

2023

Hu Lane Associate Inc. Annual Report

Stock Code : 6279



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- V. Name of the exchanges where the Company's overseas securities are traded: None
Method of inquiring about the overseas securities information: None
- VI. Company website: <http://www.hulane.com>

Table of Contents

One.	Statement to Shareholders
1	Statement to Shareholders
Two.	Company Profile
3	I. Date of establishment
3	II. Company History
Three.	Corporate Governance Report
7	I. Organization System
9	II. Profile of the Director, President, Vice President, Assistant Manager, and heads of departments and branches
26	III. Remuneration paid to directors, supervisors, President, and Vice President in the latest year
32	IV. Corporate Governance Operations
89	V. CPA public expenditure information
90	VI. CPA Replacement information
90	VII. Any of the Company's Chairman, President, or any manager in charge of finance or accounting affairs being employed by the accounting firm or any of its affiliated companies in the most recent year
91	VIII. As of the publication date of this annual report, the equity transfers and changes in equity pledges of directors, supervisors, managers, and shareholders holding more than 10% of the shares in the most recent year
92	IX. Information on the top-10 shareholders who are related, spouse, or relatives within the second degree of kinship
93	X. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same reinvestment business is comprehensively calculated altogether as the comprehensive shareholding ratio.
Four.	Fund-raising status
94	I. Company capital and shares
100	II. Corporate bond handling
101	III. Special equity handling
101	IV. Global depositary receipt handling
101	V. Employee stock warrants handling
101	VI. Restricted Stock Awards handling
101	VII. Issuance of new shares for merger or acquisition of another company's shares
102	VIII. Implementation of the capital utilization plan
Five.	Operational overview
103	I. Business Scope
107	II. Overview of the market, production and sales
118	III. As of the publication date of this annual report, the employee information in the most recent two years

118	IV.	Environmental expenditure information
121	V.	Labor relations
124	VI.	Cyber security management
125	VII.	Important contract
Six.		Financial overview
126	I.	Financial information for the past five years
131	II.	Financial analysis for the past five years
134	III.	Audit Committee's Report on the Financial Statements of the Most Recent Year
135	IV.	Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related notes or tables.
135	V.	The parent company only financial statements of the most recent year audited and certified by CPAs.
135	VI.	If the company or its affiliates have experienced financial difficulties in the most recent year or as of the publication date of this annual report, it shall explain how have the difficulties affected the company's financial situation.
Seven.		Review and Analysis of Financial Position, Financial Performance, and Risks
136	I.	Financial status
138	II.	Financial performance
139	III.	Cash flow
140	IV.	The effect upon financial operations of any major capital expenditures during the most recent year
140	V.	The annual report shall describe the company's reinvestment policy , the main reasons for the profits/losses generated thereby for the most recent year, the plan for improving reinvestment profitability, and investment plans for the coming year.
141	VI.	Risk matter assessment
147	VII.	Other significant matters
Eight.		Special notes
148	I.	Affiliates related information
148	II.	The handling of private placements of securities of the most recent year and as of the publication date of this annual report
148	III.	Subsidiaries hold or dispose of the company's stocks in the most recent year and as of the publication date of this annual report
148	IV.	Other matters that require additional description
148	V.	Occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and as of the publication date of this annual report that significantly affect shareholders' equity or security prices
		Appendix
149	Appendix 1.	2023 Consolidated Financial Report
218	Appendix 2.	2023 Parent Company Only Financial Report
284	Appendix 3.	Consolidated Business Report of Affiliated Enterprises

One. Statement to Shareholders

Dear Shareholders,

Hu Lane is about to enter its 48th year. The company has always adhered to the concept of integrity as its business direction to coexist with customers and suppliers, and is moving towards the strategic vision of communicating as equals with the world's first-class car manufacturers, participating in innovative connection system solutions, and pursuing revenue growth and cost efficiency, through cost-effective green products and services, provision of vehicle connectivity solutions and up-to-date product technology, to achieve excellent operational efficiency by becoming the first choice of smart B2B customers.

Mainland China's automobile market grew by 12% in 2023, which was the key to the growth of the global new car market. Sales in the United States and Europe returned to growth with the global automobile market approximately grew by 11%. Hu Lane is still maintaining stable profits. In 2023, the Company's consolidated revenue was NT\$7,330,811 thousand with an increase of 12.32% compared to 2022. In terms of profitability, the consolidated net revenue was NT\$1,204,528 thousand in 2023, with the consolidated earnings per share of NT\$9.24, which was a decrease of 4.24% and 7.88% respectively from the previous year.

In the past year, the Hu Lane R&D team has continued to actively develop innovation and improvements on product-related technologies and has obtained a total of 214 domestic and international patent certificates, with a total of 23 patent applications pending. 107 sets of terminal molds, 351 sets of plastic molds, and 62 sets of rubber molds including various connectors used in conventional vehicles were newly developed in 2023, the Company has also actively started its technology development in electric vehicles, smart vehicles, and automotive electronics related products, high-frequency connectors, high-current and high-speed connectors, and PCB fuse boxes for instance.

Looking forward to the future, global governments are accelerating the development of the electric vehicle industry by providing special grants to purchase, supporting the production of electric vehicles, and the electric vehicle supply chain, and encouraging investment in electric vehicle infrastructure. In 2023, the Mainland China automobile market continued to grow, and the sales of new energy vehicles increased by 38% year-on-year. China is still the main market with the greatest potential. Hu Lane has cultivated the China market for a long time. We will continue to actively invest in customer and brand management, and continue to expand the Company's operation scale and market penetration. The amount of consolidated self-made parts of the Group is expected to reach over 7.2 billion pieces this year.

In 2024, the Company's goal of improving environmental friendliness is to strengthen the integrity of new energy vehicle parts and products, to create a complete solution capacity for new energy vehicles, and establish a complete system of management and professional manpower for each business unit.

In terms of sales policy, sales and R&D collaborate on customer development, maintain and manage key customers, establish global brand image and enhance digital exposure, expand sales growth of existing customers, and develop new customers of global markets, expand customer growth of products of new technologies, establish complete product information that satisfy customer needs. In terms of production policies, the Company aims to optimize automated production processes, reduce carbon emissions in production processes, improve the activation of production equipment, stabilize product quality, reduce the cost of production, establish a data decision-making mechanism on production. In terms of sustainable development (ESG), the Sustainability Committee has been established. Independent directors serve as committee members and are responsible for formulating the direction of sustainable development. The Company has

set a five-year (2023 – 2027) sustainable development strategic goal, and through the Sustainability Committee, promotes and tracks related sustainability projects. It is expected that with active carbon reduction actions and the Group's carbon control, the carbon emissions of products and absolute total carbon emissions can be reduced year by year. The company completed the group's annual ISO14064-1 greenhouse gas inventory and external certification of 2022 in 2023, and also completed the ISO14067 carbon footprint inventory and external certification for four products, and introduced the ISO14001 environmental management system and ISO50001 energy management system. the group will carry out its 2023 ISO14064-1 inventory in 2024, aiming to reduce the group's carbon emission by 10%. ISO14067 product carbon footprints will be continuously inspected. Five products are expected to be inspected and verified by a third party. The Company attaches great importance to the future development of ESG, cooperates with external consultants, interacts with stakeholders, obtains important suggestions from stakeholders, and has completed the sustainability report for 2023, which is expected to obtain external certification in June 2024. In response to the continuous improvement and optimization of information security, the Company is expected to obtain the ISO27001 certificate by the end of 2024.

Hu Lane looks forward to a consensus on emphasizing sustainable development, the corresponding strategies and goals under the group's six corporate values. The six major sustainable development strategies are: "Sustainable Responsible Procurement", "Green Product Innovation", "Recycling Economy", "Low Carbon Manufacturing Transformation", "Achieving Employee Mission", and "Happy and Friendly Working Environment". Hu Lane set clear short, medium, and long-term goals to promise sustainable future with the review and implementation of the Sustainability Committee.

We will insist on continuous innovation and breakthroughs to become a world class leading brand. This is the long-term goal of Hu Lane's sequential development. I would like to thank President Hu for leading the efforts of all colleagues. I would also like to thank all shareholders for their trust and support of the Hu Lane team. In the future, we will continue to uphold the business philosophy of "integrity and pragmatism", "customer satisfaction", "sustainable management", and "environmental friendliness" to overcome various business challenges and pursue the greatest the Company's interests are the goal, and live up to the expectations of all stakeholders, employees, clients, suppliers, and community.

Best wishes to all shareholders, ladies and gentlemen

Good health, great luck

Chairman: Chang Tzu-Hsiung



Two. Company Profile

I. **Date of establishment:** July 9, 1977

II. **Company History**

Year	Milestone
1977	Hu Lane Enterprise Co., Ltd., was established to engage in the manufacturing and sales of electronic terminal parts for automobiles and scooters with capital resources of NT\$500,000 at that time.
1979	The Company developed wire crimping dies and started mass production, trading, and sales.
1981	Capital was increased by NT\$ 4.5 million in cash to increase the capital of the Company to NT\$ 5 million.
1982	The Company developed wire crimping dies and started mass production and sales. The Company relocated its head office from Taipei City to Xizhi City.
1989	The new Huan Ho Street factory was completed and activated, and the MRP (information management system) was introduced for the entire plant. The Company's products passed the CSA certification.
1990	The company changed its name from Hu Lane Enterprise Co., Ltd., to Hu Lane Industrial Co., Ltd. A capital increase of NT\$24,700,000 was made in cash for operational needs, increasing the capital to NT\$29,700,000.
1994	The Company passed UL certification to improve product quality to international standards. To improve operational and production efficiency, the Company replaced the mainframe computer system.
1995	Capital increase in cash of NT\$16.2 million and recapitalization of earnings of NT\$4.2 million to increase the capital to NT\$50.1 million.
1996	To improve the Company's management efficiency, the Company signed a contract with a consulting company for counseling, and introduced a daily management system to establish the ISO-9002 system.
1997	Capital surplus transferred to common stock by NT\$37 million and capital increase by NT\$13.1 million of retained earnings, and capitalization of the Company to NT\$100.2 million.
2000	A performance management system was introduced to improve competitiveness in response to the WTO. Successfully developed the terminal automatic image sensor (LCD).
2001	Cash capital increase by NT\$49.71 million and capital increase by NT\$45.09 million of retained earnings, and capitalization of the Company to NT\$195 million. The Company name change to Hu Lane Associate Inc., was approved by the shareholders' meeting. Capital increase by NT\$58,500,000 of retained earnings, to increase the capital of the Company to NT\$253,500,000. Issued new shares and supplementary shares, and obtained the consent of the competent authority for the issuance of shares. Established Hong Kong Branch Office. Acquired 100% equity of Hu Lane Electronics (Shenzhen) Co., Ltd., and Lianying Electronics (Shenzhen) Co., Ltd.

2002	Capital increase by NT\$50,700,000 of retained earnings, which increased the capital of the Company to NT\$304,200,000.
	Awarded the "Little Giant" award by the Ministry of Economic Affairs.
2003	It was officially listed on the Taipei Exchange in November.
	Capital increase by NT\$76,050,000 of retained earnings, and capitalization of the Company to NT\$380,250,000.
	Officially introduced the TIPTOP system to integrate ERP system resources.
2004	Formally merged with MRT Corporation, increasing the Company's share capital to NT\$89,960,000.
	Won the National Rock Award.
	Capital increase by NT\$39,200,000 of retained earnings, and capitalization of the Company to NT\$529,160,000.
	Reinvested Nanjing's subsidiary to formally establish Hu Lane Electronics (Nanjing) Co., Ltd.
2005	Hu Lane Electronics (Nanjing) Co., Ltd., passed the TUV ISO9001:2000 certification.
2006	The Company and Hu Lane Electronics (Shenzhen) Co., Ltd., have passed the TUV certification for S-16949:2002 quality assurance system.
	Capital increase by NT\$30 million in cash to NT\$633 million.
	Vietnam Office established.
2007	The Company, Hu Lane Electronics (Shenzhen) Co., Ltd., and Hu Lane Electronics (Nanjing) Co., Ltd., passed the ISO-14001: 2004 Environmental Protection System certification by TUV.
	The Company's laboratory has been granted the ISO/IEC 17025:2005 Length Correction Laboratory Certificate (No. 1779).
	Signed a sales agency contract with ELMAC SRL, Italy.
	Completed the construction of Hu Lane Electronics (Nanjing) Co., Ltd.
	NT\$31,380,000 of retained earnings was recapitalized to capitalize NT\$664,000,000.
2008	Completed the establishment and introduction of Product Lifetime Management System (PLM) in May.
	Completed the construction of the electrical automated measuring system with the University of Science and Technology of North Korea in July.
	July: The joint project with the University of Science and Technology of Taiwan was subsidized by the Ministry of Education.
	Passed GP-10 certification from Shanghai General Motors for its Nanjing Plant.
	The Shanghai office was established.
	NT\$37,130,000 of retained earnings was recapitalized to capitalize NT\$702,000,000.
	Hu Lane Electronics (Vietnam) Co., Ltd., was established.
2009	In the 273rd issue of Global Views Magazine, the Company was honored as one of the top 10 GTSM listed companies among the Top 70 Outstanding Enterprises in the 5th Corporate Social Responsibility Award (CSR).
	The Nanjing Laboratory obtained the CNAS national laboratory accreditation (ISO 17025).
	NT\$35,080,000 of retained earnings was recapitalized to capitalize NT\$736,000,000.

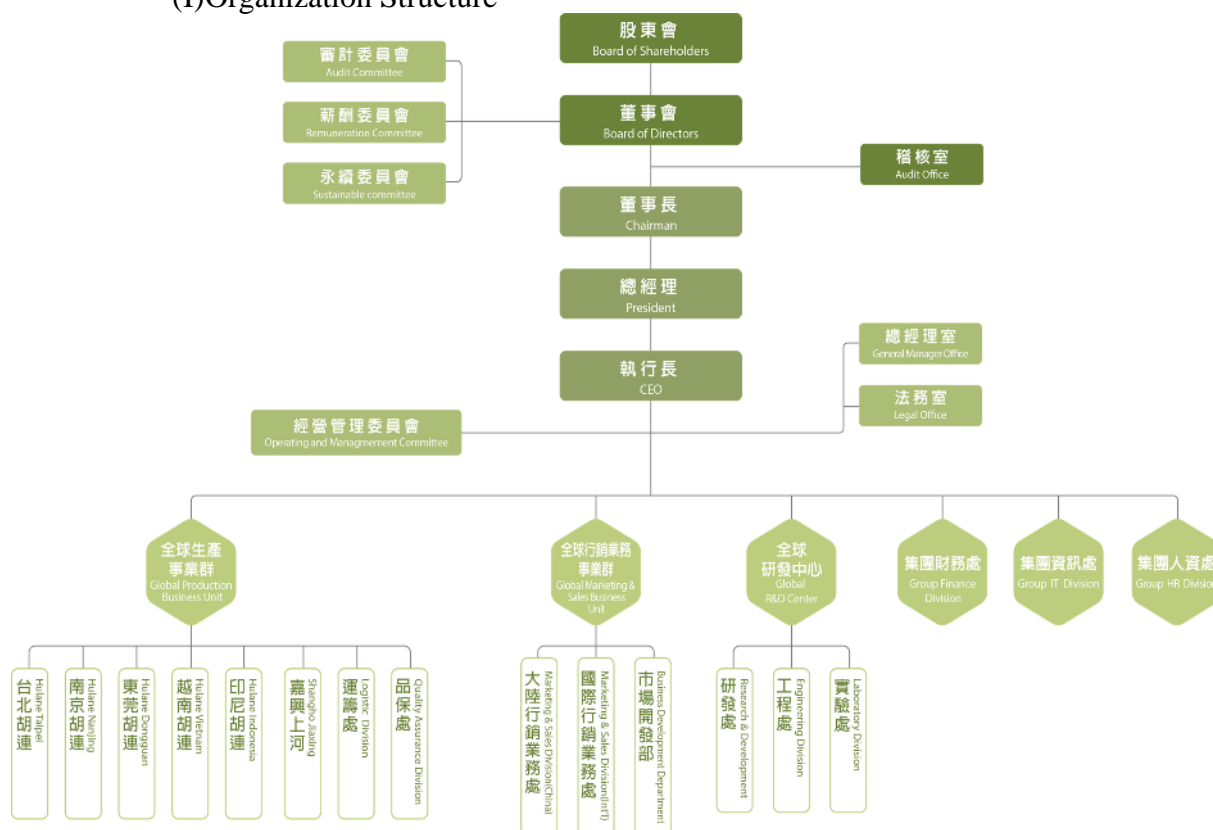
2010	In the 285th issue of Global Views Monthly, the Company was honored as one of the top 5 listed companies among the Top 65 Outstanding Enterprises in the 6th Corporate Social Responsibility Award (CSR).
	Capital increase by NT\$83,900,000 in cash to raise the capital to NT\$821m.
	Completed the development of the high-end spot welding terminal and received the CITD project subsidy from the Industrial Development Bureau.
	Invested in and established FORTUNE MASTER DEVELOPMENT LIMITED.
2011	Completed the development of the EV high-voltage connector.
	Invested and established Dongguan Hu Lane Electronic Technology Co., Ltd.
	Completed construction and mass production of Hu Lane Electronics (Vietnam) Co., Ltd.
	The Company's ERP system was introduced into the SAP system.
	Capital increase by NT\$41.04 million of earnings and conversion of employee stock warrants for NT\$3.13 million to capitalize NT\$864 million.
	Won the "Golden Guidance Award for TPEx-Listed Companies" - Excellence in Sustainability Award by TPEx.
2012	Successfully developed the pneumatic wire crimping die and started mass production, trading, and sales.
	Capital increase by NT\$ 17,330,000 by recapitalization of earnings and exchange of employee stock warrants with NT\$ 1,811,000 to increase the capital to NT\$ 884 million.
	Received a subsidy from the Industrial Development Bureau, Ministry of Economic Affairs, Specialized Program for Electric Scooter Battery Switching Stations, and successfully applied the newly developed contact connector to this program.
	Established Dongguan Hu Lane Puguang Trading Co., Ltd.
2013	Hu Lane Electronics (Vietnam) Co., Ltd., passed TS-16949:2009 certification.
	Established a real-time production monitoring system for forming machines and punching machines by Hu Lane Electronics (Nanjing) Co., Ltd.
	Acquired 100% equity of Yi Hong Iron and Steel Co., Ltd.
	Published the corporate social responsibility report of Hu Lane for the first time.
	Dongguan Hu Lane Electronic Technology Co., Ltd., was officially put into production.
	Hu Lane Electronics (Nanjing) Co., Ltd., was awarded the 1st Zero Defect Engineering Award by the Great Wall Motor Institute of Quality in December (being the only connector manufacturer that won the award).
	Issued employee stock options for NT\$26,000 and issued a cash capitalization of NT\$85,000,000 to raise the capital to NT\$971,000,000.
	Completed the second phase of plant expansion for Hu Lane Electronics (Nanjing) Co., Ltd.
2014	Hu Lane Electronics (Vietnam) Co., Ltd., passed the ISO-14001:2004 certification.
	Won the 2nd Medium-sized Enterprise Award by the Ministry of Economic Affairs.
	Completed commissioning of the automated storage system of Hu Lane Electronics (Nanjing) Co., Ltd.
2015	The Dongguan factory of Dongguan Hu Lane Electronic Technology Co., Ltd., was officially completed and started mass production.
2016	The Taipei head office passed ISO-14001:2015 certification.

2017	Established Indonesia PT. HULANE TECH MANUFACTURING
	Hu Lane Electronics (Nanjing) Co., Ltd., passed VDA 6.1 certification.
	Dongguan Hu Lane Electronic Technology Co., Ltd., passed TS-16949:2009 certification.
	For the promotion of quality control circle activities by Hu Lane Group, Dongguan Hu Lane Electronic Technology Co., Ltd., won the "Ishikawa Award" and the "Jianfeng Award" at the 51st Jianfeng National Quality Control Circle Conference.
2018	Dongguan Hu Lane Electronic Technology Co., Ltd., passed the ISO-14001:2015 certification.
	Dongguan Hu Lane Electronic Technology Co., Ltd., passed the IATF-16949:2016 certification.
	Hu Lane Electronics (Vietnam) Co., Ltd., passed the IATF-16949:2016 certification.
	Hu Lane Electronics (Nanjing) Co., Ltd., passed the national high-tech enterprise certification.
	Dongguan Hu Lane Electronic Technology Co., Ltd., passed the national high-tech enterprise certification.
2019	The local office in Europe established.
	Nanjing Industrial Enterprise Technology and Equipment of Hu Lane Electronic (Nanjing) Co., Ltd. was granted inclusive and sustainable development policies.
	Hu Lane Electronics (Nanjing) Co., Ltd., was awarded the intelligent manufacturing demonstration project in Jiangning District.
2020	Capital increase by NT\$24,310,000 of retained earnings, and capital increase to NT\$997 million.
2021	Yangzhou Lear & Hu Lane Automotive Parts Trading Co., Ltd., was established as a joint venture with the US-based Lear Group.
	The Company was awarded the BYD Outstanding Supplier Award.
	Dongguan Hu Lane Electronic Technology Co., Ltd., obtained the certificate of accreditation for the Dongguan Laboratory from Geely Automobile.
2022	Taipei Group Headquarters was completed and activated.
	The Company was granted the excellent supplier by the Continental Automotive Parts (SuZhou) Co., Ltd with the "Excellent Delivery Award".
	Dongguan Hu Lane Electronic Technology Co., Ltd., was certified as an innovative small and medium-sized enterprise in Dongguan City and a specialized and new small and medium-sized enterprise.
	Won total 3 awards in APEA Asia Pacific Enterprise Awards: - MASTER ENTREPRENEUR-Chairman Chang Tzu-Hsiung's Individual Award - INSPIRATIONAL BRAND-Company Award - CORPORATE EXCELLENCE-Company Award
	Acquired 100% of the equity of Taipei Shangho, (Jiaxing Shangho) to strengthen vertical integration and expand product lines.
	Launched the ESG sustainability project and completed ISO14064-1 greenhouse gas inventory carbon emissions certification for the Taipei Factory.
	Won the BYD Fudi Automobile Excellent Supplier Award for New Energy Vehicles.
	Established European subsidiary
2023	Won Forbes Asia's Best Under A Billion 2023.
	Dongguan Hu Lane Electronic Technology Co., Ltd., was certified "New, Distinctive, Specialized and Sophisticated" Small and Medium Enterprises and won the "New, Distinctive, Specialized and Sophisticated" Rising Star Award.
	Obtained the certificate of D&B ESG Registered.

Three. Corporate Governance Report

I. Organization System

(I) Organization Structure



(II) Business of each main segments

Department name	Main business activities
Audit Office	Responsible for the internal control, quality management, and management performance audit of the Group.
President's Office	Responsible for projects
Legal Office	Responsible for legal affairs, intellectual property affairs, and trademark management
Global Production Business Group	Responsible for production and quality operations in the respective area
Global Marketing Business Group	Responsible for marketing business within the jurisdiction area
Global R&D Center	Responsible for product development, mold development, product verification, etc.
Group Finance Division	Responsible for the Group's finance, accounting management, corporate governance and legal compliance, investment (strategic cooperation), promotion of sustainable development (ESG), etc.
Group Information Division	Responsible for IT development and management of the Group
Group Human Resources Department	Responsible for the HR development and management of the Group

II. Profile of the Director, President, Vice President, Assistant Manager, and heads of departments and branches

(I) Information of Directors

As of April 1, 2024																				
Job title	Nationality or place of registration	Name	Gender and age	Election (inauguration) date	Term of office	Date of initial election	Shares Held at the Time of Election		Current holdings		Shares currently held by spouses and minors		Shares held in someone else's name		Major (academic) experience	Positions held concurrently in the Company and other companies	Other supervisors, directors, or supervisors that are a spouse or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Republic of China	Chang Tzu-Hsiung	Male 61–Age 70	June 19, 2023	3 years	May 28, 1977	4,001,173	4.01%	4,001,173	4.02%	1,256,718	1.26%	0	0.00%	Academic background Kai Ming Senior Technical and Commercial Vocational School Experience Hu Lane Electronics (Vietnam) - Chairman Hu Lane Electronics (Nanjing) -Executive Director Dongguan Hu Lane Electronic Technology Co., Ltd. - Director Dongguan Hu Lane Puguang Trading Co., Ltd. -Executive Director Chang Yi Investment Co., Ltd. - Director Investment DirectForexLLC - Director CUB ELECPARTS INC. - Director JUNDA ENTERTAINMENT CO., LTD. - Director	Hu Lane Electronics (Vietnam) Hu Lane Electronics (Nanjing) Dongguan Hu Lane Electronic Technology Co., Ltd. - Director Dongguan Hu Lane Puguang Trading Co., Ltd. -Executive Director Chang Yi Investment Co., Ltd. - Director Investment DirectForexLLC - Director CUB ELECPARTS INC. - Director JUNDA ENTERTAINMENT CO., LTD. - Director	CEO concurrently serving as Head of the Global R&D Center PT. HULANE TECH MANUFACTURING Chairman (and President)	Chang Tzu-Chieh Chang Ping-Chun	Brother Father and son	None
Director	Republic of China	Hu Sheng-Ching	Male 71–Age 80	June 19, 2023	3 years	May 28, 1977	5,775,315	5.79%	5,775,315	5.79%	2,102,378	2.11%	0	0.00%	Academic background Jiaoxi Junior High School Experience Hu Lane Associate Inc. - President Dongguan Hu Lane Electronic Technology Co., Ltd. - Chairman FORTUNE MASTER DEVELOPMENT LIMITED - Director	Hu Lane Associate Inc. - President Dongguan Hu Lane Electronic Technology Co., Ltd. - Chairman FORTUNE MASTER DEVELOPMENT LIMITED - Director	Director	Hu Shao-Ju	Father and daughter	None
Director	Republic of China	Chang Ping-Chun	Male 41–Age 50	June 19, 2023	3 years	June 18, 2014	1,936,163	1.94%	1,936,163	1.94%	328,000	0.33%	0	0.00%	Academic background Georgia Institute of Technology Institute of Industrial Engineering Experience Engineer of HannStar Board Hu Lane Associate Inc. - Deputy Manager of QC Division - Deputy Manager of Production Dept., Taipei Production and Business Division - Deputy Manager of R&D Center PT. HULANE TECH MANUFACTURING- Chairman (and President), Asia Pacific Sales Assistant Vice President Shanghe Industrial Co., Ltd. - Director	PT. HULANE TECH MANUFACTURING -Chairman (and President) Hu Lane Associate Inc. -Executive Vice President of Global Manufacturing Business Group	Chairman	Chang Tzu-Hsiung	Father and son	None

Job title	Nationality or place of registration	Name	Gender and age	Election (inauguration) date	Term of office	Date of initial election	Shares Held at the Time of Election		Current holdings		Shares currently held by spouses and minors		Shares held in someone else's name		Major (academic) experience	Positions held concurrently in the Company and other companies	Other supervisors, directors, or supervisors that are a spouse or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Director	Republic of China	Hu Shao-Ju	Female 41 – Age 50	June 19, 2023	3 years	June 18, 2014	2,439,251	2.45%	2,439,251	2.45%	0	0.00%	0	0.00%	Academic background Chinese Culture University Department of Finance Experience Shanghe Industrial Co., Ltd. - Director Jiaxing Shangho Co., Ltd. - Director Yintong Investment Co., Ltd. - Supervisor Fuyin Investment Co., Ltd. - Supervisor	JIAXING SHANG HO ELECTRICS TECHNOLOGY CO., LTD - Director Yintong Investment Co., Ltd. - Supervisor Fuyin Investment Co., Ltd. - Supervisor	Director President	Hu Sheng-Ching	Father and daughter	None
Director	Republic of China	Liu Chun-Hsiang	Female 71 – Age 80	June 19, 2023	3 years	May 28, 1977	4,106,005	4.12%	4,106,005	4.12%	0	0.00%	0	0.00%	Academic background Feng Yuan Commercial High School Experience Armani Apparel Co., Ltd. - Principal	None	None	None	None	None
Director	Republic of China	Lin Yuan-Hsin	Male Age 61-70	June 19, 2023	3 years	June 13, 2008	0	0.00%	0	0.00%	8,200	0.01%	0	0.00%	Academic background Taichung Municipal Wufeng Agricultural and Industrial High School Experience MEC Co., Ltd. - Supervisor	Qiao Lin Industrial Co., Ltd. - Sales Manager	None	None	None	None
Independent Director	Republic of China	Chang Hsueh-Chih	Male Age 61-70	June 19, 2023	3 years	June 19, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Academic background Soochow University Institute of Accounting Experience China Development Financial Holding Corporation - The 13th Deputy Manager of Finance Department of the Kaohsiung Institute of Certified Public Accountants - President National Federation of Certified Public Accountants of The Republic of China - Vice President	National Federation of Certified Public Accountants of The Republic of China - Supervisor Merger of Moores Rowland CPAs - Accountant	None	None	None	None
Independent Director	Republic of China	Lin Chan-Lieh	Male Age 61-70	June 19, 2023	3 years	June 18, 2014	10,125	0.01%	10,125	0.01%	0	0.00%	0	0.00%	Academic background National Tainan Institute of Technology Experience APAQ TECHNOLOGY Co., Ltd. - Supervisor Wanshih Electronics Co., Ltd. - Director Taisol Electronics Co., Ltd. - Chief Operating Officer Taisol (Japan, Suzhou, Siyang) - Director - Legal representative	Taisol Electronics Co., Ltd. - Director MEC IMEX INC. - Consultant	None	None	None	None

Job title	Nationality or place of registration	Name	Gender and age	Election (inauguration) date	Term of office	Date of initial election	Shares Held at the Time of Election		Current holdings		Shares currently held by spouses and minors		Shares held in someone else's name		Major (academic) experience	Positions held concurrently in the Company and other companies	Other supervisors, directors, or supervisors that are a spouse or within the second degree of kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	Republic of China	Tai Chia-Wei	Male Age 61-70	June 19, 2023	3 years	June 19, 2023	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Academic background Fu Jen Catholic University, Department of Business Administration Experience Investment Banking Division, SinoPac Securities Co., Ltd. Vice President SinoPac Securities Co., Ltd. - Vice President SinoPac Venture Capital Corp. - Director Tomoji Venture Capital Corp. - Director TAIHAN PRECISION TECHNOLOGY CO., LTD. - Director	Everlit Biomedical Co., Ltd. - Director SIS Technology Co., Ltd. - Independent Director	None	None	None	None

Note 1: Director Jan Yi-Min resigned on June 19th, 2023.
Note 2: The shareholding ratio is calculated with the 99,656,123 outstanding shares as of April 01, 2024.

Disclosure of professional qualifications and independence of independent directors:

As of April 1, 2024

Condition Name of Director	Professional qualifications and experience (Note 1)	Independence (Note)	Number of other companies serving as Independent Directors
Chairman Chang Tzu-Hsiung	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the Chairman of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.	<p>(1) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently.</p> <p>(2) Not a professional, business owner of a sole proprietorship, partnership, company, or institution that provides audits or commercial, legal, financial, or accounting-related services for the company or any of its affiliated companies for less than NT\$500,000 in compensation received in the most recent two years, partners, directors, supervisors, managers and their spouses. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(3) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	0
Director Hu Sheng-Ching	Possess at least 5 years of working experience required for the Company's business operations. He currently serves as the Company's Director and President. Does not meet any of the conditions specified in Article 30 of the Company Act.	<p>(1) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently.</p> <p>(2) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(3) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	0
Director Chang Ping-Chun	Possess at least 5 years of working experience required for the Company's business operations. Currently, he is the Executive Vice President of the Company. Does not meet any	<p>(1) The director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total issued shares of the company, or who is one of the top five holders of shares, or who has appointed a representative as a director or supervisor of the company in accordance with Article 27-1 or 2 of the Company Act. However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other.</p>	0

	of the conditions specified in Article 30 of the Company Act.	<p>(2) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other).</p> <p>(3) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (however, in the case of independent directors appointed in accordance with the Act or the laws and regulations of the local country in a subsidiary of the same parent company serving as independent directors.)</p> <p>(4) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(5) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	
Director Hu Shao-Ju	Possess at least 5 years of working experience required for the Company's business operations. He currently serves as the director of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.	<p>(1) Not an employee of the Company or any of its affiliated companies.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated companies (except in the case of independent directors established by the Company and its parent company, subsidiary company, or subsidiaries of the same parent company in accordance with the Act or the laws and regulations of the local country to hold concurrent positions with each other.)</p> <p>(3) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently).</p> <p>(4) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other)</p> <p>(5) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%).</p> <p>(6) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last</p>	0

		<p>two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(7) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	
Director Liu Chun-Hsiang	<p>Possess at least 5 years of working experience required for the Company's business operations. He currently serves as the director of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliated companies.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated companies (except in the case of independent directors established by the Company and its parent company, subsidiary company, or subsidiaries of the same parent company in accordance with the Act or the laws and regulations of the local country to hold concurrent positions with each other.)</p> <p>(3) Not one of the managers listed in (1) or the natural person shareholder of (2) who holds 1% or more of the Company's total outstanding shares in the name of his/her spouse, underage children, or in another person's name or is one of the top 10 shareholders by shareholding. The spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship.</p> <p>(4) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other)</p> <p>(5) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%).</p> <p>(6) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(7) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	0
Director Lin Yuan-Li	<p>Possess at least 5 years of working experience required for the Company's business operations. He currently serves as the director of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliated companies.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated companies (except in the case of independent directors established by the Company and its parent company, subsidiary company, or subsidiaries of the same parent company in accordance with the Act or the laws and regulations of the local country to hold concurrent positions with each other.)</p> <p>(3) Not a natural-person shareholder who holds 1% or more of the Company's total outstanding shares in the name of his/her spouse, underage children, or in another person's name or is one of the top 10 shareholders by shareholding.</p>	0

		<p>(4) Not the spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship within any of the manager (1) or the personnel (2) or (3).</p> <p>(5) The director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total issued shares of the company, or who is one of the top five holders of shares, or who has appointed a representative as a director or supervisor of the company in accordance with Article 27-1 or 2 of the Company Act. However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other.</p> <p>(6) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently).</p> <p>(7) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other)</p> <p>(8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%).</p> <p>(9) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(10) Not a spouse or relative within the second degree of kinship to any other director.</p> <p>(11) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	
Independent Director Chang Hsueh-Chih	Possess at least 5 years of working experience required for the Company's business operations. Has passed the examinations required by the state for CPAs or other duties required by the Company's business activities. He	<p>(1) Not an employee of the Company or any of its affiliated companies.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated companies (except in the case of independent directors established by the Company and its parent company, subsidiary company, or subsidiaries of the same parent company in accordance with the Act or the laws and regulations of the local country to hold concurrent positions with each other.)</p> <p>(3) Not a natural-person shareholder who holds 1% or more of the Company's total outstanding shares in the name of his/her spouse, underage children, or in another person's name or is one of the top 10 shareholders by shareholding.</p>	0

	currently serves as the director of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.	<p>(4) Not the spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship within any of the manager (1) or the personnel (2) or (3).</p> <p>(5) The director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total issued shares of the company, or who is one of the top five holders of shares, or who has appointed a representative as a director or supervisor of the company in accordance with Article 27-1 or 2 of the Company Act. However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other.</p> <p>(6) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently).</p> <p>(7) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other)</p> <p>(8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%).</p> <p>(9) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(10) Not a spouse or relative within the second degree of kinship to any other director.</p> <p>(11) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	
Independent Director Lin Chan-Lieh	Possess at least 5 years of working experience required for the Company's business operations. He currently serves as the director of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.	<p>(1) Not an employee of the Company or any of its affiliated companies.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated companies (except in the case of independent directors established by the Company and its parent company, subsidiary company, or subsidiaries of the same parent company in accordance with the Act or the laws and regulations of the local country to hold concurrent positions with each other.)</p> <p>(3) Not a natural-person shareholder who holds 1% or more of the Company's total outstanding shares in the name of his/her spouse, underage children, or in another person's name or is one of the top 10 shareholders by shareholding.</p>	0

		<p>(4) Not the spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship within any of the manager (1) or the personnel (2) or (3).</p> <p>(5) The director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total issued shares of the company, or who is one of the top five holders of shares, or who has appointed a representative as a director or supervisor of the company in accordance with Article 27-1 or 2 of the Company Act. However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other.</p> <p>(6) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently).</p> <p>(7) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other)</p> <p>(8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%).</p> <p>(9) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.</p> <p>(10) Not a spouse or relative within the second degree of kinship to any other director.</p> <p>(11) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.</p>	
Independent Director Tai Chia-Wei	Possess at least 5 years of working experience required for the Company's business operations. He currently serves as the director of the Company. Does not meet any of the conditions specified in Article 30 of the Company Act.	<p>(1) Not an employee of the Company or any of its affiliated companies.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliated companies (except in the case of independent directors established by the Company and its parent company, subsidiary company, or subsidiaries of the same parent company in accordance with the Act or the laws and regulations of the local country to hold concurrent positions with each other.)</p> <p>(3) Not a natural-person shareholder who holds 1% or more of the Company's total outstanding shares in the name of his/her spouse, underage children, or in another person's name or is one of the top 10 shareholders by shareholding.</p>	1

- (4) Not the spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship within any of the manager (1) or the personnel (2) or (3).
- (5) The director, supervisor, or employee of a corporate shareholder who does not directly hold more than 5% of the total issued shares of the company, or who is one of the top five holders of shares, or who has appointed a representative as a director or supervisor of the company in accordance with Article 27-1 or 2 of the Company Act. However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other.
- (6) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently).
- (7) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other)
- (8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%).
- (9) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provide audits or commercial, legal, financial, or accounting-related services for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction.
- (10) Not a spouse or relative within the second degree of kinship to any other director.
- (11) Not elected according to Article 27 of the Company Act is a government, institution, or its representative.

Disclosure of professional qualifications and independence of independent directors:

Management Objectives	Status of Achievement
The number of directors concurrently serving as a managerial officer of the Company shall not exceed one-third of the total number of directors	Achieved
Sufficient and diversified professional knowledge and skills	Achieved

The Company's Board of Directors currently consists of 9 directors. The specific management goals and accomplishments of the Board diversity policy are as follows:

The implementation of the diversity policy of the board of directors is as follows:

Diversified Core Name of Director	Basic composition					Professional background				Professional knowledge and skills						Number of other public companies in which there is service concurrently as an Independent Director		
	Nationality	Gender	Has employee status	Independent directors with years of service under 9 years	Age			Industry	Finance and Accounting	Professional service and marketing	Information security	Operational judgment	Business management ability	Leadership decision-making ability	Risk management and crisis management		Industry knowledge	International market perspective
					Aged 31-40	Aged 51-60	Aged 61-70+											
Chairman Chang Tzu-Hsiung	Republic of China	Male	V			V	V	V	V		V	V	V	V	V	V	V	0
Director Hu Sheng-Ching		Male	V			V	V	V	V		V	V	V	V	V	V	V	0
Director Chang Ping-Chun		Male	V		V			V		V		V	V	V	V	V	V	0
Director Hu Shao-Ju		Female			V			V		V		V	V	V	V	V	V	0
Director Liu Chun-Hsiang		Female					V	V		V		V	V	V	V	V	V	0
Director Lin Yuan-Li		Male					V	V	V	V		V	V	V	V	V	V	0
Independent Director Chang Hsueh-Chih		Male		V			V	V	V	V		V	V	V	V	V	V	0
Independent Director Lin Chan-Lieh		Male					V	V	V	V		V	V	V	V	V	V	0
Independent Director Tai Chia-Wei		Male		V			V	V	V	V		V	V	V	V	V	V	1

Diversity and independence of the board of directors:

(1) Diversity of the board of directors:

The Company advocates and respects the policy of diversity of directors to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors. We believe that the policy of diversity will help improve the overall performance of the Company. The members of the board of directors are elected according to the principle of talents, who have diversified and complementary abilities across industries, including basic composition (e.g. age, gender, nationality, etc), industry experience and related skills (e.g., finance, accounting, legal and financial, information technology, and public service), as well as business judgment, management, leadership, and crisis management skills.

