shall meet the following financial ratios which will be assessed semi-annually:

(a) Current ratio (current assets/current liabilities): At least 100%.

(b) Liability ratio (total liabilities/net equity): Less than 220% in 2020; less than 200% in 2021 and 2022; less than 180% from 2023.

(c) Tangible net value (shareholders' equity less intangible assets): At least $1,000,000.

B. If the Company violates the above financial covenants, the Company should improve within 9 months after the fiscal year or half fiscal year. It will not be considered to default, if the audited or reviewed financial rates comply with the covenants after the improvement period. During the improvement period, the credit line which has not been withdrawn will be frozen, until the financial covenants are met. In addition, for withdrawn credit, its financing rate shall be increased by an additional 0.125% per annum from the date after the notification by the management bank to the date after the completion of improvement.

As of December 31, 2023, the Company has not violated any of the above covenants.

(4) For the details of operating lease agreements, refer to Note 6(7), ‘Leasing arrangements－lessee’.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the level of debt.

(2) Financial instruments

A. Details of the Company’s financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

(i) The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to USD, EUR and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

(ii) Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury.

(iii) The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Company does not hedged the investments.

(iv) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 12,307	30.705	$ 377,896
JPY:NTD	126,745	0.2172	27,529
EUR:NTD	2,762	33.98	93,838
Investments accounted for under equity method			
USD:NTD	12,148	30.705	373,001
EUR:NTD	1,831	33.98	62,220
Financial liabilities			
Monetary items			
EUR:NTD	313	33.98	10,760

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 16,080	30.71	$ 493,815
JPY:NTD	31,630	0.2324	7,351
EUR:NTD	8,323	32.72	272,344
Investments accounted for under equity method			
USD:NTD	12,878	30.71	395,479
EUR:NTD	1,186	32.72	38,799
Financial liabilities			
Monetary items			
JPY:NTD	5,187	0.2324	1,205
EUR:NTD	850	32.72	28,022

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other factors remaining constant, the Company's net profit after tax for the years ended December 31, 2023 and 2022 would increase/decrease by $3,908 and $6,010, respectively.

(v) The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to $20,371 and $70,997, respectively.

II. Price risk

The Company did not engage in any financial instruments with price variations, thus, the Company does not expect market risk arising from variations in the market prices.

III. Cash flow and fair value interest rate risk

(i) The Company's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in NTD.

(ii) The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $1,553 and $927, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company 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 based on the agreed terms.

II. According to the Company's credit policy, each local entity in the Company 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. The utilization of credit limits is regularly monitored.

III. The Company manages its credit risk, whereby if the contract payments are past due based on the terms, there has been a significant increase in credit risk on that instrument. If the contract payment were past due over certain number of days based on the terms, the default has occurred.

IV. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2023 and 2022, the Company's written-off financial assets that are still under recourse procedures both amounted to $42.

V. The Company classifies customers' accounts receivable in accordance with the credit rating of customers and credit risk on trade. The Company applies the simplified approach using the provision matrix and the forecast ability to adjust historical and timely information to estimate expected credit loss. For the years ended December 31, 2023 and 2022, the Company's expected credit loss ranges from 0.03% to 5% and 0.03% to 2%, respectively; while loss allowance for accounts receivable amounted to $819 and $868, respectively.

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

	For the years ended December 31,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 868	$ 833
(Reversal of) provision for impairment	(49)	35
At December 31	$ 819	$ 868

(c) Liquidity risk

I. Cash flow forecasting is performed in Finance division of the Company. Finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Company is expected to readily generate cash inflows for managing liquidity risk.

III. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 864,050	$ 875,000
Expiring beyond one year	2,460,000	2,620,000
	$ 3,324,050	$ 3,495,000

IV. The table below analyzes the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		More than 5 years
Non-derivative financial liabilities:								
Short-term borrowings	$	366,915	$	-	$	-	$	-
Notes payable		41,913		-		-		-
Accounts payable		17,972		-		-		-
Other payables		94,548		-		-		-
Lease liabilities		5,126		5,126		15,378		71,760
Long-term borrowings (including current portion)		90,102		277,915		377,874		-

December 31, 2022		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		More than 5 years
Non-derivative financial liabilities:								
Short-term borrowings	$	226,413	$	-	$	-	$	-
Notes payable		160,497		-		-		-
Accounts payable		46,513		-		-		-
Other payables		122,708		-		-		-
Lease liabilities		7,970		7,970		23,909		111,576
Long-term borrowings (including current portion)		148,111		214,449		357,869		-

V. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. As of December 31, 2023 and 2022, the Company had no fair value financial instruments.

