NAK SEALING TECHNOLOGIES CORPORATION

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 Nak Sealing Technologies Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Nak Sealing Technologies Corporation (the "Company") as at 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 parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 generally accepted auditing standards in 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 judgment, 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:

Timing of sales revenue recognition

Description

Please refer to Note 4(24) for accounting policies on revenue recognition. For the year ended December 31, 2023, the Company had operating revenue amounting to NT$3,447,437 thousand.

The Company is primarily engaged in the manufacture and sales of various types of sealing components. In addition, the Group's marketing channels of products are spread globally, and sales to customers involve different kinds of transaction terms. The Company recognises sales revenue in accordance with the transaction terms of individual customers and after delivery and confirmation that control was transferred. Thus, the procedure for revenue recognition usually involves highly manual judgement, and the financial report period in which the sales revenue will be recognised would be affected by whether the control of goods were transferred to buyers in accordance with the performance obligations which were stipulated in the contracts before the end date of the reporting period. Thus, we consider the timing of sales revenue recognition a key audit matter.

How our audit addressed the matter

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

1. Understood and assessed the working procedures and internal control system of the Company's timing of sales revenue recognition, and tested for the efficiency of such controls.
2. Performed sales cut-off test for a certain period around balance sheet date and reviewed evidence in relation to subsequent significant sales returns and discounts to assess the adequacy of revenue cut-off.

Adequacy of accounting estimates of allowance for inventory valuation losses

Description

Please refer to Notes 4(10), 5(2) and 6(4) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to loss allowance and details of loss allowance. As of December 31, 2023, the Company's total amount of inventories and allowance for inventory valuation losses were NT$736,479 thousand and NT$49,790 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of various types of sealing components. Such inventories are affected by the highly competitive market and the price fluctuation of international raw materials, such as glue, fossil oil and steel, thus, there were higher risk in inventory valuation loss and obsolescence. In addition, the Company's allowance for valuation loss on inventories primarily came from individually identified obsolete or damaged inventories. Since the cash amount of inventories is significant, types of items are numerous, and the net realisable value adopted usually involves subjective judgment, therefore, there is uncertainty in accounting estimates. Thus, we consider the estimates of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Company's operations and industry in order to assess the reasonableness of the policy on recognition of allowance for inventory valuation losses.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan, participated in and observed the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Obtained inventory ageing report statements which management used in valuation and related supporting documents to verify the date of inventory change, and tested the accuracy and reasonableness of program logic of report statements.
4. Obtained the inventory cost and net realisable value estimation data which was prepared by management to verify individual inventory item with sales evidences and its accounting records, and tested the calculation of statements for accuracy to assess the basis of net realisable value and its reasonableness.

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 the 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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.
5. 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent 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.

Wu, Sung-Yuan　　　　Lai, Chih-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 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.

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 320,071	7	$ 206,388	4
1136	Current financial assets at amortised cost	6(2)	102,956	2	2,956	-
1150	Notes receivable, net	6(3)	6,314	-	8,489	-
1170	Accounts receivable, net	6(3)	513,397	10	673,057	14
1180	Accounts receivable - related parties	7(2)	120,401	2	95,641	2
1200	Other receivables		12,699	-	18,982	1
1210	Other receivables - related parties	7(2)	3,671	-	3,182	-
130X	Inventories	5(2) and 6(4)	686,689	14	847,478	17
1470	Other current assets		50,903	1	41,715	1
11XX	**Current Assets**		1,817,101	36	1,897,888	39
	Non-current assets					
1550	Investments accounted for under equity method	6(5)	1,902,774	38	1,757,921	36
1600	Property, plant and equipment	6(6) and 8	1,159,166	23	1,134,074	23
1755	Right-of-use assets	6(7)	2,505	-	4,721	-
1780	Intangible assets		10,672	-	2,576	-
1840	Deferred income tax assets	6(21)	81,919	2	72,293	2
1900	Other non-current assets		18,460	1	18,955	-
15XX	**Non-current assets**		3,175,496	64	2,990,540	61
1XXX	**Total assets**		$ 4,992,597	100	$ 4,888,428	100

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NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ -	-	$ 490,000	10
2150	Notes payable		1,339	-	3,243	-
2170	Accounts payable		85,659	2	182,309	4
2200	Other payables	6(9)	360,006	7	290,704	6
2230	Current income tax liabilities	6(21)	192,212	4	74,648	2
2280	Current lease liabilities		2,140	-	2,390	-
2399	Other current liabilities, others	6(15)	13,072	-	19,934	-
21XX	**Current Liabilities**		654,428	13	1,063,228	22
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	346,275	7	307,799	6
2580	Non-current lease liabilities		172	-	1,895	-
2600	Other non-current liabilities	6(10)	30,993	1	48,371	1
25XX	**Non-current liabilities**		377,440	8	358,065	7
2XXX	**Total Liabilities**		1,031,868	21	1,421,293	29
	Equity					
	Share capital	6(11)				
3110	Share capital - common stock		831,613	17	831,613	17
	Capital surplus	6(12)				
3200	Capital surplus		214,743	4	214,743	4
	Retained earnings	6(13)				
3310	Legal reserve		884,775	18	820,541	17
3320	Special reserve		166,780	3	191,973	4
3350	Unappropriated retained earnings		2,060,482	41	1,575,045	32
	Other equity interest					
3400	Other equity interest	6(14)	(197,664)	(4)	(166,780)	(3)
3XXX	**Total equity**		3,960,729	79	3,467,135	71
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 4,992,597	100	$ 4,888,428	100

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

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(15) and 7(2)	$ 3,447,437	100	$ 3,023,279	100
5000	Operating costs	6(4)(20)	(2,132,296)	(62)	(2,100,942)	(70)
5900	Net operating margin		1,315,141	38	922,337	30
5920	Realized loss from sales		(15,193)	(1)	(6,136)	-
5950	Net operating margin		1,299,948	37	916,201	30
	Operating expenses	6(20)				
6100	Selling expenses		(147,076)	(4)	(155,936)	(5)
6200	General and administrative expenses		(262,187)	(8)	(233,360)	(8)
6300	Research and development expenses		(79,302)	(2)	(65,938)	(2)
6000	Total operating expenses		(488,565)	(14)	(455,234)	(15)
6900	Operating profit		811,383	23	460,967	15
	Non-operating income and expenses					
7100	Interest income	6(16) and 7(2)	2,521	-	962	-
7010	Other income	6(17)	3,756	-	4,407	-
7020	Other gains and losses	6(18)	14,892	-	66,985	2
7050	Finance costs	6(19)	(4,268)	-	(3,936)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	396,375	12	287,284	10
7000	Total non-operating income and expenses		413,276	12	355,702	12
7900	**Profit before income tax**		1,224,659	35	816,669	27
7950	Income tax expense	6(21)	(245,453)	(7)	(166,469)	(6)
8200	**Profit for the year**		$ 979,206	28	$ 650,200	21
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(10)	$ 13,719	1	($ 9,822)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(2,744)	-	1,966	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		10,975	1	(7,856)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive (loss) income, before tax, exchange differences on translation	6(14)	(33,037)	(1)	27,710	1
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(14)	(5,568)	-	3,782	-
8399	Income tax relating to the components of other comprehensive income	6(14)(21)	7,721	-	(6,299)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(30,884)	(1)	25,193	1
8300	**Other comprehensive (loss) income for the year**		($ 19,909)	-	$ 17,337	1
8500	**Total comprehensive income for the year**		$ 959,297	28	$ 667,537	22
	Basic earnings per share	6(22)				
9750	Total basic earnings per share		$	11.77	$	7.82
9850	Total diluted earnings per share		$	11.70	$	7.78