(2) Independence of the board of directors:

33% of the Company's directors are employees, 33% of them are independent directors, and 22% are female directors. 1 independent directors are with 5-7 years of service, and one independent director is with years of service over 9 years. Seven directors are over the age of 61-70 and two directors are over the age of 41-50. The company attaches great importance to gender equality in the composition of the board of directors and to accounting and financial professionals. The ratio of female directors maintains a target of more than 20%, and the target of independent directors reaches more than 30%. Two independent directors with professional backgrounds in accounting and finance have been added to the eighth board of directors to provide supervision and professional advice to achieve the goal of diversification. The Company's director does not have the circumstances described in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Profile of Key Managers

Profile of the President, Vice Presidents, Assistant Vice Presidents, and heads of various departments and branches

As of April 1, 2024

Job title	Nationality	Name	Gender and age	Election (inauguration) Date	Number of shares held (Note 1)		Shares held by spouse and minor children		Shares held in someone else's name		Main experience (academic)	Positions held in other companies	Managers related to a spouse or second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
President	Republic of China	Hu Sheng-Ching	Male Age 71-80	June 6, 1977	5,775,315	5.79%	2,102,378	2.11%	0	0.00%	Jiaoxi Junior High School	Dongguan Hu Lane Electronic Technology Co., Ltd. Chairman FORTUNE MASTER DEVELOPMENT LIMITED Director	None	None	None	None
CEO concurrently serving as Head of the Global R&D Center	Republic of China	Chang Tzu-Chieh	Male Age 61-70	January 1, 2022	1,210,616	1.21%	360,647	0.36%	0	0.00%	Department of Mechanical Engineering, Feng Chia University Manager of R&D Department, Hu Lane Manager of Hu Lane Electronics (Shenzhen) Assistant Vice President of Hong Kong Hu Lane Branch Vice President of Hu Lane Electronics (Nanjing) President of China Region and Vice President of R&D Center Vice CEO and President of China, Head of Europe, America, Group R&D Center (including Planning Division), and Director of Hu Lane Vietnam	Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd. Vice Chairman Dongguan Hu Lane Puguang Trading Co., Ltd. Supervisor Dongguan Hu Lane Electronic Technology Co., Ltd. Supervisor PT. HULANE TECH MANUFACTURING Director FORTUNE MASTER DEVELOPMENT LIMITED Director	Chairman Assistant Manager	Chang Tzu-Hsiung Chang Chung-I	Brother and son	None
Executive Vice President of Global Manufacturing Business Group	Republic of China	Chang Ping-Chun	Male Age 41-50	February 15, 2022	1,936,163	1.94%	328,000	0.33%	0	0.00%	Georgia Institute of Technology Master of Science in Industrial Engineering Engineer of HannStar Board Assistant Manager of Quality Control Division of Hu Lane Production Dept., Taipei Production Division, Hu Lane Assistant Manager Assistant Manager of the R&D Center	PT. HULANE TECH MANUFACTURING Chairman (and President)	Chairman Executive Vice President Accounting Officer	Chang Tzu-Hsiung Chang Shao-Chien Chang Chia-Chi	Father and son Brother Siblings	None

Job title	Nationality	Name	Gender and age	Election (inauguration) Date	Number of shares held (Note 1)		Shares held by spouse and minor children		Shares held in someone else's name		Main experience (academic)	Positions held in other companies	Managers related to a spouse or second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
											PT. HULANE TECH MANUFACTURING-Chairman (and President), Asia Pacific Sales Assistant Vice President					
Executive Vice President of Global Marketing Business Group	Republic of China	Chang Shao-Chien	Male Age 31-40	February 15, 2022	1,959,913	1.97%	307,500	0.31%	0	0.00%	Master of Project Management, Northeastern University	Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd. Director	Chairman Executive Vice President Accounting Officer	Chang Tzu-Hsiung Chang Ping-Chun Chang Chia-Chi	Father and son Brother Siblings	None
Group Finance Division Vice President and SSC, Head of Corporate Governance	Republic of China	Pan Su-Chiu (Note 2)	Female Aged 51-60	February 15, 2022	22,550	0.02%	2,050	0.00%	0	0.00%	Master of Economics and Management, Chung Hua University Assistant Manager of Finance, An Feng Group Deputy Manager, Underwriting Department, Jinghua Securities Co., Ltd. Assistant Manager of CPA Consulting Group, Deloitte Taiwan Manager of the Finance Department of Hu Lane Assistant General Manager of Hu Lane Investment & Legal Affairs Vice President of the Finance Department of Hu Lane	Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd. Supervisor PT. HULANE TECH MANUFACTURING Supervisor Supervisor of Jiaxing Shangho Electronic Technology Co., Ltd.	None	None	None	None
Assistant Vice President, Group Human Resources Division and Group Information Division	Republic of China	Chang Chung-Yi	Male Age 31-40	February 15, 2022	149,955	0.15%	0	0.00%	0	0.00%	University of Strathclyde Master of Science in International Human Resource Management Next Animation Studio HR Human Resources Manager of Startronics Project Manager, Human Resources Division, Group Operation Center Assistant Vice President, Human Resources Division, Group Operation Center	None	CEO	Chang Tzu-Chieh	Father and son	None
R&D Department Vice President	Republic of China	Li Ying-Te	Male Aged 51-60	April 1, 2022	10,000	0.01%	0	0.00%	0	0.00%	Ph.D., Department of Mechanical Engineering, National Sun Yat-Sen University Project Management Manager of Liu Ho, Ford Manager of Automotive Division, Foxconn Vice President of Hu Lane Production Division Vice President of Hu Lane R&D Department Director of Amphenol	None	None	None	None	None

Job title	Nationality	Name	Gender and age	Election (inauguration) Date	Number of shares held (Note 1)		Shares held by spouse and minor children		Shares held in someone else's name		Main experience (academic)	Positions held in other companies	Managers related to a spouse or second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
											Chief Technology Officer of Xuande Technology Vice President of the Experimental Division and R&D Division					
Engineering Office Vice Chief Engineer	Republic of China	Wang Chih-Hsin	Male Aged 51-60	February 15, 2022	16,079	0.02%	0	0.00%	0	0.00%	Yung Chun High School Mold Engineer, MRT Corporation Person in charge of Shunxin Precision Co., Ltd. Senior Engineer and Manager of the Engineering Department and R&D Department of Hu Lane Electronics (Nanjing) Deputy Chief Engineer and Assistant Manager of the Taipei R&D Center and Assistant Manager of China R&D Center Deputy Chief Engineer and Assistant Vice President of the R&D Department and Technology Development Department	None	None	None	None	None
Hu Lane, Taipei Vice President	Republic of China	Chao Ching-Shan	Male Aged 51-60	February 15, 2022	56,190	0.06%	0	0.00%	0	0.00%	Master of Industrial Engineering, National Taiwan University Manager of Finance Hu Lane Department and Economic Management Department Vice President of General Management Department of Hu Lane Vice President of Group Operation Center Vice President of the Laboratory Division and Finance Division	None	None	None	None	None
Quality Assurance Division Vice President	Republic of China	Fang Kai-Ping	Male Aged 51-60	February 15, 2022	32,286	0.03%	0	0.00%	0	0.00%	Master of Industrial Engineering and Management, National Taipei University of Technology Assistant Vice President of Hu Lane Research and Development Division Assistant Vice President of Hu Lane Electronics (Shenzhen) Vice President of Hu Lane Taipei Sales Division Vice President of Taipei Hu Lane	Dongguan Hu Lane Electronic Technology Co., Ltd. Director Director of PT. HULANE TECH MANUFACTURING	None	None	None	None
Hu Lane Electronics (Nanjing) Vice President	Republic of China	Chen Kei-Chou	Male Age 41-50	January 1, 2015	18,931	0.02%	0	0.00%	0	0.00%	Master of Industrial Engineering and Management, National Taipei University of Technology Acting Manager of Hu Lane Quality Control Division Manager of Quality Assurance Department, Hu Lane Electronics (Nanjing)	Chairman of Jiaxing Shangho Electronic Technology Co., Ltd.	None	None	None	None

Job title	Nationality	Name	Gender and age	Election (inauguration) Date	Number of shares held (Note 1)		Shares held by spouse and minor children		Shares held in someone else's name		Main experience (academic)	Positions held in other companies	Managers related to a spouse or second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
											Assistant Vice President of Hu Lane Electronics (Shenzhen)					
Expatriate Hu Lane Electronics (Dongguan) Vice President	Republic of China	Lin Ming-Miao	Male Age 61-70	April 1, 2017	2,050	0.00%	8,200	0.01%	0	0.00%	Department of Electrical Engineering, National Hsinchu Advanced Industrial Vocational School Assistant Manager, China Electric Terminal Co., Ltd. Vice President of Nantong Great Electric Co., Ltd.	None	None	None	None	None
Director of the Sales Division in Mainland China	Republic of China	Yu Ching-Fu	Male Aged 51-60	January 1, 2016	12,080	0.01%	3,077	0.00%	0	0.00%	National Ilan University Taiwan Acting Deputy Manager of Hu Lane China Sales Division Manager	None	None	None	None	None
Expat Assistant Manager of Jiaxing Shangho Electronic Technology Co., Ltd.	Republic of China	Bai Ming (Note 3)	Male Aged 51-60	November 8, 2023	0	0.00%	0	0.00%	0	0.00%	China University of Science and Technology, Dept. of Industrial Engineering and Management Head, China Electric Terminal Co., Ltd. Assistant Manager of PORTABLEBIOS Co., Ltd. Assistant Manager, China Electric Terminal Co., Ltd.	None	None	None	None	None
Assistant Manager, R&D Department of Wire Harness	Republic of China	Song Dazhi (Note 5)	Male Aged 51-60	March 15, 2024	0	0.00%	0	0.00%	0	0.00%	Department of Vehicle Engineering, National Taipei University of Technology Assistant Manager of AN TEC ELECTRIC SYSTEM CO., LTD. Project Manager, Hu Lane Associate Inc. Vice President of Lorom Industrial Co., Ltd. Vice President of Jincheng, Dezhou city of Shandong Province DENSO Co., Ltd. Senior Sales Manager of Hu Lane International Market Development	None	None	None	None	None
Audit supervisor	Republic of China	Zhang Chao-wei (Note 4)	Male Age 31-40	November 13, 2023	0	0.00%	0	0.00%	0	0.00%	Department of Accounting of Yuan Ze University Officer of KPMG Taiwan Senior Auditor of PWC Taiwan	None	None	None	None	None
IR Manager of the Group's Finance Division and the spokesperson and financial head	Republic of China	Kao Shih-Hsiang	Male Age 41-50	July 15, 2021	0	0.00%	0	0.00%	0	0.00%	The University of Bath/MASTER OF BUSINESS ADMINISTRATION Assistant to the Legislator's Office Cooperative Bank clerk Junior Specialist of Hu Lane Finance Department Junior Specialist and Spokesperson of Hu Lane Finance Division Manager of Finance Dept.	None	None	None	None	None

Job title	Nationality	Name	Gender and age	Election (inauguration) Date	Number of shares held (Note 1)		Shares held by spouse and minor children		Shares held in someone else's name		Main experience (academic)	Positions held in other companies	Managers related to a spouse or second degree of kinship			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
The Project Officer of the Group Finance Department and Accounting Officer	Republic of China	Chang Chia-Chi	Female Age 41-50	July 15, 2021	2,649,008	2.66%	75,497	0.08%	0	0.00%	California Lutheran University Master of Business Administration	None	Chairman Executive Vice President Executive Vice President	Chang Tzu-Hsiung Chang Ping-Chun Chang Shao-Chien	Father and daughter Siblings	None

Note 1: The shareholding ratio is calculated with the 99,656,123 outstanding shares as of April 01, 2024.
Note 3: Dispatched on November 08, 2023.
Note 5: Dispatched on March 15, 2024.

Note 2: Concurrently served as Supplementary Chairman of the Supplementary Committee and Head of Corporate Governance on June 17, 2023.
Note 4: Dispatched on November 13, 2023.

III. Remuneration paid to directors, supervisors, President, and Vice President in the latest year

(I) Remuneration to general directors and independent directors

Unit: NTD

Job title	Name	Remuneration to directors								Sum of A, B, C, and D and their percentage in net income after tax		Remuneration for part-time employees								Sum of A, B, C, D, E, F, and G and their percentage in after-tax profit (Note 1)(Note 2)		Remuneration received from invested businesses other than subsidiaries or from the parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Operational expenses (D)				Salaries, bonuses, and special allowances (E)		Severance pay and pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash amount	Amount of shares	Cash amount	Amount of shares			
Chairman	Chang Tzu-Hsiung	4,335,251	4,335,251	-	-	1,444,564	1,444,564	4,507,843	4,507,843	10,287,658 1.12%	10,287,658 1.12%	-	-	-	-	-	-	-	-	10,287,658 1.12%	10,287,658 1.12%	None
General Director	Hu Sheng-Ching	-	-	-	-	1,444,565	1,444,565	120,000	120,000	1,564,565 0.17%	1,564,565 0.17%	8,389,697	8,389,697	-	-	-	-	-	-	9,954,262 1.08%	9,954,262 1.08%	None
General Director	Liu Chun-Hsiang	-	-	-	-	963,044	963,044	120,000	120,000	1,083,044 0.12%	1,083,044 0.12%	-	-	-	-	-	-	-	-	1,083,044 0.12%	1,083,044 0.12%	None
General Director	Chang Ping-Chun	-	-	-	-	963,044	963,044	120,000	120,000	1,083,044 0.12%	1,083,044 0.12%	2,430,866	2,430,866	-	-	1,337,511	-	1,337,511	-	4,851,421 0.53%	4,851,421 0.53%	None
General Director	Hu Shao-Ju	-	-	-	-	963,044	963,044	120,000	120,000	1,083,044 0.12%	1,083,044 0.12%	-	-	-	-	-	-	-	-	1,083,044 0.12%	1,083,044 0.12%	None
General Director (Note 3)	Chan Yi-Min	-	-	-	-	445,902	445,902	60,000	60,000	505,902 0.05%	505,902 0.05%	-	-	-	-	-	-	-	-	505,902 0.05%	505,902 0.05%	None
General Director (Note 4)	Lin Yuan-Li	-	-	-	-	1,185,995	1,185,995	145,000	145,000	1,330,995 0.14%	1,330,995 0.14%	-	-	-	-	-	-	-	-	1,330,995 0.14%	1,330,995 0.14%	None
Independent Director	Chang Shyueh-Chih	-	-	-	-	1,444,565	1,444,565	145,000	145,000	1,589,565 0.17%	1,589,565 0.17%	-	-	-	-	-	-	-	-	1,589,565 0.17%	1,589,565 0.17%	None
Independent Director	Lin, Chan-Lieh	-	-	-	-	1,444,565	1,444,565	145,000	145,000	1,589,565 0.17%	1,589,565 0.17%	-	-	-	-	-	-	-	-	1,589,565 0.17%	1,589,565 0.17%	None
Independent Director (Note 5)	Tai Chia-Wei	-	-	-	-	775,712	775,712	60,000	60,000	835,712 0.09%	835,712 0.09%	-	-	-	-	-	-	-	-	835,712 0.09%	835,712 0.09%	None
Total		4,335,251	4,335,251	-	-	11,075,000	11,075,000	5,542,843	5,542,843	20,953,094 2.27%	20,953,094 2.27%	10,820,563	10,820,563	-	-	1,337,511	-	1,337,511	-	33,111,168 3.59%	33,111,168 3.59%	None

Note 1. The remuneration policy, system, standards, and structure of Hu Lane's directors and independent directors, and the relevance to the amount of remuneration based on the responsibilities, risks, investment time, and other factors:

- Pursuant to Article 20 of the Company's Articles of Incorporation, the Company shall allocate no more than 1% of the annual profit (the profit before tax is the profit before the distribution of employees' and directors' remuneration), and shall allocate no more than 1% thereof as directors' remuneration.
- In addition, in accordance with Article 17 of the Company's Articles of Incorporation, the Company shall pay for the responsibilities, risks, and time investment, and the Functional Committee shall pay for the travel expenses.
- In accordance with the Company's Measures for Payment of Remuneration of the Directors and Functional Committees, the directors shall be entitled to the remuneration allocation depending on their participation and contribution in the Company's operation, by taking into account the following weighting results. As all independent directors serve to the Audit Committee, and the Remuneration Committee and other functional committees, and shall have the duty to participate in discussion and resolutions at the committee meeting. Thus, their remuneration is higher than the general directors.

Note 2. In addition to what is disclosed in the above table, the remuneration received by the company's directors for providing services to all companies in the financial report (such as serving as non-employee consultants for the parent company/all companies in the financial report/reinvested enterprises, etc.) in the most recent year: None.

Note 1: The actual amount of retirement pension paid in 2023 was NTD\$0. Note 2: The amount of severance pay/pension expense in 2023 was NTD\$0 thousand. Note 3: Dismissed on June 18, 2023. Note 4: Stepped down as an independent director on June 18, 2023; appointed as a new director on June 19, 2023. Note 5: Newly appointed on June 19, 2023.

Remuneration bracket table

Range of remuneration to directors of the Company	Job title	Name of Director			
		Sum of the first four types of remuneration (A+B+C+D)		Sum of the aforementioned seven categories of remuneration (A+B+C+D+E+F+G)	
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$ 1,000,000	General Director	Chan Yi-Min (Note 1)	Chan Yi-Min (Note 1)	Chan Yi-Min (Note 1)	Chan Yi-Min
Less than NT\$ 1,000,000	Independent Director	Tai Chia-Wei (Note 2)	Tai Chia-Wei (Note 2)	Tai Chia-Wei (Note 2)	Tai Chia-Wei
NT\$1,000,000 (inclusive) - \$2,000,000 (exclusive)	General Director	Hu Sheng-Ching, Liu Chun-Hsiang, Chang Ping-Chun, Hu Shao-Ju, Lin Yuan-Li (Note 3)	Hu Sheng-Ching, Liu Chun-Hsiang, Chang Ping-Chun, Hu Shao-Ju, Lin Yuan-Li (Note 3)	Liu Chun-Hsiang, Hu Shao-Ju, Lin Yuan-Li (Note 3)	Liu Chun-Hsiang, Hu Shao-Ju, Lin Yuan-Li (Note 3)
NT\$1,000,000 (inclusive) - \$2,000,000 (exclusive)	Independent Director	Lin, Chan-Lieh, Chang Shyueh-Chih	Lin, Chan-Lieh, Chang Shyueh-Chih	Lin, Chan-Lieh, Chang Shyueh-Chih	Lin, Chan-Lieh, Chang Shyueh-Chih
NT\$2,000,000 (inclusive) - 3,500,000 (exclusive)		-	-	-	-
NT\$ 3,500,000 (inclusive) - 5,000,000 (exclusive)	General Director	-	-	Chang Ping-Chun	Chang Ping-Chun
NT\$ 5,000,000 (inclusive) - 10,000,000 (exclusive)	General Director	-	-	Hu Sheng-Ching	Hu Sheng-Ching
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	General Director	Chang Tzu-Hsiung	Chang Tzu-Hsiung	Chang Tzu-Hsiung	Chang Tzu-Hsiung
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)		-	-	-	-
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)		-	-	-	-
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)		-	-	-	-
Over NTD 100,000,000		-	-	-	-
Total		10	10	10	10

Note 1: Dismissed on June 18, 2023. Note 2: Newly appointed on June 19, 2023. Note 3: The former independent director was re-elected and became the new director on June 19, 2023.

- (II) Remuneration to supervisors: None
 (III) Remuneration to President and Vice Presidents

Unit: NTD thousands

Job title	Name	Salary (A)		Severance pay and pension (B) (Note 1) (Note 2)		Special expenses, etc. (C)		Employee remuneration (D) (Note 3)				Sum of A, B, C, and D and their percentage in net income after tax		Remuneration received from invested businesses other than subsidiaries or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
President	Hu Sheng-Ching	18,531	20,235	1,322	1,322	13,003	13,003	14,200	0	14,200	0	47,056 5.11%	48,760 5.29%	None
CEO	Chang Tzu-Chieh													
Executive Vice President	Chang Ping-Chun													
Executive Vice President	Chang Shao-Chien													
Vice President	Pan Su-Chiu													
Vice President	Chao Ching-Shan													
Vice President	Fang Kai-Ping													
Vice President	Li Ying-Te													
Assignment Vice President	Lin Ming-Miao													
Assignment Vice President	Chen Kei-Chou													

Note 1: The amount of severance pay/pension expense in 2023 was NT\$1,322 thousand.

Note 2: The actual amount of retirement pension paid in 2023 was NT\$0.

Note 3: The proposed allotment for this year is tentatively calculated based on the actual allotment ratio from the previous year.

Remuneration bracket table

Range of remunerations paid to the Company's President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies included in the financial statements
Less than NT\$ 1,000,000		
NT\$1,000,000 (inclusive) - 2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - 3,500,000 (exclusive)	Pan Su-Chiu	Pan Su-Chiu
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Lin Ming-Miao, Chao Ching-Shan, Chang Ping-Chun, Fang Kai-Ping, Li Ying-Te, Chang Shao-Chien, Chen Kei-Chou	Lin Ming-Miao, Chao Ching-Shan, Chang Ping-Chun, Fang Kai-Ping, Li Ying-Te, Chang Shao-Chien
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (exclusive)	Hu Sheng-Ching, Chang Tzu-Chieh	Hu Sheng-Ching, Chang Tzu-Chieh, Chen Kei-Chou
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)		
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)		
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	10	10

(IV) A TWSE/TPEX listed company that is under the following circumstances should disclose the remunerations of the top five executives with the highest remuneration individually: Not applicable because of the absence of the following circumstances.

1. The entity or parent company only financial statements that have incurred after-tax losses in the most recent three years: None.
2. A company listed on the TWSE/TPEX that falls in the last bracket in the corporate governance evaluation of the most recent year: None.
3. The average annual salary of the full-time non-management employees in a TWSE or TPEX listed company is less than NT\$500,000 in the most recent fiscal year: None.
4. The net profit after tax of a company listed on the TWSE/TPEX increased by more than 10% in the most recent year yet the average annual salary of the full-time non-management employees has not increased compared with the previous year: None.

(V) The name and distribution of the manager who assigns the remuneration of the employee

Unit: NTD thousands

Job title	Name	Amount of shares	Cash amount (Note 1)	Total	Ratio of sum to net income after tax (%)
President	Hu Sheng-Ching	0	19,396	19,396	2.11%
CEO	Chang Tzu-Chieh				
Executive Vice President	Chang Ping-Chun				
Executive Vice President	Chang Shao-Chien				
Vice President	Pan Su-Chiu				
Vice President	Chao Ching-Shan				
Vice President	Fang Kai-Ping				
Vice President	Li Ying-Te				
Vice Chief Engineer	Wang Chih-Hsin				
Assignment Vice President	Lin Ming-Miao				
Assignment Vice President	Chen Kei-Chou				
Assistant Manager	Chang Chung-Yi				
Assignment Director	Yu Ching-Fu				
Assignment Assistant Manager	Bai Ming (Note 2)				
Audit supervisor	Zhang Chao-wei (Note 3)				
Accounting Officer	Chang Chia-Chi				
Chief Financial Officer	Kao Shih-Hsiang				

Note 1: The proposed distribution is calculated based on the actual distribution in the last year.

Note 3: Dispatched on November 13, 2023.

Note 2: Dispatched on November 08, 2023.

(VI) Compare the analysis of the total remuneration paid by the Company and all companies to the directors, supervisors, general managers, and deputy general managers of the Company in the last two years to the net profit after tax of the Company or parent company only financial reports, and explain the policy, standards, and combination of remuneration, the procedure for determining remuneration and the correlation with business performance and future risks.

1. Total remuneration paid by the Company and all companies in the consolidated financial statements to the Company's directors, general managers, and vice general managers, as a percentage of after-tax profit in the entity financial report

	Ratio of sum of remuneration to net income after tax in 2022		Ratio of sum of remuneration to net income after tax in 2023	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	3.03%	3.03%	3.59%	3.59%
President and Vice Premier	4.10%	4.27%	5.11%	5.29%

2. The policy, standards, and combination of remuneration, the procedure for determining remuneration and the correlation with business performance and future risks.

(1) Remuneration to directors

1. The remuneration to directors of the Company is set in accordance with the Company's Articles of Incorporation: if the Company makes a profit for the year (the so-called profit before tax less the distribution of employees' and directors' remuneration), 1%~10% of the profit shall be appropriated. 10% thereof shall be the remuneration to the employees and no more than 1% thereof shall be the remuneration to the Directors. However, when the Company still has accumulated deficits (including the adjustment of undistributed earnings), the Company shall reserve the amount to compensate in advance, and then appropriate the aforementioned proportion as remuneration to employees and remuneration to directors. In order to evaluate the remuneration of directors on a regular basis, the directors are based on the participation and contribution value of the directors in the company's operations, and with reference to the peers, TWSE/TPEX-listed companies in the same industry, and the company's operating performance.
2. According to the Company's "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members", the principle is as follows: Directors' involvement in the Company's operations and the value of their contributions shall be distributed according to the weights given below. As all independent directors serve on the Audit Committee and the Remuneration Committee and are responsible for participating in discussions and resolutions made at committee meetings, their remuneration is higher than that of directors. As for "Board of Directors Performance Evaluation Policy", the regular remuneration is evaluated based on the following items: understanding of the Company's goals and missions, awareness of directors' responsibilities, involvement in the Company's operations, management of internal relations and communication, internal control and other items are considered, and the reasonableness of salary and remuneration is regularly evaluated. After evaluation and discussion by the remuneration committee, it is submitted to the board of directors for approval.

(2) Remuneration to managers

The Company's manager remuneration policy is determined based on the Company's overall compensation level positioning in the market, the results of industry salary surveys, the Company's operational performance results, and combined with the annual performance targets of managers, talent cultivation and development results, and other comprehensive considerations. The salaries and remunerations of individual managers are set in accordance with the relevant regulations of the Company. The procedure of remuneration not only refers to the overall operating performance of the Company, but also takes into account the individual's performance attainment rate and contribution to the Company's performance, and all managers are reasonably remunerated. It complies with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter", and the Remuneration Committee evaluates the reasonableness of remuneration on a regular basis.

IV. Corporate Governance Operations

(I) Operation of the board of directors

1. The board of directors held 6 meetings in the most recent year (2023), and the attendance of directors was as follows:

Term of office of the 7th Board of Directors: June 19, 2020 to June 18, 2023

Term of office of the 8th Board of Directors: June 19, 2023 to June 18, 2026

Job title	Name	Actual attendance rate (B)	Number of proxy attendances	Actual attendance rate (%) (B/A)	Remarks
Chairman	Chang Tzu-Hsiung	6	0	100%	Re-elected on June 19, 2023
Director	Hu Sheng-Ching	6	0	100%	Re-elected on June 19, 2023
Director	Chang Ping-Chun	6	0	100%	Re-elected on June 19, 2023
Director	Hu Shao-Ju	6	0	100%	Re-elected on June 19, 2023
Director	Liu Chun-Hsiang	6	0	100%	Re-elected on June 19, 2023
Director	Chan Yi-Min	2	0	100%	Re-elected on June 18, 2023
Director	Lin Yuan-Li	6	0	100%	The former independent director was re-elected and became the new director on June 19, 2023.
Independent Director	Chang Shyueh-Chih	6	0	100%	Re-elected on June 19, 2023
Independent Director	Lin, Chan-Lieh	6	0	100%	Re-elected on June 19, 2023
Independent Director	Tai Chia-Wei	4	0	100%	Re-elected on June 19, 2023 Shall attend 4 times

Other matters to be recorded:

- (I) Conditions described in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, which is not applicable for the information in accordance with Article 14-3 of the Securities and Exchange Act. Please refer to the "Operation of Audit Committee" of this annual report.

(II) Any other documented objections or qualified opinions of independent directors concerning board resolutions: None.

- II. Status of recusal of directors' remuneration for conflicts of interest: The director recused himself from participating in discussions and voting on his/her remuneration.

Name of Director	Motion content	Reasons for avoidance of conflicting interests	Participation in voting
Chang Ping-Chun	Personnel adjustment	Stakeholder of the case	Abstained from voting in accordance with the law
Hu Sheng-Ching Chang Ping-Chun	2023 Allocation of Remuneration to Managers	Stakeholder of the case	Abstained from voting in accordance with the law

- III. TWSE/TPEX listed companies are required to disclose information such as the interval, duration, scope, method, and content of self-evaluation (or peer evaluation) of the board of directors. Please see 2. Implementation of Board of Directors Evaluation.

- IV. Enhancement of the functions of the board of directors in the current year and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency, etc) and evaluation of implementation: Please refer to the corporate governance of the Company.

1. Term of office of the 8th Board of Directors: From June 19, 2023 to June 18, 2026, the Company had 9 directors (including 3 independent directors), a Remuneration Committee, an Audit Committee and a Sustainability Committee to exert their supervisory responsibilities and achieve the goals of the board of directors.
2. The operation of the board of directors is in accordance with the Company's Rules of Procedure for Board of Directors Meetings, which implements corporate governance and enhances information transparency. The implementation is good.
3. Continuing education for directors: The Company arranges continuing education courses for directors on a regular basis to enable directors to improve themselves and maintain their core values and professional advantages.
4. The Chairman of the Company does not concurrently serve as a managerial officer of the Company.
5. In order to enhance the professional knowledge of directors and implement corporate governance, in addition to arranging courses according to the needs of individual directors, we also strengthened courses such as "Guidelines on Integrity Operating Procedures and Behaviors", "Corporate Governance 3.0" and "Integrity Management, Anti-Corruption, Anti-bribery, Human Rights Policies and Internal Information Processing in Compliance with Laws to Prevent Insider Trading". Arrange refresher courses for directors, namely "Analysis

of the development of corporate governance and governance of the external environment in 2023", "Climate change and TCFD disclosure recommendations and analysis"; the director's training status has been disclosed on the Market Observation Post System in accordance with regulations.

6. The Company has purchased "Director and Supervisors Liability Insurance" to diversify directors' legal liability risks and improve corporate governance. This is reported in the Report of the board of directors on June 19, 2023.
 7. Succession planning for members of the board of directors and key management personnel : In accordance with the development direction and goals of the Company, the succession planning of the Company must not only possess professional skills, but also must have the personality traits of integrity and values that are consistent with the Company's.
- (I) Succession planning for the members of the Board: The Company currently has a total of 9 directors (including 3 independent directors), all of whom possess the skills required by business, financial accounting, or the Company's business activities. Architecture. Regarding the succession planning of the board of directors, the Company maintains good communication with the existing institutional shareholders and discusses the selection of the successor from time to time. As for independent directors, they are required by law to have work experience in commerce, legal affairs, finance, accounting or corporate operations. Therefore, they are selected by professionals from academia and industry in Taiwan.
- (II) Management succession planning: The Company regularly reviews and selects potential lists at all levels to establish a talent pool and conducts training plans. The talent development plan includes professional ability, management ability, personal development plan, and work rotation. Modes:
1. Decision-making skills are cultivated through work practice reports and participation in important meetings such as goals and business management. Regular performance evaluations are also conducted by senior executives to help guide personal development and provide feedback during the process.
 2. Through cross-functional field or cross-plant (department) work rotation, project task planning and execution, concurrent job responsibilities, work agency, or assignment in invested enterprises, the Company cultivates diversified work abilities and visions, and provides them with practical experience.
 3. Participate in internal and external training each year based on individual development needs to cultivate decision-making and judgment ability.
 4. Establish comprehensive training records and review the talent development plan regularly to adjust the development plan according to the needs of organizational operations.
 5. The Company encourages mid-level and high-ranking talents to develop creative ideas and self-study and propose further studies, internships, or alternative learning or internship programs. The Company is given the resources to support or adjust job duties in order to make the Company's overall human resources more diverse and resilient.
 6. The Group actively nurtures high-potential talents with management and professional skills. It is hoped that through a variety of talent training methods, potential talents can achieve personal career development goals under the consensus of organizational development and strategic consensus, and then demonstrate the performance of teams or individuals to ensure the success of the Group in the future Team formation. To ensure a sufficient supply of key talents, the Company has launched the senior mentor system for 21 people in 2023 to implement diversified talent development and accelerate the training of potential successors to key positions.

2. Board of Directors Evaluation

Evaluation cycle	Evaluation period	Scope of Assessment	Method of evaluation	Content of Assessment
Once a year	January 1 to December 31, 2023	1. Board of Directors 2. The Directors (Self-Evaluation or Peer-Evaluation) 3. Functional Committee – Remuneration Committee 4. Functional Committees – Audit Committee Performance Evaluation 5. Functional Committees – Sustainability Committee Performance Evaluation	1. Self-evaluation of the Board of Directors 2. Self-Evaluation of the Directors	(I) The "Self-Evaluation Questionnaire for the Performance of the board of directors" was asked by all directors for self-evaluation. The six aspects of the evaluation included: 1. Involvement in the Company's operations 2. Improve decision-making of the board 3. Composition and structure of the board 4. Election and continuing education of directors 5. Internal control 6. Other items (II) The "Self-Evaluation Questionnaire for Director (Self and Peer) Evaluation" is a self-assessment of all directors. The seven aspects of the evaluation include: 1. Understanding of the Company's goals and missions 2. Directors' awareness of directors' responsibilities 3. Involvement in the Company's operations 4. Management of internal relations and communication 5. Directors' professionalism and continuing education 6. Internal control 7. Other items (III) "Functional Committees – Remuneration Committee, Audit Committee and Sustainability Committee Performance Evaluation Self-Evaluation Questionnaire" was evaluated by the convener of each functional committee. The evaluation covers five major aspects: 1. Involvement in the Company's operations 2. The awareness of the responsibilities of the Functional Committees 3. Improve decision-making of the Functional Committees 4. Composition of the board and the election of the directors 5. Internal control Official website(http://www.hulane.com.tw) Corporate Governance/ The members of the Board report on revealing the performance results.

The Company has completed the performance self-evaluation of the board of directors in 2023. The evaluation results were presented to the Remuneration Committee on March 12, 2024, and submitted to the board of directors' report for review and improvement. 1. The overall average score of the self-assessment of the board of directors is 4.67~5.00 (out of a total of 5 points) The overall operation of the board of directors of the Company has been satisfactory in fulfilling the responsibility of each director to direct and supervise the Company's strategies and major businesses, and to establish a proper internal control system, etc. Among other items this year, the board of directors fully supported corporate sustainability and continued to promote environmental, social and corporate governance (ESG) work. "Strongly agree". The overall evaluation result was "better than the standard" and met the requirements of corporate governance. Enhance the functions of the board of directors. 2. The overall average score of individual self-assessment of directors' performance was 4.67~4.86 points (total 5 points). The self-assessment results showed that the efficiency and effect of various assessment indicators were "better than the standard" and were rated positively by the directors of the Company. In this year's 7th top other item, the directors understand the importance of ESG-related issues in the company's industry, and "strongly agree". One of the self-evaluations on the operational performance of the board of directors was rated "Ordinary (3)" Board composition and structure: The company formulates and implements the policy of diversifying board members according to the company's development needs, the composition of the board of directors shall be appropriate and possess the professions required for the decision-making process. Improvement measures: 1. Provide directors with diversified, humanized, and flexible courses to maintain their core values and professional advantages and abilities. Annual refresher courses for directors cover finance, risk management and information security, business, corporate social responsibility, and ESG, etc., are listed as professional courses for the director's training

roadmap. We will strengthen the diversity of female directors soon. 2. To enhance the responsibility of strengthening risk management and promoting sustainable business development, relevant units report to the board of directors regularly, and disclose them in the annual reports and on the company's website. 3. In the future, we will implement appropriate adjustments to the evaluation methods and the content of the self-evaluation questionnaires based on the company's activities, to support the corporate governance and improve the operational efficiency and functions of the board of directors. 3. In the self-assessment results of the Remuneration Committee, Audit Committee and Sustainability Committee, all members agreed with each item with a score of 5 (out of 5), indicating that the overall operation was sound. The members of the board of directors all gave positive evaluations of "better than standard" and compliance with the requirements of corporate governance and considered that the operation is good and can effectively develop its functions.

(II) Operation of the Audit Committee:

I. The Company's Audit Committee comprises 3 members.

II. The Audit Committee met 4 times (A) in the most recent year (2023), and the attendance of the members are as follows:

Term of office of the 1st committee: June 19, 2020 to June 18, 2023

Term of office of the 2nd committee: June 19, 2023 to June 18, 2026

Job title	Name	Actual attendance rate (B)	Number of proxy attendances	Actual attendance rate (%) (B/A)	Remarks
Convener Independent Director	Chang Shyueh-Chih	4	0	100%	Re-elected on June 19, 2023
Committee members Independent Director	Lin, Chan-Lieh	4	0	100%	Re-elected on June 19, 2023
Committee members Independent Director	Tai Chia-Wei	2	0	100%	Re-elected on June 19, 2023 shall attend 2 times
Committee members Independent Director	Lin Yuan-Li	2	0	100%	Take the position from June 19, 2020 to June 18, 2023. Shall attend 2 times

Other matters to be recorded:

(I) Conditions described in Article 14-5 of the Securities and Exchange Act:

Dates of Audit Committee and Board of Directors Meetings	Session of session	Motion content	Independent directors' adverse opinions, qualified opinions, or major recommendations	Resolution of the Audit Committee and the Company's response to the opinions of the Audit Committee
March 24, 2023	The 2nd meeting of 1st session The 15th time The 18th meeting of the 7th session 18th meeting	<ul style="list-style-type: none"> Explanation of the 2022 financial statement audit. 2022 employees and directors remuneration. The Company's 2022 parent company only and consolidated financial statements. Approval for issuing the "Declaration of Internal Control Systems for 2022". Removal of non-compete restrictions for directors. The non-assurance services are pre-approved by the CPAs. Amendment to the Company's "Audit Committee Charter". The offering and issuance of the 1st unsecured convertible corporate bond by the Company. The Indonesian subsidiary (PT. Hulane) raised capital by US\$4 million in cash. The Company acquired the marketable securities of HD Renewable Energy Co., Ltd. 	None	The members of the Audit Committee passed all proposals unanimously, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.

		<ul style="list-style-type: none"> Report of the Company's financial derivatives (foreign exchange swap) transactions. 		
May 8, 2023	<p>The 2nd meeting of 1st session The 16th time</p> <p>The 18th meeting of the 7th session The 19th time</p>	<ul style="list-style-type: none"> Improvements in the preparation of financial statements of the Company. Presentation of the Company's consolidated financial statements for the first quarter of 2023. The Company's 2022 business report. Appropriation of the Company's 2022 earnings. Distribution of cash to shareholders from additional paid-in capital. The Company provided a guarantee to Taipei Fubon Bank for the financing and/or guarantee of debts between Hu Lane Electronic (Vietnam) Co., Ltd., and Taipei Fubon Bank. The merger of our Company with SHANG HO INDUSTRY CO., LTD. 	None	The members of the Audit Committee passed all proposals unanimously, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.
August 7, 2023	<p>The second session The first time</p> <p>The 8th session The second time</p>	<ul style="list-style-type: none"> Description of the audit results of the consolidated financial statements for the second quarter of 2023. The election of the convener and the chairman of the second Audit Committee. Presentation of the Company's consolidated financial statements for the second quarter of 2023. Acting as the endorser and guarantor for EVERVALUE INVESTMENTS LIMITED The Company provided guarantees for Cathay United Bank (Mainland China) in terms of financing, foreign exchange, derivative transactions and/or guarantees of debt in relation to Dongguan Hu Lane Puguang Trading Co., Ltd., and Cathay United Bank (Mainland China) Limited, Shenzhen Branch (as defined in the letter of guarantee). The Company provided guarantees to Cathay United Bank (China) Limited Shanghai Branch in connection with the current financing, foreign exchange, derivative transactions and/or guaranteed debts of Hu Lane Electronics (Nanjing) Co., Ltd., and Cathay United Bank (China) Limited Shanghai Branch (as defined in the Letter of Guarantee). EVERVALUE INVESTMENTS LIMITED, had extended the loan to PT. Hulane Tech Manufacturing. The Company engaged in derivative financial product (foreign exchange) transactions in June 2023. 	None	The members of the Audit Committee passed all proposals unanimously, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.