B. Financial instruments not measured at fair value

The carrying amount of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion)) are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information related to the year ended December 31, 2023 is disclosed.)

(1) Significant transactions information

A. Loans to others: None

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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: Refer to table 2.

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: Refer to table 3.

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 period: None.

J. Significant inter-company transactions during the reporting period: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash on hand		$ 1,263
Checking Deposits		7,725
Demand Deposits－New Taiwan dollar		246,957
－Foreign Currency	Including USD9,538 thousand @30.705, JPY118,151 thousand @0.2172 and EUR1,462 thousand @33.98	368,223
		$ 624,168

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CHIEFTEK PRECISION CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Footnote
Company A	Accounts receivable	$ 28,971	—
Company B	〃	14,228	—
Company C	〃	9,079	—
Company D	〃	6,833	—
Company E	〃	5,244	—
Others (Note)	〃	38,739	—
		103,094	
Less: Allowance for doubtful accounts		(819)	—
		$ 102,275	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE-RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Footnote
cpc Europa GmbH	Accounts receivable	$ 41,613	—
CHIEFTEK PRECISION USA CO., LTD.	〃	17,054	—
Cheiftek Machinery (Kunshan) Co., Ltd.	〃	6,093	—
		$ 64,760	

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Footnote
	Cost	Net Realizable Value	
Raw materials	$ 46,872	$ 45,516	(Note)
Supplies	70,490	82,062	〃
Work in progress	315,628	379,517	〃
Finished goods	119,402	167,840	〃
	552,392	$ 674,935	
Less: Allowance for inventory valuation losses	(51,104)		
	$ 501,288		

Note: Refer to Note 4(10) ‘Inventories’ of parent company only financial statements for the way the Company determines net realizable value of inventories.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Prepaid input tax	—	$ 39,420	—
Other prepaid expense	—	7,428	—
Prepayment for purchases	—	7,174	—
Others (Note)	—	2,052	—
		$ 56,074	

Note: The amount of individual expense included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Balance as of January 1, 2023		Additions		Decreases		Balance as of December 31, 2023			Market price or Equity of subsidiaries and Associates			
Name	Number of shares (thousands of shares)	Amount	Number of shares (thousands of shares)	Amount	Number of shares (thousands of shares)	Amount	Number of shares (thousands of shares)	Percentage of ownership	Amount	Unit Price (NTD)	Total price	Collateral	Footnote
CHIEFTEK PRECISION HOLDING CO., LTD.	5,100	$ 205,729	-	$ 3,541	-	($ 43,936)	5,100	100%	$ 165,334	$ -	$ 165,334	None	—
CHIEFTEK PRECISION INTERNATIONAL LLC	-	111,657	-	1,211	-	(36)	-	100%	112,832	-	112,832	〃	—
CHIEFTEK PRECISION USA CO.,LTD	1,660	78,093	-	16,900	-	(158)	1,660	100%	94,835	-	94,835	〃	—
cpc Europa GmbH	-	38,799	-	23,421	-	-	-	100%	62,220	-	62,220	〃	—
	6,760	$ 434,278	-	$ 45,073	-	($ 44,130)	6,760		$ 435,221		$ 435,221		

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) ‘Property, plant and equipment’ of parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) ‘Property, plant and equipment’ of parent company only financial statements for the change in accumulated depreciation of property, plant and equipment.
Refer to Note 4(12) ‘Property, plant and equipment’ of parent company only financial statements for the depreciation method and useful lives of the assets.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS-COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2023	Remeasurement of Lease Liabilities	Balance as of December 31, 2023	Footnote
Land	$ 148,972	($ 42,140)	$ 106,832	—

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSESTS-ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2023	Depreciation	Balance as of December 31, 2023	Footnote
Land	$ 25,059	$ 4,303	$ 29,362	—

<u>CHIEFTEK PRECISION CO., LTD.</u>
<u>STATEMENT OF CHANGES IN INTANGIBLE ASSETS</u>
<u>FOR THE YEAR ENDED DECEMBER 31, 2023</u>
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) ‘Intangible assets’ of parent company only financial statements for the change in cost and accumulated amortization of intangible assets.