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

NAK SEALING TECHNOLOGIES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus: Additional paid-in capital	Capital surplus: Premium from merger	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
Year 2022									
Balance at 1 January 2022		$ 831,613	$ 208,642	$ 6,101	$ 765,188	$ 176,171	$ 1,419,663	($ 191,973)	$ 3,215,405
Profit for the year		-	-	-	-	-	650,200	-	650,200
Other comprehensive income (loss)	6(14)	-	-	-	-	-	(7,856)	25,193	17,337
Total comprehensive income		-	-	-	-	-	642,344	25,193	667,537
Appropriation and distribution of 2021 earnings	6(13)								
Legal reserve appropriated		-	-	-	55,353	-	(55,353)	-	-
Special reserve appropriated		-	-	-	-	15,802	(15,802)	-	-
Cash dividends		-	-	-	-	-	(415,807)	-	(415,807)
Balance at 31 December 2022		$ 831,613	$ 208,642	$ 6,101	$ 820,541	$ 191,973	$ 1,575,045	($ 166,780)	$ 3,467,135
Year 2023									
Balance at 1 January 2023		$ 831,613	$ 208,642	$ 6,101	$ 820,541	$ 191,973	$ 1,575,045	($ 166,780)	$ 3,467,135
Profit for the year		-	-	-	-	-	979,206	-	979,206
Other comprehensive income (loss)	6(14)	-	-	-	-	-	10,975	(30,884)	(19,909)
Total comprehensive income (loss)		-	-	-	-	-	990,181	(30,884)	959,297
Appropriation and distribution of 2022 earnings	6(13)								
Legal reserve appropriated		-	-	-	64,234	-	(64,234)	-	-
Special reserve appropriated		-	-	-	-	(25,193)	25,193	-	-
Cash dividends		-	-	-	-	-	(465,703)	-	(465,703)
Balance at 31 December 2023		$ 831,613	$ 208,642	$ 6,101	$ 884,775	$ 166,780	$ 2,060,482	($ 197,664)	$ 3,960,729

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

NAK SEALING TECHNOLOGIES CORPORATION
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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,224,659	$ 816,669
Adjustments			
Adjustments to reconcile profit (loss)			
Realized loss from sales		15,193	6,136
Depreciation expense-property, plant and equipment	6(6)(20)	115,617	115,565
Depreciation expense-right-of-use assets	6(7)(20)	9,306	4,543
Amortization expense	6(18)(20)	8,708	6,908
Loss (gain) on disposal of property, plant and equipment	6(18)	2,229	82
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(396,375)	(287,284)
Loss on disposal of investments	6(18)	739	-
Interest revenue	6(16)	(2,521)	(962)
Grant revenue	6(17)	(171)	(1,673)
Financial cost-bank loan	6(19)	4,141	3,845
Financial cost-lease liabilities	6(7)(19)	127	91
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,175	(1,865)
Accounts receivable (including related parties)		134,900	(77,448)
Other receivables		6,313	1,461
Inventories		160,789	(262,643)
Other current assets		(9,188)	(5,962)
Changes in operating liabilities			
Notes payable		(1,903)	558
Accounts payable (including related parties)		(96,651)	14,880
Other payables		58,663	32,364
Provision		-	(17,799)
Other current liabilities		(6,862)	(5,596)
Net defined benefit liability		(7,364)	(12,639)
Cash inflow generated from operations		1,222,524	329,231
Dividends received		211,892	272,643
Interest received		2,662	936
Interest paid		(4,568)	(3,868)
Income taxes paid		(94,062)	(188,939)
Net cash flows from operating activities		1,338,448	410,003

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NAK SEALING TECHNOLOGIES CORPORATION
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	Year ended December 31 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 100,000)	$ -
Increase in other receivables due from related parties		(489)	(489)
Acquisition of long-term equity investment	6(5)	(15,000)	(15,000)
Proceeds from liquidation of investees accounted for using equity method		2,760	-
Acquisition of property, plant and equipment (including prepayments for equipment)	6(23)	(135,059)	(122,228)
Proceeds from disposal of property, plant and equipment		545	216
Acquisition of intangible assets		(16,804)	(8,895)
Decrease in other non-current assets		4,048	3,081
Net cash flows used in investing activities		(259,999)	(143,315)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of short-term loans	6(24)	2,020,000	3,934,000
Repayments of short-term debt	6(24)	(2,510,000)	(3,684,000)
Repayments of long-term debt	6(24)	-	(179,429)
Payments of lease liabilities	6(24)	(9,063)	(5,117)
Cash dividends paid	6(13)(24)	(465,703)	(415,807)
Decrease in guarantee deposits received	6(24)	-	(59)
Net cash flows used in financing activities		(964,766)	(350,412)
Net increase (decrease) in cash and cash equivalents		113,683	(83,724)
Cash and cash equivalents at beginning of year		206,388	290,112
Cash and cash equivalents at end of year		$ 320,071	$ 206,388

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

NAK SEALING TECHNOLOGIES CORPORATION
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

A. The Company was established in August 1976, and is primarily engaged in the processing and manufacturing of each kind of oil seal, manufacturing rubber machinery and metal modules, and import and export businesses.

B. The Company was approved to list on the Taiwan Stock Exchange starting from January 28, 2002.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 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 FSC and became effective from 2023 are as follows:

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

The above standards and interpretations have no significant impact to the 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 that came into effect 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 International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the 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 International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the 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) Compliance statement

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 following items, the parent company only financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

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.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Related policies on foreign currency transactions and balances were as follows:

A. Foreign currency transactions and balances

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

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

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

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

(4) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

(6) Financial assets at amortised cost

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

(a) The objective of the 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. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.

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

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

(9) Derecognition of financial assets

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

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

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. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the subsidiary.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' or 'retained earnings' in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

J. In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with the profit or loss and the amortisation of other comprehensive income attributable to owners of the parent company presented on the consolidated financial statements. In addition, owner’s equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented in the 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 capitalised.

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

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

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	6 ～ 11 years
Buildings and structures	3 ～ 56 years
Machinery equipment	3 ～ 12 years
Transportation equipment	3 ～ 9 years
Office equipment	3 ～ 6 years
Other equipment	2 ～ 26 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(a) The amount of the initial measurement of lease liability;

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

(c) Any initial direct costs incurred by the lessee.

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

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 year(s).

(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 recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

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

(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 derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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 recognised 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised 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 recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(20) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates 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 recognised, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 realised or the deferred tax liability is settled.

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(21) Share capital

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.

(22) Dividends

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

(23) Revenue recognition

Sales of goods

The Company manufactures and sells a range of oil seal related products. Sales are recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, significant risks and returns have been transferred to the sales counterparty, and either the sales counterparty has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(24) Government grants

Government grants are recognised 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 recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(25) Reorganisation

On December 1, 2021, the Company merged with the subsidiary, TRIPLE SHUN INDUSTRIAL CO., Ltd., through a simple merger. The transaction was deemed a reorganization in the Group, and was treated as consolidated at the beginning. Accordingly, the prior year financial statements should be retrospectively restated and accounted for using the book value approach.

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

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the strong competition market and the effect of price fluctuation of international raw materials, such as glue, fossil oil and steel, 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 realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $686,689 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 546	$ 1,599
Demand deposits	319,344	204,373
Checking accounts	181	416
	$ 320,071	$ 206,388

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.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits (with maturity date over three months)	$ 102,956	$ 2,956

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

	Year ended December 31	
	2023	2022
Interest income	$ 139	$ 15

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

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 6,314	$ 8,489

	December 31, 2023	December 31, 2022
Accounts receivable	$ 519,464	$ 679,124
Less: Allowance for uncollectible accounts	(6,067)	(6,067)
	$ 513,397	$ 673,057

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 396,072	$ 6,314	$ 536,316	$ 8,489
1 to 30 days	81,585	-	110,025	-
31 to 90 days	31,981	-	25,939	-
91 to 180 days	3,565	-	1,035	-
181 to 360 days	513	-	489	-
Over 361 days	5,748	-	5,320	-
	$ 519,464	$ 6,314	$ 679,124	$ 8,489

The above ageing analysis was based on past due date.

B. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivables) from contracts with customers amounted to $530,575 thousand.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $6,314 thousand and $8,489 thousand; $513,397 thousand and $673,057 thousand, respectively.

D. The Company has no notes and accounts receivable pledged to others as collateral.

E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	$ 203,497	$ (5,732)	$ 197,765
Work in progress	185,821	(4,543)	181,278
Finished goods	347,161	(39,515)	307,646
	$ 736,479	$ (49,790)	$ 686,689

	December 31, 2022		
	Cost	Allowance for obsolescence and valuation loss	Book value
Raw materials	$ 233,996	($ 4,680)	$ 229,316
Work in progress	309,448	(8,787)	300,661
Finished goods	354,833	(37,332)	317,501
	$ 898,277	($ 50,799)	$ 847,478

The cost of inventories recognised as expense for the year :

	Year ended December 31	
	2023	2022
Cost of goods sold	$ 2,133,396	$ 2,093,697
Loss for obsolete and slow-moving inventories and market value decline	(1,009)	8,525
Others	(91)	(1,280)
	$ 2,132,296	$ 2,100,942

The Group reversed a previous inventory write-down because it sold certain inventories which were previously provided with allowance for the year ended December 31, 2023.

(5) Investments accounted for using equity method

	December 31, 2023	December 31, 2022	Shareholding ratio
Subsidiaries:			
SMOOTH TRACK ASSOCIATES LIMITED	$ 1,621,390	$ 1,488,564	100
NAK SEALING PRODUCTS (THAILAND) CO., LTD.	39,783	35,006	100
SHOWMOST INTERNATIONAL CO., LTD.	26,470	26,041	100
Song Quan International Co., Ltd.	203,790	187,749	100
Associates:			
KISH NAK OIL SEAL MFG.CO.,LTD.	(2,668)	1,208	49
NAK TOTAL SEALING SOLUTIONS PTY LTD.	10,395	18,351	49
BUSINESS FRIEND LIMITED	946	1,002	33.34
	1,900,106	1,757,921	
Add:Transfer to "other non current liabilities"	2,668	-	
	$ 1,902,774	$ 1,757,921	

A. Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method was as follows:

	Year ended December 31	
	2023	2022
SMOOTH TRACK ASSOCIATES LIMITED	$ 383,400	$ 271,338
NAK SEALING PRODUCTS (THAILAND) CO., LTD.	8,541	6,797
KISH NAK OIL SEAL MFG. CO., LTD.	(3,635)	(1,845)
SHOWMOST INTERNATIONAL CO., LTD.	9,940	6,334
BUSINESS FRIEND LIMITED	(57)	(17)
NAK TOTAL SEALING SOLUTIONS PTY LTD.	(2,856)	3,900
Song Quan International Co., Ltd.	1,042	777
	$ 396,375	$ 287,284

Long-term equity investments accounted for using equity method for the years ended December 31, 2023 and 2022 was based on each investee's audited financial statements.

B. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

C. To enlarge domestic market in Mainland China, the Company established SMOOTH TRACK ASSOCIATES LIMITED in the third area and then reinvested in the Guangzhou Mt. Port Automotive Technology Limited Company and NAK HONGKONG CO., LTD. NAK HONGKONG CO., LTD. reinvested and established KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. in Mainland China area.

D. To enlarge the market internationally and in South East Asia and to build sales bases of each kind of sealing products, the Company established NAK SEALING PRODUCTS (THAILAND) CO., LTD. and SHOWMOST INTERNATIONAL CO., LTD. in Thailand and the third location, respectively, and then, reinvested and established companies in Russia and India areas.

E. Given market factors and business strategies, on August 4, 2022, the Board of Directors of the Company resolved to liquidate Guangzhou Mt. Port Automotive Technology Limited Company. The subsidiary was deregistered and dissolved on June 12, 2023.

F. Song Quan International Co., Ltd. increased its cash capital amounting to $15,000 thousand for the years ended December 31, 2023 and 2022. The effective date was set on April 10, 2023 and August 9, 2022, respectively. The registration for the change had been completed.

G. The carrying amount of KISH NAK OIL SEAL MFG.CO., LTD. had become negative as its operation incurred loss for the year ended December 31, 2023. Therefore, the carrying amount was reversed to other non-current liabilities of $2,668 thousand and the balance became $0.

(6) Property, plant and equipment

	Year ended December 31, 2023				
	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 347,356	$ -	$ -	$ -	$ 347,356
Land improvements	10,047	-	-	-	10,047
Buildings and structures	668,520	4,383	-	1,334	674,237
Machinery and equipment	764,749	72,160	(27,826)	27,683	836,766
Transportation equipment	26,208	1,385	(41)	513	28,065
Office equipment	69,584	10,930	(1,517)	-	78,997
Other equipment	536,794	40,293	(773)	7,703	584,017
Unfinished construction and equipment under acceptance	42,915	14,332	-	(37,233)	20,014
	2,466,173	143,483	(30,157)	-	2,579,499
Accumulated depreciation and impairment					
Land improvements	$ 6,652	$ 404	$ -	$ -	$ 7,056
Buildings and structures	308,208	21,366	-	-	329,574
Machinery and equipment	583,364	42,256	(25,052)	-	600,568
Transportation equipment	18,612	3,428	(41)	-	21,999
Office equipment	59,161	8,816	(1,517)	-	66,460
Other equipment	356,102	39,347	(773)	-	394,676
	1,332,099	115,617	(27,383)	-	1,420,333
Book value	1,134,074				1,159,166

	Year ended December 31, 2022				
	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 347,356	$ -	$ -	$ -	$ 347,356
Land improvements	8,047	2,000	-	-	10,047
Buildings and structures	651,640	16,880	-	-	668,520
Machinery and equipment	725,229	42,962	(15,197)	11,755	764,749
Transportation equipment	25,790	1,256	(838)	-	26,208
Office equipment	65,913	7,811	(4,154)	14	69,584
Other equipment	515,809	20,008	(555)	1,532	536,794
Unfinished construction and equipment under acceptance	18,575	37,641	-	(13,301)	42,915
	2,358,359	128,558	(20,744)	-	2,466,173
Accumulated depreciation and impairment					
Land improvements	$ 6,410	$ 242	$ -	$ -	$ 6,652
Buildings and structures	287,832	20,376	-	-	308,208
Machinery and equipment	553,460	44,803	(14,899)	-	583,364
Transportation equipment	16,263	3,187	(838)	-	18,612
Office equipment	55,731	7,584	(4,154)	-	59,161
Other equipment	317,284	39,373	(555)	-	356,102
	1,236,980	115,565	(20,446)	-	1,332,099
Book value	1,121,379				1,134,074

A. 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: None.

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

(7) Lease transactions－lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The Company leases low-value assets which comprise photocopiers and AED equipment.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 2,505	$ 4,721

	Year ended December 31	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings	$ 9,306	$ 4,543

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $7,485 thousand and $8,502 thousand, respectively.

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

	Year ended December 31	
Items affecting profit or loss	2023	2022
Interest expense on lease liabilities	$ 127	$ 91
Expense on variable lease payments	256	261
Expense on leases of low-value assets	31	49

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $9,477 thousand and $5,518 thousand, respectively.