November 8, 2023	<p>The second session The second time</p> <p>The 8th session The third time</p>	<ul style="list-style-type: none"> • Presentation of the Company's consolidated financial statements for the third quarter of 2023. • The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee obligations of Dongguan Hu Lane Puguang Trading Co., Ltd., and Citibank (as defined in the guarantee letter). • The Company provides Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee of debts between PT. Hu Lane Tech Manufacturing and Citibank (as defined in the guarantee letter). • The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee obligations between Hu Lane (Vietnam) Co., Ltd., and Citibank (as defined in the guarantee letter). • Appointment and dismissal of managerial officers of the Company. 	None	The members of the Audit Committee passed all proposals unanimously, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.
March 12, 2024	<p>The second session The third time</p> <p>The 8th session The forth time</p>	<ul style="list-style-type: none"> • Explanation of the 2023 financial statement audit. • 2023 employees and directors remuneration. • The Company's 2023 parent company only and consolidated financial statements. • Approval for issuing the "Declaration of Internal Control Systems for 2023". • Replacement of CPAs. • The non-assurance services are pre-approved by the CPAs. • The Investment on the cash capital increase of RAC Electric Vehicles Inc. • The Company's financial derivatives transactions in January, 2024. • The Operation Procedure of short-term financial instrument investment. • The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee obligations between Hu Lane (Vietnam) Co., Ltd., and Citibank (as defined in the guarantee letter). • EVERVALUE INVESTMENTS LIMITED, loaning to Hu Lane Electronics (Vietnam) Co., Ltd. 	None	The members of the Audit Committee passed all proposals unanimously, and the board of directors approved all proposals in accordance with the recommendations of the Audit Committee.
(II) Other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.				
II. Avoidance of conflicts of interest by independent directors: None.				
III. Communication between independent directors and the internal audit head or with CPAs (including the material matters, methods, and results of communication on the company's financial and business status):				
(I) The internal audit officer of the Company communicates the results of the audit report with the members of the Audit Committee on a regular basis, and makes internal audit reports at the quarterly				

Audit Committee meeting. If there are special circumstances, they will report to the members of the Audit Committee immediately. There were no such special circumstances in 2023. The communication between the Audit Committee and the internal audit officer is good.

Summary of Communication Between Independent Directors (Audit Committee) and the Chief Auditor at Regular Meetings

Date	Conference	Communication focus	Result of communication
March 24, 2023	Audit Committee	Reported the audit report (including endorsements and guarantees) from December 2022 to January 2023, as well as the improvement of audit deficiencies in 2022, and explained the problems raised by independent directors.	No objection was raised.
May 8, 2023	Audit Committee	Reported the audit report from February to March 2023 (production cycle, R&D cycle, and other operating method audits), and the improvement of audit deficiencies in 2022 and 2023, and explained the problems posed to the independent directors.	No objection was raised.
August 7, 2023	Audit Committee	Reported the audit report from April to June 2023 (audit of the sales and collection cycle, procurement and payment cycle, computerized information system processing, and other operating methods), and the improvement of audit deficiencies in 2022 and 2023, and reported the audit to the independent directors. Explain by asking questions.	No objection was raised.
November 8, 2023	Audit Committee	Reported the audit report from July to September 2023 (audit of the sales and collection cycle, procurement and payment cycle, computerized information system processing, and other operating methods), and the improvement of audit deficiencies in 2022 and 2023, and reported the audit to the independent directors. Explain by asking questions.	No objection was raised.
December 22, 2023	Audit Committee	Reported the audit report (audit of property, plants, and equipment recycling, investment recycling, and other operating measures) in October and November 2023, and the improvement of audit deficiencies in 2022 and 2023, and explained the problems posed by independent directors.	No objection was raised.

Result: The above matters have been reviewed or approved by the Audit Committee, and independent directors have no objection.

- (II) The Company's auditors will report the results of the audit or review of the annual and semi-annual financial reports and other matters required by the relevant laws and regulations during the Auditing Committee's meeting. If there are special circumstances, they will immediately report to the Auditing Committee. There was no special situation as referred to above in 2023. The communication between the Audit Committee and the CPAs was good.

Summary of Communication Between Independent Directors (Audit Committee) and CPAs at Regular Meetings

Date	Conference	Communication focus	Result of communication
March 24, 2023	Symposium	<ul style="list-style-type: none"> Description on the identification of significant risks in the 2023 financial statements, the audit procedures adopted, and the audit conclusions made by the CPAs. The CPAs explained and communicated with the questions raised by the independent directors. 	No objection was raised.
August 7, 2023	Audit Committee	<ul style="list-style-type: none"> Explanation of conclusions made by CPAs on the financial statements of the second quarter of 2023. Description by the CPAs regarding the planning of audits for 2023: 	No objection was raised.

		<ul style="list-style-type: none"> • Scope and methods of audit • Group audit • Assessment of fraud • Management over-control risk review • Identification of significant risks • Key audit matters • Independence • The CPAs explained and communicated the issues raised by the members. 	
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(III) Corporate governance practices and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company's Board of Directors passed the "Corporate Governance Best Practice Principles" on December 27, 2017, with amendments passed by the Board of Directors on March 24, 2023 to protect the rights and interests of shareholders, strengthen the functions of the Board of Directors, and respect the rights and interests of stakeholders. We disclose company information in accordance with the relevant laws and regulations and update it regularly, and the Company's "Corporate Governance Best Practice Principles" can be found on the Company's website. (www.hulane.com.tw).	None
II. Shareholding structure and shareholders' equity	V		(I) To protect the rights and interests of shareholders, the Company has established a spokesperson system in the "Material Inside Information Handling and Insider Trading Prevention Management Procedures". The Company has appointed spokespersons and deputy spokespersons to handle related matters, and has also established a dedicated share affairs unit and share affairs agency to handle affairs related to shareholders. Shareholders are given appropriate time to speak and discuss all motions of the shareholders' meeting. The motions are put to a vote on a case-by-case basis, and the results of shareholders' approval, disapproval, invalidation, abstention, and non-voting for each proposal shall be recorded in the meeting minutes.	None
(I) Does the Company have internal operating procedures defined for handling shareholders' suggestions, doubts, disputes, and litigation matters, and implemented in accordance with the procedures?				
(II) Does the Company have a list of the Company's major shareholders and ultimate shareholders with actual control over the Company?	V		(II) The Company's shareholders are mainly natural persons, and the corporate shareholders do not take up a large proportion of the company's shareholders. The composition of the Company's major shareholders is mainly composed of the Company's directors and top ten shareholders. In accordance with the regulation of the Securities and Exchange Act on insiders, information on the acquisition or transfer of their shares is required to be reported to the Company, so the Company is able to grasp the list of major shareholders who actually control the Company.	
(III) Has the Company established and implemented risk control and firewall mechanisms between the Company and its affiliated companies?	V		(III) 1. The risk control mechanism of the Company and its affiliated companies is implemented in accordance with the relevant internal control procedures. Auditors regularly and intermittently supervise their implementation, and the information is reported to the board of directors for explanation to avoid the risk of the Company arising from the failure of affiliated companies. In addition, in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", the "Regulations Governing the Subsidiaries" and "Operating Procedures for Loaning of Funds and Endorsements and Guarantees" have been established to implement the risk control mechanism for subsidiaries. 2. To ensure the risk management of the company's information security, we have established the Group Information Security Management Regulations, Computerized Information System Cycle Processing, and Computer Software	

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Does the Company have internal regulations in place to prohibit insiders from using undisclosed information to trade securities?	V		<p>and Hardware Management Regulations in accordance with the Guidelines for the Establishment of Internal Control Systems by Public Companies. We clearly define and specify various control operations for all information system processors to follow and execute. Strengthen the risk management of information security and establish the information asset emergency response guidelines. Information processors can follow the guidelines to respond to specific incidents to improve processing efficiency. To ensure the safety and security of information communication, the internal audit unit and the external audit vendor formulate annual audit plans based on the risk assessment results and implement them in order to evaluate the Company's internal control system.</p> <p>3. The Company initiated the Group Information Security Improvement Project in 2023. In response to the requirements of the competent authority's laws and regulations, the Company has gradually established an independent information security management organization, initiated the Group's information security management, and conducted a comprehensive and in-depth review of the entire Group based on the ISO27001 international information security standard, including the current status of information operations, information environment, and information systems at each plant site. They will be analyzed to clarify potential information security risk factors, and to formulate software and hardware improvement plans and medium and long-term information security management strategies to effectively control and reduce information security incidents, strengthen the factory information infrastructure, information security protection framework, and management systems.</p> <p>(IV) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Management Procedures for Handling Material Inside Information and Prevention of Insider Trading" to prohibit insiders from utilizing undisclosed information to trade the Company's stock or other equity-type securities, applicable to the Company's directors, managers, and employees, and relevant information is updated and promoted on a regular basis.</p>	None
<p>III. Composition and Responsibilities of the board of directors</p> <p>(I) Does the board of directors have a diversity policy formulated and implemented?</p>	V		<p>(I) The Company has established the "Corporate Governance Best Practice Principles" to screen for director candidates based on the diversity approach in terms of professional background, academic (experience), integrity or relevant professional qualifications, etc. All of them have a wealth of academic experience and diverse composition. Members of the board of directors shall generally possess the necessary knowledge, skills, and competencies to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should be</p>	None

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) In addition to the Remuneration Committee and Audit Committee established by law, does the Company voluntarily establish other functional committees?	V		equipped with the abilities of operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, and leadership and decision-making. For the specific management objective that the number of directors who are also managers of the Company does not exceed one-third of the total number of directors, the Company has exercised its management decision-making and supervisory functions to implement the diversity of the board of directors. Please refer to pages 9-11 for details. (II) The Company established the Remuneration Committee (established in 2017) and the Audit Committee (established in 2020) according to laws. Sustainability Committee (established in 2022): An independent director serves as a committee member and is responsible for convening meetings and formulating sustainability strategies. It also assigns a chief sustainability officer to advance control and the assignment of tasks, and report on the implementation results and future work plans to the board of directors on a quarterly basis. Other functional committees will be set up as needed.	None
(III) Has the Company defined the performance evaluation rules and methods of the board of directors, conducted performance evaluations regularly every year, and reported the results of the performance evaluations to the board of directors, and used them in the compensation and remuneration of individual directors and nominations for renewal of office?	V		(III) The Company passed the Regulations Governing the Performance Evaluation of the board of directors in 2019. An internal evaluation of the performance of the board of directors shall be conducted once a year, and the evaluation of the performance of the board of directors may be commissioned to external professional independent institutions or external teams of experts and scholars as required. The evaluation shall be disclosed on the Company's website, in the annual report, and on the Market Observation Post System in accordance with the regulations. 1. On November 8, 2019, the board of directors passed the "Guidelines for the Evaluation of the Performance of the board of directors", which extended the evaluation to functional committees. 2. The company has completed the self-evaluation of the performance of the Board of Directors in 2023. The evaluation results have been submitted to the Remuneration Committee on March 12, 2024, and to the Board of Directors for review and improvement for the use of the individual directors' remuneration, nomination, and renewal. For the evaluation results, please refer to the annual report. 2. The board of directors' evaluation is carried out and the company's website.	None
(IV) Does the Company evaluate the independence of CPAs regularly?	V		(IV) The Company's Audit Committee assesses the independence and suitability of the CPAs regularly every year, and requires the CPAs to provide a "Declaration of Independence" and "Independence Report", and reports the results to the board of directors.	None

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			The latest annual assessment was approved by the Audit Committee on March 12, 2024 after discussion and approval of the "Audit Quality Indicators (AQIs)", and the board of directors resolution on March 12, 2024 approved the assessment of the independence and suitability of accountants. Evaluations are conducted based on the independence assessment items and AQI indicators. It has been confirmed that the accountant and the company have no other financial interests and business relationships other than visa and financial and tax case fees, and the accountant's family members have not violated the independence requirements, and with reference to AQI index information, it has been confirmed that the accountant and the firm have better audit experience and training hours than the industry average.	
IV. Does the TWSE/TPEX listed company have the appropriate number of corporate governance personnel in place and has a corporate governance officer been designated to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to the board of directors and Shareholders' Meetings, preparation of minutes of the board of directors and Shareholders' Meetings, etc)?	V		<p>The Company established the Finance Division as a part-time corporate governance unit. The Chief Financial Officer is responsible for supervising and overseeing the protection of shareholders' rights and interests and strengthening the functions of the board of directors. It was deliberated and approved by the board of directors on June 17, 2022. Vice President Pan Su-Chiu was appointed as the head of corporate governance to protect shareholders' rights and strengthen the functions of the board of directors. Pan Su-Chiu has served as Special Assistant to the Chairman and Manager of the Finance Department of Hu Lane, Director of the Chairman's Office and Special Assistant to Hulian Precision, and Vice President of the Group's Finance Department. He has met the qualification requirements for Corporate Governance Officer.</p> <p>The scope of authority of the Head of Corporate Governance and the implementation of business activities in the current year are as follows:</p> <ol style="list-style-type: none"> 1. Assist the general directors and independent directors in executing their duties, providing the required documents, and arranging for the directors to undergo further education: <ol style="list-style-type: none"> (1) According to the latest laws and regulations related to the company's business field and corporate governance, the board members are appointed upon assuming office and are updated regularly. (2) Review the confidential level of relevant information and provide directors with the required company information to maintain smooth communication channels between directors and business managers. (3) Assist in arranging meetings with the internal audit chief or CPAs when an Independent Director needs to understand the Company's financial operations on a case-by-case basis. (4) Assist directors and independent directors in devising annual continuing education plans and arranging courses based on the Company's industry characteristics and director education. 	None

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>2. Assisting in the procedures and resolutions of legal compliance matters for the Board of Directors and Shareholders' Meetings:</p> <p>(1) Report the status of the Company's corporate governance to the Board of Directors and Independent Directors and ensure that the shareholders' meetings and Board of Directors meetings are in compliance with the applicable laws and the Corporate Governance Best Practice Principles.</p> <p>(2) Assist and remind directors of the laws and regulations that shall be complied with when executing business activities or making formal resolutions of the Board of Directors, and give suggestions when illegal resolutions are about to be made.</p> <p>(3) After the board meeting, review the release of important information of the important resolutions of the board of directors to ensure the legitimacy and correctness of the content to protect the parity of trading information for investors.</p> <p>3. Prepare the board meeting agenda and inform the directors seven days before the meeting, convene the meeting and provide meeting materials. If the motions require the avoidance of conflicting interests, it should be reminded in advance, and the board meeting minutes will be completed within 20 days after the meeting.</p> <p>4. Organize shareholders' meeting registration in advance according to the laws, prepare meeting notices, meeting handbooks, and minutes within the statutory deadline, and register changes in the case of amendments to the Articles of Incorporation or re-election of directors.</p> <p>5. Please refer to [Attachment 2] for the continuing education of the Head of Corporate Governance.</p>	
V. Does the Company create channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the company's website, and respond appropriately to material corporate social responsibility issues of concern to stakeholders?	V		The Stakeholders section has been set up on the Company's website, and a dedicated unit has been set up to respond to issues of concern to stakeholders and respond to important corporate social responsibility issues that are of concern to stakeholders. Please refer to the Company's sustainability report "Stakeholder Communication and Responsibilities" for details.	None

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
VI. Does the Company appoint a professional shareholder service agency to handle the affairs of the Shareholders' Meeting?	V		The Company has appointed a professional stock registration agent, "Sino Pacific Securities Share Registration Department" to handle the affairs of the Shareholders' Meeting.	None
VII. Information disclosure (I) Does the Company set up a website to disclose financial, business, and corporate governance information? (II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose information about the Company, enacting the spokesperson system, and posting the proceedings of corporate briefing conferences on the Company's website)? (III) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operation status earlier than the specified deadline?	V		(I) The Company's financial, business, and corporate governance-related information is disclosed on the Market Observation Post System and on the Company's website (http://www.hulane.com) as required, and is regularly updated by dedicated personnel. (II) For the collection and disclosure of corporate information, each department has designated personnel in charge of the collection and reporting in accordance with the authority of each department. A spokesperson system has also been implemented. In addition to the traditional and simplified Chinese websites, the Company has also established English and Japanese websites to provide relevant information disclosure. Investors can also check the information about the institutional investor conference on the website. (III) The Company expects to announce and declare its annual financial statements within two months after the end of a fiscal year from the next year. The first, second, and third quarter financial statements and the operating conditions of each month are to be announced and declared within the prescribed time limit.	None
VIII. Does the Company have other important information that helps to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, risk management policies and risk measurement standards, implementation of customer policies, and the purchase of liability insurance for directors and supervisors)?	V		(I) Employee rights: The Company treats its employees with integrity and protects the legitimate rights and interests of employees in accordance with the labor laws and regulations of each operating location. (II) Employee care: Through the welfare system that provides employees with a stable life and diversified education and training systems, the Company has established a good relationship of mutual trust and mutual dependence with employees. Such as: employee health checkups, employee trips, family days, provision of employee dormitories, accommodation for employees' daily life care, employee satisfaction surveys and improvement measures, parking lots and communication channels with the President's mailbox, etc.	None

Assessment items	Operation status		Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	
			<p>(III) Investor relations: There is an investor section on the Company's website (http://www.hulane.com) to disclose the Company's financial business and other related information.</p> <p>(IV) Supplier relations: The Company has established the "Supplier Selection and Management Procedures" to ensure that suppliers meet the demand for delivery, quality, and price. In the spirit of sustainable management, the Company is committed to requiring suppliers to comply with environmental protection, industrial safety and human rights standards, and organizing supplier exchange activities regularly to establish good communication and partnership.</p> <p>(V) Continuing education for directors: The Company arranges directors to participate in relevant training courses and seminars on a regular basis. For the continuing education of directors in 2023, please refer to [Attachment 1].</p> <p>(VI) Implementation of risk management policies and risk measurement standards: In order to strengthen corporate governance, improve operations and sustainable development, the company's board of directors approved the latest version of the "Risk Management Measures" on December 23, 2022. The company's risk management policies and the risk management process including description of the internal and external environmental conditions, risk identification, analysis, evaluation, monitoring and response, report and disclosure, etc., were established to control risks within an acceptable level and ensure the integrity, rationality and efficiency in risk management. At the end of 2022, a risk management tool – Key Risk Indicators was established in accordance with the latest version. Please refer to [Attachment 3] for regular tracking, evaluation, and treatment. Report to the board of directors on December 22, 2023, and disclose its operations on the public website. In the future, the Bank will regularly review the appropriateness of key risk indicators in line with globalization policies, and adjust and continue to implement risk management mechanisms. For the organizational structure of the Enterprise Risk Management Committee as of 2023, please refer to [Attachment 4].</p> <p>(VII) Implementation of customer policy: A customer complaint and feedback mechanism has been established to provide good communication channels between customers and the business, and strive to improve customer satisfaction. In addition, a customer satisfaction survey is conducted once a year to maintain good relationships with customers and implement them in daily customer management to create company profits.</p> <p>(VIII) Purchase of liability insurance for directors: The Company has purchased liability insurance for directors, independent directors, and key managers since 2004.</p>

Assessment items	Operation status			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IX. Please explain the improvements made based on the corporate governance evaluation results published in the most recent year by the Corporate Governance Center of the Taiwan Stock Exchange, and propose enhancements and measures for the areas that have not yet been rectified.				
In the 2023 evaluation of the Company, the Company was rated among the top 6% - 20% of the TPEX-listed companies.				
Improvements:				
1. The regulations governing the performance evaluation of the board of directors are formulated and submitted to the board of directors for approval. Self-evaluation is conducted once a year and the evaluation results are disclosed on the Company's website or in the annual report.				
2. The Sustainability Promotion Committee and the ethical corporate management unit of the Company regularly report the execution results and future work plans to the board of directors, and disclose the results on the Company's website and annual report.				
3. Disclose these results on the company's website or in the annual report on the implementation of the ethical corporate management policy and the prevention against unethical practices in the current year.				
In the future, the Company will continue to build effective mechanisms for corporate governance in all aspects of its operations, and implement transparent and clear information disclosure to enhance shareholders' interests.				

[Attachment 1] Continuing education for directors in 2023

Job title	Name	Date	Organizer	Course title	Amendment
Chairman	Chang Tzu-Hsiung	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Director	Hu Sheng-Ching	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Director	Chang Ping-Chun	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Director	Hu Shao-Ju	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Director	Liu Chun-Hsiang	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Director	Lin Yuan-Li	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Independent Director	Chang Shyueh-Chih	March 20, 2023	National Federation of Certified Public Accountants of Taiwan	(Kaohsiung)Anti-money Laundering Laws/ Regulations and their Practices for CPAs.	3
Independent Director	Chang Shyueh-Chih	March 31, 2023	National Federation of Certified Public Accountants of Taiwan	(Kaohsiung)The fiduciary duty and the criminal liability of financial statement fraud of directors.	3
Independent Director	Chang Shyueh-Chih	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Independent Director	Lin, Chan-Lieh	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Independent Director	Tai Chia-Wei	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
Chairman	Chang Tzu-Hsiung	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Director	Hu Sheng-Ching	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Director	Chang Ping-Chun	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Director	Hu Shao-Ju	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Director	Liu Chun-Hsiang	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Director	Lin Yuan-Li	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Independent Director	Chang Shyueh-Chih	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Independent Director	Lin, Chan-Lieh	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3
Independent Director	Tai Chia-Wei	November 8, 2023	Financial Supervisory Commission R.O.C. (Taiwan)	The 14 th Taipei Corporate Governance Forum	6
Independent Director	Tai Chia-Wei	November 8, 2023	Independent Director Association Taiwan	Climate change and TCFD disclosure recommendations and analysis.	3

[Attachment 2] Continuing education for corporate governance managers in 2023

Name	Date	Organizer	Course title	Amendment
Pan Su-Chiu	April 12, 2023	Taiwan Independent Director Association	How does the board of directors construct a sustainable governance strategy? The latest ESG sustainable information disclosure governance standards.	3
	April 13, 2023	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum - the challenges and opportunities on the path to Net-Zero.	3
	April 27, 2023	Taiwan Stock Exchange and Taipei Exchange	The action plan of sustainable development for TWSE/TPEX listed companies educational propaganda	3
	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3
	September 4, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
	October 6, 2023	Taipei Exchange	The New Vision of Sustainable Financing and Investment Forum.	3
	November 8, 2023	Taiwan Independent Director Association	Climate change and TCFD disclosure recommendations and analysis.	3
Total				24

[Attachment 3] Key Risk Indicators

關鍵風險指標數據 Key Risk Indicator Data										
外部風險 External Risk	相關風險 Risk Style	關注項目 Index	更新週期 Update Cycle	資訊更新單位 Information Update Unit	資料來源 Data Source	標準值 Standard	觀察值 Observation value	目標/範圍 Target/Range	情境 Situation	對應回饋單位 Countermeasures feedback unit
經濟環境 Economy Situation	策略風險 Strategic Risk	國內生產毛額 Gross Domestic Product (GDP)	每月_月底 (25日+5) Monthly_25th~30th	總經理室_林佳德 General Manager Office_LIN	1.預測值：經濟部國際貿易局、IHS Markit 最新發布經濟預測 2.實際值：IMF & 世界銀行(季度公告) 網址： https://www.trade.gov.tw/Pages/List.aspx?nodeid=1100	官方未設定標準 No Standard	預測值 & 實際值 Forecast Value & Actual Value	標準：與上期預測成長率差為正值 (Positive) 控管：連續六個月預測值與上期預測成長率差為負值 Control: The difference between the forecast growth rate and the previous period was negative from six consecutive months.	標準：N/A 控管：對策 Control: Countermeasures	各功能單位 Functional Division
		採購經理人指標 Purchasing Managers' Index (PMI)	每月_月初 Monthly_1st~10th	總經理室_林佳德 General Manager Office_LIN	單位 Unit IHS Markit Ltd. 網址： https://www.markiteconomics.com/press-releases/press-releases	>50	實際值 Actual Value	標準：X ≥ 50 (擴張, Expansion) 控管：連續六個月預測值持續定為收縮 (≤ 50) Control: six consecutive months ≤ 50	標準：N/A 控管：對策 Control: Countermeasures	各功能單位 Functional Division
	營運風險 Operational Risk	【銅鋅】 長短天期價差 Metals [Copper & Zinc] Long & Short-term period Purchase Spread	每月_月初 Monthly_1st~10th	採購部_殷麗鈺 Dept_Wendy.Yin	單位 Unit 倫敦金屬交易所 London Metal Exchange (LME) 網址： http://www.lme.com/MarketData/AccessPublicData	官方未設定標準 No Standard	預測值 Forecast Value	標準：長天期與短天期價差持續為正值 (Positive) 控管：連續三個月長天期與短天期價差持續為負值 (負值, negative) Control: three consecutive months = negative	標準：N/A 控管：對策 Control: Countermeasures	採購處
	策略風險 Strategic Risk	消費者物價指數 Consumer Price Index (CPI)	每月_月底 Monthly_20th~30th	總經理室_林佳德 General Manager Office_LIN	單位 Unit Trading Economics 網址： https://tradingeconomics.com/	<3%	預測值 Forecast Value	標準：X ≤ 3% (樂觀, optimism) 控管：連續三個月預測值定為收縮 (≥ 5%) Control: three consecutive months ≥ 5%	標準：N/A 控管：備觀察	各功能單位 Functional Division
國際情勢 International Situation	策略風險 Strategic Risk	消費者信心指數 Consumer Confidence Index (CCI)	每月_月底 Monthly_20th~30th	總經理室_林佳德 General Manager Office_LIN	單位 Unit 1.投資與經濟指標使用指南 Stock-at 2.財經M平方 網址： https://stock.com/MT2/	>100	預測值 Forecast Value	標準：X ≥ 100 (樂觀, optimism) 控管：連續三個月預測值定為收縮 (≤ 100) Control: three consecutive months ≤ 100	標準：N/A 控管：備觀察	各功能單位 Functional Division
	財務風險 Financial Risk	匯率 Exchange rate								
		美金 USD	每月_月初 Monthly_1st~10th	集團財務處_高士翔 Group Finance Division, John Kao	單位 Unit 台灣銀行 Bank of Taiwan	官方未設定標準 No Standard	預測值 Forecast Value	N/A	標準：N/A 控管：備觀察	集團財務處 Group Finance Division
		人民幣 CNY								
		歐元 EUR								
		日幣 JPY								
		印尼盾 IDR			網址： http://www.bot.com.tw/MT2Lang+zh					
		越南盾 VND			網址： http://www.bot.com.tw/MT2Lang+zh					
	財務風險 Financial Risk	掛帳匯率、匯率管理 HL Exchange rate management	每月_月底 Monthly_20th~30th	集團財務處_高士翔 Group Finance Division, John Kao	單位 Unit 集團財務處 Group Finance Division	掛帳匯率、(OC_19) 匯率管理：累計合併兌換掛帳佔合併營收-1% accumulated consolidated currency exchange loss and gain account for accumulated revenue within -1%	實際值 Actual Value	標準：X ≤ -1% 控管：連續三個月累計合併兌換掛帳佔合併營收-1% (X ≤ -1%) Control: accumulated consolidated currency exchange loss and gain account for accumulated revenue within -1% (匯兌損失低於合併營收1%)	標準：N/A 控管：對策 Control: Countermeasures	集團財務處 Group Finance Division
	財務風險 Financial Risk	掛帳匯率、AR應收帳款天數 HL Accounts receivable days	每月_月底 Monthly_20th~30th	集團財務處_鄭啟賢 Group Finance Division, Cheng Ye Ching	單位 Unit 集團財務處 Group Finance Division	掛帳匯率、年度財務指標、(OC_20) 應收帳款回收天數：135天 HL Accounts receivable days: 135 days	實際值 Actual Value	標準：X ≤ 135 days 控管：連續六個月預測值超過135天 (≥ 135 days) Control: six consecutive months over 135 days	標準：N/A 控管：對策 Control: Countermeasures	集團財務處 Group Finance Division
人力需求 Labor Needs	人力風險 Labor Risk	高附加價值產品的人力到任率(基模/專案/PCB) Employee Availability of High Value-added Products	每季_月底 Quarterly_20th~30th	集團人力資源處_陳正輝 Group HR Division, Arthur Chen	單位 Unit 集團人力資源處 Group HR Division	台北/南京/寧波 Q1 70% Q2 80% Q3 90% Q4 100%	實際值 Actual Value	標準：依專案進度目標。 控管：依估量專案目標。	標準：N/A 控管：對策 Control: Countermeasures	集團人力資源處 Group HR Division
競爭對手 Competitor	策略風險 Strategic Risk	新品銷售比例	每月_月底 Monthly_20th~30th	研發處_謝怡雄	單位 Unit 研發處。	標準：新品銷售比例>50%	實際值 Actual Value	標準：新品銷售比例>50% 2021銷售比例: 59% 2022銷售比例: 56% 控管：連續三個月預測值未達目標	標準：N/A 控管：對策 Control: Countermeasures	全球行銷業務專群 Group Marketing & Sales Business Unit
資訊事件影響 資訊風險	資訊風險	系統活動防護稽核紀錄	每月彙報	集團各資訊單位	單位 Unit System history log	標準值：Critical Issue Level Log <= 0	實際值 Actual Value	標準：Critical issue level log <= 0 個 控管：Critical issue 超過3天以上未修正	標準：N/A 控管：對策 Control: Countermeasures	集團各資訊單位 Group IT Division
		法遵暨重大外部資訊事件協談及檢討	不定期	集團資訊處	單位 Unit 外部來源	N/A	實際值 Actual Value	評估包含以下三個層次： 機密性：C(Confidentiality) 完整性：I(Integrity) 可用性：A(Availability) 任一影響穩定等級為嚴重時需提出改善對策，對策目標3個月內達成	標準：N/A 控管：對策 Control: Countermeasures	集團資訊處 Group IT Division
對公司內部或其利害關係人權益之保護	法律風險 Legal risk	營業秘密 Trade Secret Confidentiality of correspondence	不定期 Irregular	法務室_廖敬聖 Legal Affairs Office, T.C.L	單位 Unit 所有往來之人、法人企業、政府機關或其他提供、收受資訊之公司。 All contacts, corporate enterprises, government agencies, or other parties that may provide or receive information	N/A	實際值 Actual Value	1.條文內容 2.特殊約定 3.審視性條款 4.其他任何影響權利義務之約定	標準：N/A 控管：對策 Control: Countermeasures	法務室
近年重大外部環境影響事件	危險風險 Hazard Risk	重大環境變動事件	不定期 Irregular	總經理室_林佳德 General Manager Office_LIN	單位 Unit 網絡資訊	N/A	實際值 Actual Value	N/A	標準：N/A 控管：對策 Control: Countermeasures	風險評估小組

[Attachment 4] Organizational structure of the Company's Enterprise Risk Management Committee

The organizational structure and management of risk management are as follows:

organizational structure	Duties
Board of Directors	the board of directors: The highest guiding body of the Company's risk management. It aims to comply with laws and regulations, and to promote and implement the Company's overall operational risk management. It also has a clear understanding of the risks faced by sustainable development, ensures the effectiveness of risk management, and is ultimately responsible for risk management.
Business management ability	Operation and management meeting: An executive meeting or operations meeting chaired by the Chairman, President, CEO, or relevant operational supervisors. It is responsible for reviewing and controlling the risk assessment of various plans and projects initiated by each responsible department, and giving contingency instructions.
Audit unit	an independent department under the board of directors, responsible for the implementation of internal audits, to assist the board of directors and managers in examining and reviewing the deficiencies of the internal control system, measuring the effect and efficiency of operations, and providing suggestions for improvement in a timely manner to ensure that the internal control system is functioning properly. Additionally, effectively implement the internal control system on an ongoing basis.
Functional unit	All functional units: Employees of each functional unit are responsible for the first-line risk management in their daily operations. They analyze, monitor, and prevent the related risks in their respective units, emphasize comprehensive risk control for all employees, and implement layers of prevention in a timely manner to ensure that risk control mechanisms and procedures can be effectively implemented.

(IV) If the Company has set up a remuneration committee, composition, professional qualifications and experience, independence, responsibilities, operation status and other records of the committee shall be disclosed.

1. According to the Company's "Organizational Rules for the Remuneration Committee", the chairman of the board of directors submits it to the board of directors for a resolution to appoint three compensation committee members, three of whom are independent directors, for the fourth term of the Compensation Committee from June 19, 2023 to June 18, 2026, the same date as the expiration of the current term of the board of directors.
2. The function of the Remuneration Committee is to evaluate the Company's directors and managers' compensation policies and systems in a professional and objective manner, and make recommendations to the board of directors for reference in its decision-making.
3. Membership of the Remuneration Committee

Separation	Condition Name	Professional qualifications and experience	Independence	
Convener and Independent Director	Chang Shyueh-Chih		<ul style="list-style-type: none"> (1) Not an employee of the company or its affiliated company. (2) Not a director or supervisor of the Company or any of its affiliated companies. Except for the independent director appointed by the company, its parent company, or subsidiary in accordance with the Act or the laws and regulations of the local country (3) Not a natural-person shareholder holding more than 1% of the Company's outstanding shares in the name of his/her spouse, underage children, or someone else in the name of the shareholder. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who is not a spouse or relative of any of the managers listed in (1) or personnel listed in (2) and (3). (5) The director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the total issued shares of the company, or who is one of the top five holders of shares, or who has appointed a representative as a director or supervisor of the company in accordance with Article 27-1 or 2 of the Company Act. However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other. (6) Directors, supervisors, or employees of other companies not holding more than half of the company's directors and voting shares are controlled by the same person (except for the Company or its parent company, subsidiary, or subsidiary of the same parent and the independent directors established by law or the laws and regulations of the local country concurrently serve concurrently. (7) Not a director, supervisor, or employee of any other company or institution where the chairman, general manager, or person holding an equivalent position of the company is the same person or spouse (However, this does not apply to the fact that the independent directors of the company or its parent company, subsidiaries or subsidiaries belonging to the same parent company are established in accordance with this Act or the laws of the local country to serve concurrently with each other) (8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of any company or institution that has a financial or business relationship with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by the Company and its parent company, subsidiaries, or subsidiaries of the same parent company, unless the above circumstances do not exceed 50% but are more than 20%). (9) Not a professional, sole-proprietorship, partnership, company, or institution owner, partners, directors, supervisors, managers and their spouses that provides audits or commercial, legal, financial, or accounting-related services and consultation for the Company or any of its affiliated companies for less than NT\$500,000 in remuneration in the last two years. The members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act are not subject to this restriction. (10) Does not meet any of the conditions specified in Article 30 of the Company Act. 	3 independent directors who does not concurrently serve as members of the Remuneration Committee of other public companies
Independent Director	Lin Chan-Lieh	Please refer to the information on directors' professional qualifications and independent director independence.		
Independent Director	Tai Chia-Wei			

4. Operational status of the Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. The term of office of the 5th Committee members is from June 19, 2023 to June 18, 2026.
The term of office of the 4th Committee members is from June 19, 2020 to June 18, 2023.
The Remuneration Committee met 3 times (A) in the most recent year (2023), and the qualifications and attendance of the members are as follows:

Job title	Name	Actual attendance rate (B)	Number of proxy attendances	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Chang Shyueh-Chih	3	0	100%	Re-elected on June 19, 2023
Committee members	Lin, Chan-Lieh	3	0	100%	Re-elected on June 19, 2023
Committee members	Tai Chia-Wei	1	0	100%	Re-elected on June 19, 2023 shall attend 2 times
Committee members	Lin Yuan-Li	1	0	100%	Take the position from June 19, 2020 to June 18, 2023 shall attend 2 times.

Other matters to be recorded:

- I. If the board of directors does not adopt or amend the Remuneration Committee's proposal, please describe the date and session of the board of directors meeting, details of the agenda, the resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration approved by the board of directors is better than the recommendation of the Remuneration Committee, the circumstances and reasons for the discrepancy shall be stated):
 1. Regular review of salary and remuneration
The function of the Remuneration Committee of the Company is to evaluate the remuneration policy and system of the Company's directors and managers in a professional and objective manner. It meets at least twice a year and may call a meeting at any time as needed to make recommendations to the board of directors. for reference in decision-making.
Powers of the Remuneration Committee
 - (1) Review the Company's remuneration policies on a regular basis and propose amendments.
 - (2) Establish on conduct a regular review on the policies, systems, standards and structures for the performance and remuneration of the directors and managers.
 - (3) Regularly evaluate the compensation and remuneration of the Company's directors and managers.
 2. When performing its duties, the Remuneration Committee shall comply with the following standards
 - (1) Salary management shall be consistent with the compensation philosophy of the Company.
 - (2) The performance evaluation and remuneration of directors and managers should be based on the general level of payment in the same industry, and the reasonableness of the connection between individual performance and the company's operating performance and future risks.
 - (3) Directors and managers shall not be induced to engage in behaviors that exceed the Company's risk appetite in pursuit of compensation.
 - (4) The percentage of short-term performance bonus paid to directors and senior managers and the timing of payment of some variable salaries shall be determined in consideration of industry characteristics and the nature of the Company's business.
 - (5) Members of the Committee shall not be allowed to participate in the discussion and voting of their own salary and remuneration.
 3. Remuneration Committee Meeting Information

Date	Motion content	Resolution of the Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
March 24, 2023 The forth session the 8th time	1. 2022 Performance Evaluation of the board of directors, Directors, the Audit Committee, and the Remuneration Committee.	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
	2. Review of remuneration to employees and directors for 2022.	The motion was unanimously approved by all attending members and	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.

		presented to the Board of Directors for resolution.	
	3. Amendments to the Company's "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members".	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
May 8, 2023 The forth session the ninth time	1. Allocation of remuneration to directors in 2022 .	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
August 7, 2023 the fifth session The first time	1. The election of the convener and the chairman of the fifth Remuneration Committee.	The independent director Lin, Chan-Lieh proposed to elect independent director Chang Shyueh-Chih as the convener and chairman of the committee. Mr. Chang Shyueh-Chih was approved as the convener and chairman of the committee with the agreement of all members presented at the committee meeting.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
	2. Allocation of remuneration to managerial officers and employees of the Company in 2022.	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
March 12, 2024 the fifth session The second time	1. 2023 Performance Evaluation of the board of directors, Directors, the Audit Committee, and the Remuneration Committee.	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
	2. Reviewed the remuneration to employees and directors for 2023.	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The proposal was passed as proposed by all Remuneration Committee members who had no opinions or suggestions at the meeting.
II. For decisions made by the Remuneration Committee, if any members have objections or reservations that are recorded or stated in writing, the date of the Remuneration Committee meeting, the session number, the content of the proposal, and the handling of the opinions of all members and the opinions of the members should be described: No such situation.			

5. Operational Status of Sustainability Committee

I. The Company's Sustainability Committee consists of 7 members.

II. The term of office of the current members: June 19, 2023 to June 18, 2026. The Sustainability Committee held 2 meetings (A) in the most recent year (2023), and the qualifications and attendance of members are as follows:

Job title	Name	Professional qualifications and experience	Actual attendance rate (B)	Number of proxy attendances	Actual attendance rate (%) (B/A)	Remarks
Convener	Chang Shyueh-Chih	Professional qualification information of each committee discloses the relevant contents on page 10-11 and 21-22.	2	0	100%	First time in office
Committee members	Lin, Chan-Lieh		2	0	100%	First time in office
Committee members	Tai Chia-Wei		2	0	100%	First time in office
Sustainable Development Officer	Pan Su-Chiu		2	0	100%	First time in office
Steering Committee Member	Chang Ping-Chun		2	0	100%	First time in office
Steering Committee Member	Chang Shao-Chien		2	0	100%	First time in office
Steering Committee Member	Chang Chung-Yi		2	0	100%	First time in office

Sustainability Committee Meeting Information

Date	Motion content	Resolution of the Sustainability Committee	The Company's handling of the opinions of the Sustainability Committee
December 22, 2023 the second session The first time	1. Meeting minutes and execution of the previous Sustainability Committee	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.
	2. The election of the convener and the chairman of the second Sustainability Committee.	Director Tai Chia-Wei proposed to elect director Chang Shyueh-Chih as the convener and chairman of the committee. Mr. Chang Shyueh-Chih was approved as the convener and chairman of the committee with the agreement of all members presented at the committee meeting.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.
	3. Hu Lane Group's short, medium and long-term strategic development goals on sustainability, ESG implementation results in 2023 and ESG implementation project execution in 2024.	The proposal was proposed by all Sustainability Committee members who had 2 opinions or suggestions at the meeting. Suggestions: 1. The deferred projects in 2023 is suggested to be included in the implementation projects in 2024. 2. Learn about the relevant training programs of the Taiwan Carbon Solution	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.