Refer to Note 4(14) ‘Intangible assets’ of parent company only financial statements for the amortization method and useful lives of the assets.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Nature	Description	December 31, 2023	Period of contract	Interest rate	Loan Commitments	Collateral	Footnote
Unsecured borrowings	Citibank Taiwan	$ 145,000	2023.12.5~2024.4.3	1.37%-1.49%	$ 145,000	None	—
〃	The Export-Import Bank of the Republic of China	80,000	2023.10.3~2024.10.3	1.35%-1.88%	150,000	〃	—
〃	Yuanta Commercial Bank	60,000	2023.11.8~2024.2.6	1.60%	100,000	〃	—
〃	E.SUN Commercial Bank	50,000	2023.12.1~2024.2.29	1.58%	80,000	〃	—
Secured loan	Cathay United Commercial Bank	30,000	2023.11.29~2024.5.27	1.81%	100,000	Buildings and Structures	—
		$ 365,000					

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Vendor Name	Description	Amount	Footnote
Company F	Notes payable	$ 5,448	—
Others (Note)	〃	36,465	—
		$ 41,913	

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) ‘Other payables’ of parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF LONG-TERM LIABILITIES, CURRENT PORTION
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan amount	Period of contract	Rate	Collateral	Footnote
Taipei Fubon Commercial Bank	Secured loan	$ 6,250	2023.8.25~2028.8.25	1.84%	Buildings and Structures	—
Cathay United Commercial Bank	〃	22,222	2022.11.29~2027.11.29	1.73%	〃	—
Taipei Fubon Commercial Bank	Unsecured borrowings	50,000	2022.8.25~2025.2.25	1.90%	None	—
		$ 78,472				

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan amount	Period of contract	Rate	Collateral	Footnote
Mega International Commercial Bank	Secured borrowings	$ 30,429	2020.5.15~2027.5.15	1.84%	Land and buildings and structures	Signed joint loan contracts with eleven financial institutions including Mega International Commercial Bank. With Mega International Commercial Bank as the management bank, it is divided into A, B, C and D. Program A and B are secured borrowings. The Company started borrowing with program B since 2020.5.15.The first three years is a grace period, and the first repayment date is 2023.6.15. The loan is repayable quarterly in 48 installments.
Chang Hwa Bank	〃	20,287	〃	〃	〃	
Taipei Fubon Commercial Bank	〃	20,287	〃	〃	〃	
First Commercial Bank	〃	15,215	〃	〃	〃	
Cathay United Commercial Bank	〃	15,215	〃	〃	〃	
Bank of Taiwan	〃	8,868	〃	〃	〃	
Hua Nan Bank	〃	10,143	〃	〃	〃	
Shanghai Commercial & Savings Banl	〃	10,143	〃	〃	〃	
Yuanta Commercial Bank	〃	10,143	〃	〃	〃	
E.SUN Commercial Bank	〃	10,143	〃	〃	〃	
DBS Bank	〃	10,143	〃	〃	〃	
Mega International Commercial Bank	Secured borrowings	22,422	2021.12.15~2027.5.15	1.84%	Land and buildings and structures	Signed joint loan contracts with eleven financial institutions including Mega International Commercial Bank. With Mega International Commercial Bank as the management bank, it is divided into A, B, C and D. Program C and D are unsecured borrowings. The Company started borrowing with program C since 2020.5.15. The first three years is a grace period, the Compamy increased borrowing with Program B since 2021.12.15, and the first repayment date is 2023.6.15. The loan is repayable quarterly in 48 installments.
Chang Hwa Bank	〃	14,948	〃	〃	〃	
Taipei Fubon Commercial Bank	〃	14,948	〃	〃	〃	
First Commercial Bank	〃	11,211	〃	〃	〃	
Cathay United Commercial Bank	〃	11,211	〃	〃	〃	
Bank of Taiwan	〃	8,750	〃	〃	〃	
Hua Nan Bank	〃	7,474	〃	〃	〃	
Shanghai Commercial & Savings Banl	〃	7,474	〃	〃	〃	
Yuanta Commercial Bank	〃	7,474	〃	〃	〃	
E.SUN Commercial Bank	〃	7,474	〃	〃	〃	
DBS Bank	〃	7,474	〃	〃	〃	