(8) Short-term borrowings

No such situation in 2023.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 190,000	1.67%~1.83%	Property, plant and equipment
Unsecured borrowings	300,000	1.78%	
	$ 490,000		

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Other payables

	December 31, 2023	December 31, 2022
Wages and bonus payable	$ 189,112	$ 147,601
Employees' compensation and directors' remuneration payable	71,441	48,878
Payable on machinery and equipment	26,478	14,501
Consumables expenses payable	22,071	25,701
Processing fees payable	13,004	13,895
Other accrued expenses	37,900	40,128
	$ 360,006	$ 290,704

(10) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Standards Act. 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 6% 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 the end of December 31, every year. If the account balance is insufficient 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 contributions for the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 142,058)	($ 154,890)
Fair value of plan assets	113,734	106,519
Net defined benefit liability	($ 28,324)	($ 48,371)

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 154,890)	$ 106,519	($ 48,371)
Current service cost	(504)	-	(504)
Interest (expense) income	(1,980)	1,394	(586)
Past service cost	54	-	54
	(157,320)	107,913	(49,407)
Remeasurements:			
Change in financial assumptions	(1,235)	-	(1,235)
Return on plan assets (excluding amounts included in interest income or expense)	-	902	902
Experience adjustments	14,052	-	14,052
	12,817	902	13,719
Pension fund contribution	-	7,364	7,364
Paid pension	2,445	(2,445)	-
At December 31	($ 142,058)	$ 113,734	($ 28,324)

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 140,117)	$ 89,824	($ 50,293)
Current service cost	(564)	-	(564)
Interest (expense) income	(963)	631	(332)
	(141,644)	90,455	(51,189)
Remeasurements:			
Change in financial assumptions	9,003	-	9,003
Return on plan assets (excluding amounts included in interest income or expense)	-	7,121	7,121
Experience adjustments	(25,945)	-	(25,945)
	(16,942)	7,121	(9,821)
Pension fund contribution	-	12,639	12,639
Paid pension	3,696	(3,696)	-
At December 31	($ 154,890)	$ 106,519	($ 48,371)

(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 securitisation 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 authorised 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:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience for the years ended December 31, 2023 and 2022 are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

(f) 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	($ 3,057)	$ 3,156	$ 3,123	($ 3,040)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 3,543)	$ 3,663	$ 3,629	($ 3,528)

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(g) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $5,965 thousand.

(h) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	5,113
1-2 year(s)		14,513
2-5 years		19,706
Over 5 years		118,182
	$	157,514

B. (a) 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.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were $27,888 thousand and $19,504 thousand, respectively.

(11) Share capital

As of December 31, 2023, the Company's authorised capital was $1,000,000 thousand, and the paid-in capital was $831,613 thousand with a par value of $10 per share. All proceeds from shares issued have been collected.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus 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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders.

B. The Company's dividend policy was summarised below: for the appropriation of earnings as proposed by the Board of Directors, the shareholders' total dividends should be more than 50% of accumulated distributable earnings, and the cash dividends should be more than 20% of the shareholders' total dividends. However, the appropriation ratio of retained earnings and the shareholders' dividends ratio could be adjusted by the resolution of the shareholders based on the actual profit and capital conditions of current year.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. When distributing earnings, according to Gin-Gwen-Zheng-Qi Letter No. 1010012865, dated April 6, 2012, for the net deduction amount of other equity in the current year, the special reserve which provisioned from current profit or loss and equalled to the amount which provisioned from undistributed earnings of prior year should not be appropriated. However, if the Company had provisioned special reserve as initial application of IFRSs, special reserve should be provisioned based on the difference between the amount already provisioned and the net deduction amount of other equity.

E. (a) 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.

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be the same as the amount reclassified from accumulated translation adjustment under shareholders' equity to retained earnings for the exemptions elected by the Company. The special reserve increased as a result of retained earnings arising from the conversing adoption of IFRS by $6,326 thousand.

F. The appropriation of 2022 and 2021 earnings were as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 64,234		$ 55,354	
Special reserve	(25,194)		15,802	
Cash dividends	465,703	$ 5.6	415,807	$ 5.0
	$ 504,743		$ 486,963	

G. The appropriation of 2023 earnings as proposed and approved by the Board of Directors in March 13, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 99,018	
Special reserve	30,884	
Cash dividends	582,129	$ 7.0

The aforementioned distribution of 2023 earnings would be effective after the resolution of the shareholders

H. Please refer to Note 6(20) for information regarding employees' compensation and directors' remuneration.

(14) Other equity items

	2023
	Foreign currency translation
At January 1	($ 166,780)
Currency translation differences:	
- Group	(33,037)
- Taxes	6,607
- Associates	(5,568)
- Taxes	1,114
At December 31	($ 197,664)

	2022
	Foreign currency translation
At January 1	($ 191,973)
Currency translation differences:	
- Group	27,710
- Taxes	(5,542)
- Associates	3,782
- Taxes	(757)
At December 31	($ 166,780)

(15) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	$ 3,447,437	$ 3,023,279

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 product lines and geographical regions:

Year ended December 31, 2023

	Asia			America			Europe			Others			
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Total
Revenue from contracts with customers	$ 752,888	$ 333,133	$ 115,429	$743,648	$ -	$ 51,179	$ 1,239,865	$ -	$ 158,336	$ 49,806	$ -	$ 3,153	$ 3,447,437
Timing of revenue recognition													
At a point in time	$ 752,888	$ 333,133	$ 115,429	$743,648	$ -	$ 51,179	$ 1,239,865	$ -	$ 158,336	$ 49,806	$ -	$ 3,153	$ 3,447,437

Year ended December 31, 2022

	Asia			America			Europe			Others			
	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Oil seal	Complete rubber mix	Others	Total
Revenue from contracts with customers	$ 586,014	$ 396,948	$ 129,373	$779,675	$ -	$ 71,605	$ 887,421	$ -	$ 122,735	$ 41,127	$ -	$ 8,381	$ 3,023,279
Timing of revenue recognition													
At a point in time	$ 586,014	$ 396,948	$ 129,373	$779,675	$ -	$ 71,605	$ 887,421	$ -	$ 122,735	$ 41,127	$ -	$ 8,381	$ 3,023,279

B. Contract liabilities (shown as other current liabilities)

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities-advance sales receipts	$ 10,025	$ 16,229	$ 22,729

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 15,345	$ 21,216

(16) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	$ 2,032	$ 473
Other interest income	489	489
	$ 2,521	$ 962

(17) Other income

	Year ended December 31	
	2023	2022
Grant revenue	$ 171	$ 1,673
Other income	3,585	2,734
	$ 3,756	$ 4,407

(18) Other gains and losses

	Year ended December 31	
	2023	2022
Foreign exchange gains, net	$ 17,860	$ 67,067
Losses on disposals of property, plant and equipment	(2,229)	(82)
Gains on disposals of investments	(739)	-
	$ 14,892	$ 66,985

(19) Finance costs

	Year ended December 31	
	2023	2022
Bank borrowings	$ 4,141	$ 3,845
Lease liability	127	91
	$ 4,268	$ 3,936

(20) Expenses by nature

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 489,528	$ 255,819	$ 745,347
Labour and health insurance fees	78,366	12,817	91,183
Pension costs	19,890	9,034	28,924
Directors' remuneration	-	6,832	6,832
Other employee benefit expenses	25,380	9,997	35,377
	$ 613,164	$ 294,499	$ 907,663
Depreciation charge	$ 87,600	$ 37,323	$ 124,923
Amortisations	$ 1,063	$ 7,645	$ 8,708

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 464,960	$ 210,756	$ 675,716
Labour and health insurance fees	66,245	12,624	78,869
Pension costs	14,233	6,167	20,400
Directors' remuneration	-	7,472	7,472
Other employee benefit expenses	21,737	5,574	27,311
	$ 567,175	$ 242,593	$ 809,768
Depreciation charge	$ 88,115	$ 31,994	$ 120,109
Amortisations	$ 1,890	$ 5,018	$ 6,908

A. On December 31, 2023 and 2022, the Company had 1,114 and 1,059 employees , respectively, and had 6 non-employee directors for both years.