		Exchange and introduce external training to improve the abilities of Hu Lane members.	
	4. Amendments to the Hu Lane Group's 4.0 organization chart of the sustainable development subcommittee and submit for review.	Except the above, the proposal was passed as proposed by all committee members who had no opinions or suggestions at the meeting. The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.
March 12, 2024 the second session The second time	1. Meeting minutes and execution of the previous Sustainability Committee.	The motion was unanimously approved by all attending members and presented to the Board of Directors for resolution.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.
	2. Amendments to the "Hu Lane Group's 2024-2025 short, medium and long-term strategic development goals on environmental protection" and submit for review.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.	The motion was approved as proposed by all members of the board of directors who had no opinions or suggestions.
	3. Establish "Standard Operation Procedure of Carbon Credit Trading" and submit for review.	The proposal was proposed by all Sustainability Committee members who had 1 opinion or suggestion at the meeting. 1. It is recommended that after the Standard Operation Procedure of Carbon Credit Trading is clarified by competent authority or EU regulations, the Company revise the internal provisions and include them in the internal audit process. Except the above, the proposal was passed as proposed by all committee members who had no opinions or suggestions at the meeting.	The motion was approved as proposed by all members of the board of directors who had no opinions or suggestions.
	4. Establish HU LANE ASSOCIATE INC. carbon credit special account and submit for review.	The motion was approved as proposed by all Sustainability Committee members who had no opinions or suggestions.	The motion was approved as proposed by all members of the board of directors who had no opinions or suggestions.

6. Membership and operation status of the Nomination Committee: Not applicable.

(V) Implementation of sustainable development and deviations from the Sustainable Development Best-Practice Principles for TPEX-Listed Companies and the causes

Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established a governance framework for the promotion of sustainable development, and established a dedicated (or part-time) unit to promote sustainable development that is handled by senior management authorized by the board of directors, and supervised by the board of directors?	V		<p>(I) The Company established the "Hu Lane Group Sustainability Development Committee" in 2022 in order to practice sustainable development. It is the highest-level sustainability decision-making center within the Company. Independent directors serve as sustainability committee members, responsible for formulating sustainability strategies, and assign the progress of sustainability control and task allocation. The Group's Finance Department runs a full-time Sustainable Development Committee and forms a sustainable development promotion team with representatives from related units.</p> <p>(II) The sustainability director of the "Sustainability Committee" reports to the board of directors on the achievement of sustainability and future work plans. A total of three meetings were held in 2023. The date and content of the proposals: (1) Proposal on March 24, 2023: 2023 Three key ESG sustainability projects and amounts and 2022 annual performance report, and the second sustainable development meeting of the first session Sustainability Committee in 2023. (2) Proposal on June 19, 2023: The company's sustainable development action plan, and ESG investment expense and effectiveness report in the past two years; (3) Proposal on December 22, 2023: Revised the Hu Lane Group's 4.0 organization chart of the sustainable development subcommittee, Sustainability Committee Implementation Effectiveness Report and Sustainability Report.</p> <p>(III) The board of directors listens to reports from the management team (including the ESG report) on a quarterly basis. The management must propose the company's strategies to the board of directors, and the board of directors must evaluate the probability of success of these strategies, and must constantly review the progress of the strategies and urge the management team to make adjustments when necessary</p>	None
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social, and corporate governance issues related to corporate operations, and formulate relevant risk management policies or strategies?	V		<p>(I) The Company's Board of Directors approved the "Sustainable Development Best-Practice Principles" on December 23, 2022. We evaluate the development trend of domestic and foreign enterprises' social responsibility and the relevance of their core business, and review the effectiveness of its implementation and continuous improvement at any time to ensure the implementation of CSR policies.</p> <p>(II) To fulfill the corporate social responsibility, and to promote economic, environmental and social progress, in order to achieve the goal of sustainable development. The Company's risk assessment standards and risk management strategies for material issues related to environmental, social and corporate governance will be regularly tracked by the Risk Management Committee, adjusted in a timely manner, reported to the board of directors, and disclosed on the public information website. A risk management tool – Key Risk Indicators was established in accordance with the latest version of</p>	None

Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			the "Risk Management Measures" approved by the board of directors on December 23, 2022 for regular tracking, evaluation, and treatment. Report to the board of directors and disclose its operations on the public website, please see [Attachment 2]. In the future, the Bank will regularly review the appropriateness of key risk indicators in line with globalization policies, and adjust and continue to implement risk management mechanisms.	
III. Environmental issues				
(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	V		(I) In addition to maintaining the original ISO14001 and RoHS management systems, the Company also uses an ISO third-party certification body on a yearly basis to ensure the effectiveness of in-factory environmental management, covering domestic and overseas factories. The Company has introduced ISO 14064-1 greenhouse gas inventory (validation required) starting from 2022 and continue this implementation to 2023 to strengthen the company's requirements for setting greenhouse gas emission limits to improve greenhouse gas management, calculate organizational greenhouse gas emissions and removals, and identify company-specific measures and activities. Introduced ISO 14067 carbon footprint in 2023 to examine the carbon emissions during the product manufacturing process. The Company will then launch a carbon reduction plan to identify processes that may reduce carbon emissions, reduce the input of raw materials or the waste output.	None
(II) Is the company committed to improving the efficiency of energy use and using recycled materials with low impact on the environment?	V		(II) Intelligent monitoring meters for production machines and high-consumption equipment are installed in 2023 to accurately and effectively inventory the company's high-consumption equipment. For those high-energy-consuming equipment, old machines are replaced with new ones gradually. As for plastic raw materials, in addition to the continuous outsource of recycling and reuse raw materials, the production units are currently planning an internal recycling and reuse process. Administrative units have comprehensively introduced the paperless plan, replacing papers with electronic sign-off systems. It is planned to install a solar power generation system at the Taipei Hu Lane Factory in 2023 to work along with the energy storage equipment for the improvement of the efficiency of green energy use.	None
(III) Does the company pay attention to the potential risks and opportunities of climate change at present and in the future, and take measures to respond to climate-related issues?	V		(III) In response to the impact of the global greenhouse effect, countries around the world are actively establishing carbon credit trading systems to accelerate the progress in reducing carbon emissions. Following this trend, the Company introduced ISO14064-1 greenhouse inventory in 2022 and have introduced ISO14067 carbon footprint standard and other corresponding measures in 2023.	None
(IV) Does the company count greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate energy	V		(I) In order to fulfill the corporate responsibility for environmental protection and reduce the impact of greenhouse gas emissions on global warming causing environment and climate threats, the Company will continue to promote energy and carbon reduction measures complying with related laws and regulations. The Company have completed the 2022 ISO14064-1 Category 1, 2 and 3 inventory of the	None

Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies																																								
	Yes	No	Summary description																																									
conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management policies?			<p>group (covering all subsidiaries) in 2023.</p> <p>1. <u>Greenhouse gas emissions in the past two years</u> The data of the inventory in 2022 only covers the inventory of 2021 Taipei factory; the data of the inventory in 2023 covers the 2022 whole year inventory of the whole Group covering all subsidiaries. Unit: tCO₂e/M NT\$</p> <table border="1"> <thead> <tr> <th>Year</th><th>Category 1</th><th>Category 2</th><th>Unit emission</th><th>Category 3</th></tr> </thead> <tbody> <tr> <td>2022</td><td>159.5860</td><td>3,447.0280</td><td>0.7287</td><td>1,067.5702</td></tr> <tr> <td>2023</td><td>933.3599</td><td>18,004.4644</td><td>2.9016</td><td>42,656.3278</td></tr> <tr> <td>Total</td><td>1,092.9459</td><td>21,451.4924</td><td>3.6303</td><td>43,723.8980</td></tr> </tbody> </table> <p>The total greenhouse gas emissions of Category 1 and Category 2 in 2023 are 18,937.8243 tCO₂e, with the unit emission of 2.9016 tCO₂e/M NT\$. The emission is mainly from the electricity emissions of category 2 ,accounting for 95.1% of the category 1 and 2 emissions; followed by category 1 fuel emissions from official transportation vehicles of 4.9%.</p> <p>In order to achieve the international carbon reduction aim, the company has set a five-year (2023~2027) sustainable development goal with related projects promoted and tracked by the Sustainability Committee. It is expected that with the active actions, the carbon emissions for per unity unit products and absolute emissions can be gradually reduced.</p> <p>2. <u>Water consumption in the past two years</u> The data of the inventory in 2022 only covers the inventory of 2021 Taipei factory; the data of the inventory in 2023 covers the 2022 whole year inventory of the whole Group covering all subsidiaries. Unit: ML/M NT\$</p> <table border="1"> <thead> <tr> <th>Year</th><th>Total water consumption</th><th>Total Water Discharge</th><th>Total Water Consumption</th><th>Water Consumption Intensity</th></tr> </thead> <tbody> <tr> <td>2022</td><td>130.87</td><td>91.80</td><td>39.07</td><td>0.0060</td></tr> <tr> <td>2023</td><td>140.67</td><td>100.42</td><td>40.25</td><td>0.0055</td></tr> <tr> <td>Total</td><td>271.54</td><td>192.22</td><td>79.32</td><td>0.0115</td></tr> </tbody> </table> <p>For the water-saving plan: the Company set annual water reduction targets for each factory,</p>	Year	Category 1	Category 2	Unit emission	Category 3	2022	159.5860	3,447.0280	0.7287	1,067.5702	2023	933.3599	18,004.4644	2.9016	42,656.3278	Total	1,092.9459	21,451.4924	3.6303	43,723.8980	Year	Total water consumption	Total Water Discharge	Total Water Consumption	Water Consumption Intensity	2022	130.87	91.80	39.07	0.0060	2023	140.67	100.42	40.25	0.0055	Total	271.54	192.22	79.32	0.0115	
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Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>publicizing and promoting the implementation of saving water in daily life, replacing old equipment with those of government-certified energy-saving labels. In the forth quarter of 2023, the Taipei factory is planned to cooperate with outsourced electroplating factories, expecting to recycle 20% of the wastewater from the electroplating process annually. The Company expects to utilize the available water resources to bring greater benefits to the Company.</p> <p>3. <u>Output of waste in the past three years</u> Output of general + hazardous waste (number of companies) 2021: 2,321.71 tonnes 2022: 2,720.48 tonnes 2023: 2,727.09 tonnes please refer to Attachment 3. Output of waste for details.</p>	
IV. Social Issues				
(I) Has the Company established relevant management policies and procedures in accordance with applicable laws and international conventions on human rights?	V		<p>(I) The Company complies with the "Labor Code" adopted by the production sites all over the world and refers to the Convention on the Rights of the Child, the Convention on the Rights of Indigenous Peoples, the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, and the Convention on the Rights of Persons with Disabilities. The Company shall comply with the spirit of the International Covenants on Human Rights, protect the lawful rights and interests of employees and the non-discriminatory treatment in the employment policy, and establish appropriate management measures and procedures as the basis for personnel management and respect for human rights.</p> <p>The Company's human rights policies and specific measures are as follows:</p> <ol style="list-style-type: none"> 1. Equal Employment Opportunity by Eliminating Unlawful Discrimination We provide foreign workers with a good accommodation environment and living space, and strictly prohibit workplace violence. Employees are provided with minimum wages and benefits that meet or exceed the requirements of local laws and regulations. 2. Policies to protect persons with disabilities Pursuant to Article 38 of the "Persons with Disabilities Protection of Rights and Interests Act", the Company provides protection for employees with disabilities through promotion. 3. Prohibition of Child Labor Policy It is prohibited to hire employees under the age of 15. 4. Prohibition of all forms of forced labor 5. Help employees maintain physical and mental health and work-life balance policy The Company has clearly defined a legal and reasonable working hour management plan, and regularly cares and 	None

Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Does the Company establish and implement reasonable employee welfare measures (including remuneration, leave of absence, and other benefits), and appropriately reflect the business performance or results in the employee's remuneration?	V		<p>manages the attendance of employees. The Company respects the rights of employees, employees may set up diverse clubs, and employees are encouraged to join the clubs.</p> <p>6. Gender equality policy A sexual harassment prevention hotline has been set up. The Company implements a parental retention policy without pay, and provides employees with family care leave, menstrual leave, maternity leave, paternity leave, and rehabilitative leave, as well as the provision of nursing rooms and breaks.</p> <p>(II) 1. The Company works with external consultants on a long-term basis to design a fixed compensation system that is in line with the market and update the salary scale regularly to ensure competitiveness. At the same time, it clearly defines the individual performance and development management and reward and punishment system, and discloses employee benefits related information on the Company's website.</p> <p>2. The Company's operating results and individual performance are positively and highly correlated with the variable compensation system.</p> <p>3. In addition to the regular two days off, the Company also grants special leave in accordance with the Labor Standards Act. In the case of childcare, serious injury, illness, or accident, the Company may also apply for leave without pay.</p> <p>4. Diversity and equality in the workplace: Men and women are entitled to equal pay and promotion opportunities for equal work. Female managers make up 28.79% of managerial positions on average, and are increasing year by year.</p>	None
(III) Does the Company provide employees with a safe and healthy work environment and provide employees with regular safety and health education?	V		<p>(III) The Company conducts annual employee health checkups and health education channels, and implements occupational safety and health education and training in accordance with the law. The operating environment is monitored twice a year on operating sites to ensure the safety of employees in the workplace. The test results meet the national standards, and employee health examination reports are analyzed annually. The health consultations are arranged by on-site nursing staff to effectively manage the physical health of employees.</p> <p>1. Employee health care activity_Monthly exercise day: Started in January 2023, a total of 756 employees have participated.</p> <p>2. Annual Weight Loss Contest: A total of 100 employees (including 10 teams) participated in the competition, of which 47 succeeded in losing weight, 42 succeeded in gaining muscles, and 62 succeeded in trimming waist. A total of 49.96kg of fat was reduced, 21.81kg of muscle (skeletal muscle) was increased, and the waistline was reduced by 233.5cm (equivalent to a reduction of 384,692 kcal = a reduction of approximately 16,288kg of carbon emissions).</p>	None

Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Has the Company established an effective career capacity development training program for employees?	V		<p>3. Hu Lane 46th Anniversary Online Sports Day A total of 132 people participated in the Online Sports Day. The total accumulated steps in the game was 15,145,769 steps. The average daily steps of the members before the game was 3,289 steps. The average daily steps of the members during the game was 5,821 steps. The average amount of exercise of the members increased by 76.9633%. The total number of steps in the game was 15,145,769. The cumulative carbon reduction is 949kg.</p> <p>4. On-site Doctors Health Consultation: Through health consultation with doctors, we can analyze possible medical problems and health risks for colleagues, and provide prevention methods or related suggestions to promote the health of colleagues and reduce potential health risks. In 2023, on-site doctors health consultation were arranged for a total of 59 colleagues.</p> <p>5. In 2023, all factories of the Hu Lane Group held a blood donation charity event "Donate Blood with Hu Lane to Spread Love" to call on all colleagues to roll up their sleeves and contribute to the society. A total of 151 people donated their blood, with a total blood donation of 49,100ml.</p> <p>6. To prevent industrial safety accidents, asphalt pavement was laid on the parking lot ramp in 2023 to increase the friction between vehicles and the ground to prevent traffic accidents.</p> <p>7. In 2023, the number of employees was 604 with the number of employees suffering from occupational accidents of 2, the occupational accident ratio of 0.0033.</p> <p>8. There was no fire incident in the Company in 2023, the fire occurrence index is 0.</p> <p>(IV) The Company regards employees as an important asset, attaches great importance to the cultivation and development of talents, and conducts various general training for new employees to enhance colleagues' understanding and recognition of the Company. We also work with external consultants on a long-term basis to conduct leadership and management training activities for junior and senior executives, and link personal performance management and development systems at the same time (the total number of professional training hours is 55,732 hours), and encourage employees to continuously improve themselves.</p>	None
(V) Does the Company comply with applicable laws and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and grievance procedures for	V		<p>(V) 1. According to the client/consumer protection policy of Social in the ESG Corporate Social Indicators, the Company not only continues to improve products and services, but also provides a channel for customers to complain and give feedback. For example, customers, distributors (traders, agents), trading partners merchants, agents, suppliers (including contractors), and the general public may use any form of correspondence, telephone, fax, or e-mail.</p> <p>2. The internal ordering procedures (Doc. No. 2038) have also made detailed settings for communication with customers according to the provisions of IATF16949. If the customer receives feedback on the product and service after the transaction, the post-delivery activities and customer</p>	None

Assessment items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>the protection of consumers' or customers' interests?</p> <p>(VI) Does the Company have a supplier management policy defined to require suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation status thereof?</p>	V		<p>complaint handling procedures are defined (Doc. No. 2061).) and Customer Satisfaction Management Guidelines (Doc. 2073) to maintain good communication with customers.</p> <p>(VI) 1. The Company has established the "Supplier Selection and Management Procedure" to select qualified third-party suppliers to meet the Company's needs. Suppliers are regarded as important partners. To maintain long-term cooperative relations with suppliers, in addition to ensuring product quality, delivery and cost, we also work with suppliers to implement sustainable development of environmental protection, human rights, and resource recycling to fulfill social responsibilities and promote the sustainable development of the supply chain.</p> <p>2. Supply chain management practices Supplier evaluation: It must be legally registered with the government and certified by the company with ISO9001 and/or IATF16949. It is a priority candidate. It must meet the requirements of EU environmental regulations, cooperate with the implementation of the Company's prohibited substance standards, sign environmental agreements with suppliers, and do not use conflict minerals/ Integrity Commitment signed with suppliers</p> <p>3. Regular supplier assessment: Conduct supplier evaluation on a regular basis. The ISO9001 and ISO14001 management systems are used to establish supplier qualification procedures, supplier evaluation and performance tracking procedures, and guide suppliers to cooperate with the Company in the implementation of sustainable corporate social responsibility. Regular analysis of domestic risk changes with foreign suppliers, including product safety/regulatory requirements, quality management system verification level, delivery quantity & quality performance, whether the supplier is an oligopoly. Those with higher risk levels are included in the following year's annual supplier audit schedule.</p>	None
<p>V. Does the company refer to the internationally accepted reporting standards or guidelines to prepare sustainability reports and other reports that disclose the company's non-financial information? Did the preliminary report obtain the assurance or guarantee opinion of the third-party verifier?</p>	V		<p>(I) The Company has compiled its first sustainability report (formerly known as the "CSR report") in 2013 and started preparing it on a voluntary basis in accordance with the GRI standards published by the Global Standards Board (GSSB) in June each year. We publish the CSR report on the Company's website and the OTC website, and disclose CSR-related information in the annual report.</p> <p>(II) Voluntary disclosure is applied to the sustainability report. As of 2023, the 12th sustainability report has been issued. Starting from 2023, the external independent agency Crowe (TW) CPAs is appointed to conduct limited assurance based on the ISAE3000 standard. The Company shall obtain a letter of confirmation from the CPAs.</p>	None

Assessment items	Status of implementation		Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
VI. The deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies should be described: The Company's Board of Directors approved the "Corporate Social Responsibility Best Practice Principles" on December 27, 2017. The Company is fully committed to charity activities every year to fulfill its corporate social responsibilities, and compiled its first corporate social responsibility report in 2013. The Company regularly reviews its operations in accordance with the principles and makes improvements accordingly. So far, there has been no material deviation from the implementation.			
VII. Other important information for understanding the promotion of sustainable development:			
1. Obtain sustainability certification: (1) Obtained the certificate of D&B ESG Registered Obtain the D&B ESG Registered certificate to demonstrate that the Company is committed to disclose ESG initiatives. The Company fill out an ESG self-assessment questionnaire to obtain he D&B ESG Registered certificate after being reviewed and evaluated by D&B ESG. The D&B ESG Registered certificate is valid for one year (from December 29, 2023 to December 28, 2024). (2) Taipei Hu Lane obtained the Health Promotion Seal from the National Health Service of the Ministry of Health and Welfare_Healthy Workplace Certification The Company is committed to promoting none-smoking and healthy environment in the workplace, actively implementing none-smoking and healthy promotion measures in the workplace, establishing an excellent working environment. The Company has been verified as complying with the Healthy Workplace Certification-Health Promotion Label. The Healthy Workplace Certification-Health Promotion Label is valid for three years (From January 1, 2024 to December 31, 2026).			
2. Dow Jones Sustainability Indices: (1) Hu Lane is selected as the Company of the TPEX FactSet Semiconductor Climate Resilience Total Return Index Today's Index Constituents File Issue Date: September 25, 2023, please refer to Taipei Exchange: https://www.tpex.org.tw/web/stock/iNdex_info/IX0201/ingrid/IX0201cnstnt.php?l=zh-tw (2) Hu Lane is selected as the Company of theTIP Customized TPEX ESG High Dividend Total Return Index, the Top 10 Constituents File of the day Issue Date: June 27, 2023, please refer to Taipei Exchange: https://www.tpex.org.tw/web/stock/iNdex_info/IR0173/ingrid/cnstnt.php?l=zh-tw			
3. Response to social welfare activities: (1) To support local farmers, Taipei Hu Lane took practical actions to purchase organic agricultural products from local farmers as a Labor Day gift to express gratitude to employees for their efforts. (1,200 kg of organic rice) (2) In 2023, Taipei Hu Lane sponsored a charity performance by Shuiyuan Village Theater and participated in the services of 8 volunteers. Children (405 people in total) from eight rural elementary school were invited to watch the performance. How one should respond and protect themselves when a disaster occurs was simulated in the performance plot. It also conveyed confidence and hope to reduce children's fear when disasters occur. (3) In response to the sustainable corporate responsibility of caring for the environment, Taipei Hu Lane held two events in 2023 [Shimen, New Taipei City Beihai Ecological Park & One-day Ecological Keeper], calling on 76 Hu Lane members to serve as one-day volunteers to help clear the alien plant Salvinia molesta in the ecological water areas, wetland weeds and silt to reduce the impact of alien plants to the native plants and organisms. A total of 2,424 kgs of Salvinia molesta, weeds and silt were removed during the two activities. (4) Started from a material donation event in 2008, Taipei Hu Lane has held the 16th "Caring for the Disadvantaged, Spreading Love" charity event as of 2023. Through the company's appeal/collection of donations from colleagues (NTD 404,525), charity sales, 210 items of fundraising items, and company budget donations, all resources are used for the long-term cooperation with "World Peace Association" for the disadvantaged families - Providing funds for hungry children (including charity breakfast, nutritious food, and holiday meal expenses) to eat well and go to school without worries. (615 children were benefited.)			

Assessment items	Status of implementation		Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
<p>(5) In 2023, Hu Lane Vietnam held public welfare activity of [Hu Lane Sends Warmth and Love to Society], helping [Rural Kindergarten] with material donations and environmental cleaning, and visiting [Orphanage] and donating materials of 83. (Beneficiary organization-Najiang Community of Huyện Quang Binh,Tỉnh Hà Giang 、International Committee of The Red Cross of Tỉnh Hải Dương)</p> <p>4. Employee caring activities:</p> <p>(1) 2023 Summer Rice Dumpling Dragon Boat Festival [Dragon Boat Race]: A total of 40 people participated in the Dragon Boat Race (10 groups) on June 20.</p> <p>(2) 2023 Mid-Autumn Festival group activities: On September 26 the day of the event - a total of 50 employees participated</p> <p>(3) 2023 Happy Family Day - October 28 Event day - a total of 415 employees participated</p> <p>(4) 2023 Hu Lane Happy Christmas - 590 participants</p> <p>5. 2023 Awards</p> <p>(1) The Department of Industrial Information, Dongguan Hu Lane Electronic Technology Co., Ltd. won the “New, Distinctive, Specialized and Sophisticated” Rising Star Award This award is issued by the Ministry of Industry and Information Technology of China and is valid for three years (from July 1, 2023 to June 30, 2026).</p> <p>(2) Dongguan Hu Lane Electronic Technology Co., Ltd., was certified “New, Distinctive, Specialized and Sophisticated” Small and Medium Enterprises of Guangdong Province This honor is issued by the Department of Industry and Information Technology of Guangdong Province and is valid for three years (from January 18, 2023 to January 17, 2026).</p> <p>(3) Dongguan Hu Lane won the second place in tax contribution among Taiwan-funded enterprises in Dalang Town, Dongguan.</p>			

Company climate information

1. Implementation of climate-related information

Item	Status of implementation
<p>1. Describe the monitoring and governance of climate-related risks and opportunities by the board of directors and the management.</p> <p>2. Describe how the identified climate risks and opportunities affect the Company's business operations, strategies, and finance (for short-term, medium-term, and long-term).</p> <p>3. Describe the financial impacts of extreme climate events and transformational actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess the resilience to climate change risks, the used scenarios, parameters, assumptions, analysis factors, and main financial impacts shall be described.</p> <p>6. If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformational risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.</p> <p>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the relevant target, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates (RECs) to be used should be specified.</p> <p>9. Greenhouse gas inventory and assurance (indicated separately in 1-1 and 1-2).</p>	<p>1. Hu Lane Group is well aware that the earth's climate and environment are gradually deteriorating due to the impact of greenhouse gases. As a member of the global citizens, in order to fulfill our corporate responsibilities, we will proactively commit to greenhouse gas emission baseline inventory starting from 2021, so that the Hu Lane Group can control the greenhouse gas emissions precisely, and will conduct further inspections based on the inventory results. The Company will conduct greenhouse gas reduction plans voluntarily, continue to promote energy saving, low-carbon emissions and other measures to protect the global environment, and fulfill our responsibilities as global citizens. Greenhouse gas emissions were also verified through an external third party (BSI), and set 2022 as the base year for greenhouse gas inventory.</p> <p>2. Quantification method: The calculation of greenhouse gas emissions is based on the Emission Factor Method. The calculation method is as follows: $\text{Activity data} \times \text{Emission Factor} \times \text{Global Warming Potential (GWP)} = \text{CO}_2 \text{ equivalent number.}$ Or use the Mass-Balance Method, which the emissions are calculated by directly filling in the input, output, and consumptions.</p> <p>3. It is planned to launch the TCFD counseling project and third-party certification in 2024.</p>

1-1 Greenhouse gas inventory and assurance								
Basic information of the Company Companies with capital of less than NT\$5 billion						According to the provision of the sustainable development roadmap for TWSE/TPEX listed companies, the Company shall disclose Inventory of the parent company's consolidated financial statements Inventory of the subsidiaries Assurance of the parent company's consolidated financial statements Assurance of the subsidiaries		
Item / Year	2021 (Note 2)		2022		2023 (Note 2)			
	Total emissions	Emission intensity (Note 1) (tCO2e/M NT\$)	Total emissions	Emission intensity (Note 1) (tCO2e/M NT\$)	Total emissions (Self-reported Data)	Emission intensity (Note 1) (tCO2e/M NT\$)	Authenticating institution	Disclosure of information
Category 1							BSI The British Standards Institution Taiwan Branch	Among the total greenhouse gas emissions disclosed by Hu Lane Group in 2022, Category 1: 933.3599 tCO2e (accounting for 1.52% of the total emissions) Category 2: 18,004.4644 tCO2e (accounting for 29.23% of the total emissions) Category 3: 42,656.3278 tCO2e (accounting for 69.25% of the total emissions) On November 27, 2023, BSI The British Standards Institution Taiwan Branch adopted the ISAE3410/ISO 14064-3 standard and assured Category 1 and 2 with reasonable guarantees; Category 3 with limited guarantee. The Greenhouse Gas Verification Statement ISO-14064-1 issued (please refer to Attachment 1 for details)
Parent company	159.5860	0.0323	188.8766	0.0289	132.8242	0.0181		
Subsidiary	Data not collected and verified in 2021		744.4833	0.1141	683.8677	0.0933		
Total	159.5860	0.0323	933.3599	0.1430	816.6919	0.1114		
Category 2								
Parent company	3,447.0280	0.6965	3,475.4839	0.5325	3,760.3374	0.5129		
Subsidiary	Data not collected and verified in 2021		14,528.9805	2.2261	15,328.6270	2.0910		
Total	3,447.0280	0.6965	18,004.4644	2.7586	19,088.9644	2.6039		
Category 3								
Parent company	1,067.5702	0.2157	13,926.6898	2.1338	14,865.5928	2.0278		
Subsidiary	Data not collected and verified in 2021		28,729.6380	4.4018	32,892.8656	4.4869		
Total	1,067.5702	0.2157	42,656.3278	6.5356	47,758.4584	6.5148		
Total	4,674.1842	0.9445	61,594.1521	9.4372	67,664.1147	9.2301		

Note:

1. The intensity of greenhouse gas emissions is calculated as tCO₂e per total emissions/consolidated revenue (unit: NT\$ million).
2. In 2021, only Taipei Hu Lane was investigated; in 2022, the inventory data is of the entire group, which has been verified by an external third-party; in 2023, the data is self-reported.

1-2 GHG Reduction Targets, Strategies and Specific Action Plans

1. Greenhouse Gas Emission Reduction base year: 2022. The data of the inventory in 2023 covers the 2022 whole year inventory of the whole Group covering all subsidiaries.
2. Date of the base year: For the 2022 data of tCO₂e/year, please refer to the table above for the total emissions.
3. Reduction Goal: The short-term goal of Hu Lane Group's is to reduce greenhouse gas intensity by 10%.
4. Strategies and Action Plans:

2030 Strategic Focus	2023	2024	2025	2026~2027	2030
E ESG strategy and value implementation (Achieving carbon neutrality)	ESG Verification Start Year	The greenhouse gas emissions of the Group and substantial control company achieve carbon neutrality. Reduced carbon intensity YoY by 10% compared to the previous year (Formula: Annual carbon emissions/annual sales: Unit: tCO ₂ e/NTD thousand)	The greenhouse gas emissions of the Group and substantial control company achieve carbon neutrality. Reduced carbon intensity YoY by 10% compared to the previous year (Formula: Annual carbon emissions/annual sales: Unit: tCO ₂ e/NTD thousand)	The greenhouse gas emissions of the Group and substantial control company achieve carbon neutrality. Reduced carbon intensity YoY by 6% compared to the previous year (Formula: Annual carbon emissions/annual sales: Unit: tCO ₂ e/NTD thousand)	The greenhouse gas emissions of the Group and substantial control company achieve carbon neutrality. Reduced carbon intensity YoY by 6% compared to the previous year (Formula: Annual carbon emissions/annual sales: Unit: tCO ₂ e/NTD thousand)
	<ol style="list-style-type: none"> 1. Completed the ISO 14064-1 greenhouse gas verification and third-party certification of each company within the Group (completed the external verification and completed the collection of evidence) 2. ISO 14064-1 Greenhouse Gas Verification_carbon intensity of Taipei reduced by 10% (not achieved; increased by 244% in 2023 compared to 2022. The density in 2023 was 0.0065099 tCO₂e/NTD thousand, and the 2023 inventory density was 0.0018937 tCO₂e/NTD thousand). 3. Completed the inventory of 3 types of products based on ISO 14067 product carbon footprint and passed third-party certification (completed external verification for 4 products, and completed the collection of evidence) 4. Capital expenditures_Vietnam Hu Lane: Construction of solar energy equipment (construction completed, and electricity generation statistics started on November 17) 5. Completed the sustainability report guidance project, which was certified and announced by a third party (independent assurance opinion statement has been obtained) 	<ol style="list-style-type: none"> 1. ISO 14064-1 Greenhouse Gas Verification_10% reduction in the Group's carbon emission intensity 2. The carbon footprint verification of ISO 14067 products is continued, and verified by a third party (5 products have been identified for verification in 2024) 3. Capital expenditure on solar energy equipment projects A. Dongguan Hu Lane B. Indonesia Hu Lane C. Taipei Hu Lane (formerly 2023 project) 4. Enhance wastewater recycling rate_Taipei Hu Lane wastewater system equipment and continuous electroplating line process expansion project (formerly the 2023 project) 5. Implementation of ISO 50001 Energy Management Systems: Nanjing/Vietnam 	<ol style="list-style-type: none"> 1. ISO 14064-1 Greenhouse Gas Verification_10% reduction in the Group's carbon emission intensity 2. The carbon footprint verification of ISO 14067 products is continued, and verified by a third party 3. Group companies have completed the construction of solar energy green power equipment 4. Legally report and upload the public information of the Group's sustainability report 5. The Group's wastewater resource recycling rate can reach 20% (the original project in 2024, because the wastewater recycling equipment improvement project has not been implemented, the statistics of this project will not be available in 2024) 6. Implementation of ISO 50001 Energy Management Systems: Dongguan/Indonesia 	<ol style="list-style-type: none"> 1. ISO 14064-1 Greenhouse Gas Verification_6% reduction in the Group's carbon emission intensity 2. The carbon footprint verification of ISO 14067 products is continued, and verified by a third party 3. Completed third-party certification for the integrity of the Sustainability Report 4. Implementation of ISO 50001 Energy Management Systems: Jiaying 	<ol style="list-style-type: none"> 1. ISO 14064-1 Greenhouse Gas Verification_6% reduction in the Group's carbon emission intensity 2. The carbon footprint verification of ISO 14067 products is continued, and verified by a third party 3. All sustainability reports certified and information disclosed

5. Achievement of reduction goal:
In order to achieve the international carbon reduction aim, the company has set a five-year (2023~2027) sustainable development goal with related projects promoted and tracked by the Sustainability Committee. It is expected that with the active actions, the carbon emissions for per unity unit products and absolute emissions can be gradually reduced. The company completed the group's annual ISO14064-1 greenhouse gas inventory and external certification of 2022 in 2023, and also completed the ISO14067 carbon footprint inventory and external certification for four products, and introduced the ISO14001 environmental management system and ISO50001 energy management system.

Attachment 1. ISO-14064-1 Greenhouse Gas Verification and Declaration

bsi. Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: **Hu Lane Associate Inc.**
No. 68, Huanhe St.
Xizhi Dist.
New Taipei City
221014
Taiwan

胡連精窗股份有限公司
臺灣
新北市
汐止區
環河街 68 號
221014

Holds Statement No: GHGEV 797152

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with reasonable assurance that:

- The Greenhouse Gas Emissions with Hu Lane Associate Inc. for the period from 2022-01-01 to 2022-12-31 was verified, including direct greenhouse gas emissions 933.360 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 18,004.464 tonnes of CO₂ equivalent.
- No material misstatements for the period from 2022-01-01 to 2022-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity of year 2022 is 0.495 kgCO₂ per kWh.
- The emission factor for electricity of China (2022) is 0.570 kgCO₂ per kWh.
- The emission factor for electricity for Indonesia year 2022 is not published so far, the emission factor used for electricity is 0.622 kilograms of Carbon Dioxide equivalent per kWh (2021) instead which may potentially result in different Greenhouse Gas Emission estimates.
- The emission factor for electricity for Vietnam year 2022 is not published so far, the emission factor used for electricity is 0.722 kilograms of Carbon Dioxide equivalent per kWh (2021) instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Pu

Originally Issue: 2023-11-27

Latest Issue: 2023-11-27

Page: 1 of 6

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The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only.
Taiwan Headquarters: 2nd Floor, No. 27, 3-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
BSI Taiwan is a subsidiary of British Standards Institution.

Attachment 2. Risk management of material issues

Risk aspects	2023 Operation status
Strategic and operational risks	<ul style="list-style-type: none"> ● Through regular production and sales coordination meetings, we adjust production and sales strategies and effectively manage and control the inventory targets of raw material and finished product. ● Regular operating meetings are held to track operating performance, risk responding strategies, and review potential risks and opportunities to achieve operational goals. ● Set long-term and short-term operating strategies, plan new product development directions, and improve operating profitability to achieve the company's sustainable development strategy. ● Passing the ISO 14001 verification ensures that the Company's environmental management system actually operates in compliance with the PDCA (Plan-Do-Check-Act) of ISO system and achieves the goal of continuous improvement. ● In response to the supply chain greenhouse gas management and reduction trends driven by global warming, a greenhouse gas inventory, management and reduction mechanism is implemented. ● Implement personnel safety and health education and training.
Financial Risk Management	<ul style="list-style-type: none"> ● In response to the changes in domestic and foreign economic situations, the Company continuously keep an eye on the fluctuations on exchange rates and interest rates, adjust asset allocation when necessary to avoid losses caused by the fluctuations of the value. ● To strengthen the company's financial structure, convertible corporate bonds (CB) are issued, raising funds to replace bank financing, enhance long-term financial stability, improve short-term solvency, save interest expenses, and enhance the company's operational competitiveness. ● Regularly follow up on overdue accounts receivable and discuss with customers the possibility of advancing transaction to shorten the period of accounts receivable.
Information Security Risks	<ul style="list-style-type: none"> ● Conduct an inventory of ISO/IEC 27001 control items and aim to achieve compliance certification. ● The information security unit regularly submits information security analysis reports, shares information on security threat, and manage the security information and incidents to establish visibility into the overall environment efficiently and immediately eliminate problems. ● Regularly integrate security monitoring network to prevent and control intrusions to avoid leakage of confidential information. ● Establish an inventory of information assets to improve risk management capabilities. ● Important data is backed up regularly ● Regularly conduct social email testing, educate and conduct improvements to colleagues who clicked by mistake.

People Risk	<ul style="list-style-type: none"> ● Establish and improve job scale for important and key positions in the group, launch a high-potential talent pool project, and include high-potential talent in the "Agile Talent 333 Plan", continue to integrate the internal and external training resources and the group's internal job rotation and professional skills/ functional development to establish a high-potential talent pool, ensuring the effectiveness of a sufficient talent succession. ● Through multiple and open recruitment channels, we actively participate in campus recruitment activities, provide summer job or cooperate with schools to recruit talents and improve recruitment efficiency.
Legal Risk	<ul style="list-style-type: none"> ● Organize employee education and training on "Patent Search and Application" and "Integrity Management and Human Rights Policy" to remind and strengthen the legal risk awareness of colleagues into colleagues' daily work behaviors, thereby reducing company risks. ● In response to the legal doubts raised, the Legal Department will provide timely written and oral consultation and handling suggestions to ensure that the company's activity comply with legal regulations.
Hazard Risk	<ul style="list-style-type: none"> ● Annual fire drills are held regularly, emergency response training is arranged for employees to cultivate self-safety management and resistance. ● Strengthen hazard identification and risk assessment: Take appropriate preventive measures for high-risk work environments and influencing factors to control risks within an acceptable range. Improve the protection capabilities of on-site equipment.