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS (Cont.)
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan amount	Period of contract	Rate	Collateral	Footnote
Mega International Commercial Bank	Unsecured borrowings	$ 17,616	2020.5.15~2027.5.15	1.84%	None	Signed joint loan contracts with eleven financial institutions including Mega International Commercial Bank. With Mega International Commercial Bank as the management bank, it is divided into A, B, C and D. Program A and B are secured borrowings. The Company started borrowing with program B since 2020.5.15.The first three years is a grace period, and the first repayment date is 2023.6.15. The loan is repayable quarterly in 48 installments.
Chang Hwa Bank	〃	11,746	〃	〃	〃	
Taipei Fubon Commercial Bank	〃	11,746	〃	〃	〃	
First Commercial Bank	〃	8,809	〃	〃	〃	
Cathay United Commercial Bank	〃	8,809	〃	〃	〃	
Bank of Taiwan	〃	5,872	〃	〃	〃	
Hua Nan Bank	〃	5,872	〃	〃	〃	
Shanghai Commercial & Savings Banl	〃	5,872	〃	〃	〃	
Yuanta Commercial Bank	〃	5,872	〃	〃	〃	
E.SUN Commercial Bank	〃	5,872	〃	〃	〃	
DBS Bank	〃	5,872	〃	〃	〃	
Taipei Fubon Commercial Bank	Secured borrowings	100,000	2023.8.25~2028.8.25	1.84%	Buildings and structures	The first repayment date is 12 months after the first drawdown date, and after that, the loan is repayable quarterly in 16 installments.
Cathay United Commercial Bank	〃	83,333	2022.11.29~2027.11.29	1.73%	〃	The first repayment date is 12 months after the first drawdown date, and after that, the loan is repayable quarterly in 18 installments.
Taipei Fubon Commercial Bank	Unsecured borrowings	62,500	2022.8.25~2025.2.25	1.90%	None	The first repayment date is 6 months after the first drawdown date, and after that, the loan is repayable quarterly in 8 installments.
CTBC Bank	〃	100,000	2023.12.28~2025.12.26	1.89%	〃	Bullet repayment.
		721,667				
	Less：Current portion	(78,472)				
		$ 643,195				

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Lease period	Discount rate	Balance as of December 31, 2023	Footnote
Land	—	2005.11.25~2042.12.31	1.80%	$ 82,452	—
			Less：Current portion	(3,674)	
				$ 78,778	

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount: Subtotal	Amount: Total	Footnote
Sales:				
Linear guide	459	$ 742,448		—
Others		54,750		—
Sales			$ 797,198	—
Less: Sales returns			(1,214)	—
Sales discounts and allowances			(2)	—
Sales revenue, net			$ 795,982	

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Amount
Raw materials at January 1, 2023	$ 68,489
Add: Raw materials purchased	84,442
Less: Transferred to expenses	(64)
Sale of raw materials	(30)
Indemnities	(30)
Raw materials at December 31, 2023	(46,872)
Raw materials during the year	105,935
Supplies at January 1, 2023	88,881
Add: Supplies purchased	48,965
Gain on physical count of supplies	43
Less: Transferred to expenses	(2,445)
Sale of supplies	(5,090)
Supplies at December 31, 2023	(70,490)
Supplies used during the year	59,864
Direct labor	130,562
Manufacturing overhead	280,380
Manufacturing cost	576,741
Work in progress at January 1, 2023	235,274
Add: Work in progress purchased	12,946
Gain on physical count of work in progress	66
Less: Transferred to expenses	(903)
Sale of work in progress	(356)
Indemnities	(306)
Work in progress at December 31, 2023	(315,628)
Cost of finished goods	507,834