B. Average employee benefit expense for the years ended December 31, 2023 and 2022 were $813 thousand and $761 thousand, respectively.

C. For the years ended December 31, 2023 and 2022, average employees' salary expenses were $673 thousand and $641 thousand, respectively.

D. Adjustment of current average employees salaries was 4.99%.

E. The directors' rewards includes directors' salaries, transportation allowances and directors' remuneration. Directors' salaries are determined based on the pay levels in the same industry. Transportation allowances are paid based on their attendance to the board meetings. Directors' remuneration from earnings are appropriated in accordance with the Articles of Incorporation of the Company, which shall be reviewed by the Remuneration Committee as resolved by the Board of Directors and reported to the shareholders' meeting. The salary to an individual director is determined based on each director's performance results which assessed according to 'Rules for Distribution of Remuneration to Directors and Performance Evaluation of Board of Directors'. The salary payments shall be submitted to be reviewed by the Remuneration Committee and resolved by Board of Directors. Managers' and employees' emoluments include salaries, bonuses and employee compensations, etc, which are determined based on the positions and responsibilities assumed by each manager or employee by reference to the pay levels for the same position in the same industry and according to the performance which was assessed by 'Regulations Governing Emolument and Performance Evaluation' and "Regulations Governing Direct and Indirect Employees' Compensation". The managers' emolument shall be reviewed by the Remuneration Committee and resolved by the Board of Directors.

F. In accordance with 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' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' remuneration.

G. The accrual of employees' compensation and directors' remuneration (shown as wages and salaries) for the years ended December 31, 2023 and 2022 was as follows:

	Year ended December 31	
	2023	2022
Employees' compensation	$ 58,506	$ 35,265
Directors'remuneration	5,000	6,000
	$ 63,506	$ 41,265

The above amounts are recorded in the salary expense account. Employees' and directors' remuneration for both 2023 and 2022 were estimated based on the earnings up to the respective periods, the estimated ratio are as follows:

	Year ended December 31	
	2023	2022
Employees' compensation ratio	4.52%	4.10%
Directors' remuneration ratio	0.39%	0.70%

H. The amounts approved by the Board of Directors for employees' and directors' remuneration in the year 2022 were $32,265 thousand and $6,000 thousand, respectively, consistent with the amounts recognized in the financial statements for year 2022.

I. Information about 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.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 213,285	$ 160,825
Prior year income tax underestimation	(1,659)	1,650
Total current tax	211,626	162,475
Deferred tax:		
Origination and reversal of temporary differences	33,827	3,994
Income tax expense	$ 245,453	$ 166,469

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

	Year ended December 31	
	2023	2022
Currency translation differences	($ 7,721)	$ 6,299
Remeasurements of defined benefit plans	2,744	(1,966)
	($ 4,977)	$ 4,333

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 244,932	$ 163,334
Expenses disallowed by tax regulation	2,180	1,485
Prior year income tax underestimation	(1,659)	1,650
Income tax expense	$ 245,453	$ 166,469

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences:				
Unrealised gain on inter affiliate sales	$ 13,195	$ 3,040	$ -	$ 16,235
Allowance for inventory valuation losses	10,160	(202)	-	9,958
Allowance for bad debts	5,503	-	-	5,503
Revenue from export sales	2,656	(436)	-	2,220
Unrealised foreign exchange loss	770	2,914	-	3,684
Undistributed pensions	10,137	(1,265)	-	8,872
Unused employees' compensated absence	4,601	122	-	4,723
Cumulative translation adjustment of long-term equity investments	23,003	-	7,721	30,724
Remeasurement of defined benefit plan	2,268	-	(2,268)	-
Subtotal	$ 72,293	$ 4,173	$ 5,453	$ 81,919
Deferred tax liabilities:				
–Temporary differences:				
Remeasurement of defined benefit plan	$ -	$ -	($ 476)	($ 476)
Recognised investment profit which is adopting equity method	(300,634)	(38,000)	-	(338,634)
Provision for land increment tax	(7,165)	-	-	(7,165)
	($ 307,799)	($ 38,000)	($ 476)	($ 346,275)
		($ 33,827)	$ 4,977	

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences:				
Unrealised gain on inter affiliate sales	$ 11,968	$ 1,227	$ -	$ 13,195
Allowance for inventory valuation losses	8,455	1,705	-	10,160
Allowance for bad debts	5,454	49	-	5,503
Revenue from export sales	2,388	268	-	2,656
Unrealised foreign exchange loss	2,145	(1,375)	-	770
Undistributed pensions	9,756	381	-	10,137
Provisions	3,559	(3,559)	-	-
Unused employees' compensated absence	4,363	238	-	4,601
Cumulative translation adjustment of long-term equity investments	29,302	-	(6,299)	23,003
Remeasurement of defined benefit plan	302	-	1,966	2,268
Subtotal	$ 77,692	($ 1,066)	($ 4,333)	$ 72,293
Deferred tax liabilities:				
–Temporary differences:				
Recognised investment profit which is adopting equity method	($ 297,706)	($ 2,928)	$ -	($ 300,634)
Provision for land increment tax	(7,165)	-	-	(7,165)
	($ 304,871)	($ 2,928)	$ -	($ 307,799)
		($ 3,994)	($ 4,333)	

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(22) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 979,206	83,161	$ 11.77
Diluted earnings per share			
Profit attributable to ordinary shareholders	979,206	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	538	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 979,206	83,699	$ 11.70

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 650,200	83,161	$ 7.82
Diluted earnings per share			
Profit attributable to ordinary shareholders	650,200	83,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	413	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 650,200	83,574	$ 7.78

When calculated the diluted earnings per share, potential ordinary shares will be included in the number of weighted-average outstanding shares if potential ordinary shares had diluted effects, based on the assumption that employees' bonus will be distributed in the form of shares.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31 2023	Year ended December 31 2022
Purchase of property, plant and equipment	$ 143,483	$ 128,558
Add: Opening balance of payable on equipment	14,501	11,303
Ending balance of prepayments for business facilities	13,946	10,393
Less: Ending balance of payable on equipment	(26,478)	(14,501)
Opening balance of prepayments for business facilities	(10,393)	(13,525)
Cash paid during the year	$ 135,059	$ 122,228

(24) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Dividends payable	Liabilities from financing activities-gross
January 1, 2023	$ 490,000	$ 4,285	$ -	$ 494,285
Accrued dividends payable	(490,000)	(9,063)	(465,703)	(964,766)
Changes in other non-cash items	-	7,090	465,703	472,793
December 31, 2023	$ -	$ 2,312	$ -	$ 2,312

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liability	Dividends payable	Liabilities from financing activities-gross
January 1, 2022	$ 240,000	$ 179,429	$ 59	$ 1,186	$ -	$ 420,674
Changes in cash flow from financing activities	250,000	(179,429)	(59)	(5,118)	(415,807)	(350,413)
Changes in other non-cash items	-	-	-	8,287	415,807	424,094
December 31, 2022	$ 490,000	$ -	$ -	$ 4,355	$ -	$ 494,355

7. Related Party Transactions

(1) Parent and ultimate controlling party

Please refer to Note 13 for details of relationship between the parent company and subsidiaries.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2023	2022
Sales of goods:		
- Subsidiaries		
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	$ 219,483	$ 216,323
Others	74,635	57,799
- Associates	147,911	74,727
	$ 442,029	$ 348,849

Goods sold to related parties at common price, the collection term usually was 90 days after delivery, and 30~180 days after delivery for general customers.

B. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
- Subsidiaries	$ 86,080	$ 78,966
- Associates	37,122	19,476
	$ 123,202	$ 98,442
Less: Allowance for uncollectible accounts	(2,801)	(2,801)
	$ 120,401	$ 95,641
Long-term receivables (shown as other non-current assets):		
- Associates	$ 24,426	$ 24,426
Less: Allowance for uncollectible accounts	(24,426)	(24,426)
	$ -	$ -

(a) The receivables from related parties arise mainly from sales. The receivables are due 180 days after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

(b) For the year ended December 31, 2020, the Company transferred loss allowance for accounts receivable due from related parties into loss allowance for long-term receivables due from related parties in the amount of $24,426 thousand and provisioned receivables due from associate - Iran as past due credit loss in full.

(c) The aforementioned past due accounts transferred to other receivables was a reclassification of accounts receivable which had exceed the credit term. The ageing analysis is as follows:

		December 31, 2023	December 31, 2022
	Aging distribution	Overdue aging	Overdue aging
- Associates			
KISH NAK OIL	Over 360 days	$ 24,426	$ 24,426

C. Loans to/from related parties: Refer to Note 13(1) A. for details.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	$ 57,198	$ 40,428
Post-employment benefits	652	694
Total	$ 57,850	$ 41,122

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Property, plant and equipment	$ 632,568	$ 644,428	Short-term borrowings

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

There were no such transactions.

(2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 28,693	$ 66,636

B. As of December 31, 2023 and 2022, the Company's total unused letters of credit for the import of raw materials and machinery equipment were $1,945 thousand and $14,498 thousand, respectively.

10. Significant Disaster Loss

There were no such transactions.

11. Significant Events after the Balance Sheet Date

The distribution of 2023 earnings was proposed and approved by the Company's Board of Directors on March 13, 2024. Please refer to Note 6(13) G for more details.

12. Others

(1) Capital management

The Company's objectives when managing capital are based on the industrial scale of the industry the Company operated in, considering industrial future growth and product development, to set appropriate market share in order to plan the corresponding capital expenditure. Accordingly, the Company calculates the needed operating capital based on the financial operation plan, finally, considering operating profit and cash inflows arise from product competitiveness, determines the appropriate capital structure.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 320,071	$ 206,388
Financial assets at amortised cost	102,956	2,956
Notes receivable	6,314	8,489
Accounts receivable (including related parties)	633,798	768,698
Other receivables (including related parties)	16,370	22,164
Guarantee deposits paid (shown as other non-current assets)	924	1,524
	$ 1,080,433	$ 1,010,219

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 490,000
Notes payable	1,339	3,243
Accounts payable (including related parties)	85,659	182,309
Other accounts payable	360,006	290,704
	$ 447,004	$ 966,256
Lease liability	$ 2,312	$ 4,285

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) For the risk management, the Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of current residual capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

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

ii. 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	Carrying amount (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,658	30.7050	$ 450,074
EUR:NTD	6,134	33.9800	208,433
JPY:NTD	248,389	0.2170	53,900
AUD:NTD	670	20.9800	14,057
Non-monetary items			
AUD:NTD	$ 495	20.9800	$ 10,395
THB:NTD	44,120	0.9017	39,783
USD:NTD	53,698	30.7050	1,648,806
Financial liabilities			
Non-monetary items			
IRR:NTD	$ 32,536,585	0.0001	$ 2,668

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 22,449	30.7100	$ 689,409
EUR:NTD	7,717	32.7200	252,500
JPY:NTD	142,432	0.2320	33,044
AUD:NTD	521	20.8300	10,852
Non-monetary items			
IRR:NTD	$ 11,772,732	0.0001	$ 1,208
AUD:NTD	881	20.8300	18,351
THB:NTD	39,152	0.8941	35,006
USD:NTD	49,352	30.7100	1,515,607

iii. Due to various types of foreign currency, the total exchange (loss) profit, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, aggregately amounted to $17,860 thousand and $67,607 thousand, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	2%	$ 9,001	$ -
EUR:NTD	2%	4,169	-
JPY:NTD	2%	1,078	-
AUD:NTD	2%	281	-
Non-monetary items			
AUD:NTD	2%	$ -	NA
THB:NTD	2%	-	NA
USD:NTD	2%	-	NA
Financial liabilities			
Non-monetary items			
IRR:NTD	2%	$ -	NA

	Year ended December 31, 2022			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	2%	$	13,788	$ -
EUR:NTD	2%		5,050	-
JPY:NTD	2%		661	-
AUD:NTD	2%		217	-
Non-monetary items				
IRR:NTD	2%	$	-	NA
AUD:NTD	2%		-	NA
THB:NTD	2%		-	NA
USD:NTD	2%		-	NA

Price risk

The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company continuously observing the future development and market trends of investees.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from short-term borrowings. Borrowings which were issued at variable rates let the Company be exposed to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. If the borrowing interest rate had increased/decreased by 10 basis points with all other variables held constant, profit after tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $0 thousand and $392 thousand, respectively.

(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 notes receivable and accounts receivable (including related parties) based on the agreed terms, other receivables and guarantee deposits paid and the contract cash flows of time deposits stated at amortised cost.

ii. The Company manages their credit risk taking into consideration the entire company's concern. Examined credit of banks, only banks assessed with good credit rating would be accepted as transaction counterparty. 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The following indicators are used to determine whether the credit impairment of financial assets has occurred.

(i) It becomes probable that the transaction counterparty will enter bankruptcy or other financial reorganisation due to their financial difficulties; and

(ii) The disappearance of an active market for that financial asset because of financial difficulties.

iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The default occurs when the contract payments are past due over 1 year.

vi. The Company applies the modified approach on notes receivable and accounts receivable based on the loss rate methodology to estimate the expected credit loss.

vii. 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.

viii. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, thus, the provision matrix did not further distinguish customer segments, the expected credit losses were calculated from the past due date of accounts receivable.

ix. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the loss rate methodology is as follows:

December 31, 2023	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 361 days	Total
Expected loss rate	0.00%	0.02%	0.11%	2.10%	35%	100%	
Total book value	396,072	81,585	31,981	3,565	513	5,748	519,464
Loss allowance	16	16	35	75	177	5,748	6,067
December 31, 2022							
Expected loss rate	0.00%	0.00%	0.01%	24.15%	100%	100%	
Total book value	536,316	110,025	25,939	1,035	489	5,320	679,124
Loss allowance	3	2	3	250	489	5,320	6,067

x. The Company assessed the expected loss rate of financial assets at amortised cost, notes receivable, other accounts receivable and guarantee deposits paid was remote, thus, the balances of loss allowance as of December 31, 2023 and 2022 were not significant.

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

	Year ended December 31, 2023
	Allowance for uncollectible accounts
At January 1	$ 6,067
Reversal of impairment loss	-
At December 31	$ 6,067

	Year ended December 31, 2022
	Allowance for uncollectible accounts
At January 1	$ 6,067
Reversal of impairment loss	-
At December 31	$ 6,067

xii. The Company transferred past due accounts receivable due from related parties into other accounts receivable due from related parties (long-term receivables due from related parties) and provisioned credit losses, the table of changes in loss allowance was as follows:

	Year ended December 31, 2023
	Loss allowance for accounts receivable due from related parties
At January 1 (December 31)	$ 2,801

	Year ended December 31, 2023
	Loss allowance for long-term receivables due from related parties
At January 1 (December 31)	$ 24,426

	Year ended December 31, 2022
	Loss allowance for accounts receivable due from related parties
At January 1 (December 31)	$ 2,801

	Year ended December 31, 2022
	Loss allowance for long-term receivables due from related parties
At January 1 (December 31)	$ 24,426

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling capital requirement forecasts of the Company to ensure it has sufficient capital to meet operational requirements while maintaining sufficient headroom on its undrawn committed borrowing facilities at any time.