Attachment 3: Waste production (number of companies)

Type of waste	Waste items	2021	2022	Year 2023	Processing method	Off-site/on-site processing
General commercial waste	domestic waste	298.54	352.63	358.73	Burn & Bury	Off-site
	Waste wood	38.46	42.05	20.98	Recycling	Off-site
	Waste paper	32.58	47.21	29.51	Recycling	Off-site
	stainless steel scrap	32.51	40.81	44.32	Recycling	Off-site
	Waste plastics	838.27	1,202.07	1,107.98	Recycling	Off-site
	Copper scrap	998.15	942.07	1,071.04	Recycling	Off-site
	silicone material waste	23.62	45.46	50.09	Recycling	Off-site
	PE film	3.84	3.96	0.24	Recycling	Off-site
	bellows	0.00	0.75	1.45	Recycling	Off-site
	Wire waste	0.00	0.00	0.70	Recycling	Off-site
Hazardous commercial waste	Electroplating sludge	47.58	32.70	29.60	Heat Treatment	Off-site
	Chemical containers waste	0.57	0.27	0.33	Recycling	Off-site
	Chemical containers waste	0.37	0.52	0.97	Burn	
	Spent activated carbon	4.10	4.22	5.20	Recycling	Off-site
	Spent activated carbon	0.05	0.05	0.05	Burn	Off-site
	Waste oil	1.37	3.81	2.41	Recycling	Off-site
	Waste oil	0.66	0.69	0.54	Burn	
	Waste cleaning fluid	0.09	0.17	0.42	Reification	Off-site
	Waste cleaning fluid	0.10	0.08	0.13	Wastewater Treatment System	
	Waste emulsion	0.00	0.04	0.05	Burn	Off-site
	Waste filter element	0.14	0.20	0.20	Burn	Off-site
	Oily Waste	0.00	0.00	1.25	Wastewater Treatment System	Off-site
	Waste lamp	0.05	0.05	0.10	Physics	Off-site
	Chemical-stained waste rag	0.63	0.63	0.69	Burn	Off-site
	Waste battery	0.00	0.00	0.08	Battery Destroys System	Off-site
	Hazardous Waste from Printer	0.02	0.02	0.01	Incineration & Curing	Off-site
	Waste items	0.00	0.01	0.02	Incineration & Curing	Off-site
Waste output	Fair + Harmful	2,321.71	2,720.48	2,727.09		
	Average	2,265.97	2,677.01	2,685.04		
	Harmful	55.74	43.47	42.05		

(VI) Ethical corporate management practices and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons

Assessment items	Operation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Formulate ethical management policies and plans				
(I) Has the Company formulated an ethical management policy approved by the Board of Directors and expressly stated this in its regulations and external documents as the policy and method of ethical management, and the commitment of the board of directors and senior management to actively implement the business policy?	V		(I) Integrity is one of the six core functions of the Company. The Company has established the "Ethical Corporate Management Procedure and Code of Conduct" and the "Ethical Code of Conduct for Employees" to regulate the corporate integrity policy, and conducts regular promotion and dissemination to ensure that employees, directors, and senior management are aware of and follow them.	None
(II) Has the Company established an assessment mechanism for the risk of unethical conducts, regularly analyzing and evaluating business activities with higher risks of unethical conduct within the business scope, and formulated plans to prevent unethical conduct in accordance with the Article 7 Paragraph 2 of the "Guidelines"?	V		(II) The Company has established the "Procedures for Ethical Management and Code of Conduct" and the "Employee Code of Ethics". New recruits shall learn the Company's corporate profile for training and promotion to raise ethical standards of conduct for employees. The "Procedures for Ethical Management and Code of Conduct" and the "Employee Code of Conduct" also regulate the relevant rewards, disciplinary measures, and grievance systems.	None
(III) Does the company have the operating procedures, behavioral guidelines, disciplinary measures, and complaint system clearly defined in the plan to prevent unethical conduct, and are they implemented, and is the pre-disclosure plan regularly reviewed and amended?	V		(III) The Company has established an effective accounting system, internal control system, and internal material information processing and disclosure mechanism for business activities with a higher risk of unethical behavior, to prevent unethical behavior, and reviews them from time to time to ensure the continuity of the design and implementation. The "Procedures for Ethical Management and Code of Conduct" and the "Employee Code of Conduct" establish relevant preventive measures for business activities with higher risks of dishonest conduct.	None
II. Fulfilling Business Integrity				
(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		(I) When the Company establishes business relationships with others, it will understand the legality of the counterparty, general business status, transaction records, and ethical corporate management policy of the counterparty, and avoid doing business with those with abnormal operations or non-performing transaction records. Based on the principle of	None

Assessment items	Operation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Has the company set up a dedicated unit under the board of directors to promote corporate ethical management, and regularly (at least once a year) reports to the board of directors on its ethical management policies, plans to prevent unethical practices, and supervision and implementation?	V		honesty and trust, the rights and obligations of both parties are clearly defined when the contract is concluded. (II) The Company's human resources unit has defined the "Ethical Corporate Management Procedures and Code of Conduct" to disseminate the code of conduct on a regular basis. Employees are encouraged to report any suspected or found violation of laws, regulations, or ethical code of conduct to the management. Invited Lawyer Kuo Ming Huang of Formosan Brothers Law Firm to organize a legal compliance promotion on integrity management and human rights policies on December 7, 2023 to promote integrity and ethical behavior to employees through lectures and audio screens. The human resources unit reports "compliance, measures taken, and effectiveness" to the board of directors on a regular and intermittent basis.	None
(III) Has the Company formulated and implemented policies to prevent conflicts of interest?	V		(III) The Company's "Ethical Corporate Management Procedures and Code of Conduct" and "Employee's Code of Ethical Conduct" specify the conflict of interest prevention policy. Employees shall not engage in any business, investment, or related activities that may constitute a conflict of interest between themselves and the Company, and shall conduct their business in an objective and efficient manner. Employees are also encouraged to report any conduct that is suspected to have violated laws, regulations, or the Code of Ethics to the management. The Company will provide whistleblowers with comprehensive protection measures to ensure the quality of the investigation and to prevent the whistleblowers from suffering unfair retaliation or treatment.	None

Assessment items	Operation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of honest management, and has the internal audit unit prepared an audit plan based on the assessment results of the risk of dishonest acts, and checked the compliance of the dishonest act prevention plan accordingly, or appointed an accountant to perform an audit?	V		(IV) The Company's management has established an effective accounting system and the accuracy and completeness of the internal control system. The internal auditors also conduct regular audits according to the annual audit plan, and prepare audit reports for reporting to the board of directors.	None
(V) Does the Company organize internal and external education and training on ethical management on a regular basis?	V		(V) The new employees while onboard are educated with "The Procedures and Code of Conduct for Ethical Management" and "Ethical Code of Conduct for Employees" to raise employees' standards of honesty and ethical conduct, and always pay attention to the development of relevant norms of integrity management at home and abroad, encourage directors, managers, and employees to make suggestions, and review and improve the integrity management code formulated by the company to enhance the effectiveness of the company's integrity management.	None
III. Operation of the Company's Whistleblowing System				
(I) Does the company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff to receive reports on the subject?	V		(I) The Company has established an employee complaint system and the President's mailbox system. If an employee is found to have violated the ethical code of conduct for business integrity, the Company will take appropriate sanctions depending on the severity of the incident. If the disciplined person believes that the Company's improper handling has resulted in infringement of his or her lawful rights and interests, he or she may file a complaint with the Company's human resources unit for relief.	None
(II) Has the Company established any standard procedures for handling reported misconduct, any follow-up measures to be taken upon completion of an investigation, and any confidentiality measures?	V		(II) The Company accepts reports in accordance with the "Procedures for Ethical Management and Guidelines for Conduct", handles such matters with confidentiality and diligence, and provides comprehensive protection measures for the whistleblower and the object of the whistleblowing.	None

Assessment items	Operation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company taken measures to protect whistleblowers from undue treatment for whistleblowing?	V		(III) The identity of the whistleblower and the content of the report shall be kept confidential by the relevant personnel of the Company who handle the whistleblowing. Whistleblowing is handled in a confidential and prudent manner of seeking evidence, and thorough protection measures are given to whistleblowers to ensure the quality of investigations and avoid unfair retaliation or treatment of whistleblowers.	None
IV. Enhanced information disclosure (I) Does the company disclose the contents of the Ethical Corporate Management Best Practice Principles and the promotion effect on its website and Market Observation Post System?	V		(I) The Company discloses the "Ethical Corporate Management Procedure and Code of Conduct" on the Company's website, and will update the relevant regulations when the Company revises the relevant regulations. Also, the Company's promotion of ethical corporate management is disclosed in the annual report.	None
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the current practices and any deviations from the principles: The "Procedures for Ethical Management and Guidelines for Conduct" established by the Company cover the relevant requirements of the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEX Listed Companies", and the dedicated unit is responsible for the related promotion, disciplinary actions, and complaints to ensure the establishment of a corporate culture of integrity management and the establishment of a good business operation structure.				
VI. Other important information that is helpful in understanding the company's ethical management : (1) On December 27, 2017, the board of directors approved the establishment of the "Ethical Corporate Management Procedure and Code of Conduct" to regulate the precautions for the Company's personnel when conducting business. (2) Firmly implement corporate governance regulations, establish legal compliance, internal control and audit systems, risk management mechanisms, strengthen the functions of the board of directors, exert the independence of the Audit Committee, respect the rights and interests of stakeholders, and enhance information transparency. (3) Matters concerning major operational policies, investments, acquisition and disposal of assets, endorsements and guarantees, loaning of funds, and bank financing are all evaluated and analyzed by the relevant responsible departments and resolved by the board of directors. (4) For major cases or cases of concern, we consult relevant legal consultants for confirmation according to the nature of professionalism. (5) The accounting department reviews transaction accounts in accordance with accounting principles, and consults CPAs for confirmation on major or doubtful cases. (6) The Audit Office conducts audits on various departments on a regular and intermittent basis to implement supervision mechanisms and control various risk management. (7) Established the "Ethical Code of Conduct for Employees", invited Lawyer Kuo Ming Huang of Formosan Brothers Law Firm to organize a legal compliance promotion on integrity management and human rights policies on December 7, 2023 to promote integrity and ethical behavior to employees through lectures and audio screens. Raise employees' standards of honesty and ethical conduct, and always pay attention to the development of relevant norms of integrity management at home and abroad, encourage				

Assessment items	Operation status			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>directors, managers, and employees to make suggestions, and review and improve the integrity management code formulated by the company to enhance the effectiveness of the company's integrity management. In 2023, the Group conducted a total of 2,433 integrity-related courses.</p> <p>(8) Fair and transparent day-to-day business activities, conduct business with integrity, explain the company's determination, policies, preventive plans, and consequences of violations of integrity to counterparties engaged in business activities.</p>				

(VII) If the Company has established Corporate Governance Best Practice Principles and related regulations, the methods of accessing them shall be disclosed:

The Company has established (amended) the "Corporate Governance Best-Practice Principles", "Sustainable Development Best-Practice Principles", "Ethical Corporate Management Procedure and Code of Conduct", "Organizational Rules Governing the Remuneration Committee", and "Rules of Procedure for Board of Directors Meetings" to implement corporate governance. Please refer to the Company's website (<http://www.hulane.com>) for the content of the above-mentioned regulations.

(VIII) Other information material to the understanding of corporate governance

1. Disclosure of relevant domestic and foreign licenses obtained by the Company's financial, , and audit personnel:

(1) Domestic certifications: 2 procurement management specialists, 1 securities analyst, and 1 financial planner.

(2) Other certifications: 1 CIA, 1 CFA, and 1 PMP.

2. Managers' participation in corporate governance-related education and training in 2023:

Job title/name	Date	Organizer	Course title	Duration of advanced study
President Hu Sheng-Ching	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3.0
	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
CEO Chang Tzu-Chieh	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Executive Vice President Chang Ping-Chun	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3.0
	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Executive Vice President Chang Shao-Chien	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Assistant Manager Chang Chung-Yi	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Chao Ching-Shan	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Fang Kai-Ping	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Wang Chih-Hsin	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Pan Su-Chiu	April 12, 2023	Taiwan Independent Director Association	How does the board of directors construct a sustainable governance strategy? The latest ESG sustainable information disclosure governance standards.	3.0
	April 13, 2023	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum - the	3.0

			challenges and opportunities on the path to Net-Zero.	
	April 27, 2023	Taiwan Stock Exchange and Taipei Exchange	The action plan of sustainable development for TWSE/TPEX listed companies educational propaganda	3.0
	August 7, 2023	Taiwan Corporate Governance Association	Analysis of the development of corporate governance and governance of the external environment in 2023.	3.0
	September 4, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6.0
	October 6, 2023	Taipei Exchange	The New Vision of Sustainable Financing and Investment Forum.	3.0
	November 8, 2023	Taiwan Independent Director Association	Climate change and TCFD disclosure recommendations and analysis.	3.0
	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Chen Kei-Chou	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Lin Ming-Miao	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0
Vice President Li Ying-Te	December 7, 2023	Formosan Brothers Law Firm	promotion on integrity management and human rights policies	3.0

3. Establishment of the "Material Inside Information Handling and Insider Trading Prevention Management Operating Procedures":

In order to establish a good mechanism for the Company's handling and disclosure of material inside information, and to strengthen the prevention of insider trading, the Company's Board of Directors resolved on December 29, 2009 to establish the "Management Operating Procedures for the Handling of Material Inside Information and Prevention of Insider Trading". The Company shall announce and issue the same in accordance with the Company's Internal Document Management Regulations.

4. Appointment and dismissal, evaluation, salary, and remuneration of internal auditors

The Company has established the Regulations Governing the Appointment and Removal of Internal Audit Personnel. The appointment and dismissal of internal auditors and their compensation shall be reported to the board of directors of the Company. The internal audit personnel evaluation is conducted once a year, and the audit supervisor signs off to the Chairman of the Company. The appointment and dismissal regulations have been disclosed in the section of the internal regulations webpage of the Company.

(IX) Implementation of internal control policies

1. Internal Control Statement:

Hu Lane Associate Inc.

Declaration of Internal Control System

Date: March 12, 2024

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

- I. The Company recognizes that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. The purpose is to provide reasonable assurance for the achievement of operational effectiveness and efficiency (including profitability, performance, and protection of asset security), the reliability of financial reports, and compliance with relevant laws and regulations.
- II. The internal control system has its innate limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals. Moreover, due to changes in the environment and situation, the effectiveness of the internal control system may increase with time. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.
- III. The Company judges the effectiveness of the design and implementation of its internal control system based on the items for judging the effectiveness of the internal control system specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). According to the management control process, the criteria for internal controls adopted in the "Regulations" divide the internal control system into five elements: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision. Each component includes several items. Please refer to the "Regulations" for details.
- IV. The Company has adopted the above judgment items to check the effectiveness of the design and implementation of the internal control system.
- V. Based on the inspection results referred to above, the Company believes that as of December 31, 2023, the Company's internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the knowledge of the effectiveness and efficiency of operations, the reliability of financial reporting and the compliance with relevant laws and regulations, was effective and could reasonably ensure the achievement of the above objectives.
- VI. This statement shall form an integral part of the Company's annual report and the prospectus, and shall be disclosed to the public. The Company shall be held liable under Articles 20, 32, 171, and 174 of the Securities and Exchange Act for any violation of laws such as fraud or concealment of the above-mentioned disclosure.
- VII. This Declaration was approved at the meeting of the Company's Board of Directors on March 12, 2024. Of the 9 directors present, 0 held an opposing view and the rest agreed to the contents of this statement and hereby declare.

Hu Lane Associate Inc.

Chairman: Chang Tzu-Hsiung

President: Hu Sheng-Ching



1. If the internal control system is reviewed by a CPA on an ad hoc basis, the review report shall be disclosed:
None.

(X) In the most recent year and up to the publication date of this annual report, the company and its internal personnel have been punished according to law, or the company's internal personnel have been punished for violating the internal control system, and the result of the punishment may have a significant impact on shareholders' equity or securities prices, the content of the punishment, major deficiencies, and improvements should be listed: None.

(XI) Major resolutions reached in shareholders' meetings and board of directors meetings in the most recent year, up until the publication date of this annual report:

1. Major resolutions of shareholders' meetings and their implementation

(1) Important resolutions

Date	Sessions of regular and extraordinary sessions Session of session	Important resolutions
June 19, 2023	2023 General Shareholders' Meeting	<p>Matters to be Reported</p> <p>I. The Company's 2022 business report.</p> <p>II. Audit Committee's review of the 2022 financial statements.</p> <p>III. Report on the distribution of remuneration to employees and directors in 2022.</p> <p>IV. Report on the payment of remuneration to directors by the Company.</p> <p>Matters of approval</p> <p>I. Recognition of 2022 financial statements.</p> <p>II. Approved 2022 earnings appropriation proposal.</p> <p>Matters for discussion</p> <p>I. Amendments to the Company's "Articles of Incorporation".</p> <p>II. Distribution of cash to shareholders from additional paid-in capital.</p> <p>Election: Election of directors of the Company.</p> <p>Other Matters: Removal of restrictions on non-competition by directors.</p>

(2) Implementation

A. All the above proposals have been completed in accordance with the resolutions of the shareholders' meeting.

B. The Company's 2022 earnings appropriation was resolved in the annual general shareholders' meeting on June 19, 2023, namely, to distribute cash dividends of NT\$4.6 per share and to distribute cash dividends of NT\$1 per share to shareholders from its capital surplus. The distribution was completed on September 22, 2023.

2. Major resolutions of the board of directors

Date	Session of session	Important resolutions
March 24, 2023	The 18th meeting of the 7th session 18th meeting	<p>I. Reviewed the remuneration to employees and directors for 2022.</p> <p>II. The Company's 2022 parent company only and consolidated financial statements.</p> <p>III. Approval for issuing the "Declaration of Internal Control Systems for 2022".</p> <p>IV. Date and venue of the 2023 regular shareholders' meeting and agenda.</p> <p>V. Duration and venue for accepting written motions from shareholders with more than 1% ownership interest and director candidate nominations.</p> <p>VI. Election of directors of the Company.</p> <p>VII. Removal of restrictions on non-competition by directors.</p> <p>VIII. Amendment to the "Articles of Incorporation".</p> <p>IX. Amendment to the Company's "Rules of Procedure for Board of Directors Meetings".</p> <p>X. Amendment to the Company's "Corporate Governance Best-Practice Principles".</p> <p>XI. The non-assurance services are pre-approved by the CPAs.</p> <p>XII. Amendment to the Company's "Audit Committee Charter".</p> <p>XIII. Amendments to the Company's "Regulations Governing the Payment of Remuneration to Directors and Functional Committee Members".</p> <p>XIV. 2023 three key ESG sustainability planning projects and amounts, and 2022 performance report.</p> <p>XV. The Company's proposed offering and issuance of the 1st unsecured convertible corporate bond in Taiwan.</p> <p>XVI. The Indonesian subsidiary (PT. Hulane) raised capital by US\$4 million in cash.</p> <p>XVII. The Company acquired the marketable securities of HD Renewable Energy Co., Ltd.</p> <p>XVIII. Report of the Company's financial derivatives (foreign exchange swap) transactions.</p> <p>XIX. The credit line between the Company and Chinatrust Commercial Bank.</p> <p>XX. The credit line between the Company and First Commercial Bank</p> <p>Other important reporting matters:</p> <p>I. Report of the meeting minutes of the 2nd session of the 1st Sustainable Development Committee in 2023.</p> <p>II. Meeting minutes of the 15th meeting of the 1st Audit Committee in 2023</p> <p>III. Report of the meeting minutes of the 8th meeting of the 4th Remuneration Committee in 2023.</p> <p>IV. 2022 Performance Evaluation of the board of directors, Directors, the Audit Committee, and the Remuneration Committee.</p> <p>V. Implementation Report on the Corporate Governance Evaluation of the Company.</p> <p>VI. Report on the construction of the Indonesia plant.</p> <p>VII. Organizational report on group investment projects of the Company.</p> <p>Independent director's opinion: None.</p> <p>The Company's response to the opinions of independent directors: None.</p> <p>Resolution: Unanimously approved by all directors present at the meeting.</p>

Date	Session of session	Important resolutions
May 8, 2023	The 18th meeting of the 7th session The 19th time	<p>I. Presentation of the Company's consolidated financial statements for the first quarter of 2023.</p> <p>II. The Company's 2022 business report.</p> <p>III. Appropriation of the Company's 2022 earnings.</p> <p>IV. Distribution of cash to shareholders from additional paid-in capital.</p> <p>V. Review the candidates for directors of the company's 2023 regular shareholders' meeting.</p> <p>VI. Amendment to the agenda of the Company's 2023 regular shareholders' meeting.</p> <p>VII. Allocation of remuneration to directors in 2022.</p> <p>VIII. Extension of credit line between the Company and Cathay United Bank.</p> <p>IX. The Company provided a guarantee to Taipei Fubon Bank for the financing and/or guarantee of debts between Hu Lane Electronic (Vietnam) Co., Ltd., and Taipei Fubon Bank.</p> <p>X. The merger of our Company with SHANG HO INDUSTRY CO., LTD.</p> <p>Other important reporting matters:</p> <p>I. Report of the meeting minutes of the 9th meeting of the 4th Remuneration Committee in 2023.</p> <p>II. Meeting minutes of the 16th meeting of the 1st Audit Committee in 2023</p> <p>III. The Company accepts written proposals from shareholders with more than a 1% ownership interest.</p> <p>Independent director's opinion: None.</p> <p>The Company's response to the opinions of independent directors: None.</p> <p>Resolution: Unanimously approved by all directors present at the meeting.</p>
June 19, 2023	The 8th session The first time	<p>I. The election of the eighth chairman of Hu Lane ASSOCIATE INC.</p> <p>II. Appointed the Company's President</p> <p>III. The remuneration of the Company's newly appointed Chairman and President.</p> <p>IV. Appointed members of the Company's Audit Committee</p> <p>V. Appointed members of the Company's Remuneration Committee</p> <p>VI. Appointed members of the Company's Sustainability Committee</p> <p>VII. Allocation of remuneration to managerial officers and employees of the Company in 2022.</p> <p>VIII. The action plan of sustainable development for the Company.</p> <p>IX. Purchased liability insurance for directors.</p> <p>X. The credit line between the Company and Bank Sinopac Co., Ltd.</p> <p>Other important reporting matters:</p> <p>I. ESG investment expenses and performance reports in the past two years.</p> <p>Independent director's opinion: None.</p> <p>The Company's response to the opinions of independent directors: None.</p> <p>Resolution: Unanimously approved by all directors present at the meeting.</p>
August 7, 2023	The 8th session The second time	<p>I. Presentation of the Company's consolidated financial statements for the second quarter of 2023.</p> <p>II. Set the base date and payment date for the ex-dividend and capital reserve allotment in 2022.</p> <p>III. The conversion period and conversion price adjustment of the Company's domestic unsecured convertible corporate bonds.</p> <p>IV. The credit line between the Company and Taipei Fubon Bank.</p> <p>V. Acting as the endorser and guarantor for EVERVALUE INVESTMENTS LIMITED</p>

Date	Session of session	Important resolutions
		<p>VI. The Company provided guarantees for Cathay United Bank (Mainland China) in terms of financing, foreign exchange, derivative transactions and/or guarantees of debt in relation to Dongguan Hu Lane Puguang Trading Co., Ltd., and Cathay United Bank (Mainland China) Limited, Shenzhen Branch (as defined in the letter of guarantee).</p> <p>VII. The Company provided guarantees to Cathay United Bank (China) Limited Shanghai Branch in connection with the current financing, foreign exchange, derivative transactions and/or guaranteed debts of Hu Lane Electronics (Nanjing) Co., Ltd., and Cathay United Bank (China) Limited Shanghai Branch (as defined in the Letter of Guarantee).</p> <p>VIII. EVERVALUE INVESTMENTS LIMITED, had extended the loan to PT. Hulane Tech Manufacturing.</p> <p>IX. The Company engaged in derivative financial product (foreign exchange) transactions in July 2023.</p> <p>Other important reporting matters:</p> <p>I. Report of the meeting minutes of the first meeting of the 5th Remuneration Committee in 2023.</p> <p>II. Meeting minutes of the first meeting of the second Audit Committee in 2023</p> <p>Independent director's opinion: None. The Company's response to the opinions of independent directors: None. Resolution: Unanimously approved by all directors present at the meeting.</p>
November 8, 2023	The 8th session The third time	<p>I. Presentation of the Company's consolidated financial statements for the third quarter of 2023.</p> <p>II. The credit line between the Company and Citibank (Taiwan) Commercial Bank.</p> <p>III. The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee obligations of Dongguan Hu Lane Puguang Trading Co., Ltd., and Citibank (as defined in the guarantee letter).</p> <p>IV. The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee obligations of PT. HULANE TECH MANUFACTURING, and Citibank (as defined in the guarantee letter).</p> <p>V. The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee obligations between Hu Lane Electronic (Vietnam) Co., Ltd., and Citibank (as defined in the guarantee letter).</p> <p>VI. Amendment of the "Group Budget Management Measures".</p> <p>VII. Appointment and dismissal of managerial officers of the Company.</p> <p>Other important reporting matters: Minutes Report of the second meeting of the 1st Audit Committee in 2023.</p> <p>Independent director's opinion: None. The Company's response to the opinions of independent directors: None. Resolution: Unanimously approved by all directors present at the meeting.</p>

Date	Session of session	Important resolutions
December 22, 2023	The 8th session The forth time	<p>I. The Company's 2024 business plan.</p> <p>II. The Company's 2024 financial budget.</p> <p>III. The Company's 2024 audit plan.</p> <p>IV. Amendments to the Hu Lane Group's 4.0 organization chart</p> <p>V. The independent audit quality indicators (AQIs) and independence assessment report of the CPAs.</p> <p>VI. Dispatch the Company's Information Security Manager and Officer.</p> <p>VII. Report and describe in the Company's 2024 information security plan</p> <p>VIII. The credit line between the Company and Chinatrust Commercial Bank.</p> <p>Other important reporting matters:</p> <p>I. Report of the meeting minutes of the 2nd session of the 1st Sustainable Development Committee in 2023.</p> <p>II. Improvements in the preparation of financial statements of the Company.</p> <p>III. Report on the performance of risk management.</p> <p>IV. The Company's intellectual property management plan and implementation report.</p> <p>V. Sustainability Committee Implementation Effectiveness Report and Sustainability Report uploaded to the Company's official website on June 30, 2023.</p> <p>1. The Company's Legal Committee promotes the Group's corporate governance matters such as integrity management, anti-corruption, anti-bribery, human rights policies, internal important information processing following the Internal Information Processing in Compliance with Laws to Prevent Insider Trading". Invited Lawyer Kuo Ming Huang of Formosan Brothers Law Firm to conduct training to 186 members (including directors and members) on December 07.</p> <p>2. 2023 Stakeholder Communication Report.</p> <p>Independent director's opinion: None.</p> <p>The Company's response to the opinions of independent directors: None.</p> <p>Resolution: Unanimously approved by all directors present at the meeting.</p>
March 12, 2024	The 8th session the fifth time	<p>I. Reviewed the remuneration to employees and directors for 2023.</p> <p>II. The Company's 2023 parent company only and consolidated financial statements.</p> <p>III. Approval for issuing the "Declaration of Internal Control Systems for 2023".</p> <p>IV. Date and venue of the 2024 regular shareholders' meeting and agenda.</p> <p>V. Date of acceptance of written proposals from shareholders with more than a 1% ownership interest.</p> <p>VI. Replacement of CPAs.</p> <p>VII. The non-assurance services are pre-approved by the CPAs.</p> <p>VIII. The Investment on the cash capital increase of RAC Electric Vehicles Inc.</p> <p>IX. Amendments to the "Hu Lane Group's 2024-2025 short, medium and long-term strategic development goals on environmental protection" and submit for review.</p> <p>X. Establish "Standard Operation Procedure of Carbon Credit Trading" and submit for review.</p> <p>XI. Establish HU LANE ASSOCIATE INC. carbon credit special account and submit for review.</p> <p>XII. The Company's financial derivatives transactions in January, 2024.</p> <p>XIII. The Operation Procedure of short-term financial instrument investment.</p> <p>XIV. The credit line between the Company and Chinatrust Commercial Bank.</p> <p>XV. The Company has provided Citibank with a guarantee for the current financing, foreign exchange, derivative transactions, and/or guarantee</p>

Date	Session of session	Important resolutions
		<p>obligations between Hu Lane (Vietnam) Co., Ltd., and Citibank (as defined in the guarantee letter).</p> <p>XVI. The credit line between the Company and First Commercial Bank</p> <p>XVII. EVERVALUE INVESTMENTS LIMITED, loaning to Hu Lane Electronics (Vietnam) Co., Ltd.</p> <p>XVIII. Planned on the conversion of the first unsecured domestic corporate bonds to the issuance of ordinary shares.</p> <p>XIX. Appointment and dismissal of managerial officers of the Company.</p> <p>XX. The credit line between the Company and First Commercial Bank</p> <p>Other important reporting matters:</p> <p>I. Report of the meeting minutes of the 2nd session of the 2nd Sustainable Development Committee in 2024.</p> <p>II. Report of the meeting minutes of the second session of the fifth Sustainable Development Committee in 2024.</p> <p>III. Minutes Report of the third meeting of the second Audit Committee in 2023.</p> <p>IV. 2023 Performance Evaluation of the board of directors, Directors, the Audit Committee, and the Remuneration Committee.</p> <p>Independent director's opinion: None.</p> <p>The Company's response to the opinions of independent directors: None.</p> <p>Resolution: Unanimously approved by all directors present at the meeting.</p>

- (XII) In the most recent year and as of the date of publication of the annual report, directors or supervisors hold different opinions on important resolutions passed by the board of directors with records or written statements. The main contents are as follows: Absence of the following circumstances as of the date of publication of the annual report.
- (XIII) Resignations and dismissals of persons related to the Company (including chairman of the board, general manager, accounting director, financial director, internal audit chief, corporate governance director, R&D director, etc.) in the most recent year and as of the publication date of the annual report:

Job title	Name	Date of assumption of duty	Dismissal Date	Reason for resignation or dismissal
Assistant Manager	Chang Chiu-Tui	January 1, 2016	November 12, 2023	personnel alteration

V. CPA public expenditure information

Amount of CPA fees

Unit: NTD Thousand

Name of the Accounting Firm	Name of the CPAs	CPA's audit period	Audit public expenditure	Non-audit public expenditure	Total	Remarks
Deloitte Taiwan	Lin Wang-Sheng	112/01/01~112/12/31	4,388	250	4,638	2023 financial report audit public expenditure
	Shih Jun-Hung					
PwC Taiwan	Tuan Shih Liang	112/01/01~112/12/31	-	1,985	1,985	Public expenditures on transfer pricing (2023)

1. If the accounting firm is changed and the public audit fee paid in the replacement year is reduced compared with the public audit fee of the previous year of replacement, the amount of public audit fee before and after the replacement and the reason should be disclosed: N/A.
2. When the audit fee is reduced by more than 10% from the previous year, the amount, percentage, and reason of the reduction must be disclosed: N/A.
3. Non-audit fees were mainly related to tax certification (including transfer pricing and country-by-country reporting), NT\$2,085 thousand, internal control system project review services, NT\$150 thousand.
4. The Company's Audit Committee assesses the independence and suitability of the CPAs regularly every year, and requires the CPAs to provide a "Declaration of Independence" and "Independence Report", and reports the results to the board of directors. The latest annual assessment was approved by the Audit Committee on March 12, 2024 after discussion and approval of the "Audit Quality Indicators (AQIs)", and the board of directors resolution on March 12, 2024 approved the assessment of the independence and suitability of accountants. Evaluations are conducted based on the independence assessment items and AQI indicators. It has been confirmed that the accountant and the company have no other financial interests and business relationships other than visa and financial and tax case fees, and the accountant's family members have not violated the independence requirements, and with reference to AQI index information, it has been confirmed that the accountant and the firm have better audit experience and training hours than the industry average.

Independent Auditors' Independence Report

Independence assessment items	Evaluation results	
	Yes	No
1. The current appointee or the survey participant engages in regular duties and receives a fixed salary or serves as a director.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Has served as a director, manager, or staff with significant influence on the certification case of the client or the subject, and the resignation has been less than two years.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Is a spouse, lineal relative, lineal relative by affinity, or collateral blood within the second degree of kinship with the principal or person-in-charge of the person being audited or manager.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. The investor, spouse, or minor child of the principal has invested in or shared financial benefits with the principal or subject.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. The principal, himself/herself, spouse, or minor children have borrowed funds from the principal or the survey participant. Except where the principal is a financial institution with regular transactions.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. The management consulting or other non-certified services may affect the independence.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Does not meet the requirements of the competent authority on the rotation of CPAs, the handling of accounting affairs on behalf of others, or other regulations that may affect the independence.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Independence		

VI. CPA Replacement information

As resolved by the Company's Board of Directors on March 12, 2024, in response to the need for internal adjustment of Deloitte Taiwan, the CPAs from the first quarter of 2024, from Shih Chun-Hung and Lin Wang-Sheng, to Shih Jun-Hung and Cheng Shiug-Ran.

VII. Any of the Company's Chairman, President, or any managerial officer in charge of finance or accounting affairs being employed by the accounting firm or any of its affiliated companies in the most recent year: None.

VIII. Transfer of shares and changes in pledges of equity interests by directors, supervisors, managers, and shareholders with more than a 10% ownership interest in the most recent year up until the publication date of this annual report

(I) Changes in shareholdings

The book closure date for the shareholders' meeting was April 1, 2024.

Job title	Name	2023		As of April 1 of the current year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Chang Tzu-Hsiung	0	0	0	0
Director and President	Hu Sheng-Ching	0	0	0	0
Director	Chang Ping-Chun	0	0	0	0
Director	Hu Shao-Ju	0	0	0	0
Director	Liu Chun-Hsiang	0	0	0	0
Director	Chan Yi-Min (Note 1)	0	0	0	0
Director	Lin Yuan-Li (Note 2)	0	0	0	0
Independent Director	Chang Shyueh-Chih	0	0	0	0
Independent Director	Lin, Chan-Lieh	0	0	0	0
Independent Director	Tai Chia-Wei (Note 2)	0	0	0	0
CEO	Chang Tzu-Chieh	0	0	0	0
Executive Vice President	Chang Shao-Chien	0	(812,111)	0	0
Vice President	Lien Hung-Ming (Note 3)	(18,000)	0	-	-
Vice President	Pan Su-Chiu	0	0	0	0
Vice President	Chao Ching-Shan	0	0	0	0
Vice President	Fang Kai-Ping	0	0	0	0
Vice President	Li Ying-Te	0	0	0	0
Assigned Vice President	Chen Kei-Chou	0	0	0	0
Assigned Vice President	Lin Ming-Miao	0	0	0	0
Assistant Vice President of Human Resources	Chang Chung-Yi	0	0	0	0
Assistant Manager	Wang Chih-Hsin	0	0	0	0
Assistant Manager	Chang Chiu-Tui (Note 4)	1,000	0	-	-
Assistant Manager	Song Dazhi (Note 7)	-	-	0	0
Assistant Vice President	Yu Ching-Fu	0	0	0	0
Assistant Vice President	Bai Ming (Note 6)	0	0	0	0
Audit supervisor	Zhang Chao-wei (Note 5)	0	0	0	0
Chief Financial Officer	Kao Shih-Hsiang	0	0	0	0
Accounting Officer	Chang Chia-Chi	0	(1,202,000)	0	0

Note 1: Dismissed on June 19, 2023.

Note 2: Newly appointed on June 19, 2023.

Note 3: Dismissed on April 30, 2023.

Note 4: Dismissed on January 02, 2024.

Note 5: Dispatched on November 13, 2023.

Note 6: Dispatched on November 08, 2023.

Note 7: Dispatched on March 15, 2024.

Note 8: The Company has no major shareholder with more than a 10% shareholding.

(II) Information on the counterparty of the transfer of equity as a related party: None.

(III) Information on the counterparty of the equity pledge as a related party: None.

IX. Information on the top ten shareholders who are related to each other or are related by consanguinity, such as spouses or second degree relatives

Information on the top ten shareholders and their relationships with each other

The book closure date for the shareholders' meeting was April 1, 2024.

Name	Personal shareholding		Shares held by spouse and minor children		Total shares held in other's name		For the top-10 shareholders who are related, spouse, or relatives within the second degree of kinship, the names and their relationships		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Hu Sheng-Ching	5,775,315	5.79%	2,102,378	2.11%	0	0.00%	Li Pao-Hsi Hu Shao-Chi Hu Shao-Ju Hu Shao-Jung	Spouse First-degree relative First-degree relative First-degree relative	None
Liu Chun-Hsiang	4,106,005	4.12%	0	0.00%	0	0.00%	None	None	None
Chang Tzu-Hsiung	4,001,173	4.02%	1,256,718	1.26%	0	0.00%	Chang Chia-Chi Chang Ping-Chun Chang Shao-Chien	First-degree relative First-degree relative First-degree relative	None
Chang Chia-Chi	2,649,008	2.66%	75,497	0.08%	0	0.00%	Chang Tzu-Hsiung Chang Ping-Chun Chang Shao-Chien	First-degree relative Second-degree relatives Second-degree relatives	None
Hu Shao-Chi	2,439,251	2.45%	0	0.00%	0	0.00%	Hu Sheng-Ching Li Pao-Hsi Hu Shao-Ju Hu Shao-Jung	First-degree relative First-degree relative Second-degree relatives Second-degree relatives	None
Hu Shao-Ju	2,439,251	2.45%	0	0.00%	0	0.00%	Hu Sheng-Ching Li Pao-Hsi Hu Shao-Chi Hu Shao-Jung	First-degree relative First-degree relative Second-degree relatives Second-degree relatives	None
Hu Shao-Jung	2,439,251	2.45%	0	0.00%	0	0.00%	Hu Sheng-Ching Li Pao-Hsi Hu Shao-Chi Hu Shao-Ju	First-degree relative First-degree relative Second-degree relatives Second-degree relatives	None
Li Pao-Hsi	2,102,378	2.11%	5,775,315	5.79%	0	0.00%	Hu Sheng-Ching Hu Shao-Chi Hu Shao-Ju Hu Shao-Jung	Spouse First-degree relative First-degree relative First-degree relative	None
Chang Shao-Chien	1,959,913	1.97%	307,500	0.31%	0	0.00%	Chang Tzu-Hsiung Chang Chia-Chi Chang Ping-Chun	First-degree relative Second-degree relatives Second-degree relatives	None
Chang Ping-Chun	1,936,163	1.94%	328,000	0.33%	0	0.00%	Chang Tzu-Hsiung Chang Chia-Chi Chang Shao-Chien	First-degree relative Second-degree relatives Second-degree relatives	None

Note: The shareholding ratio is calculated with the 99,656,123 outstanding shares as of April 01, 2024.

X. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same reinvestment business is comprehensively calculated altogether as the comprehensive shareholding ratio.

As of December 31, 2023 Unit: thousand shares; NTD

Transfer of Investment (Note)	Investment by the Company		Investments by directors, supervisors, managers, and directly or indirectly controlled businesses		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
EVERVALUE INVESTMENTS LIMITED	15,220 (1 share = 1USD)	100%	0	0%	15,220 (1 share = 1USD)	100%
TELFORD INVESTMENTS LIMITED	1,034 (1 share = 1USD)	100%	0	0%	1,034 (1 share = 1USD)	100%
Hu Lane Electronics (Vietnam) Co., Ltd.	6,300 (1 share = 1USD)	100%	0	0%	6,300 (1 share = 1USD)	100%
PT. HULANE TECH MANUFACTURING	800 (1 share = 8,990 IDR)	12%	3,474 (1 share = 14,833 IDR)	72%	4,274 (1 share = 12,496 IDR)	84%
Hu Lane Electronics (Nanjing) Co., Ltd.	0	0%	8,500 (1 share = 1USD)	100%	8,500 (1 share = 1USD)	100%
FORTUNE MASTER DEVELOPMENT LIMITED	0	0%	9,400 (1 share = 1USD)	100%	9,400 (1 share = 1USD)	100%
Dongguan Hu Lane Puguang Trading Co., Ltd.	0	0%	1,600 (1 share = 1USD)	100%	1,600 (1 share = 1USD)	100%
Dongguan Hu Lane Electronic Technology Co., Ltd.	0	0%	8,000 (1 share = 1USD)	100%	8,000 (1 share = 1USD)	100%
Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd.	600 (1 share = 1USD)	40%	1,500 (1 share = 1USD)	40%	600 (1 share = 1USD)	40%
EAGLE GOOD LIMITED	10,680 (1 share = 1USD)	100%	0	0%	10,680 (1 share = 1USD)	100%
JIAXING SHANG HO ELECTRICS TECHNOLOGY CO., LTD	0	0%	10,500 (1 share = 1USD)	100%	10,500 (1 share = 1USD)	100%
HULANE ASSOCIATE INC. EUROPE S.R.L	450 (1 Share=1EUR)	90%	500 (1 share = 1EUR)	90%	450 (1 Share=1EUR)	90%

Note: Investments accounted for by the Company under the equity method.