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF OPERATING COSTS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Amount
Finished goods at January 1, 2023	$ 123,438
Add: Finished goods purchased	593
Gains on physical count of finished goods	99
Less: Transferred to expenses	(2,867)
Indemnities	(9)
Finished goods at December 31, 2023	(119,402)
Cost of production and marketing	509,686
Sale of cost of supplies	5,476
Cost of goods sold	515,162
Allowance for inventory market price decline	12,319
Gain on physical count of inventory	(208)
Revenue from sale of scrap	(612)
Operating costs	$ 526,661

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 31,714	—
Utilities expense	—	26,063	—
Insurance expense	—	23,009	—
Depreciation	—	40,308	—
Miscellaneous purchase expense	—	47,044	—
Processing fee	—	85,164	—
Others (Note)	—	27,078	—
		$ 280,380	

Note: The amount of individual expense included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 15,986	—
Freight	—	2,505	—
Advertisement expense	—	8,904	—
Others (Note)	—	9,608	—
		$ 37,003	

Note: The amount of individual expense included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 39,449	—
Tax	—	5,070	—
Depreciation	—	6,689	—
Professional service fee	—	4,693	—
Others (Note)	—	34,069	—
		$ 89,970	

Note: The amount of individual expense included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 35,469	—
Depreciation	—	11,196	—
Amortization	—	10,071	—
Research material expense	—	3,752	—
Others (Note)	—	12,004	—
		$ 72,492	

Note: The amount of individual expense included in others does not exceed 5% of the account balance.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(20) ‘Other gains and losses’ of parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(22) ‘Expense by nature’ and Note 6(23) ‘Employee benefit expense’ of parent company only financial statements.

CHIEFTEK PRECISION CO., LTD.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	$ 468,714	$ 190,905	$ 186,890	$ 122,328	$ -	8%	$ 1,171,784	Y	N	N	—

(Note 1) The numbers filled in for the endorsements/gurantees provided by the Company or subsidiaries are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

(Note 2) The following code respresents the relationship with the Company:
(1) The Company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) (1) The limit of total amount of endorsements/guarantees is 50% of the Company’s net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees for a single party is 20% of the Company’s net worth of the latest financial statements. Between companies whose voting shares are held by the Company directly and indirectly more than 90%, an endorsement guarantee may be made and its amount shall not exceed 10% of the Company’s net worth of the latest financial statements. However, this does not apply to inter-company endorsement guarantees where the Company directly or indirectly holds 100% of the voting shares.
(2) For any endorsements or gurantees provided by the Company due to business dealings, except for the abovementioned limit, the amount of endorsements or gurantees shall be limited to the business dealing amount of the most recent year. The amount is product purchase or sale amount between the entities, whichever is higher.
(3) Between companies whose voting shares are 100% held by the Company directly and indirectly, and the limit of total amount of endorsements/guarantees is 50% of the company’s, who provide endorsement guarantee, net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees to a single party is 20% of the company’s, who provide endorsement guarantee, net worth of the latest financial statements.
(4) The limit of total amount of endorsements/guarantees provided by the Company and subsidiaries is 50% of the Company’s net worth of the latest financial statements, and the limt of total amount of endorsements/guarantees provided by the Company and subsidiaries to a single party is 20% of the Company' s net worth of the latest financial statements.

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.705) as at December 31, 2023.

CHIEFTEK PRECISION CO., LTD.

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHIEFTEK PRECISION CO., LTD.	Sugu new factory construcion phase II	May 17, 2019	$ 467,579	$ 467,579	Hong Sheng Construction Corp.	–	–	–	–	$ -	Negotiation	Building for operation use Completed and awaiting acceptance	–

CHIEFTEK PRECISION CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

			Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Subsidiary	(Sales)	($ 205,830)	(26%)	(Note 1)	$ -	(Note 2)	$ 41,613	24%	—
	Chieftek Machinery (Kunshan) Co., Ltd.	Subsidiary	(Sales)	(115,799)	(15%)	(Note 1)	-	(Note 2)	6,093	4%	—
cpc Europa GmbH	CHIEFTEK PRECISION CO., LTD.	The Company	Purchases	205,830	90%	(Note 1)	-	(Note 3)	(41,613)	(100%)	—
Chieftek Machinery (Kunshan) Co., Ltd.	CHIEFTEK PRECISION CO., LTD.	The Company	Purchases	115,799	100%	(Note 1)	-	(Note 3)	(6,093)	(100%)	—

(Note 1) 180 days after monthly-closing, T/T.
(Note 2) The Company's collection terms to third parties are 30 to 180 days after monthly statements.
(Note 3) The Company's payment terms to third parties are 30 to 60 days after monthly statements.