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 head-room as determined by the above-mentioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 1,243,000	$ 763,000
Expiring beyond one year	-	-
Fixed rate:		
Expiring within one year	$ -	$ -
Expiring beyond one year	-	-

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

Non-derivative financial liabilities:

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Notes payable	$ 1,189	$ 150	$ -	$ -	$ 1,339
Accounts payable	71,059	14,600	-	-	85,659
Other payables	244,891	115,115	-	-	360,006
Lease liability	586	1,600	401	-	2,587

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Over 2 years	Total
Short-term borrowings	$ 490,572	$ -	$ -	$ -	$ 490,572
Notes payable	3,243	-	-	-	3,243
Accounts payable	174,537	7,772	-	-	182,309
Other payables	170,432	120,272	-	-	290,704
Lease liability	601	1,789	2,142	361	4,893

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investments in listed stocks and beneficiary certificates were included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (other receivables), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties) and other payables are approximate to their fair values.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

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: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Please refer to table 6.

14. Operating segments information

Not applicable.

NAK SEALING TECHNOLOGIES CORPORATION

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Equity at end of year	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower (Note 1)	Reason for short-term financing	Allowance for creditor counterparty doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
0	NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Long-term accounts receivables	Y	$ 24,426	$ 24,426	$ 24,426	2%	(1)	$ -	-	$ 24,426	-	-	$ -	$ 396,073	Note 3、Note 4 and Note 5

Note 1: (1) For whom having business relationship with the Company, limit on total loans granted was 10% of the Company's net assets, limit on loans granted for a single party is the amount of transactions with the borrower in 1 year.
(2) For short-term financing, total financing activities should not be in excess of 20% of the Company's net assets. Limit on loans granted to a single party should not be in excess of 10% of the Company's net assets.
(3) Information for the year ended December 31, 2023.

Note 2: (1) Having business relationship.
(2)Short-term financing.

Note 3: According to the Accounting Research And Development Foundation Interpretation 93-167, past due accounts receivable were transferred to other receivables.

Note 4: The amount the Company loans to KISH NAK OIL SEAL MFG. CO., LTD. had exceeded the amount of transactions with the borrower in 1 year, thus, the Company did not meet "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the Company had set a improvement plan and sent it to the audit committee.

Note 5: The Company had receivables due from related parties to KISH NAK OIL SEAL MFG. CO., LTD. in the amount of $24,426 thousand which had provisioned past due credit loss in full amount. Please refer to Note 7(2) for information in relation to receivables due from related parties.

NAK SEALING TECHNOLOGIES CORPORATION

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

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions (Note 1)		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 at December 31, 2023	Percentage of total notes/accounts receivable (payable)	Footnote
NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Subsidiary	Sales	$ 219,483	4.6%	Collection in 90 days after delivery	Note 1	Collection in 90 days after delivery	$ 75,175	5.3%	None

Note 1: The price of finished goods sold to KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD. was slightly lower than general customers.
Note 2: The transactions were eliminated when preparing the consolidated financial statements.

NAK SEALING TECHNOLOGIES CORPORATION

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
No.	Company name	Counterparty	Relationship (Note 1)	General ledger account	Amount (Note 2)	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Sales revenue	$ 219,483	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery	4.6%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	1	Sales revenue	37,318	The sales price was consistent with general suppliers and collection in 90 days after delivery	0.8%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED	1	Sales revenue	37,317	The sales price was consistent with general suppliers and collection in 90 days after delivery	0.8%
0	NAK SEALING TECHNOLOGIES CORPORATION	KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	1	Accounts receivable	75,175	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery	1.4%
0	NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED	1	Accounts receivable	10,870	The price of finished goods was slightly lower than general suppliers and collection in 90 days after delivery	0.2%

Note 1: Parent company to subsidiary.
Note 2: Only transaction amount exceeding NT$10 million will be disclosed.

NAK SEALING TECHNOLOGIES CORPORATION

Information on investees

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net income of investee as of December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
NAK SEALING TECHNOLOGIES CORPORATION	SMOOTH TRACK ASSOCIATES LIMITED	British Virgin Islands	General investments business	$ 155,266	$ 155,266	4,697,463	100	$ 1,621,390	$ 383,400	$ 383,400	
NAK SEALING TECHNOLOGIES CORPORATION	NAK SEALING PRODUCTS (THAILAND) CO., LTD.	Thailand	Oil seal sales	12,815	12,815	15,000	100	39,783	8,541	8,541	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	KISH NAK OIL SEAL MFG. CO., LTD.	Iran	Oil seal production and sales	4,865	4,865	150,548	49	(2,668)	(7,418)	(3,635)	Note 2、Note 4
NAK SEALING TECHNOLOGIES CORPORATION	SHOWMOST INTERNATIONAL CO., LTD.	Mauritius	General investments business	17,890	17,890	577,859	100	26,470	9,940	9,940	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	BUSINESS FRIEND LIMITED	Hong Kong	General investments business	-	-	-	33.34	946	(171)	(57)	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	NAK TOTAL SEALING SOLUTIONS PTY LTD.	Australia	Oil seal sales	13,957	13,957	4,900	49	10,395	(5,829)	(2,856)	Note 2
NAK SEALING TECHNOLOGIES CORPORATION	松全國際股份有限公司	Taiwan	Manufacture industry of rubber products	197,560	182,560	15,000	100	203,790	1,042	1,042	Note 3
SMOOTH TRACK ASSOCIATES LIMITED	NAK HONGKONG CO., LTD.	Hong Kong	General investments business	149,289	149,289	7,320,000	100	1,660,128	386,277	-	Note 1
SHOWMOST INTERNATIONAL CO., LTD.	NAK INTERNATIONAL LTD.	Russia	Oil seal sales	3,561	3,561	-	33.33	29,236	24,548	-	Note 1、Note 2
SHOWMOST INTERNATIONAL CO., LTD.	NAK SEALING TECHNOLOGIES INDIA PRIVATE LIMITED	India	Oil seal sales	1,149	1,149	2,097,865	60	6,026	3,263	-	Note 1、Note 2

Note 1: The Company's reinvested second-tier subsidiary, and investment income (loss) recognised by the Company are not presented.

Note 2: Income(loss) from investments are recognized based on the investee company's self-calculated financial statements for the same period and which have not been reviewed by accountants.

Note 3:The subsidiary, Song Quan International Co., Ltd., increased its cash capital amounting to $15,000 thousand in 2023. The effective date was set on April 10, 2023. The registration for the change had been completed.

Note 4:The Company continues to provide financial support to the reinvestees accounted for using equity method and transferred the credit balance arising from long-term equity investments to "other non-current liabilities".

NAK SEALING TECHNOLOGIES CORPORATION

Information on investments in Mainland China

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

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 as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	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							
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.	Production and manufacture kinds of sealing products and its component	$ 462,365	Note 2	$ 148,385	$ -	$ -	$ 148,385	$ 383,400	100	$ 383,400	$ 1,621,390	$ 1,606,216	Note 1 and Note 3
Guangzhou Mt. Port Automotive Technology Limited Company	Professional technology service industry	-	Note 2	2,851	-	2,851	-	(53)	55	(29)	-	12,433	Note 1、Note3 and Note 4

Note 1: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 3: The financial statements that are audited and attested by R.O.C. parent company's CPA.
Note 4: Given market factors and business strategies, on August 4, 2022, the Board of Directors of the Group resolved to liquidate Guangzhou Mt. Port Automotive Technology Limited Company.
The subsequent matters were carried out in accordance with the relevant laws and regulations of the local government on liquidation.

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
NAK SEALING TECHNOLOGIES CORPORATION	$ 148,385	$ 291,698	$ 2,376,437

Note 1: Above amount involved foreign currency and was converted into New Taiwan dollar at the exchange rate on the balance sheet date.
Note 2:Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is US$9,500 thousand and the US dollar exchange rate is 30.7050.