Four. Fund-raising status

I. Company capital and shares

(I)Source of share capital

1. Type of shares

Unit: share; NTD

Month, Year	Issue price (NT\$)	Authorized capital		Paid-in capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Assets other than cash used to offset share value	Others
July 1977	10	50,000	500,000	50,000	500,000	Initial share capital	None	None
June 1981	10	500,000	5,000,000	500,000	5,000,000	Capital increase in cash: 4,500,000	None	None
December 1990	10	2,970,000	29,700,000	2,970,000	29,700,000	Capital increase in cash: 24,700,000	None	None
September 1995	10	5,010,000	50,100,000	5,010,000	50,100,000	Capital increase in cash: 16,200,000 Surplus: 4,200,000	None	None
January 1998	10	10,020,000	100,200,000	10,020,000	100,200,000	Additional paid-in capital: 37,000,000 Surplus: 13,100,000	None	None
January 2001	10	19,500,000	195,000,000	19,500,000	195,000,000	Capital increase in cash: 49,710,000 Surplus: 45,090,000	None	None
July 2001	10	40,000,000	400,000,000	25,350,000	253,500,000	Surplus: 58,500,000 Ching-Shang-Shang: 09001241720	None	None
September 2002	10	40,000,000	400,000,000	30,420,000	304,200,000	Surplus: 50,700,000 Ching-Shang-Shang: 09101360870	None	None
August 2003	10	40,000,000	400,000,000	38,025,000	380,250,000	Surplus: 76,050,000 Ching-Shang-Shang: 09232568600	None	None
September 2004	10	70,000,000	700,000,000	48,996,450	489,964,500	Consolidated capital increase: 109,714,500 Ching-Shang-Shang: 09332747340	None	None
January 2005	10	70,000,000	700,000,000	52,916,166	529,161,660	Surplus: 39,197,160 Ching-Shang-Shang: 9301251280.	None	None
August 2005	10	70,000,000	700,000,000	60,324,429	603,244,290	Surplus: 21,166,470 Additional paid-in capital: 52,916,160 Ching-Shang-Shang: 09401153930	None	None
November 2006	10	70,000,000	700,000,000	63,324,429	633,244,290	Capital increase in cash: 30,000,000 Jing-Shang-Shang: 09501274490	None	None
September 2007	10	70,000,000	700,000,000	66,462,415	664,624,150	Earnings: 31,379,860 Jing-Shang-Shang: 09601226770	None	None
September 2008	10	100,000,000	1,000,000,000	70,175,512	701,755,120	Surplus: 37,130,970 Ching-Shang-Shang: 09701224080	None	None
September 2009	10	100,000,000	1,000,000,000	73,684,287	736,842,870	Surplus: 35,087,750 Ching-Shang-Shang: 09801210910	None	None
August 2010	10	100,000,000	1,000,000,000	82,074,287	820,742,870	Capital increase in cash: 83,900,000 Ching-Shang-Shang: 09901188070	None	None
September 2011	10	100,000,000	1,000,000,000	86,491,001	864,910,010	Surplus: 41,037,140 Conversion of stock warrants: 3,130,000 Ching-Shang-Shang: 10001216440	None	None
April 2012	10	100,000,000	1,000,000,000	86,502,201	865,022,010	Conversion of stock warrants: 112,000 Ching-Shang-Shang: 10101067680	None	None
September 2012	10	100,000,000	1,000,000,000	88,405,105	884,051,050	Surplus: 17,330,040 Conversion of stock warrants: 1,699,000 Ching-Shang-Shang: 10101194280	None	None
May 2013	10	100,000,000	1,000,000,000	88,585,805	885,858,050	Conversion of stock warrants: 1,807,000 Ching-Shang-Shang: 10201094570	None	None

Month, Year	Issue price (NT\$)	Authorized capital		Paid-in capital stock		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Assets other than cash used to offset share value	Others
November 2013	10	100,000,000	1,000,000,000	88,604,205	886,042,050	Conversion of stock warrants: 184,000 Ching-Shang-Shang: 10201233680	None	None
January 2014	10	100,000,000	1,000,000,000	97,106,805	971,068,050	Capital increase in cash: 85,000,000 Conversion of stock warrants: 26,000 Ching-Shang-Shang: 10301014750	None	None
July 2014	10	100,000,000	1,000,000,000	97,124,405	971,244,050	Conversion of stock warrants: 176,000 Ching-Shang-Shang: 10301133980	None	None
November 2014	10	100,000,000	1,000,000,000	97,142,605	971,426,050	Conversion of stock warrants: 182,000 Ching-Shang-Shang: 10301247160	None	None
July 2015	10	100,000,000	1,000,000,000	97,153,205	971,532,050	Conversion of stock warrants: 106,000 Ching-Shang-Shang: 10401131210	None	None
August 2016	10	100,000,000	1,000,000,000	97,158,005	971,158,005	Conversion of stock warrants: 48,000 Ching-Shang-Shang: 10501246780	None	None
March 2016	10	100,000,000	1,000,000,000	97,181,705	971,817,050	Conversion of stock warrants: 237,000 Ching-Shang-Shang: 10601028380	None	None
April 2018	10	100,000,000	1,000,000,000	97,222,305	972,223,050	Conversion of stock warrants: 406,000 Ching-Shang-Shang: 10701041410	None	None
November 2018	10	100,000,000	1,000,000,000	97,224,105	972,241,050	Conversion of stock warrants: 18,000 Ching-Shang-Shang: 10701150600	None	None
July 2019	10	120,000,000	1,200,000,000	97,224,105	972,241,050	Ching-Shang-Shang: 10801084720	None	None
September 2020	10	120,000,000	1,200,000,000	99,654,707	996,547,070	Ching-Shang-Shang: 10901170250	None	None
March 2024	10	120,000,000	1,200,000,000	99,655,415	996,554,150	Conversion of stock warrants: 7,080 No. of registration approved: 11330050810	None	None
April 2024	10	120,000,000	1,200,000,000	99,656,123	996,561,230	Conversion of stock warrants: 7,080 No. of registration approved 11330067230	None	None

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	99,656,123 shares (Note)	20,344,585 shares	120,000,000 shares	Listed stocks

Note: The actual number of outstanding shares as of April 1, 2024 was 99,656,123 shares. The above-mentioned outstanding shares of common stocks are the number of shares subject to change and registration approved by the Ministry of Economic Affairs on April 25, 2024.

2.Shelf registration: Not applicable.

(II) Shareholding Structure

Transfer closure date: April 1, 2024 Unit: Person

Shareholder structure	Government agency	Financial institution	Other corporate entities	Individual	Foreign institutions and foreigners	Total
Quantity						
Number of people	2	20	77	14,537	113	14,749
Number of shares held	388,000	5,805,610	9,129,413	72,188,903	12,144,197	99,656,123
Shareholding ratio	0.39%	5.83%	9.16%	72.44%	12.18%	100%

(III) Diversification of shareholdings

1. Ordinary share

The book closure date for the shareholders' meeting: April 1, 2024 at par value of NT\$10 per share Unit: per person

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	5,081	609,742	0.61%
1,000 to 5,000	8,409	14,257,237	14.31%
5,001 to 10,000	661	4,949,227	4.97%
10,001 to 15,000	206	2,532,813	2.54%
15,001 to 20,000	99	1,797,478	1.80%
20,001 to 30,000	76	1,882,266	1.88%
30,001 to 40,000	43	1,484,278	1.48%
40,001 to 50,000	24	1,101,945	1.11%
50,001 to 100,000	54	3,810,637	3.82%
100,001 to 200,000	31	4,629,806	4.65%
200,001 to 400,000	27	7,214,230	7.24%
400,001 to 600,000	8	4,003,888	4.02%
600,001 to 800,000	2	1,341,000	1.35%
800,001 to 1,000,000	7	6,157,010	6.18%
Over 1,000,001	21	43,884,566	44.04 %
Total	14,749	99,656,123	100.00%

2. Dispersion of special equity: None

(IV) List of major shareholders

Shareholders with more than 5% and top 10 shares

The book closure date for the shareholders' meeting was April 1, 2024.

Shares of Shares	Number of shares held	Shareholding ratio
Name of major shareholder		
Hu Sheng-Ching	5,775,315	5.79%
Liu Chun-Hsiang	4,106,005	4.12%
Chang Tzu-Hsiung	4,001,173	4.02%
Chang Chia-Chi	2,649,008	2.66%
Hu Shao-Chi	2,439,251	2.45%
Hu Shao-Ju	2,439,251	2.45%
Hu Shao-Jung	2,439,251	2.45%
Li Pao-Hsi	2,102,378	2.11%
Chang Shao-Chien	1,959,913	1.97%
Chang Ping-Chun	1,936,163	1.94%

(V) Information about market price, net worth, earnings, dividends and related information per share for the past two years

Unit: NTD

Item		Year	2022	2023
Price per share	Maximum		185.50	177.50
	Minimum		100.00	131.00
	Average		139.39	151.49
Net worth per share	Before distribution		55.72	60.88
	After distribution		55.72	(Note 4)
Earnings per share	Weighted average number of shares		99,654,707	99,655,415
	Earnings per share	Before adjustment	10.03	9.24
		After adjustment	10.03	(Note 4)
Dividends per share	Cash dividends		4.6	(Note 4)
	Bonus distribution	Distribution of earnings	-	(Note 4)
		Distribution of shares to capital surplus	1	(Note 4)
	Accumulated unpaid dividends		0	(Note 4)
Analysis of investment return	PE ratio (Note 1)		13.90	16.40
	Cost-benefit ratio (Note 2)		30.41	(Note 4)
	Cash dividend yield (Note 3)		4.00	(Note 4)

Note 1: PE ratio = average closing price per share for the current year/earnings per share.

Note 2: Cost-benefit ratio = Average closing price per share for the current year/cash dividends per share.

Note 3: Cash dividend yield = cash dividends per share/average closing price per share for the year.

Note 4: Dividends per share are listed based on the distribution resolved at the shareholders' meeting in the following year.

Not listed because the shareholders' meeting in 2024 has not been convened.

(VI) The Company's dividend policy and implementation

1. Dividend policy

The Company will take into consideration the environment and growth stage the Company is in, in response to future capital needs, long-term financial planning, and shareholders' needs for cash inflow, and will distribute cash dividends and stock dividends in combination, of which cash dividends shall not be less than 10% of the total dividends

According to the amendments to the Company Act in May 2015, the distribution of dividends and bonuses is limited to shareholders, and employees are not eligible for the earnings distribution. In compliance with the above regulations, the Company has resolved to amend the earnings appropriation policy in the Articles of Incorporation at the annual general meeting held on June 27, 2016, and stipulated the remuneration distribution policy for employees and directors and supervisors in the Articles of Incorporation.

Pursuant to Article 21 of the Company's newly amended Articles of Incorporation, if the Company has a net profit in the annual final settlement, the accumulated losses shall be covered first (including the adjustment of the undistributed earnings) and then 10% shall be appropriated as the legal reserve. When the amount of paid-in capital of the Company is reached, no further appropriation may be required. The remaining amount shall be appropriated or reversed according to the laws or regulations. If there is still a surplus, the accumulated undistributed surplus at the beginning of the period (including adjusting the amount of the undistributed surplus) will be added to the shareholders' meeting for resolution by the board of directors to propose a proposal for the distribution of surplus.

2. Dividend distribution proposed in the current shareholders' meeting
2023 Earnings Appropriation Statement

Unit: NTD

Item	Subtotal	Total
Undistributed earnings at the beginning of the period		2,107,629,434
Net income after tax	921,220,931	
Remeasurement of the defined benefit plan recognized in retained earnings	(3,448,326)	
Disposal of equity investments measured at fair value through other comprehensive income.	329,500	
The amount of the current after-tax net income plus the items other than the current after-tax net profit and included in the current year's undistributed earnings		918,102,105
Appropriation of Legal Reserve (Note 1)		(14,160)
Appropriation of Special Reserve (Note 2)		(100,323,813)
Distributable earnings of the current period		2,925,393,566
Distribution item		
Shareholders' stock dividend (NT\$0.25/share) (Note 3)	(24,914,030)	
Shareholders' cash dividend (NT\$4/share)	(398,624,492)	(423,538,522)
Undistributed earnings at the end of the period		2,501,855,044

Note 1: Handled in accordance with Article 237 of the Company Act. After the Company has paid all taxes and distributed earnings, it shall first set aside 10% of the earnings as legal reserve. However, this restriction does not apply when the legal reserve has reached the amount of paid-in capital.

Note 2: Acting in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act.

Note 3: The stock dividend to shareholders is 25 shares for every 1,000 shares, totaling NT\$24,914,030.

Note 4: The Company's dividends are distributed based on the total share count of 99,656,123 shares as of April 1, 2024.

Note 5: The cash dividends are distributed proportionally to the nearest NTD\$1, with portions below NTD\$1 being rounded down. Any portion of the cash distribution less than NTD\$1 is totaled and recognized as the Company's other income.

3. In case of expected significant changes to the equity policies, please specify: None

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

Not applicable

(VIII) Remuneration of employees, directors, and supervisors: (The company has not appointed a supervisor.)

1. Relevant information on employee and directors' remuneration in the Company Act

In response to the amendment to the Company Act in May 2015, the Company's Articles of Incorporation was amended in the 2020 annual general meeting of shareholders. According to the newly amended Article 20 of the Company's Articles of Incorporation: if the Company makes a profit for the year (the so-called profit before tax less the distribution of employees' and directors' remuneration), 1%~10% of the profit shall be appropriated. 10% thereof shall be the remuneration to the employees and no more than 1% thereof shall be the remuneration to the Directors. However, when the Company still has accumulated deficits (including the adjustment of undistributed earnings), the Company shall reserve the amount to compensate in advance, and then appropriate the aforementioned proportion as remuneration to employees and remuneration to directors.

The remuneration to employees referred to in the preceding paragraph may be paid in shares or cash, and the recipients of the remuneration may include employees of the affiliated company who meet certain criteria. The eligibility criteria are determined by the board of directors.

The preceding two paragraphs shall be implemented by a resolution of the board of directors and reported to the shareholders' meeting.

2. Proposal of remuneration to employees and directors approved by the board of directors

The employee and director remuneration estimated for 2023 are 3.61% and 0.91% respectively of the aforementioned profits. It was resolved by the board of directors on March 12, 2024 to distribute them in cash, pending to be reported to the shareholders' meeting to be held on May 30th, 2024.

The remuneration to employees and directors in 2023 is proposed to be distributed as follows:

Unit: NTD

Item	2023
Remuneration to directors	11,075,000
Cash remuneration to employees	43,727,170
Employee stock-based compensation	0

3. Actual distribution of employees' and directors' remuneration in the previous year

(1) Actual distribution

The Company's distribution of earnings for the previous year (2022) with respect to the allotment of remuneration to employees and directors was approved by the board of directors on March 24, 2023 and approved by the General Shareholders' on the same day. The actual allotment is as follows:

Unit: NTD

	Quantity actually distributed as resolved by the shareholders' meeting	The Board of Directors passed the proposed allotment	Discrepancies	Reason for discrepancy
Distribution status				
Cash remuneration to employees	40,221,769	40,221,769	-	-
Employee stock-based compensation	-	-	-	-
Remuneration to directors	9,891,295	9,891,295	-	-

(IX) Shares repurchased by the Company:

As of the date the Annual Report was printed, the Company had not repurchased any of its shares.

II. Status of corporate bonds (including overseas corporate bonds):

(I) Corporate bond handling:

Types of corporate bonds		The 1st domestic unsecured convertible bond.
Issue Date		June 14, 2023
Denomination		NT\$100,000
Issue Price		Issued at 108.61% of par value
Issue Amount		Issue Amount: NT\$1,500,000,000 Total Raised: NT\$1,629,088,400
Interest Rate		Coupon Rate 0%
Bond Period		5 Years; June 14, 2028 as the Maturity Date
Verification Institution		Not applicable
Trustee		Bank Sinopac Co., Ltd.
Underwriter		SinoPac Securities
Solicitor		Handsome Attorneys-at-Law, Attorney Qiu Ya-wen
CPA		Deloitte Taiwan, CPA Shih Jun-Hung, Lin Wang-Sheng
Mode of Satisfaction		The company shall redeem the convertible corporate bonds in cash at maturity according to the par value of the bonds held by the bondholders, except for cases where the bondholders convert them into ordinary shares of the company pursuant to Article 10, or where the company redeems them prematurely pursuant to Article 18, or exercises the right of sale-back pursuant to Article 19, or the company repurchases and cancels them through the securities firms.
Outstanding Principal		NT\$1,499,800,000
Terms for redemption or repayment		Please refer the regulations of the Company's issuance and conversion of the 1st domestic unsecured convertible bond.
Restrictions		None
Credit Rating Agency, Date of Rating, Credit Rating		Not applicable
Other equity interest	Amount of conversion to ordinary shares, global depositary receipt or other securities as of the publication date of this annual report	The amount of conversion to ordinary shares is NT\$14,160
	Regulations of issuance and conversion	Please refer the regulations of the Company's issuance and conversion of the 1st domestic unsecured convertible bond.
The regulations of issuance and conversion, exchange and subscription, issuance conditions that may cause possible dilution of equity and impact the existing shareholders' equity.		This issuance of convertible bonds amounts to NT\$1.5 billion, with a conversion price of NT\$146.5 per share as of the issuance date. The maximum number of ordinary shares convertible is approximately 10,239,000 shares. Based on the total outstanding shares of the company at the time of issuance, which was 99,655,000 shares, the maximum dilution of equity is approximately 9.32%. Regarding shareholder equity, with the conversion of corporate bonds into the company's ordinary shares, it not only reduces liabilities but also enhances shareholder equity, thereby increasing net value per share. Thus, in the long run, the shareholder's equity is better safeguarded.
Liability Swap Custodian		Not applicable

(II) Information of convertible bonds:

Types of corporate bonds (Note 1)		The 1st domestic unsecured convertible bond	
Item	Year	Year 2023	As of March 31, 2024 of the current year (Note 4)
	Maximum	123.50	123.00
market price of the convertible bond (Note 2)	Minimum	111.80	121.90
	Average	118.73	122.42
conversion price		141.2	141.2
Issuing Date		June 14, 2023	June 14, 2023
conversion price as of the issuance date		146.5	146.5
Method of executory conversion obligation (Note 3)		Issued 708 new shares	Issued 708 new shares

Note 1: The number of fields will be adjusted according to the actual number of transactions.

Note 2: Overseas corporate bonds at multiple trading locations are listed separately according to the trading location.

Note 3: The delivery of issued shares and new shares.

Note 4: Information for the current year as of the publication date of the annual report shall be filled in.

III. Special equity handling: None.

IV. Global depositary receipt handling: None.

V. Employee stock warrants handling: None.

VI. Restricted Stock Awards handling: None None

VII. Issuance of new shares for merger or acquisition of another
company's shares: None

VIII. Implementation of the capital utilization plan

(I) Content of the plan

1. Approval date and number of the competent authority: NO. 1120339981 issued by the FSC, May 8, 2023.
2. The total amount of capital required for the plan: NT\$1,500,000 thousand.
3. Source of funds:
 - (1) The limit for the issuance of the first domestic unsecured conversion bonds is 15,000, each with a face value of NT\$100,000. The total face value of the issuance is NT\$1,500,000 thousand with the issuance period of 5 years, and the annual coupon rate of 0%. The public underwriting will be conducted through a bidding auction with the base bid limited to no less than the face value. The actual total issuance amount will be determined by the results of the bidding auction.
 - (2) The Company will cover the shortage of the actual issuance of this unsecured convertible bonds with internal funds or by reducing the repayment of bank loans. If the actual amount raised is higher than the predetermined amount, the additional funds will be used for the Company's operation or to repay bank loans.
4. Planned projects and estimated progress

Unit: NTD thousands

Planned projects	Expected time to complete	Total capital required	Estimated fund utilization progress
			2023 Quarter 2
Repay bank loans	2023 Quarter 2	1,500,000	1,500,000

5. Expected benefits
The company's current fund-raising plan is expected to repay a bank loan of NT\$1,500,000 thousand in the second quarter of 2023. The original purpose of the loan is mainly for operational turnover. After taking into account the expected repayment of bank borrowing interest rates of 1.533%~1.58%, the interest expense savings in 2023 and the subsequent years will be approximately 13,625 thousand and 23,357 thousand respectively, which can moderately reduce the company's financial burden and improve the company's finance structure and debt solvency.
6. The submitted date to the shareholders' meeting of the alteration of the plan, the source and utilization of funds, the purpose of the alteration change and its before and after benefits : None.

(II) Implementation and Benefits Analysis

1. Implementation

Unit: NTD thousands

Planned projects	The implementation as of 2023 Quarter 4			Reasons the progress is ahead or delayed
Repay bank loans	Repayment amount	Scheduled	1,500,000	This project has been completed in the second quarter of 2023 as scheduled, and the funds raised above the scheduled amount will be used to repay bank loans.
		Actual	1,629,088	
	Implementation progress	Scheduled	100.00%	
		Actual	108.61%	

2. Benefit assessment

The company have raised funds of NT\$1,629,088 thousand by June 14, 2023, and repaid bank loans of NT\$1,629,088 thousand in the second quarter of 2023, showing obvious savings in interest expenses.

I. Business Scope

(I) Business Scope

1. Main business activities of the Company

Main products and services	New energy products	Terminal products
	Plastic connectors	Wire harness products
	Header Connector	Fuse boxes products
	Rubber products	High-frequency/high-voltage connectors
	Crimping die	Product/mold design proposals and complete solutions
	Complete connector experimental project service	

2. Major products as a percentage of total sales

Unit: NTD thousands

Product name	2022 Net sales	Proportion of business operation (%)	2023 Net sales	Proportion of business operation (%)
Connector	5,503,692	84.33%	6,130,924	83.63
New Energy Connector	1,023,057	15.67%	1,199,887	16.37
Others	-	-	-	-
Total	6,526,749	100.00%	7,330,811	100.00%

3. New products(services) planed to be developed

The Company's R&D team is committed to the research and development of lighter, miniaturized, and modular connectors, and uses the design and manufacturing capabilities of vertical integration. Distributed through designated vehicle manufacturers/Tier 1 system manufacturers. The products and markets planed to be developed are as follows:

- Development and design of large circuit main wiring harness
- Development, design, and manufacturing of automotive electronic products for system manufacturers
- Development, design, assembly, and manufacturing of automotive module control boxes
- New energy vehicle connector, a complete series of high-voltage connector/PDU/charging gun
- High-frequency and high-speed connector, comprehensive high-frequency and high-speed automotive connector, FAKRA/MINI FAKRA/HSD/Ethernet Products Customization.
- Complete series of miniaturized and modular automotive connectors
- R&D solutions for the introduction of recycled materials & renewable energy raw materials

(II) Industry overview

1. Current status and development of the industry

According to the World Economic Outlook Report published by the International Monetary Fund in January 2024, the global economic growth rate in 2023 is 3.1%. Compared with 3.4% in the previous year, the economic growth of developed countries dropped from 2.6% of 2022 to 1.6%. The decline was due to the poor performance of the European Economic Area. 2023 Global economic growth of 3.1% dropped from 3.5% of 2022. of which the economic growth of developed countries has dropped from 2.6% of 2022 to 1.6% (the decline is due to the poor performance of the European Economic Area, the economic growth has dropped from 3.4% of 2022 to 0.5%), while the economic growth of the countries of the emerging market remain at 4.1% as in 2022, driven by China's economic growth of 5.2%. In 2023, the automobile market will still be affected by factors such as global raw material shortage and inflation, which will indirectly affect the sales in the automobile market. However, at the end of 2022, China's COVID-19 epidemic was gradually being decontrolled. The supply chain is gradually recovering, and the shipping congestion problem in the past is gradually being resolved. However, energy and other issues were still affected by the Russia-Ukraine War. Directly affecting the global economy. According to GlobalData statistics, the global light vehicle production is approximately 90.9 million units in 2023, an overall increase of 10.1% compared with 2022. Among them, the three major markets are China, the United States, and Europe. In 2023, the overall automobile and motorcycle market gradually returns to the level as of which before the epidemic. New energy vehicles continue to grow at a high rate due to the trend of global demand. Various car manufacturers have set medium and long-term goals for 2025 to 2030. The development of new energy vehicles has become an inevitable trend.

2. Correlation among the up-stream, mid-stream, and down-stream of the industry

Hu Lane is a professional connector manufacturer. The main upstream raw materials are copper and plastics, and the industries covered include copper and plastics. Terminal products are widely used in transportation, medical equipment, electronic communications, and consumer electronics industries.. The linkage map of up-stream, mid-stream, and down-stream is as follows:

Upstream (raw materials)

1. Copper materials
2. Plastic raw materials
3. Steel

Midstream (design, processing, and manufacturing)

1. Terminal designer and processing manufacturer
2. Plastic box design and processing manufacturer

Downstream (wiring processing and manufacturing)

1. Plug and connector processing manufacturer
2. Information and communication products, vehicles (new energy & fuel vehicles), electronic products, and other electronic wiring harnesses manufacturers

Terminal application market

- | | |
|---|------------------------|
| 1. Transportation | 2. Medical equipment |
| 3. Information and communication products | 4. Electrical products |
| 5. Consumer electronics | 6. Others |

3. Product development trends and competition

After entering the 21st century, the connector industry has changed from one in which each manufacturer competes with each other to the epidemic era after 2022. Large international companies such as the United States, Japan, China, and Taiwan are still among the top ten in the global connector industry. Including TE Connectivity, Amphenol, Molex, Luxshare Precision, Aptiv, Foxconn, Yazaki, JAE, JST, Hirose Electric, and occupy more than 60% of the global connector market. Its industries are further distributed in AI intelligent automation, green energy storage systems, communication data integration, industrial recycling ESG, military, aerospace, new energy transportation, medical care, etc.

In the automobile and motorcycle industry, under the development of the CASE trend of the new energy vehicle industry. It has been oriented towards electrification, automation, Internet, intelligence, and other automobile and scooter products, and has also driven the development of the connector industry, which are moving toward electrification, automation, internet, and smart motorcycle products. In addition to the traditional automotive connector manufacturers such as TE, Molex, Aptiv, and Yazaki, many professional manufacturers in different fields have also entered the automobile and scooter industry, such as Luxshare, Foxconn, and JONHON. For nearly half a century, Hu Lane has been able to grow steadily in the automobile and motorcycle industries. In recent years, due to the attention paid to ESG sustainability issues, Hu Lane has also adhered to the concept of continuing to provide innovative technologies, solutions, and high-quality products and services to create opportunities to cooperate with world-class manufacturers.

(III) Technology and R&D overview

1. R&D expenses

R&D expenses in 2023: NT\$378,441 thousand.

2. R&D results in 2023

- A. The achievement rate of high-frequency and high-speed connector product development is 100%.
- B. The achievement rate of high-frequency/high-current connector product development is 125%.
- C. The order amount for the dual-high product line increased by 28%.
- D. The new product orders received was 613, with an year-on-year increase of 2%, and the number of closed cases was 521, with an year-on-year increase of 14%.

3. Hu Lane Patent Overview 2023

In the past year, Hu Lane's R&D team has continued to actively develop innovative and improved product-related technologies. In 2023, a total of 23 patents have been applied for, and a total of 214 domestic and foreign patent certificates have been obtained so far .

4. Research and development personnel and their academic experience

Year	2022	Year 2023
Educational background		
Doctoral degree	1	1
Master's Degree	5	10
Junior College	271	346
Vocational high school (inclusive)	115	157
Total	392	514

5. Recent R&D spending

Year	2022	Year 2023
R&D expenses	287,762	378,441
Operating revenue	6,526,749	7,330,811
Percentage to operating revenue of the current year (%)	4.41	5.16

Successfully developed a technology or product

The Company has recently completed the development of various terminal modules, plastic modules, and rubber modules, including the development of various connectors commonly used in traditional automobiles and motorcycles, and is also actively developing automobile-related safety connectors and other industrial product technologies as follows:

- A. Increase the production capacity of high-precision composite spot welding terminals.
- B. Airbags, electronic throttle valves, crankshaft sensors, ABS, and other related high-safety connectors.
- C. Development and assembly of board connector and fuse box products.
- D. Medical instrument terminals and wire assemblies.
- E. Energy-saving and carbon-reducing products: solar terminals, EV (automobile) battery swapping connectors, and EV (locomotive) direct charging system connectors.
- F. Development of PCB Junction Box.
- G. Strengthening and development of high-voltage and high-current products, high-speed and high-frequency connectors, and automotive Ethernet products.
- H. Research and development of processes for the recycling of low-carbon materials.

(IV) The company's long- and short-term business development plans.

Long-term plan:

- (1) Focusing on the automobile and scooter market, strengthening localization and close cooperation with OEMs. Establish long-term cooperative relationships with OEM/Tier-1 systems in each region.
- (2) Independently design and develop new energy vehicle connectors, PCB fuse boxes, miniaturized hybrid connectors, charging gun/seat systems, and automotive high-frequency connectors to increase the variety of applications for products and obtain recognition from vehicle manufacturers.

Short-term plans:

- (1) Establish a product intellectual property patent team with a complete data database.
- (2) With OEMs as the main development goal, a more complete global organization team will be established.
- (3) Strengthen the market share of the automobile industry in China and expand to other European and American regions.
- (4) Actively develop the motorcycle market in Indonesia, Vietnam, and India.
- (5) Plan capacity allocation and logistics in a comprehensive manner to meet the needs of short-chained markets in various regions.

II. Overview of the market, production and sales

(I) Market analysis

1. Locations where products (services) are mainly sold (provided)

Major sales regions: Taiwan, China, Europe, Americas, Southeast Asia

Unit: NTD thousands

Year		2022		2023	
by geographical area		Net sales	%	Net sales	%
Domestic sales (Taiwan)		479,582	7.35	483,753	6.60
Export	Asia	5,472,198	83.84	6,481,802	88.42
	Europe	117,268	1.80	110,875	1.51
	America	444,971	6.82	246,249	3.36
	Others	12,730	0.19	8,132	0.11
	Subtotal	6,047,167	92.65	6,847,058	93.40
Total		6,526,749	100.00	7,330,811	100.00

2. Market share

Since its establishment nearly half a century ago, the Company has successively introduced new technologies and new machines, and continued to improve its product/mold design and development capabilities. After years of accumulated technical experience and long-term market development, the Company has occupied a place in the automobile and scooter connector industry. In addition to consolidating the market in Taiwan and China, we are also actively exploring markets in Europe, America, and Southeast Asia. According to the report, the Company is ranked as one of the top 100 connector manufacturers in the world. In addition to the low-voltage connectors developed and produced over the years, the Company has also developed high-frequency products such as FAKRA/HSD/Ethernet, new energy high-voltage connectors, and header boards connectors, fuse boxes, and other high value-added products, and the development of vertical integration of wire harness design and assembly technical capabilities. The Company has been cultivating the markets in Taiwan, China, and Southeast Asia for many years, and has cooperated with automobile manufacturers and Tier 1 major manufacturers for many years. In particular, the Company's market share in Taiwan and Mainland China is increasing year by year. However, it is currently estimated that the market still accounts for less than 3% of the global sales of automobile and motorcycle connectors. The Company expects to achieve explosive growth in

the next 3-5 years by leveraging its relationship with regional automakers and Tier 1 cooperation, as well as cooperation with U.S.-based manufacturers.

3. Future supply, demand, and growth of the market

A. Sales growth of new energy vehicles

In response to ESG issues, governments around the world have also introduced various policies to promote new energy vehicles. The total number of new energy vehicles in 2023 exceeded 14 million. Among them, China has adopted a mechanism to subsidize new energy vehicles heavily due to the pressure of committing to carbon reduction targets, and it accounts for 63.5% of the world's new energy vehicles. However, the serious shortage of chips and the rising prices of oil and batteries caused by the Russia-Ukraine war have also brought some instability to the new energy vehicle market.

B. Changes in automobile manufacturers and supply chains

After the outbreak of the pandemic, the shortage of semi-conductor chips posed a challenge to the overall automobile and motorcycle industry. As a result, the response of the entire supply chain has also changed relatively. Major car manufacturers are also shifting from a global focus to a regional focus in their supply chain management strategies. From the Sino-US trade war in 2018 to the present, supply chain regionalization has gradually become clear. The Company has also initiated strategic plans for different markets in response to rising risks in the economic region to avoid excessive concentration of risks.

C. Automobile and motorcycle industry alliance

In response to the 2050 net-zero carbon emissions policy of the Paris Agreement, governments and major automobile manufacturers in various countries have set targets to restrict the sales and manufacturing of gasoline-powered vehicles. It has also inspired various automakers to propose different strategies for the development of electric vehicles. At present, the main battery manufacturers are still controlled by manufacturers in China, Japan, and South Korea. Various car manufacturers have signed cooperation memorandums with world-renowned battery manufacturers and plan to set up factories in various local areas. In addition to increasing production, it can also boost the local economy and reduce logistics times.

Hu Lane has been deeply involved in the Asian market for many years, and maintains a good technical cooperation relationship with independent brands in Mainland China. In the future, it will move towards joint development of technology development. Hu Lane has become a member of the MIH EV open platform's supply chain. It has also become a Tier 1 supplier of electric scooter manufacturers, and can directly collaborate with the car manufacturers for collaborative design and development, and provide complete technical solutions for car manufacturers. For the global market layout, Hu Lane is moving towards exploring global markets to balance between the weakening and the growth of each market. Therefore, a joint venture company has been established in Yangzhou with the world-renowned auto parts manufacturer Lear Cooperation. Actively expand into the European and American markets. Hu Lane has been aware of the needs of market trends and development, and has invested in the development of high and low voltage electric vehicle connectors, electric vehicle charging gun/seat modules, and related smart vehicle RF high-frequency connector system application fields, and is actively strengthening the development of high-end automotive connection device products. Furthermore, we can fully comply with ESG requirements and move toward the goal of sustainable development.

4. Competitive niche

A. Marketing

Hu Lane uses its Taiwan Headquarters as its global marketing business operations center and is actively expanding its global market. In 2022, the new Taipei Headquarters plant was commissioned, and acquired 100% of the equity of Taipei Shanghe and Jiaying Shanghe. Currently, the Company has 3 plants in Nanjing, Dongguan, and Jiaying and 14 sales service locations in China to serve OEM customers locally and strengthen its sales networks in various regions of China. In order to actively internationalize, in addition to strengthening the original overseas operations, we have successively established the Indonesian subsidiary of PT. Hulane Tech Manufacturing, the Vietnam subsidiary of Hulane Electronics, and in 2023 established the Italian subsidiary of Hulane, etc, to actively move towards overseas localized services. The system enables global customers to have zero-day, fast, and accurate electronic system service. In 2021, the Company and Lear Corporation, a major auto parts manufacturer, established Yangzhou Lear & Hu Lane Auto Parts Trading Co., Ltd., in Yangzhou. Through Lear's partnership with global automakers, we are actively working on new projects with automakers in China, Europe, and the United States. To deepen the adhesion between Hu Lane and the automaker. Establish a more complete supply chain relationship. Under the basis of financial soundness and great product quality, we have actively developed global channels, and have won the recognition of international manufacturers to meet customer needs and continue to develop new customer sources. In addition to expanding and strengthening the existing sales team, the company is also providing related technical services to customers in the form of ad hoc teams, and serves customers downstream. The product quality is well recognized by customers, which enables the Company's long-term stable growth of performance. Besides obtaining IATF 16949、ISO14001:2015 certifications and more. In order to cooperate with the European car manufacturers, the company also began to strengthen the quality management required by VDA6.3 of the German Association of the Automobile Manufacturers to improve product competitiveness. It proves that Hu Lane's efforts in product quality and management have reached the international level, and it is an important partner that customers can rely on.

B. Technology R&D

Independent design and development and Tier 1 technical cooperation with OEMs and system manufacturers. Actively develop high voltage and high frequency connectors for new energy vehicles to meet the demands for interconnection, automation, intelligence, and electrification of the CASE trend in the automobile market. In terms of terminal stamping and plastic injection molding technology, Hu Lane is actively developing in the direction of high-speed punching, high precision, short cycle, high production efficiency, and high material utilization efficiency. Develop lighter, smaller, and more modular serialized connectors. Rubber Technology develops liquid injection molds and production processes to meet the massive demand for rubber. For assembly technology, we are also actively developing semi-automatic and fully-automatic assembly machines, and strengthening the automated biotechnology development department. In response to the future smart car connector products, we established PCB electrical box production line processes to meet the application needs of PCB fuse box products. In addition, we have developed the technical capabilities of wiring harnesses, which can provide customers with technical integration solutions for vehicle wiring harnesses and realize the ability to integrate the upper and lower supply chains. In terms of mold technology, a 24-hour automatic discharge machining center has also been established to provide more precise mold processing technology and develop in the direction of Industry 4.0. We have established a complete national laboratory for product validation and have passed ISO/IEC 17025 certification to meet the needs of product validation. It has also been certified by major international manufacturers and third parties. Product verification capabilities can reach international standards, which can be used as the backing for R&D technology. Product patents are more active in building an intellectual property patent database.

C. Production process

Hu Lane has introduced high-speed punching machines and all-electric injection molding machines to meet the production needs of terminals and plastic boxes. With the vertically integrated stamping and plating production method, we have developed various quality control equipment such as "CCD online automatic image inspection" and a "CCD anti-stamping system" to reduce the production and flow of defective products. Modular automatic assembly machines have also been developed for the assembly process to reduce mold changeovers and improve efficiency. The injection machines are equipped with mechanical arm gripping technology to increase production efficiency. The Dongguan and Vietnam factories have also developed wire harness production technology to achieve the ability to vertically integrate the upper and lower supply chains. In terms of production management, we have developed the "Manufacturing Execution System (MES)" to realize real-time, digital, transparent, and accurate information transmission in smart dispatch production, which can reduce non-value-added production activities and implement a production management model that reduces paper and energy consumption in smart factories. Warehouse management has also established an automatic warehouse system. It can effectively manage FIFO and account reconciliation, and with the SAP system, it can effectively and quickly execute inventory inquiries, production, and shipping operations. In order to pursue the direction of Industry 4.0 smart production. The Group's Operations Research Center established by Hu Lane can allocate the Group's production capacity to meet the needs of customers in all regions of the world and reduce the risk of supply chain interruption. In order to meet the ESG sustainable management concept in the future, Hu Lane Group has also begun to implement the ISO 14064 greenhouse gas inventory, and has introduced and implemented the inventory, management, and reduction of greenhouse gases in a good manner, and established a mechanism to regularly publish the carbon reduction performance.

5. Favorable and unfavorable factors for development prospects and countermeasures

Favorable factors:

- (1) The market demand for new energy vehicles in China, Europe and the United States will enter a period of rapid growth
- (2) Demand for local supply chains increased
- (3) with the awareness of ESG rising, environmental protection, new energy vehicles and corporate image becomes the trend in future business selection.
- (4) It is an opportunity to expand business while numerous electronic industries are stepping into the automotive field.

Unfavorable factors:

- (1) Automakers are forming alliances with wire harness factories and connector factories, and considering making their own molds, producing products with large demand of quantity for their own use.
- (2) Production costs in various places are increasing year by year
- (3) Banning on the sale of fuel vehicles, the transformation of new energy vehicles are shrinking the market of traditional fuel vehicle, and the transformation of connectors are reducing the demand for low-voltage products.
- (4) The standardization of automotive connectors has increased. Front-end connector manufacturers (TE, Rosenberger) fixing the interfaces and standards with car manufacturers, causing patent barriers.