CHIEFTEK PRECISION CO., LTD.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 4 | Expressed in thousands of NTD

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	Endorsements and guarantees	$ 186,890	–	5%
				Sales revenue	(205,830)	180 days after monthly-closing, T/T	(19%)
				Accounts receivable	41,613	–	1%
		CHIEFTEK PRECISION USA CO., LTD.	1	Sales revenue	(91,028)	180 days after monthly-closing, T/T	(8%)
				Accounts receivable	17,054	–	–
		Chieftek Machinery (Kunshan) Co., Ltd.	1	Sales revenue	(115,799)	180 days after monthly-closing, T/T	(11%)
				Accounts receivable	6,093	–	–
1	CHIEFTEK PRECISION USA CO., LTD.	CHIEFTEK PRECISION INTERNATINAL LLC	3	Rent payment	11,130	–	1%
				Refundable deposits	1,535	–	–

(Note 1) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
(Note 2) Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.
(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.
(Note 4) Only transactions over 1 million are material.
(Note 5) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.705) as at December 31, 2023.

CHIEFTEK PRECISION CO., LTD.

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	Samoa	Professional investment	$ 152,263	$ 152,263	5,100,000	100	$ 165,334	$ 3,541	$ 3,541	Subsidiary
	CHIEFTEK PRECISION INTERNATIONAL LLC	United States of America	Lease of real estate property	110,054	110,054	-	100	112,832	1,211	1,211	Subsidiary
	CHIEFTEK PRECISION USA CO., LTD.	United States of America	Sale of high precision linear motion components and rendering after -sale services	50,027	50,027	1,660,000	100	94,835	9,245	9,245	Subsidiary
	cpc Europa GmbH	Germany	Sale of high precision linear motion components and rendering after -sale services	98,695	98,695	-	100	62,220	17,926	17,926	Subsidiary
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Precision (Hong Kong) Co., Limited	Hong Kong	Professional investment	-	28	-	-	-	-	-	Subsidiary (Note 1) (Note 2)

(Note 1) Not required to disclose income (loss) recognized by the Company.
(Note 2) The deregistration was approved by Hong Kong Companies Registry on February 3, 2023.
(Note 3) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.705) as at December 31, 2023.

CHIEFTEK PRECISION CO., LTD.

Information on investments in Mainland China - Basic information

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 （Note 2）	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chieftek Machinery (Kunshan) Co., Ltd	Production, processing and sale of high precision linear motion components and rendering after-sale services	$ 156,596	Note 1	$ 156,596	$ -	$ -	$ 156,596	$ 3,544	100%	$ 3,544	$ 175,184	$ 258,373	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
CHIEFTEK PRECISION CO., LTD.	$ 156,596	$ 156,596	$ 1,406,141

(Note 1) Through investing in an existing company in the third area (CHIEFTEK PRECISION HOLDING CO., LTD.) which then invested in the investee in Mainland China.

(Note 2) The investment income (loss) is recognized based on the investees’ financial statements that were audited by the parent company's auditors for the year ended December 31, 2023.

(Note 3) The ceiling amount is 60% of the higher of net worth or consolidated net worth.

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.705) as at December 31, 2023.

CHIEFTEK PRECISION CO., LTD.

Information on investments in Mainland China - Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

	Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Chieftek Machinery (Kunshan) Co., Ltd	$ 115,799	11%	$ -	-	$ 6,093	-	$ -	-	$ -	$ -	-	$ -	$ -

CHIEFTEK PRECISION CO., LTD.

Major shareholders information

December 31, 2023

Table 8

Expressed in share

Name of major shareholders	Number of shares	
	Common stock	Ownership (%)
Hsu, Ming-Che	6,137,271	6.87%
Xinzhide Investment Co., Ltd.	5,001,100	5.60%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.