NAK SEALING TECHNOLOGIES CORPORATION

Major shareholders information

Year ended December 31, 2023

Table 6

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
SHIH, CHENG-FU	6,418,348	7.71%
Tangdi Investment Co., Ltd.	4,159,000	5.00%

NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF CASH AND CASH IN BANKS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount	Note
Cash on hand and petty cash		$ 546	
Bank deposits			
Demand deposits		280,510	
Foreign currency deposits	US$890 thousand, conversion rate: NT$30.6550：US$1	27,280	
	EUR$43 thousand, conversion rate: NT$33.7800：EUR$1	1,456	
	RMB$76 thousand, conversion rate: NT$4.3020：RMB$1	325	
	JPY$45,412 thousand, conversion rate: NT$0.2152：JPY$1	9,773	
Checking accounts		181	
		$ 320,071	

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Description	Amount
Accounts receivable		
A company		$ 72,203
B company		59,557
C company		41,105
D company		31,119
E company		28,909
Others		286,571
		519,464
Less: Allowance for uncollectible accounts		(6,067)
		$ 513,397
Accounts receivable due from related parties		
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.		$ 75,175
NAK TOTAL SEALING SOLUTIONS PTY LTD.		12,555
NAK INTERNATIONAL LTD.		24,567
NAK SEALING TECHNOLOGIES (INDIA) PRIVATE LIMITED		10,870
Others		35
		123,202
Less: Allowance for uncollectible accounts		(2,801)
		$ 120,401

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount: Cost	Amount: Market price	Methods of deciding market price	Collateral
Raw materials	$ 203,497	$ 203,636	Replacement cost	None
Work in progress	185,821	209,296	Net Realisable Value	None
Finished goods	347,161	540,336	Net Realisable Value	None
	736,479	$ 953,268		
Less: Allowance for loss on obsolete inventory and decline in market value	(49,790)			
	$ 686,689			

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF CHANGES IN LONG-TERM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	Beginning Balance		Addition		Decrease		Ending Balance			Market value or net assets value			
Name	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Shareholding ratio	Amount	Unit Price (In dollars)	Total Amount	Valuation method	Collateral
SMOOTH TRACK ASSOCIATES LIMITED	4,787,379	$ 1,539,429	-	$ 349,311	(89,916)	($ 211,671)	4,787,379	100.00%	$ 1,677,069	350.31	$ 1,677,069	Equity method	None
NAK SEALING PRODUCTS (THAILAND) CO., LTD.	15,000	41,219	-	9,638	-	(541)	15,000	100.00%	50,316	3,354.40	50,316	Equity method	None
KISH NAK OIL SEAL MFG. CO., LTD.	150,548	1,215	-	46	-	(3,926)	150,548	49.00%	(2,665)	(17.70)	(2,665)	Equity method	None
SHOWMOST INTERNATIONAL CO., LTD.	577,859	31,086	-	7,860	-	(3,488)	577,859	100.00%	35,458	61.36	35,458	Equity method	None
BUSINESS FRIEND LIMITED	-	1,003	-	47	-	(104)	-	33.34%	946	-	946	Equity method	None
NAK TOTAL SEALING SOLUTIONS PTY LTD.	4,900	22,194	-	-	0	(5,835)	4,900	49.00%	16,359	-	16,359	Equity method	None
Song Quan International Co., Ltd.	13,500	187,749	1,500	16,041	0	-	15,000	100.00%	203,790	-	-	Equity method	None
		1,823,895		$ 382,943		($ 225,565)			1,981,273				
Less: Unrealised gross sales profit of investees		(65,974)							(81,167)				
Add: Transfer to "other non-current liabilities".		-							2,668				
		$ 1,757,921							$ 1,902,774				

Note :The subsidiary, Song Quan International Co., Ltd., increased its cash capital amounting to $15,000 thousand in 2023. The effective date was set on April 10, 2023. The registration for the change had been completed.

NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF CHANGES IN COST AND ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

	Beginning balance					Ending balance		
Items	Cost	Revaluation increment	Addition	Decrease	Transfer	Cost	Revaluation increment	Collateral

Explanation: Please refer to Notes 4(12) and 6(6) for information in relation to "Cost and accumulated depreciation of property, plant and equipment".

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Customer name	Description	Amount	Note
Non-related parties			
A company		$ 4,003	
B company		3,153	
Others		78,503	Each individual customer balance did not exceed 5% of the account balance.
		$ 85,659	

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Item	Description	Amount	Note

Please refer to Note 6(9) for information in relation to "other payables".

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Volume	Amount	Note
Oil seal	148,055 thousand units	$ 2,793,218	
Complete rubber mix	1,771 thousand kilogram	333,133	
Others	49,145 thousand units	328,096	
		3,454,447	
Less: Sales returns and discounts		(7,010)	
		$ 3,447,437	

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Items	Amount	Note
Raw materials		
Beginning materials	$ 233,996	
Add: Purchase in the year	817,237	
Gain on physical inventory for raw materials	2,165	
Less: Transferred to expenses	(5,084)	
Selling raw materials	(210)	
Ending raw materials	(203,497)	
Raw materials used in the year	844,607	
Direct labor	347,061	
Manufacturing expense	771,473	
Manufacturing cost in the year	1,963,141	
Add: Beginning work in progress	309,448	
Outsourcing of glues	23,930	
Less: Loss on physical inventory	(3,339)	
Selling work in progress	(296,405)	
Ending work in Progress	(185,821)	
Cost of finished goods	1,810,954	
Add: Finished goods at beginning of year	354,833	
Import of finished goods	21,366	
Gain on physical inventory	(162)	
Less: Transferred to expenses	(3,049)	
Ending finished goods	(347,161)	
Manufacturing and selling costs for the year	1,836,781	
Add: Selling cost of raw materials	210	
Selling cost of work in progress	296,405	
Cost of goods sold	2,133,396	
Add: Loss for market value decline and obsolete and slow-moving inventories	(1,009)	
Less: Gain on physical inventory	1,336	
Revenue from sale of scraps	(1,427)	
Operating costs	$ 2,132,296	

NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Indirect labor		$ 162,357	
Outsourcing fees		93,954	
Utilities expense		87,796	
Depreciations		87,600	
Insurance expense		81,604	
Office supplies		78,829	
Miscellaneous		62,480	
Others		116,853	Balance of individual accounts has not exceeded 5% of total account balance
		$ 771,473	

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Items	Marketing	Management	Research	Total	
Wages and salaries	$ 63,081	$ 148,825	$ 52,948	$ 264,854	
Freight	21,158	4	24	21,186	
Depreciation	474	28,334	8,515	37,323	
Amortisation	406	11,371	615	12,392	
Export expenses	15,122	-	-	15,122	
Cost of services	685	9,880	90	10,655	
Package expenses	19,190	762	123	20,075	
Traveling expense	5,286	417	2,700	8,403	
Insurance expense	5,148	8,749	4,645	18,542	
Miscellaneous expenses	2,001	37,502	1,369	40,872	
Other expenses	14,525	16,343	8,273	39,141	Note
	$ 147,076	$ 262,187	$ 79,302	$ 488,565	

Note: Balance of individual accounts has not exceeded 5% of total account balance.

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NAK SEALING TECHNOLOGIES CORPORATION
OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note

Please refer to Note 6(18) for information in relation to "other gains and losses".

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NAK SEALING TECHNOLOGIES CORPORATION
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note

Please refer to Note 6(19) for information in relation to "other gains and losses".

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NAK SEALING TECHNOLOGIES CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

	Year ended December 31, 2023		
Items	Operating costs	Operating expenses	Total

Please refer to Note 6(20) for information in relation to "summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function".

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