Countermeasures:

<p><u>Seeking Opportunities</u></p> <ul style="list-style-type: none"> ➤ Indonesia and Vietnam are in need of establishing R&D centers to accelerate local services in the local markets ➤ Invest in the development of wiring harnesses for car manufacturers, binding connectors and wiring harness production for integration services ➤ Accelerate in obtaining multiple ESG certifications and establish the leading position of green energy suppliers to obtain more market opportunities 	<p><u>Threat avoidance</u></p> <ul style="list-style-type: none"> ➤ Turn passivity into proactivity, emphasize on brand services and actively cross co-op with the electronics industry ➤ The less developed European and American markets can cooperate with local dealers to get closer to the European and American customers ➤ Implement quality management and tracking, manage and reduce quality complaints effectively, and strengthen process improvement capabilities ➤ Raw materials are purchased, negotiated, and priced by the group to stably control costs or even reduce costs.
<p><u>Strengthen advantages</u></p> <ul style="list-style-type: none"> ➤ Reduce material costs, use alternative materials in selling the Southeast Asian market ➤ Expand the scope of the electronics division and conduct collaborative front-end design and development with car manufacturer customers. Responding to changes and developments in domain controllers ➤ Seek opportunities for in-depth cooperation with existing customers (wire harness factories, automobile engine factories), integrating resources with investments, mergers and acquisitions for win-win results. 	<p><u>Weakness defense</u></p> <ul style="list-style-type: none"> ➤ For the fields that the Company lacks, rapidly prepare manpower in design and with production ability and existing product lines with mergers and acquisitions/cooperation. ➤ Enhance automation, reduce manpower investment and costs ➤ Actively conduct front-end new product research and development with customers, meet diverse design requirements with little orders with a cooperative attitude, gain more experience in design evaluation, upgrade the Company's technical skills to discover value-based products

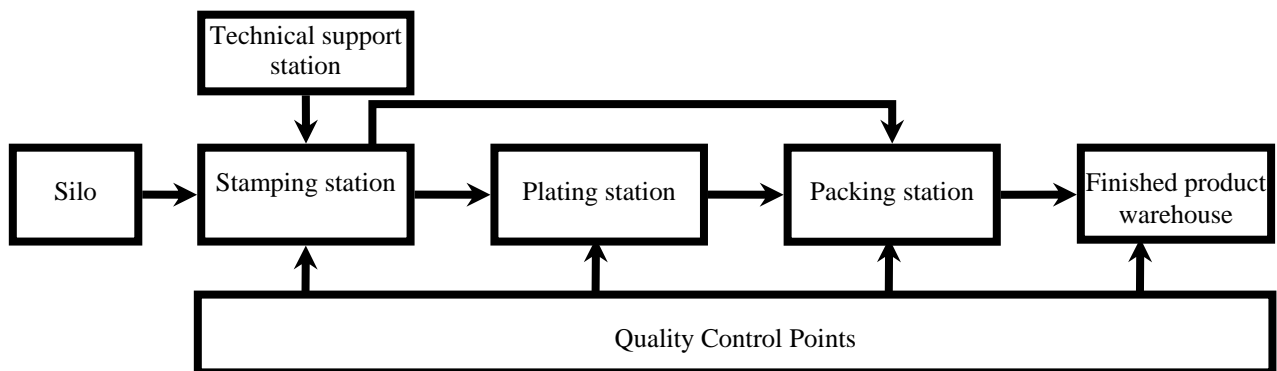
(II) Main functions and production processes of major products

1. Main functions of the major products

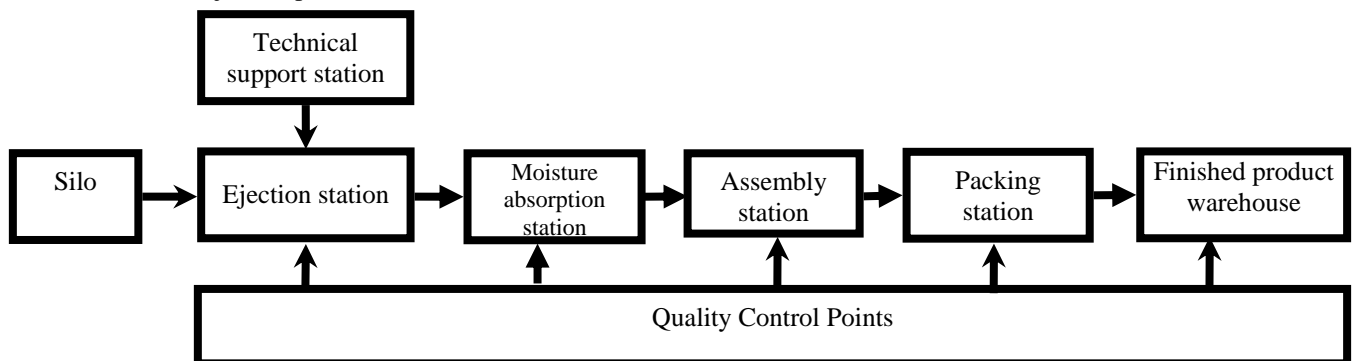
Product	Main purpose	Weight of business
Connector	<p>Vehicle wheel terminals: The connecting terminals of DC power supplies that are supplied to countries around the world, such as the connecting terminals for automobiles, motorcycles, spark plugs, and instruments.</p> <p>Power plug terminals: AC power plugs and socket terminals for electrical products, such as computers and household electrical appliances.</p> <p>Electronic communication terminals: For electronic communication products, such as telephone communication terminals, wiring terminals, etc.</p> <p>Plastic parts: They are the main part of the connector together with the terminal.</p> <p>Others: Electric wires, waterproof plugs, presses, and copper materials.</p>	100%

2. The production processes of major products

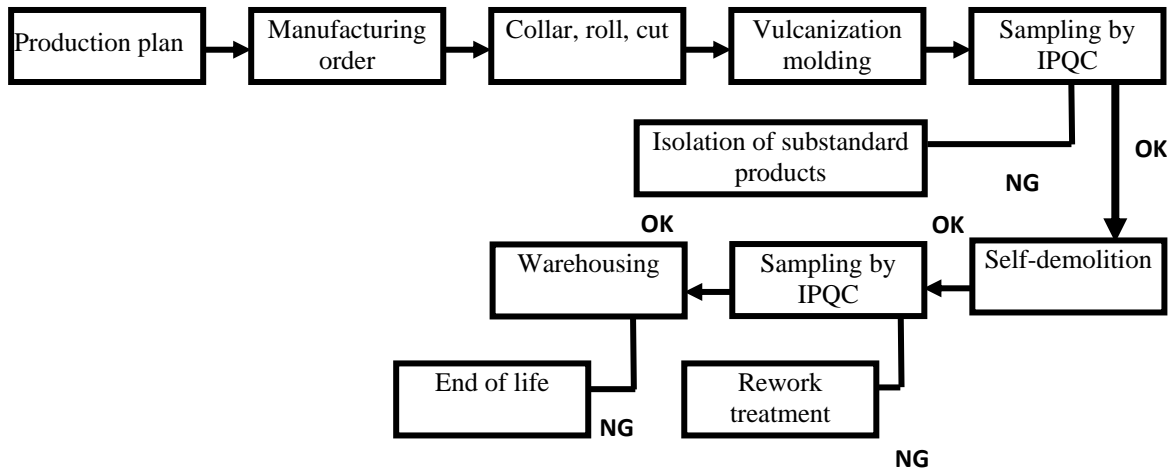
[Stamping products]



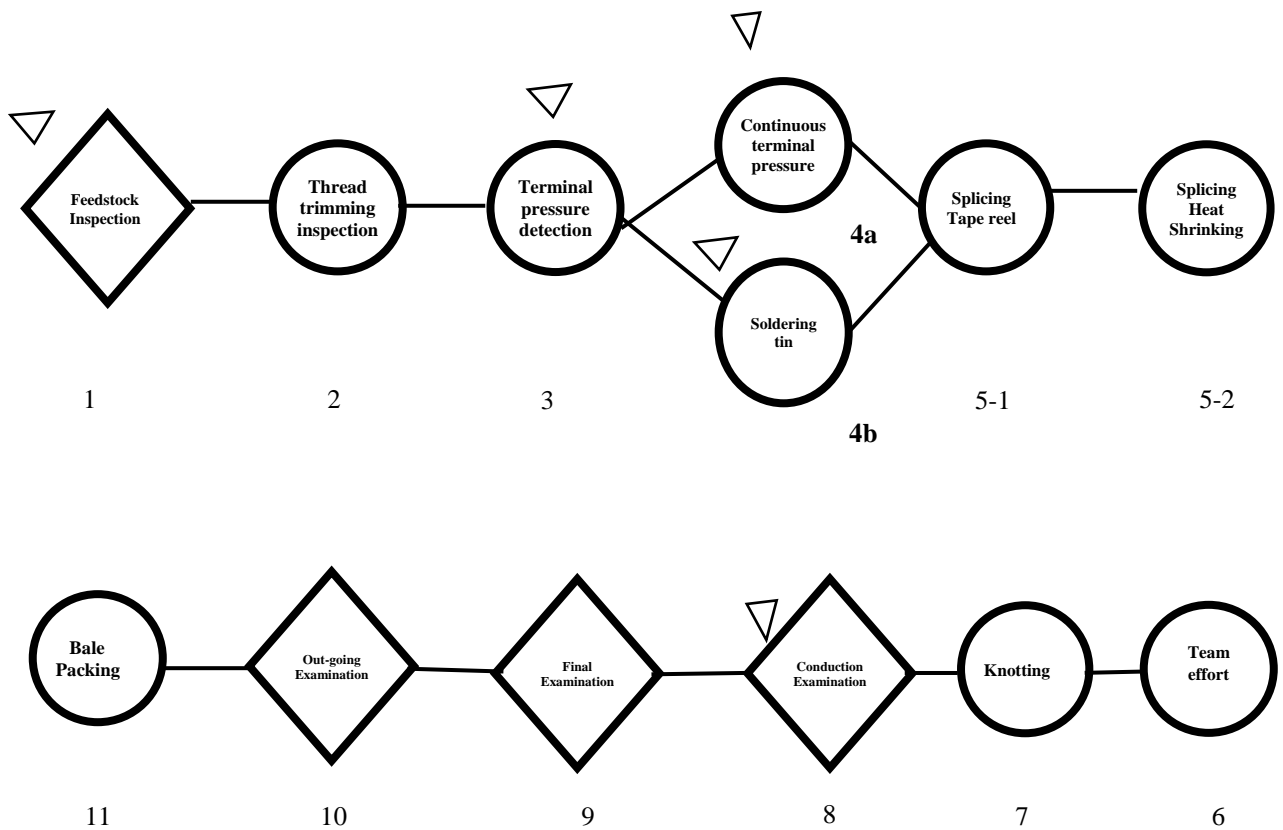
[Injection products]



[Rubber products]



[Wire harness products]



(III) Supply situation for the company's major raw materials

The main raw materials required for the Company's production are copper and plastic granules. They are all bulk raw materials and are greatly affected by international market conditions and related events. For the supply of raw materials, the Company has long-term cooperation with domestic and foreign suppliers. We also adopt contract procurement, centralized price negotiation, and hedging of options to avoid risks, to effectively manage the cost of raw materials, and to ensure a stable supply of raw materials.

Main raw materials	Source of major suppliers	Supply (2023)
Copper material	Taiwan, Japan, South Korea, and China	Stable quality and supply, long-term cooperation, supply in good condition
Plastic raw materials	Taiwan, Japan, South Korea, Europe, America, and China	Stable quality and supply, long-term cooperation, supply in good condition

(IV) List of major customers with total purchases and sales in the past two years
1. Names of the top ten sales customers in the past two years, and the sales amount and proportion

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Percentage to net sales of the whole year (%)	Relationship with the issuer	Name	Amount	Percentage to net sales of the whole year (%)	Relationship with the issuer
1	S	537,200	8.23	None	S	657,959	8.98	None
2	Q	413,134	6.33	None	Q	446,605	6.09	None
3	D	351,402	5.38	None	E	360,446	4.92	None
4	W	296,958	4.55	None	G	254,299	3.47	None
5	I	293,155	4.49	None	A	241,747	3.30	Stakeholders
6	E	277,393	4.25	None	I	240,682	3.28	None
7	G	228,819	3.51	None	D	167,154	2.28	None
8	U	124,991	1.92	None	U	158,654	2.16	None
9	N	118,749	1.82	None	M	143,137	1.95	None
10	L	88,399	1.35	None	O	132,493	1.81	Affiliates
	Others	3,796,549	58.17		Others	4,527,635	61.76	
	Net sales	6,526,749	100.00		Net sales	7,330,811	100	

2. Names of the Top 10 suppliers and their purchase amount and percentage in the last two years:

Unit: NTD thousands

	2022				2023			
Item	Name	Amount	Percentage of net imports for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net imports for the year (%)	Relationship with the issuer
1	N	246,064	6.76	None	N	237,845	6.92	None
2	O	226,249	6.22	None	O	185,009	5.38	None
3	X	222,643	6.12	None	A	162,908	4.74	None
4	A	214,576	5.90	None	M	156,252	4.55	None
5	B	160,900	4.42	None	B	137,781	4.01	None
6	W	134,596	3.70	None	S	125,571	3.65	None
7	E	95,808	2.63	None	W	124,407	3.62	None
8	V	91,932	2.53	None	K	103,120	3.00	None
9	S	90,749	2.49	None	E	80,112	2.33	None
10	M	78,491	2.16	None	Q	75,554	2.20	None
	Others	2,075,314	57.07			2,048,944	59.61	
	Net purchases	3,637,322	100.00		Net purchases	3,437,503	100.00	

(V) Production value in the most recent two years

Unit: Thousand pcs/NTD thousand

Major commodities	Year Production value	2022			Year 2023		
		Production capacity	Output	Production value	Production capacity	Output	Production value
Connector		7,359,289	5,538,131	4,470,309	8,444,997	6,321,139	4,558,829
New energy connector		833,250	734,926	830,966	1,168,598	874,704	892,211
Total		8,192,539	6,273,057	5,301,275	9,613,595	7,195,843	5,451,040

(VI) Sales volume in the past two years

Unit: Thousand pcs/NTD thousand

Major commodities	Year Sales volume	2022				Year 2023			
		Domestic sales (Taiwan)		Export		Domestic sales (Taiwan)		Export	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Connector		507,829	479,582	4,446,206	5,024,110	460,085	483,754	5,279,372	5,647,170
New energy connector		-	-	657,415	1,023,057	-	-	794,212	1,199,887
Total		507,829	479,582	5,103,621	6,047,167	460,085	483,754	6,073,584	6,847,057

(VII) Industry-specific key performance indicators

In terms of safety, the auto parts industry is highly dependent on high precision and experienced technical manpower. In order to sustainably operate in this industry, the Company focuses on continuous value creation for shareholders, targeting a pre-tax ROE of 25%, as well as customized new product development to meet customer needs as the Company's key performance indicators.

KPIs	Target value	Actual performance	Remarks
ROE before tax	25%	20.73%	Statistical period: January 1, 2023 to December 31, 2023
New product development achievement rate	100%	145%	Statistical period: January 1, 2023 to December 31, 2023

III. As of the publication date of this annual report, the employee information in the most recent two years

		As of March 31, 2024		Unit: Person
Year		2022	2023	2024 Q1
Number of employees	Direct Employees	1,231	1,282	1,279
	Indirect Employees	856	1,127	1,162
	Total	2,087	2,409	2,441
Average age		34.52	34.58	34.77
Average years of service		5.36	4.85	5.01
Education background ratio	Doctoral degree	0.05%	0.04%	0.04%
	Master's Degree	1.72%	2.28%	2.17%
	Junior College	38.28%	39.19%	40.80%
	Senior high (vocational)	36.23%	31.96%	28.35%
	Below senior high school (vocational) level	23.72%	26.53%	28.64%

IV. Environmental expenditure information

- (I) Losses due to environmental pollution in the most recent year and as of the publication date of this annual report (including environmental protection audit results of violations of environmental protection laws and regulations, the date of penalty, penalty number, provisions of violation of laws and regulations, content of violation of laws and regulations, and content of penalties should be listed): 2023/12/13, the Company has violated Paragraph 1, Article 36 of the Waste Disposal Act and Item 2, Paragraph 1, Article 7 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste with a tribunal fee of NT\$60,000.
- (II) Estimate the amount of money that may occur in the future and responsive measures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated
 1. In accordance with the provisions of the law, those who should apply for a pollution facility installation permit or a pollution discharge permit, or those who should pay pollution prevention and control fees, or those who should establish a special unit for environmental protection, the application, payment, or establishment of the situation is described as follows:
In accordance with the law, the company applied for permits to discharge water, a waste cleanup plan, and a toxic chemical registration document, and established a Grade A occupational safety manager, a Grade A waste specialist, a Class A dedicated wastewater and sewage treatment specialist, a toxic and concerned chemical substances specialist and paid pollution prevention fees totaling \$165,000 from January 2023 to December 2023.

2. The Company's investment in major equipment for environmental pollution prevention and control, as well as the intended use and possible benefits:

Equipment name	Quantity	Date of acquisition	Investment cost	Undiscounted balance	Intended use and expected benefits
Sludge sewage plant and peripheral equipment	1	1990/11/09	1,260,000	0	Reduction of hazardous sludge production
Electric control box of wastewater equipment	1	2006/07/27	690,000	0	Upgrading of wastewater equipment
Sludge dewatering machine and peripheral equipment	1	2021/04/17	856,760	666,368	Reduction of hazardous sludge production

1. Extend pollution facility installations to each factory
Invested approximately NT\$100,000 in the renovation of pollution facilities in 2023.
2. The Company has always attached great importance to environmental protection issues, and spared no effort to prevent environmental protection issues from occurring, whether it is strengthening employees' awareness of environmental protection or organizing on-the-job education and training for employees.
3. For the government's tightened control over various pollution discharge standards, the Company has prepared well for management and is technically capable of overcoming the tightened control issue.
4. Expenses paid for pollution prevention: The chemical costs required to operate the wastewater treatment equipment is about 400,000 per month.
5. Information on "RoHS" and "REACH" environmental regulations:
 - A. In recent years, the international awareness of environmental protection has risen. In order to reduce the impact of advanced technology on the environment, the "RoHS" and "REACH" environmental protection regulations formulated by the European Union and the European Chemicals Agency are the environmental protection regulations that companies around the world must follow when promoting green products.
 - B. The "RoHS" and "REACH" regulations stipulate that the concentration of hazardous substances in the products listed in this regulation shall not exceed the prescribed limits because they can cause serious pollution to the environment and cause cancer to human beings.
 - C. In order to promote environmental protection and comply with international environmental regulations and customer requirements, the Company entrust various raw materials to a third-party certification organization for testing to verify its raw materials are in Compliance with international environmental standards such as RoHS and REACH.

6. New green energy equipment and energy-saving systems

Short-term goals	Medium-term Goals	Long-term goals
Year 2023: 1. Set up an energy monitoring system for the inventory of the power consumption structure of the factories. 2. Utilize high-efficiency production equipment (replace old ones with new ones) 3. Planning of solar power generation equipment for Taipei factory.	Year 2024~2025: 1. Install solar power generation equipment and energy storage equipment 2. Continue to utilize high-efficiency production equipment (replace old ones with new ones).	After 2025: 1. Continue to utilize high-efficiency production equipment (replace old ones with new ones).

(1) Construction of solar power storage

Hu Lane Group has six production plants around the world, three of which (Nanjing Factory, Jiaying Factory, and Vietnam Factory) have completed the construction of solar power storage in 2023, mainly for self-use. In 2023, the total solar power generation of the three plants is 1,303,414 kWh, accounting for 4.16% of the total power generation of the entire group. According to Hu Lane Group's sustainable development goal, the Group will continue to invest/build solar power storage in Taipei factory, Dongguan factory, and Indonesia factory in 2024, with an estimated investment amount of NT\$96 million.

(2) Energy saving equipment

Energy Management

- In late 2023, Taipei Factory completed a factory-wide smart production monitoring system to optimize power consumption during production through software monitoring. It is expected that it will be able to reduce carbon emissions per unit of product by 5%.

Improved equipment efficiency

- The production equipment of the Nanjing factory has been optimized, high-energy-consuming injection molding machines have been replaced with low-energy-consuming injection molding machines, and a smart energy monitoring system was installed in 2023.

(3) Introduction of energy management and carbon emission inventory system

- In 2023, the Hu Lane Group's sustainability report coaching project was completed and had obtained an independent assurance statement through a third-party verification. Planning to optimize the sustainability report in 2024 by increasing the number of major issues from ten to twelve, and confirmed by CTAs.
- In 2023, the ISO 14064-1 greenhouse gas inventory of each company within the Hu Lane Group had completed and obtained a third-party verification statement. Continue to implement the inventory with a third-party verification in 2024.

- Completed Hu Lane Group's ISO 14067 carbon footprint inventory of four products and obtained a third-party verification statement in 2023. Continue to implement the inventory with a third-party verification in 2024.
- Hu Lane Taipei completed the introduction of the ISO 50001 energy management system and obtained a third-party verification certificate in 2023. Planning to implement the ISO 50001 energy management system in Hulan, Nanjing and Vietnam, and obtain certification in 2024.

V. Labor relations

(I) Employee Ethical Standards of Conduct

The Company has established the "Ethical Code of Conduct for Employees" to enable all employees to understand the meaning of ethical and upright business behaviors, and to provide principles for employees to follow. The main contents are as follows:

1. Employee conduct must comply with ethical standards and honesty.
2. Avoid conflicts of interest with the Company and selfish attempts.
3. Information that is not disclosed to the public without the Company's approval shall be kept confidential.
4. Treat customers, suppliers, competitors, and other employees of the Company fairly.
5. Inappropriate or illegal use of Company resources is strictly prohibited.
6. Comply with government laws and regulations, including laws and regulations related to insider trading.
7. Appropriate gifts and entertainment.
8. Encouragement to report any illegal acts or violation of ethical code of conduct.

(II) Employee welfare measures

The company has an employee welfare committee, which organizes employee travel, wedding and funeral related subsidy regulations and application methods, employee on-the-job training scholarships and subsidies, and employee children's education scholarships and subsidies every year in the employee welfare part. In the company's welfare part, there are various benefits such as on-the-job education and training, profit sharing policy, and employee canteen.

(III) Retirement System:

The Company complies with the Labor Standards Act and appropriates labor pension expenses to the Trust Department (formerly Central Trust Bureau) and Labor Insurance Bureau of the Bank of Taiwan on a monthly basis. The Company's pension under the new labor retirement system is 6%.

(IV) Employer/employee meeting:

The Company holds quarterly labor coordination meetings to facilitate communication and coordination between labor and management.

(V) Continuing education and training for employees

To cultivate the talents needed for the Company's operation and development, the Company has established the Company's education and training procedures and regulations to regulate the education and training system and training guidelines, and review the annual training plan for the needs of the Company and employees. Training is conducted accordingly to enhance knowledge and skills. Through the talent training system, the Company strengthens management ability development and business knowledge, reserves management and professional talents at all levels, and encourages employees to self-study at the same time.

The Company's training system is divided into orientation training for new recruits and training for in-service employees. On-the-job training can be divided into professional (technical) training, management training, development training, project training, and self-enlightenment according to the nature of training.

The Company's education and training expenses amounted to NT\$2,326,588 in 2023, and the total training hours (including the training hours of E-learning) was 55,732 hours.

(VI) Work environment and employee safety protection measures

The work environment harbors risks such as noise, dust, specific chemicals, etc. Engineering control and personal protective gear are used to protect and implement health checks and management for employees working in general (on a regular basis), special health checks are also arranged annually for employees working in special health hazards (such as noise, dust, specific chemicals, organic solvents, etc). If there are any abnormalities in the special health examination and the employees are classified as second-level management, evaluation and health education will be arranged. The safety and health system and management measures are as follows:

1. Establishment of the company's safety, and environmental management dedicated unit or personnel:
The head office and each factory site at home and abroad have established a safety and health committee, which operates within the company and each factory. The chairman of the safety committee is the head of each department, and meetings are held regularly to review and formulate safety and health management policies and other related issues, of which, labor representatives constitute more than one-third of all committee members by law, providing an official channel for managers and employees to communicate on safety and health issues face-to-face. Each plant has set up a safety and health management unit with the establishment of a safety and health business supervisor, a safety/health manager and a safety and health manager to perform safety and health business, which has been approved by the competent authorities in each place. In terms of environmental protection, the Head Office and each plant have set up dedicated units and personnel for environmental protection management-related operations.
2. Supplier and contractor management:
The Company is committed to becoming a good corporate citizen and fulfilling corporate social responsibilities. Not only is it committed to providing a safe working environment for employees, but it is also committed to working with suppliers to enhance corporate social responsibilities. Therefore, the Company's supplier management policy is "Suppliers are required to comply with relevant regulations on environmental, safety, and health issues, and to have sufficient understanding and communication to encourage them to improve environmental, safety, and health performance". In practice, we regard our suppliers as our colleagues and work together to improve workplace safety and protection, and to strengthen environmental protection requirements in order to fulfill our corporate social responsibility. In addition to the above, due to the characteristics of the industry, the Company also pays close attention to the regulatory risks of suppliers to ensure the safety of employees in the workplace:
(1) Define high-risk operations and carry out key control. (2) Require contract suppliers to provide professional and technical personnel skill certification according to law.
3. Key tasks of safety and health management:
(1) In response to changes in laws and regulations, the safety and health work rules are regularly revised, compiled in compliance with the factory 6S handbook and the safe operation standards of various machinery and equipment for employees to follow.

- (2) Machinery and equipment: Automatically inspect daily, weekly, monthly, quarterly, semi-annual, annual, and annual inspections and inspection items, and conduct regular inspections by the competent authority for hazardous machinery and equipment on an annual basis to ensure the safe operation of machinery and equipment.
 - (3) Operating environment: Implement 6S management and refine factory environmental maintenance systems, for special workplaces, employee operating environment testing records are implemented quarterly, every six months, and annually.
 - (4) Education and training: New recruits, exchange personnel, mechanical equipment operators, automatic inspection personnel, special operations personnel, and supervisors shall be trained according to laws, and relevant certifications have been obtained.
 - (5) Health checkup: Health checkups are conducted before new recruits start work, on a yearly basis for special operations workers, and on a yearly basis for general workers at each plant in Xizhi. The purpose of this test is to understand the health status of employees, and to serve as a basis for assigning employees to work replacements and improving the management of the operating environment.
 - (6) Fire safety: The Company has established a comprehensive fire-fighting system in accordance with the Fire Protection Act of Taiwan and Mainland China, and has conducted regular inspections and declarations. Fire-fighting training is conducted for employees every six months, and emergency preparedness and response drills are conducted every year.
4. Safety and environmental management and performance evaluation measures:
 - (1) Regular inspections of hazardous machinery and equipment: All hazardous machinery in the factory has passed the regular inspections required by law. All special-purpose operators have obtained professional licenses and undergo regular on-the-job training.
 - (2) Safety and health audits: The head office develops a plan every year to conduct regular (quarterly) on-site audits on the safety, health, environmental protection, and fire safety operations of each factory, and gives appropriate improvement suggestions to provide a safe working environment for colleagues.
 5. Future plans:

The “Non-Toxic Factory Project” is planned to be carry out, to implement a hierarchical inventory of the raw materials used in the existing production process, execute priority plans to use alternative materials to replace high-risk materials, conduct material sourcing management of low-carbon and low-toxic raw materials, and continue to promote ISO 45001, ISO 14001 international certifications, and obtain a third-party verification.
- (VII) Losses suffered as a result of labor disputes (including labor inspection results in violation of the Labor Standards Law, the date of the sanction, the sanction number, the provisions of the law violated, the content of the law violated, and the content of the sanction), the estimated amount of current and potential future losses, and measures to address them: Violated Item 2, Article 32 of the Labor Standards Act extending working hours beyond what is prescribed by law with a tribunal fee of NT\$50,000 stated in 2023/12/14 New Taipei City Government Labor Inspection No. 1124689471. Responsive measures: Adjust the operation to three shifts, and limit the extending working hours within 46 hours.

VI. Cyber security management

- (I) Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management, etc.
 1. Information security policies and resources invested in information security management
The Company additionally established a information security manager and a information security officer to strengthen the organizational structure of information security management and complete declaration and registration following the law with a total investment in information security of NT\$4.894 million in 2023.
 2. Information security regulation:
 - (1) Establish information security policies and procedures: Establish comprehensive information security policies and procedures to regulate employees' information use behaviors and reduce information security risks.
 - (2) Enhanced access control: Access control is an important means to protect corporate information security. It helps companies ensure that databases, applications, and systems can only be accessed by authorized personnel, thereby reducing risks to confidentiality, integrity, and availability.
 - (3) Strengthen risk assessment and vulnerability management: Risk assessment and vulnerability management are critical management items for assessing system, application, and network vulnerabilities.
 - (4) Sound information security organization manpower and job responsibilities: At least 2 information security professionals will be recruited in 2024 to build up sufficient information security management capacity to gradually promote various information security management activities within the Group to meet the requirements of the higher authorities and reduce operational risks.
 - (5) In 2023, the Group did not experience any risk of business interruption due to information security incidents, and there were no information security incidents with financial aspects or losses to shareholders' equity.
 3. Continuous management on the operation with information security:
 - (1) The company operations should continue to pay attention to major external information security issues. The information responsible entity should complete the enterprise's internal risk impact analysis report within four weeks after the occurrence of major external crisis, and submit recommended plans based on the analysis results for review by the decision-making unit to achieve risk avoidance and achieve the goal of corporate sustainability.
 - (2) In order to prevent information assets from being affected by crisis and affecting the business operations, response and recovery plans should be formulated, tested and drilled regularly, and the results of the process recorded.
- (II) List the losses, possible impacts, and response measures suffered due to major information security incidents in the latest year and as of the date of publication of the annual report, and if they cannot be reasonably estimated, the company shall state the facts that cannot be reasonably estimated: None.

VII. Important contract

March 31, 2024

Nature of contract	Party concerned	Start and end dates	Main content	Restrictions
Procurement contract	Guangzhou Jiuding Software Co., Ltd.	August 2023 ~August 2024	Laboratory management system	None
Sales and purchase agreement	United Automotive Electronic Systems Co., Ltd.	September 2023~September 2024	Product Sales	None
Sales and purchase agreement	Eberspaecher Automotive Technology Co.Ltd	January 2024~Not specified	Product Sales	None

Six. Financial overview

I. Condensed balance sheet, income statement, and auditor's audit opinion for the most recent five years

(I) Condensed balance sheet – International Financial Reporting Standards (consolidated)

Unit: NTD thousands

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		3,582,929	3,648,085	4,445,867	6,317,205	6,648,940
Property, plant, and equipment (Note 2)		3,021,828	3,180,225	3,473,745	4,076,970	4,457,102
Intangible assets (Note 2)		18,212	11,394	19,778	42,838	49,111
Other assets		195,141	188,921	261,124	535,193	432,760
Total assets		6,818,110	7,028,625	8,200,514	10,972,206	11,587,913
Current liabilities	Before distribution	2,303,056	2,214,583	2,975,257	4,885,811	3,690,767
	After distribution	2,594,728	2,613,201	3,473,530	5,443,877	(Note 2)
Non-current liabilities		200,999	198,534	221,214	511,740	1,786,914
Total liabilities	Before distribution	2,504,055	2,413,117	3,196,471	5,397,551	5,477,681
	After distribution	2,795,727	2,811,735	3,694,744	5,955,617	(Note 2)
Equity attributable to owners of the parent company		4,312,066	4,603,622	4,984,994	5,553,232	6,067,222
Share capital		972,241	996,547	996,547	996,547	996,554
Additional paid-in capital	Before distribution	1,279,327	1,133,491	1,033,387	934,183	1,088,799
	After distribution	1,133,491	1,033,387	934,183	834,529	(Note 2)
Retained earnings	Before distribution	2,287,833	2,676,091	3,158,365	3,763,668	4,223,359
	After distribution	2,141,997	2,377,127	2,759,746	3,305,256	(Note 2)
Other equity		(227,335)	(202,507)	(203,755)	(141,166)	(241,490)
Treasury stock		-	-	-	-	-
Non-controlling equity		1,989	11,886	19,049	21,423	43,010
Total equity	Before distribution	4,314,055	4,615,508	5,004,043	5,574,655	6,110,232
	After distribution	4,022,383	4,216,890	4,505,770	5,016,589	(Note 2)

Note 1: International Financial Reporting Standards have been applied since January 1, 2013. Financial information of each year has been audited and certified by CPAs.

Note 2: The above figure after distribution is based on the resolution reached in the shareholders' meeting in the following year. The post-distribution figures for 2023 were not provided as the 2024 shareholders' meeting had not been convened.

(II) Condensed statement of comprehensive income – International Financial Reporting Standards (consolidated)

Unit: NTD thousands (Note 2)

Item	Year	Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		3,791,279	3,653,272	4,948,862	6,526,749	7,330,811
Gross operating profit		1,230,499	1,329,917	1,735,840	1,965,163	2,349,025
Net operating profit		591,510	693,642	967,598	1,037,748	1,221,469
Non-operating income and expenses		(28,702)	(13,764)	(11,783)	220,048	(16,941)
Net income before tax		562,808	679,878	955,815	1,257,796	1,204,528
Net income of continuing operations		463,873	558,226	795,708	1,002,275	926,821
Losses from discontinued operations		-	-	-	-	-
Current net profit (loss)		463,873	558,226	795,708	1,002,275	926,821
Other comprehensive income (Income After Tax)		(64,962)	25,828	(8,555)	66,610	(105,974)
Total comprehensive income for the period		398,911	584,054	787,153	1,068,885	820,847
Net income attributable to the owners of the parent company		464,271	557,460	788,545	999,901	921,221
Net income attributable to non-controlling equity		(398)	766	7,163	2,374	5,600
Total comprehensive income attributable to the owners of the parent company		399,200	583,228	779,990	1,066,511	815,049
Total comprehensive income attributable to non-controlling equity		(289)	826	7,163	2,374	5,798
Earnings per share (NT\$)		4.78	5.59	7.91	10.03	9.24

Note 1: International Financial Reporting Standards have been applied since January 1, 2013. Financial information of each year has been audited and certified by CPAs.

Note 2: Except for earnings per share, which is expressed in NTD, all others are expressed in NTD thousand.

(III) Condensed balance sheet – International Financial Reporting Standards (Parent Company-Only)
Unit: NTD thousands

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,669,405	1,594,389	1,859,158	2,073,148	2,782,477
Property, plant, and equipment		1,814,195	1,878,782	2,027,333	2,213,228	2,271,660
Intangible assets		3,524	1,241	3,684	6,329	10,506
Other assets		2,661,431	2,978,629	3,439,750	4,396,669	4,190,552
Total assets		6,148,555	6,453,041	7,329,925	8,689,404	9,255,195
Current liabilities	Before distribution	1,646,520	1,663,235	2,154,748	2,946,350	1,612,038
	After distribution	1,938,192	2,061,853	2,653,021	3,504,416	(Note 2)
Non-current liabilities		189,969	186,184	190,183	189,822	1,575,935
Total liabilities	Before distribution	1,836,489	1,849,419	2,344,931	3,136,172	3,187,973
	After distribution	2,128,161	2,248,037	2,843,204	3,694,238	(Note 2)
Equity attributable to owners of the parent company		-	-	-	-	-
Share capital		972,241	996,547	996,547	996,547	996,554
Additional paid-in capital	Before distribution	1,279,327	1,133,491	1,033,837	934,183	1,088,799
	After distribution	1,133,491	1,033,837	934,183	834,529	(Note 2)
Retained earnings	Before distribution	2,287,833	2,676,091	3,158,365	3,763,668	4,223,359
	After distribution	2,141,997	2,377,127	2,759,746	3,305,256	(Note 2)
Other equity		(227,335)	(202,507)	(203,755)	(141,166)	(241,490)
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	4,312,066	4,603,622	4,984,994	5,553,232	6,067,222
	After distribution	4,020,394	4,205,004	4,486,721	4,995,166	(Note 2)

Note 1: International Financial Reporting Standards have been applied since January 1, 2013. Financial information of each year has been audited and certified by CPAs.

Note 2: The above figure after distribution is based on the resolution reached in the shareholders' meeting in the following year. The post-distribution figures for 2023 have not been provided as the 2024 shareholders' meeting has not yet been convened.

(IV) Condensed statement of comprehensive income – IFRS (Parent Company-Only)

Unit: NTD thousand (Note 2)

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,958,851	1,781,128	2,468,244	2,671,927	2,887,430
Gross operating profit	611,801	557,567	728,887	702,130	1,026,817
Net operating profit	367,101	250,078	376,468	331,322	526,580
Non-operating income and expenses	186,734	383,106	516,481	762,276	628,987
Net income before tax	553,835	633,184	892,949	1,093,598	1,155,567
Net income of continuing operations	464,271	557,460	788,545	999,901	921,221
Losses from discontinued operations	-	-	-	-	-
Current net profit (loss)	464,271	557,460	788,545	999,901	921,221
Other comprehensive income (Income After Tax)	(65,071)	25,768	(8,555)	66,610	(106,172)
Total comprehensive income for the period	399,200	583,228	779,990	1,066,511	815,049
Earnings per share (NT\$)	4.78	5.59	7.91	10.03	9.24

Note 1: International Financial Reporting Standards have been applied since January 1, 2013. Financial information of each year has been audited and certified by CPAs.

Note 2: Except for earnings per share, which is expressed in NTD, all others are expressed in NTD thousand.

- (V) Condensed Balance Sheet – R.O.C. Financial Accounting Standards (Consolidated): Not applicable
- (VI) Condensed Income Statement – R.O.C. Financial Accounting Standards (Consolidated): Not applicable
- (VII) Condensed balance sheet – R.O.C. Financial Accounting Standards (Parent Company-Only): Not applicable
- (VIII) Condensed Income Statement – R.O.C. Financial Accounting Standards (Parent Company-Only): Not applicable
- (IX) Names of CPAs and their audit opinions in the most recent five years

Year	Name of the Accounting Firm	Name of the CPAs	CPA's audit opinion
2019	Deloitte Taiwan	Lin Wang-Sheng, Chen Ying-Chou	Unqualified opinion
2020	Deloitte Taiwan	Lin Wang-Sheng, Chen Ying-Chou	
2021	Deloitte Taiwan	Lin Wang-Sheng, Li Kuan-Hao	
2022	Deloitte Taiwan	Shih Jun-Hung, Lin Wang-Sheng	
2023	Deloitte Taiwan	Shih Jun-Hung, Lin Wang-Sheng	

Note: For any change of CPAs in the last 5 years, a description of the reasons for the change by the Company and its predecessor and successor:

Year	Reasons for change of auditor
2019	Adjustments to Deloitte Taiwan's internal operations
2020	None
2021	Adjustments to Deloitte Taiwan's internal operations
2022	Adjustments to Deloitte Taiwan's internal operations
2023	None

II. Financial analysis for the past five years

(I) Financial analysis – International Financial Reporting Standards (consolidated)

Analysis items		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	36.73	34.33	38.98	49.19	47.27
	Long-term capital as a percentage of property, plant, and equipment	142.76	145.13	144.05	136.74	177.18
Solvency ability (%)	Current ratio	155.57	164.73	149.43	129.30	180.15
	Quick ratio	118.02	126.86	101.82	88.54	131.95
	Interest coverage ratio	23.37	46.57	72.39	33.46	20.86
Operating ability (%)	Accounts receivable turnover (times)	2.27	2.01	2.40	2.54	2.25
	Average collection days	160.79	181.59	152.08	143.70	162.22
	Inventory turnover (times)	2.63	2.51	2.67	2.56	2.41
	Accounts payable turnover (times)	6.60	4.94	7.67	4.65	4.29
	Average number of days of sales	138.78	145.41	136.70	142.57	151.45
	Property, plant, and equipment turnover (times)	1.29	1.18	1.49	1.73	1.72
	Total asset turnover (times)	0.56	0.53	0.65	0.68	0.65
Profitability (%)	Return on assets	7.12	8.24	10.59	10.78	8.65
	Return on equity	10.77	12.50	16.54	18.95	15.86
	Pre-tax profit as a percentage of paid-in capital	57.89	68.22	95.91	126.22	120.87
	Net profit margin	12.24	15.28	16.08	15.36	12.64
	Earnings per share (NT\$)	4.66	5.59	7.91	10.03	9.24
Cash flow (%)	Cash flow ratio	45.27	27.36	19.88	16.20	38.82
	Cash flow adequacy ratio	81.62	83.10	64.03	58.76	60.09
	Cash flow reinvestment ratio	11.51	5.09	2.81	3.75	8.86
Degree of leverage	Operating leverage	1.44	1.40	1.31	1.37	1.42
	Financial leverage	1.04	1.02	1.01	1.04	1.05

Reasons for changes in financial ratios in the past two years: If the increase or decrease does not reach 20%, no analysis is required

1. The increase in the ratio of long-term funds to real estate, plant and equipment was mainly due to the issuance of corporate bonds and the increase in non-current liabilities.
2. The current ratio increased mainly due to the decrease in short-term borrowings.
3. The increase in quick ratio was mainly due to the increase in notes receivable and the decrease in short-term borrowings.
4. The decrease in the interest coverage ratio was a result of the increase in interest expenses.
5. The increase in cash flow ratio was mainly due to the increase in net cash flow from operating activities.
6. The increase in cash reinvestment ratio was mainly due to the increase in working capital and the increase in net cash flow from operating activities.

Note 1: International Financial Reporting Standards have been applied since January 1, 2013. Financial information of each year has been audited and certified by CPAs.

(II) Financial analysis – International Financial Reporting Standards (Parent Company-Only)

Year		Financial analysis for the most recent five years (Note 1)				
Analysis items		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	29.87	28.66	31.99	36.09	34.45
	Long-term capital as a percentage of property, plant, and equipment	237.68	245.03	245.89	250.91	336.46
Solvency (%)	Current ratio	101.39	95.86	86.28	70.36	172.61
	Quick ratio	91.94	84.94	71.34	60.24	155.27
	Interest coverage ratio	50.27	73.34	104.78	66.92	34.13
Operating ability (%)	Accounts receivable turnover (times)	1.82	1.85	2.56	2.36	1.86
	Average collection days	200.55	197.30	142.58	154.66	196.24
	Inventory turnover (times)	8.09	7.04	6.80	6.72	6.64
	Accounts payable turnover (times)	6.72	5.71	5.47	4.36	4.10
	Average number of days of sales	45.11	51.84	53.67	54.31	54.96
	Property, plant, and equipment turnover (times)	1.13	0.96	1.26	1.26	1.29
	Total asset turnover (times)	0.32	0.28	0.36	0.33	0.32
Profitability (%)	Return on assets	7.63	8.96	11.54	12.65	10.58
	Return on equity	10.78	12.51	16.45	18.98	15.86
	Pre-tax profit as a percentage of paid-in capital	56.96	63.54	89.60	109.74	115.96
	Net profit margin	23.7	31.30	31.95	37.42	31.90
	Earnings per share (NT\$)	4.78	5.59	7.91	10.03	9.24
Cash flow (%)	Cash flow ratio	34.64	20.41	28.79	(0.32)	15.18
	Cash flow adequacy ratio	72.44	72.27	65.64	60.14	52.43
	Cash flow reinvestment ratio	3.91	0.97	4.16	(8.52)	(3.98)
Degree of leverage	Operating leverage	1.05	1.27	1.26	1.29	1.41
	Financial leverage	1.03	1.04	1.02	1.05	1.07

Reasons for changes in financial ratios in the past two years: If the increase or decrease does not reach 20%, no analysis is required

1. The increase in the ratio of long-term funds to real estate, plant and equipment was mainly due to the issuance of corporate bonds and the increase in non-current liabilities.
2. The current ratio increased mainly due to the decrease in short-term borrowings.
3. The increase in quick ratio was mainly due to the increase in accounts receivable and related parties and the decrease in short-term borrowings.
4. The decrease in the interest coverage ratio was a result of the increase in interest expenses.
5. The decrease in accounts receivable turnover rate was mainly due to the increase in accounts receivable and related parties.
6. The increase in the days of cash collection of accounts receivable was mainly due to the increase in accounts receivable and related parties and the decrease in the accounts receivable turnover times.
7. The increase in the ratio of operating profit to paid-in capital was mainly due to the increase in operating income.
8. The increase in cash flow ratio was mainly due to the increase in net cash flow from operating activities.
9. The increase in cash reinvestment ratio was mainly due to the increase in working capital and the increase in net cash flow from operating activities.

Note 1: International Financial Reporting Standards have been applied since January 1, 2013. Financial information of each year has been audited and certified by CPAs.

Note 2: The formulas for the analysis items are as follows:

1. Financial structure

(1) Debt to assets ratio = total liabilities/total assets.

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.

2. Solvency (%)

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.

(3) Interest coverage ratio = net income before income tax and interest expenses/current interest expenses.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable due to operation) turnover = net sales/average accounts receivable (including accounts receivable and notes receivable due to operation) balance.

(2) Average collection days = 365/accounts receivable turnover.

(3) Inventory turnover = cost of goods sold/average inventory.

(4) Payables (including accounts payable and notes payable resulting from operation) turnover = sales cost/balance of average accounts payable (including accounts payable and notes payable resulting from operation)

(5) Average daily sales = 365/inventory turnover.

(6) Real estate, plant, and equipment turnover = net sales/net average real estate, plant, and equipment.

(7) Total asset turnover = net sales/average total assets.

4. Profitability

(1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss/average total equity.

(3) Net profit margin = after-tax profit/net sales.

(4) Earnings per share = (income attributable to parent company shareholders - preferred share dividends)/weighted average outstanding shares.

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities/current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities for the last 5 years/(capital expenditure + increase in inventory + cash dividends) for the last 5 years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividend)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital).

6. Degree of leverage:

(1) Operating leverage = (net operating revenue - variable operating costs and expenses)/operating income.

(2) Financial leverage = operating profit/(operating profit - interest expense).

(III) Financial analysis of the most recent five years – R.O.C. Financial Accounting Standards (consolidated): Not applicable

(IV) Financial analysis of the most recent five years – R.O.C. Financial Accounting Standards (Parent Company-Only): Not applicable

III. Audit Committee's Report on the Financial Statements of the Most Recent Year

Hu Lane Associate Inc.
Audit Committee's Report

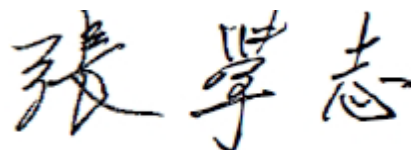
It is hereby approved

The Company's 2023 Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by Shih Jun-Hung and Lin Wang-Sheng, CPAs of Deloitte Taiwan, while the business report and earnings appropriation have been audited by the Audit Committee, and after the review, it has been found that there are no discrepancies, and in accordance with Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Law, the report is as above, and it is submitted for inspection.

Sincerely,

2024 General Shareholders' Meeting of Hu Lane Associate Inc.

Convener of the Audit Committee:

Handwritten signature in Chinese characters, reading "張寧志" (Zhang Ningzhi).

March 12, 2024

- IV. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related notes or tables.

Please refer to Appendix 1 Consolidated Financial Statements of the Annual Report.

- V. The parent company only financial statements of the most recent year audited and certified by CPAs.

Please refer to Appendix II Parent Company-Only Financial Statement of the Annual Report.

- VI. If the company or its affiliates have experienced financial difficulties in the most recent year or as of the publication date of this annual report, it shall explain how have the difficulties affected the company's financial situation: None.

Seven. Review and Analysis of Financial Position, Financial Performance, and Risks

I. Financial position

(I) Comparison and Analysis of Financial Position

Unit: NTD thousands

Item \ Year	2022	2023	Increase (decrease) amount	Percentage of change (%)
Current assets	6,121,818	6,648,940	427,983	6.99
Funds and investments	214,700	112,922	(101,778)	(47.40)
Property, plant, and equipment	4,076,970	4,457,102	380,132	9.32
Other assets	558,718	481,871	(90,630)	(16.22)
Total assets	10,972,206	11,587,913	615,707	5.61
Current liabilities	4,885,811	3,690,767	(1,195,044)	(24.46)
Other liabilities	511,740	1,786,914	1,275,174	249.18
Total liabilities	5,397,551	5,477,681	80,130	1.48
Share capital	996,547	996,554	7	0.00
Additional paid-in capital	934,183	1,088,799	154,616	16.55
Retained earnings	3,763,668	4,223,359	459,691	12.21
Other equity	(141,166)	(241,490)	(100,324)	71.07
Non-controlling equity	21,423	43,010	21,587	100.77
Total equity	5,574,655	6,110,232	535,577	9.61

(II) Only those with a percentage change in the increase/decrease of 20% and the amount exceeds NT\$10,000,000 will be analyzed

Description:

1. Funds and investments: percentage change of 47.40%, approximately decreased by NT\$101,778 thousand mainly due to:
 - 1.1. For the acquisition of bank time deposits with a maturity date of more than 3 months, financial assets measured at amortized cost increased by NT\$178,118 thousand.
2. Current liabilities: percentage change of 24.46%; approximately decreased by 1,195,044 thousand mainly due to:
 - 2.1. The issuance of corporate bonds allowed the short-term borrowing of NT\$1,091,511 thousand repaid.
 - 2.2. Other payables decreased by NT\$89,911 thousand. The decrease was mainly due to equipment payables.

3. Current liabilities: percentage change of 249.18%, approximately increased by NT\$1,275,174 thousand mainly including:
 - 3.1. Corporate bonds payable increased by NT\$1,385,635 thousand which were used to repay short-term borrowings and enrich working capital.
4. Other percentage change of 71.07%, mainly due to the decrease in the difference in the currency exchange rate of 104,478 thousand in the financial statements of foreign operations.
5. Current liabilities: percentage change of 100.77%, approximately increased by NT\$21,587 thousand mainly including:
 - 5.1. PT. HULANE TECH MANUFACTURING increased capital with non-controlling equity increased by NT\$16,182 thousand.
 - 5.2. The establishment of HuLane Associate Inc. Europe S.r.l. holds 90% of the shares, and its non-controlling equity increased by NT\$1,632 thousand.

(III) Future plans: None.

II. Financial performance

(I) Comparison and analysis of operating results

Unit: NTD thousands

Item \ Year	2022	2023	Increase (decrease) amount	Percentage of change (%)
Operating revenue	6,526,749	7,330,811	804,062	12.32
Operating cost	4,561,586	4,981,786	420,200	9.21
Gross operating profit	1,965,163	2,349,025	383,862	19.53
Operating expenses	927,415	1,127,556	200,141	21.58
Net operating profit	1,037,748	1,221,469	183,721	17.70
Non-operating income and expenses	220,048	(16,941)	(236,989)	(107.70)
Net income before tax	1,257,796	1,204,528	(53,268)	(4.24)
Income tax expenses	255,521	277,707	22,186	8.68
Current net profit	1,002,275	926,821	(75,454)	(7.53)
Other comprehensive income (Income After Tax)	66,610	(105,974)	(172,584)	(259.10)
Total comprehensive income for the period	1,068,885	820,847	(248,038)	(23.21)

(II) Only those with a percentage change in the increase/decrease of 20% and the amount exceeds NT\$10,000,000 will be analyzed

1. Operating expenses increased due to the main business increase, and the continuous expansion of the new energy vehicle market. As well as the continuous active innovation and improvement of products, and the investment expenses in R&D.
2. The decrease in non-operating income and expenses was mainly due to the regularization of land tenure and buildings in mainland China in 2022, and the recognition of other income and the regularization of real estates and equipment. There were no such circumstances in 2023. A net foreign exchange gain was obtained in 2022, while a net foreign exchange gain occurred in 2023.
3. The decrease in other comprehensive income was mainly due to the difference in the currency exchange rate in the financial statements of foreign operations.

(III) Future plans: None.

III. Cash flow

(I) Liquidity analysis for the past two years

Item \ Year	2022	2023	Increase/decrease ratio
Cash flow ratio	16.20%	38.82%	139.63%
Cash flow adequacy ratio	58.76%	60.09%	2.26%
Cash flow reinvestment ratio	3.75%	8.86%	136.27%

Analysis of increase/decrease ratio: (If the increase/decrease change is less than 20%, the analysis will be waived.) Explanation:

The increase in cash flow ratio was mainly due to the increase in net cash flow from operating activities. The increase in the cash flow reinvestment ratio was mainly due to the increase in working capital and the increase in net cash flow from operating activities.

(II) Financial Statements of Hu Lane and its subsidiaries

Unit: NTD thousands

Cash balance at beginning of the year (December 31, 2022)	Net cash flow from operating activities throughout the year (2023)	Net cash flow from investing activities throughout the year (2023)	Net cash flow from financing activities throughout the year (2023)	Effect of exchange rate fluctuations on cash and cash equivalents (2023)	Cash surplus (December 31, 2023)	Improvement plan for insufficient liquidity	
						Investment plan	Financing plan
966,258	1,432,673	(1,312,007)	(69,991)	(20,452)	996,481	None	None

- Analysis of cash flow changes in the current year:
Cash inflow from operating activities amounted to NT\$1,432,673 thousand: mainly including net profit after tax and depreciation and amortization expenses.
NT\$1,312,007 thousand cash outflow from investing activities: mainly for the acquisition of subsidiaries and for capital expenditure.
Cash inflows of NT\$69,991 thousand from financing activities are mainly due to short-term borrowing for working capital.
- Improvement plan and liquidity analysis for insufficient cash liquidity: There were no instances of insufficient cash liquidity.
- Liquidity analysis for the coming year: Not applicable.

IV. The effect upon financial operations of any major capital expenditures during the most recent year

(I) Use of major capital expenditures and sources of capital:

Unit: NTD thousands

Planned items	Actual or expected source of funds	Total capital required (2024)	Actual or intended use of funds	
			2023 (Actual)	2024 (projected)
Production, R&D, real estate, and plant equipment	Internal funds and financing	1,106,614	1,527,996	1,106,614

(II) Expected benefits:

In response to the overall operational needs, the Hu Lane Group has increased production capacity and equipment at various operating locations. It is estimated that the overall production capacity of the Group will be increased by about 6%.

V. The annual report shall describe the company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.

Unit: NTD thousands

Investor	Investment gains/losses recognized in the current period	Policy	Main reason for profit or loss	Improvement plan	Investment plans for the coming year
Evervalue Investments Limited	426,075	In order to cooperate with the vertical integration of upstream and downstream in the industry, industrial division of labor, and to meet customer needs, fully meet customer orders, and create mutual benefit between supply and demand.	Mainly due to the re-investment in FORTUNE MASTER DEVELOPMENT LIMITED, Hu Lane Electronics (Nanjing) and Hu Lane Technology Manufacturing Co., Ltd., whose operations reached the economic scale and the costs were properly controlled, which resulted in the recognition of investment gains by them.	-	Invested in the construction of factories in Indonesia to enhance productivity, expand the Southeast Asia market, diversify risks in the single market and geographical regions, and expand the Group's operating scale.
EAGLE GOOD LIMITED	36,858		Mainly due to the re-investment in JIAXING SHANG HO ELECTRICS TECHNOLOGY CO., LTD, whose operations reached the economic scale and the costs were properly controlled, which resulted in the recognition of investment gains by them.	-	
Hu Lane Electronics (Vietnam) Co., Ltd.	55,580		With stable operations, proper management, and control of operating expenses, we will continue to make steady profits.	-	

Note: Investment gains/losses amounting to NT\$10 million or more are recognized in the current year.

VI. Risk matter assessment

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

1. Changes in interest rate

Unit: NTD thousands

Item	2023
Interest (1)	(60,653)
Net operating revenue(2)	7,330,811
Operating profit (3)	1,221,469
(1)/(2)	(0.83%)
(1)/(3)	(4.97%)

The interest income and expenditures of the Company and its subsidiaries in 2023 was NT\$(60,653) thousand, accounting for (0.83%) and (4.97%) of the operating revenue and operating profit respectively. The interest rate risk of the Company comes from liabilities and financial management. Interest income and interest expenses are mainly affected by the interest rate fluctuations in Taiwan and China. Their impact is on the interest income from time deposits of the Company's short-term idle funds and the interest expenses for financing and discounting for reinvestment or major capital expenditures.

In response to the Company's future operational development and capacity expansion, the Company has the need for capital expenditures and hence financing needs. However, judging from the current interest rate environment, Taiwan is in the late stage of the escalation of interest rates while Mainland China is having a loose financial condition with low interest rate. Although the interest expenses will increase due to financing needs, it will not have a significant impact on the Company's profits. In response to the increase in interest expenses, in line with financial investment policies and under the premise of protecting principal and pursuing income, the Company used additional income to reduce interest expenses through effective fund management.

Review and Analysis of Financial Position, Financial Performance, and Risks

2. Exchange rate fluctuations

Unit: NTD thousands

Item \ Year	2023
Foreign exchange gains/losses (1)	(25,548)
Net operating revenue(2)	7,330,811
Operating profit (3)	1,221,469
(1)/(2)	(0.35%)
(1)/(3)	(2.09%)

The net foreign exchange gains/losses of the company and its subsidiaries in 2023 were NT\$(25,548) thousand. The ratio of foreign exchange gains/losses to operating revenue and operating profits were (0.35%) and (2.09%) respectively. About 90% of the company's revenue comes from RMB, U.S. dollars and other currencies, the exchange gains/losses include the non-functional currency-denominated transactions and the non-functional currencies on the balance sheet date of each subsidiary of the Group. Therefore, significant changes in exchange rates may benefit or harm the company's financial condition. According to the company's operating results in the 2023, a 1% appreciation of the New Taiwan dollar against the US dollar will reduce the company's net income before tax by approximately 0.5%; a 1% appreciation of the New Taiwan dollar against the RMB will reduce the company's net income before tax by approximately 0.05%.

In order to effectively reduce the impact of exchange rate fluctuations on the overall profit, the Company and its subsidiaries have adopted the following countermeasures:

- A. Sales revenues and expenditures of the same currency group are denominated in the same currency as the purchase expenditures, in order to achieve the effect of natural hedging of foreign currency revenue and expenditures. While the difference positions are flexibly dispatched, and the sales are settled into NT dollars at a favorable time.
- B. Work closely with professional institutions to provide professional consulting services. The Finance Department collects information on exchange rates and takes necessary acts to avoid risks related to exchange rates when appropriate.
- C. Pay attention to the international financial situation, grasp the latest exchange rate information, and use it as a reference to respond to exchange rate changes and reserve product quotation space.
- D. Assess the profit potential of transactions in foreign currencies and reduce exchange losses from weak currencies.

3. Inflation

Supply of main raw materials

The main raw materials of the Company and its subsidiaries are copper and plastic. Both are bulk raw materials and are greatly affected by international market conditions and related events. Therefore, inflation will have an impact on the Company's costs. However, the Company has not been significantly affected by inflation in 2023. In the future, the Company will pay close attention to market price fluctuations, and if the cost of goods is increased due to inflation, the Company will adjust sales prices and keep track of price changes at the source in order to reduce the risk of cost changes affecting the Company's profit or loss.

- (II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The Company and its subsidiaries are well-established manufacturers of automobile and motorcycle connectors, not involved in high-risk, highly leveraged investment operations, and have strict specifications for capital loans and endorsement guarantees, and when all related enterprises carry out capital loans and endorsement guarantees, they are implemented in accordance with the specifications set by the company, and there is no adverse impact on the company.

In the operation of derivatives, in addition to strict internal control regulations, all operations are required to be hedging and controlled with operating limits. The audit unit also performs regular and intermittent inspections on the operation status, so the company's various operations are under effective control.

In the future, the Company will maintain the current practice of loaning of funds, endorsements, and guarantees, and operation of derivative instruments in a conservative manner, and continue to implement internal control and internal audits to create the safest investment and the best remuneration.

- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. R&D plan for the most recent year

Driven by the environmental protection trend of "green energy and carbon reduction", "new energy vehicles" have become a market trend. Major international car manufacturers have actively invested the field. In order to effectively improve R&D technology and customer service, Hu Lane will seize this opportunity to build more desirable products and better quality system to meet customers' needs. The plans are as follows:

- A. Continuously strengthen the operation of the R&D team of parts design: through complete development systems, instruments and equipment, and professional capabilities, we will establish a platform of core technology to achieve technological innovation and talent cultivation.
- B. Increase the production capacity of high-precision composite spot welding terminals to meet the expanding market demand.
- C. Research on the capability of porous technology.
- D. Continuously introduce rubber injection technology to improve the precision of heat pressing.
- E. Emphasize on the continuous development of the wiring harness development department and the electronic product development department that are responsible for the design and development of automotive electronic products, and to obtain the capability to develop original designs.

2. Current progress of uncompleted R&D projects (as of March 31, 2024)

- A. Continuously strengthen the capability to develop and design high frequency, high voltage PCB, fuse box, mini boards connectors, electrical box, and electrical products.
- B. Strengthen the project management platform, continue to maintain product information, and gradually improve the system database and the Company's official website.
- C. Analyze the wiring harness composition, basic circuit and cost structure to strengthen product application capabilities, and gradually establish the ability to modify and design wire harnesses.

3. Additional R&D expenses to be invested
In order to meet the needs of customers and the company's sustainable development goals and philosophy, the investment in tooling assets is estimated to be about NT\$284,967 thousand and the related R&D expenses are expected to be about NT\$442,726 thousand in 2024.
4. Expected time to complete mass production
The time from development to mass production is estimated to take six months. (Actually based on customer requirements, special developments are not included in this scope.)
5. The main factors affecting the success of R&D in the future
 - A. Accurate market planning strategies and R&D technology development blueprint.
 - B. The professional ability of design and development personnel, and the rapid development of product specifications and verification standards.
 - C. Increase the speed of R&D and development of new products to achieve the goal of shortening the new product development cycle time and the success rate of new product sample delivery.
 - D. Possess the ability to design products with market value and develop molds.
6. Intellectual Property Strategy
In the early days, the Company focused on the growth of "number of patents". In recent years, the Company's patent strategy has been gradually developed to focus on "patent quality". In the end, the "quality and quantity" of patents go hand-in-hand, and patents are used to create value and profits.
7. Intellectual Property Management System
Through the establishment of a patent management system and related regulations, the implementation and execution quality of intellectual property management operations are ensured. In order to improve R&D morale and enable R&D personnel to take the initiative to propose proposals, the company conducts regular classes and promotions to help R&D personnel better understand patented technologies, and discusses the patent application process and patent avoidance to strengthen the R&D personnel's concept of patents.
8. Possible intellectual property risks and countermeasures
When designing and developing products or technologies by ourselves, the Company will conduct patent evaluation before applying for it, in order to strengthen the Company's core R&D capabilities and intellectual property rights, and reduce the risk of intellectual property rights infringement by others.
9. Every year, the Legal Office will initiate an Intellectual Property Management Plan (IP Plan) that aligns the operational goals to be reported to the Board of Directors.

- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.
- The Company's day-to-day operations are handled in accordance with the relevant domestic and foreign laws and regulations, and we constantly pay attention to domestic and foreign policy developments and changes in regulations, and coordinate with lawyers and accountants for opinions to achieve compliance and reduce adverse impacts on the Company.
- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

Category	Description	(Responding measures)
Information security Risk Increasing	With the progress of technology, the information security risks have increased, including data leaks, system intrusions, and ransomware attacks, etc. May cause disclosure or damage of financial information.	Strengthen information security measures, including implementing stronger identity verification, encrypting sensitive information, conducting regular security scans and strengthening the training on employee's awareness of security.
Comply with changes in regulations and standards	As technology and industries change, corresponding regulations and standards may continue to be adjusted and updated, and companies need to constantly adapt to new regulatory requirements; for example, transnational operations may need to adjust their data privacy policies to adapt to the EU's General Data Protection Regulation (GDPR) and ensure that the Company's implementation is in compliance with relevant regulations in cross-border data transfers.	Continue to pay attention to changes in relevant regulations and standards, conduct timely risk assessments and inspections that is in compliance with the regulations, and adjust internal control measures accordingly.
Business Continuity Risks	Technological and industrial changes may bring business continuity risks, such as system malfunction, supply chain interruptions, etc.	Develop a comprehensive business continuity plan, including backup and disaster recovery plans, to ensure that the business operations can be quickly restored when encountering emergencies.

With the changes in technology and industry, it is necessary to continuously monitor and evaluate risks, and take corresponding measures to deal with new challenges and ensure the stable operation of financial activities.

The Company controls and maintains key operational functions such as the Company's operations in accordance with the "Information Security Policy", and strictly implements Information security risk management. For details, please refer to the descriptions under "VI. Information Security Management" on Operational overview of this annual report.

- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

As of the publication date of the annual report, the Company has no relevant information.

- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

As of the publication date of the annual report, the Company has no relevant information.

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

The company has carried out the construction project of Indonesian factory in March 2023. The benefits and risks of factory expansion are as follows:

Benefit from plant expansion:

1. Indonesia has a huge demographic dividend and market growth potential. Japanese car manufacturers continue to expand their production in Indonesia. Hu Lane has become a qualified supplier of Japanese car manufacturers. The expansion of new production capacity will also bring benefits to the customers of Japanese car manufacturers.
2. The Indonesian government is actively promoting policies related to the electric vehicle industry, such as expanding the construction of battery manufacturing plants and subsidizing the sales of electric vehicles and motorcycles, which will also support Hu Lane to penetrate relevant markets and increase its market share.
3. In order to balance the overall risks in the invested region, the production capacity of the newly established Indonesian factory can help reduce the risk of the dependence on China's production, effectively coordinate the operation of the Vietnam factory and the ASEAN regional market, and reduce taxes and logistics costs.

Possible risks and countermeasures:

1. Due to the expansion of scale, fixed costs have increased, such as production efficiency, and quality performance and development capabilities cannot be improved, so competitiveness will be reduced.
Countermeasures: It is necessary to strengthen training on product technology in order to ensure continuous growth.
2. The higher investment cost in the early stage, the increase in liabilities, and the uncertainty of interest rates may bring uncertainty to the Company's operating efficiency.
Countermeasures: Strengthen fund forecasting and pay attention to changes in interest rates.
3. The increase in the number of new employees recruited for the expansion of factories, employees' break-in period, and professional skill problems have resulted in an increase in the turnover rate.
Countermeasures: Create a career development map that links professional functions and institutionalizes the promotion and development conditions for employees at all levels. Implementing a people-oriented concept, creating a happy cultural circle, and enabling employees to have specific growth plans.

(IX) Risks from purchasing and selling concentration, and the countermeasures

1. Risks from purchasing concentration

Most of the purchasers of the company and its subsidiaries are companies with long-term relationships. We maintain long-term and great cooperative relationships with major raw material suppliers to appropriately diversify the sources of purchase. In addition to paying close attention to changes in the supply and demand in the raw material supply market, we also need to actively develop new suppliers to diversify the risk from purchasing concentration.

2. Risks from selling concentration

The Company's and its subsidiaries' sales strategies and targets in the most recent year were adjusted in response to the industry's economy, demands, and regional development of the automobile market. The Company and its subsidiaries have maintained stable business relationships with our major customers for many years. Meanwhile, the Company is actively exploring new customers in emerging and developing countries. Hu Lane has abundant and scattered customers, most of them are well-known automobile brands in mainland China. Therefore, the company and its subsidiaries are not yet facing risks from selling concentration.

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

As of the publication date of the annual report, the Company has no relevant information.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

The operation of the Company and its subsidiaries is mostly planned by the executive unit and approved by the management, so a complete operation model has been established. In the event of a change in management, the impact on the sustainable operation of the Company and its subsidiaries will be limited.

As of the publication date of the annual report, the Company has no relevant information.

(XII) Litigation and non-contentious cases

As of the publication date of the annual report, the Company has no relevant information.

(XIII) Other important risks and countermeasures: None.

VII. Other significant matters: None.

Eight. Special notes

- I. **Affiliates related information**
Please refer to Appendix III – Consolidated Business Report of Affiliated Enterprises of the annual report.
- II. **The handling of private placements of securities of the most recent year and as of the publication date of this annual report**
As of the publication date of the annual report, the Company has not conducted any private placement of marketable securities.
- III. **Subsidiaries hold or dispose of the company's stocks in the most recent year and as of the publication date of this annual report**
As of the publication date of this annual report, no subsidiary has held or disposed of the Company's shares.
- IV. **Other matters that require additional description**
None.
- V. **Occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and as of the publication date of this annual report that significantly affect shareholders' equity or security prices**
None.

Appendix 1. 2023 Consolidated Financial Report

Hu Lane Associate Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

HU LANE ASSOCIATE INC.

By



March 12, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Hu Lane Associate Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hu Lane Associate Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Occurrence of Revenue

For the year ended December 31, 2023, the consolidated operating revenue amounted to NT\$7,330,811 thousand. The operating revenue derived from some major customers amounted to NT\$2,580,458 thousand. Since some single customers contributed more to the Group's operating revenue and there was material change on the amount of operating revenue as compared with the same period last year, the occurrence of the operating revenue from the abovementioned customers was identified as a key audit matter.

Refer to Note 4 to the Group's consolidated financial statements for the accounting policy of revenue recognition.

Our audit procedures performed to verify the occurrence of revenue in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and tested the operating effectiveness of the relevant internal controls.
2. We sampled the transaction documents and the bank collection records, and checked whether the recipients of the products were the same as the counterparties of the transactions.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Jiun-hung Shih and Wang-Sheng Lin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 12, 2024

Notice to Readers

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

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

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 996,481	9	\$ 966,258	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	99,139	1	17,269	-
Financial assets at amortized cost (Notes 4 and 9)	-	-	178,118	2
Notes receivable (Notes 4, 10, 27 and 29)	1,287,739	11	743,247	7
Trade receivables from unrelated parties (Notes 4 and 10)	2,129,805	18	2,155,832	20
Trade receivables from related parties (Note 28)	92,083	1	39,730	-
Other receivables	29,445	-	25,339	-
Current tax assets (Notes 4 and 23)	42,342	-	28,754	-
Inventories (Notes 4 and 11)	1,732,547	15	1,820,475	17
Other current assets	239,359	2	342,183	3
Total current assets	6,648,940	57	6,317,205	58
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 27)	-	-	6,784	-
Investments accounted for using the equity method (Notes 4 and 13)	13,783	-	12,529	-
Property, plant and equipment (Notes 4, 14 and 29)	4,457,102	38	4,076,970	37
Right-of-use assets (Notes 4 and 15)	176,562	2	257,580	2
Investment properties (Note 4)	2,486	-	2,490	-
Other intangible assets (Note 4)	49,111	-	42,838	1
Deferred tax assets (Notes 4 and 23)	55,472	1	42,736	-
Other non-current assets	184,457	2	213,074	2
Total non-current assets	4,938,973	43	4,655,001	42
TOTAL	\$ 11,587,913	100	\$ 10,972,206	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 29)	\$ 1,634,067	14	\$ 2,752,578	25
Financial liabilities at fair value through profit or loss - current (Note 7)	2,400	-	-	-
Notes payable	27,810	-	26,220	-
Trade payables to unrelated parties	1,099,268	10	1,171,023	11
Other payables to unrelated parties (Notes 18 and 27)	632,997	5	722,908	6
Current tax liabilities (Notes 4 and 23)	194,898	2	80,196	1
Finance lease payables - current (Notes 4 and 15)	33,027	-	20,237	-
Other current liabilities	66,300	1	112,649	1
Total current liabilities	3,690,767	32	4,885,811	44
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 17 and 27)	1,385,635	12	-	-
Deferred tax liabilities (Notes 4 and 23)	267,453	2	294,481	3
Finance lease payables - non-current (Notes 4 and 15)	93,687	1	181,776	2
Net defined benefit liabilities - non-current (Notes 4 and 19)	33,076	-	28,676	-
Other non-current liabilities	7,063	-	6,807	-
Total non-current liabilities	1,786,914	15	511,740	5
Total liabilities	5,477,681	47	5,397,551	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital				
Ordinary shares	996,554	9	996,547	9
Capital surplus	1,088,799	9	934,183	9
Retained earnings				
Legal reserve	996,547	8	949,240	9
Special reserve	201,083	2	263,672	2
Unappropriated earnings	3,025,729	26	2,550,756	23
Total retained earnings	4,223,359	36	3,763,668	34
Other equity	(241,490)	(2)	(141,166)	(1)
Total equity attributable to owners of the Company	6,067,222	52	5,553,232	51
NON-CONTROLLING INTERESTS	43,010	1	21,423	-
Total equity	6,110,232	53	5,574,655	51
TOTAL	\$ 11,587,913	100	\$ 10,972,206	100

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

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 7,330,811	100	\$ 6,526,749	100
OPERATING COSTS (Notes 11 and 22)	<u>4,981,786</u>	<u>68</u>	<u>4,561,586</u>	<u>70</u>
GROSS PROFIT	<u>2,349,025</u>	<u>32</u>	<u>1,965,163</u>	<u>30</u>
OPERATING EXPENSES (Notes 4, 10, 22 and 28)				
Selling and marketing expenses	343,457	5	238,991	4
General and administrative expenses	402,400	5	399,823	6
Research and development expenses	378,441	5	287,762	4
Expected credit loss	<u>3,258</u>	<u>-</u>	<u>839</u>	<u>-</u>
Total operating expenses	<u>1,127,556</u>	<u>15</u>	<u>927,415</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>1,221,469</u>	<u>17</u>	<u>1,037,748</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	15,034	-	4,981	-
Other income (Note 22)	84,048	1	96,279	1
Other gains and losses (Note 22)	(56,861)	-	161,780	3
Finance costs (Note 4)	(60,653)	(1)	(38,752)	(1)
Share of profit or loss of associates and joint ventures (Note 13)	<u>1,491</u>	<u>-</u>	<u>(4,240)</u>	<u>-</u>
Total non-operating income and expenses	<u>(16,941)</u>	<u>-</u>	<u>220,048</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,204,528	17	1,257,796	19
INCOME TAX EXPENSE (Notes 4 and 23)	<u>277,707</u>	<u>4</u>	<u>255,521</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>926,821</u>	<u>13</u>	<u>1,002,275</u>	<u>15</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 19 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(4,310)	-	5,026	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,754	-	(1,424)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>862</u>	<u>-</u>	<u>(1,005)</u>	<u>-</u>
	<u>(1,694)</u>	<u>-</u>	<u>2,597</u>	<u>-</u>

(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	\$ (104,043)	(2)	\$ 63,852	1
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	(237)	-	161	-
	<u>(104,280)</u>	<u>(2)</u>	<u>64,013</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(105,974)</u>	<u>(2)</u>	<u>66,610</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 820,847</u>	<u>11</u>	<u>\$ 1,068,885</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 921,221	13	\$ 999,901	15
Non-controlling interests	<u>5,600</u>	<u>-</u>	<u>2,374</u>	<u>-</u>
	<u>\$ 926,821</u>	<u>13</u>	<u>\$ 1,002,275</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 815,049	11	\$ 1,066,511	16
Non-controlling interests	<u>5,798</u>	<u>-</u>	<u>2,374</u>	<u>-</u>
	<u>\$ 820,847</u>	<u>11</u>	<u>\$ 1,068,885</u>	<u>16</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 9.24</u>		<u>\$ 10.03</u>	
Diluted	<u>\$ 9.04</u>		<u>\$ 10.00</u>	

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

(Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve						
BALANCE AT JANUARY 1, 2022	\$ 996,547	\$ 1,033,837	\$ 871,116	\$ 262,423	\$ 2,024,826	\$ (203,755)	\$ -	\$ 4,984,994	\$ 19,049	\$ 5,004,043
Appropriation of 2021 earnings										
Legal reserve	-	-	78,124	-	(78,124)	-	-	-	-	-
Special reserve	-	-	-	1,249	(1,249)	-	-	-	-	-
Cash dividends	-	-	-	-	(398,619)	-	-	(398,619)	-	(398,619)
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)	-	(99,654)
Net profit for the year ended December 31, 2022	-	-	-	-	999,901	-	-	999,901	2,374	1,002,275
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	4,021	64,013	(1,424)	66,610	-	66,610
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,003,922	64,013	(1,424)	1,066,511	2,374	1,068,885
BALANCE AT DECEMBER 31, 2022	996,547	934,183	949,240	263,672	2,550,756	(139,742)	(1,424)	5,553,232	21,423	5,574,655
Appropriation of 2022 earnings										
Legal reserve	-	-	47,307	-	(47,307)	-	-	-	-	-
Special reserve	-	-	-	(62,589)	62,589	-	-	-	-	-
Cash dividends	-	-	-	-	(458,412)	-	-	(458,412)	-	(458,412)
Changes in percentage of ownership interests in subsidiaries	-	2,610	-	-	-	2,730	-	5,340	15,789	21,129
Equity component of convertible bonds issued by the Company	-	251,575	-	-	-	-	-	251,575	-	251,575
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)	-	(99,654)
Convertible bonds converted to ordinary shares	7	85	-	-	-	-	-	92	-	92
Net profit for the year ended December 31, 2023	-	-	-	-	921,221	-	-	921,221	5,600	926,821
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,448)	(104,478)	1,754	(106,172)	198	(105,974)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	917,773	(104,478)	1,754	815,049	5,798	820,847
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	330	-	(330)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 996,554	\$ 1,088,799	\$ 996,547	\$ 201,083	\$ 3,025,729	\$ (241,490)	\$ -	\$ 6,067,222	\$ 43,010	\$ 6,110,232

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

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,204,528	\$ 1,257,796
Adjustments for:		
Depreciation expenses	456,168	346,815
Amortization expenses	56,063	36,991
Expected credit loss recognized	3,258	839
Net (gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(10,694)	1,676
Finance costs	60,653	38,752
Interest income	(15,034)	(4,981)
Dividend income	(2,976)	(225)
Share of (profit) loss of associates and joint ventures	(1,491)	4,240
Gain on disposal of property, plant and equipment	(607)	(83,554)
Loss (gain) on lease modifications	2,853	(272)
(Reversal of) write-downs of inventories	67,055	19,309
Gain from bargain purchase	-	(15,341)
Changes in operating assets and liabilities		
Notes receivable	(544,492)	(2,848)
Trade receivables	23,125	(620,580)
Trade receivables from related parties	(52,353)	(39,730)
Other receivables	(4,106)	(6,026)
Inventories	27,033	(466,283)
Other current assets	90,726	(34,573)
Other non-current assets	421,817	117,545
Notes payable	1,590	23,058
Trade payables from unrelated parties	(71,755)	278,004
Other payables	(4)	109,322
Other current liabilities	(82,414)	40,303
Net defined benefit liabilities	90	(95)
Other non-current liabilities	(149)	(784)
Cash generated from operations	1,628,884	999,358
Interest received	15,034	4,981
Interest paid	(46,606)	(38,752)
Income tax received	6,216	17,868
Income tax paid	(170,855)	(191,742)
Net cash generated from operating activities	<u>1,432,673</u>	<u>791,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(2,540)
Proceeds from disposal of financial assets at fair value through other comprehensive income	8,538	-
Purchase of financial assets at amortized cost	-	(178,118)

(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of financial assets at amortized cost	\$ 178,118	\$ -
Purchase of financial assets at fair value through profit or loss	(79,100)	(925)
Proceeds from disposal of financial assets at fair value through profit or loss	9,814	920
Investments accounted for using the equity method	-	(16,608)
Payments for acquisition of subsidiary	-	(118,099)
Payments for property, plant and equipment	(1,527,996)	(1,065,193)
Proceeds from disposal of property, plant and equipment	118,642	181,596
Increase in refundable deposits	(857)	-
Decrease in refundable deposits	-	2,083
Payments for intangible assets	(22,142)	(26,090)
Dividends received	<u>2,976</u>	<u>225</u>
Net cash used in investing activities	<u>(1,312,007)</u>	<u>(1,222,749)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,208,642
Repayment of short-term borrowings	(1,118,511)	-
Proceeds from issuance of bonds	1,623,855	-
Proceeds from guarantee deposits received	405	5
Repayment of the principal portion of lease liabilities	(36,073)	(25,776)
Dividends paid to owners of the Company	(558,066)	(498,273)
Changes in non-controlling interests	<u>18,399</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(69,991)</u>	<u>684,598</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(20,452)</u>	<u>34,397</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,223	287,959
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>966,258</u>	<u>678,299</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 996,481</u></u>	<u><u>\$ 966,258</u></u>

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

(Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Organization and Operations of the Parent Company

Hu Lane Associate Inc. (the “Company” or Hu Lane Associate) was incorporated in July 1977 as Hu Lane Enterprise Co., Ltd. and renamed as Hu Lane Industry Co., Ltd. on January 29, 2001, and later renamed again as Hu Lane Associate Inc. in 2003. Hu Lane Associate established the Hong Kong Branch in October 2001. Hu Lane Associate is mainly engaged in the manufacturing and sale of terminal devices, terminal crimping, industrial rubber and plastic products.

Hu Lane Associate’s shares have been listed on the Taipei Exchange since November 26, 2003. Hu Lane Associate’s stockholders approved the planned merger with Jie Yun Industry Co., Ltd. on May 28, 2004 with the effective merger date on August 31, 2004, and Hu Lane Associate was the surviving entity. Hu Lane Associate’s board of directors approved the planned merger with I-hung Steel Co., Ltd. on April 10, 2014 with the effective merger date on May 12, 2014, and Hu Lane Associate was the surviving entity. Hu Lane Associate’s board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

Organization and Operations of the Subsidiaries

Evervalue Investments Limited (Evervalue), a company established on March 12, 2001, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in investment.

Telford Investments Limited (Telford), a company established on March 8, 2001, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in investment.

Hu Lane Electronics (Vietnam) Limited (HuLane Vietnam), a company established in November 2009, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in manufacturing terminals and molding.

Hulane Electronics (Nanjing) Limited (Hulane Nanjing), a company established in January 2004, is a 100%-owned subsidiary of Evervalue. It is mainly engaged in manufacturing terminals and molding.

Fortune Master Development Limited (Fortune Master), a company established on March 5, 2010, is a 100%-owned subsidiary of Evervalue. It is mainly engaged in trading and investment.

Dongguan Hulane Electronics Technology (Dongguan Hulane), a company established in June 2011, is a 100%-owned subsidiary of Fortune Master. It is mainly engaged in the manufacturing of terminals and molding.

Dongguan Hulane Puquang Trading Limited (Dongguan Puquang), a company established in May 2012, is a 100%-owned subsidiary of Fortune Master. It is mainly engaged in sales of vehicle components and plastic materials.

PT Hulane Tech Manufacturing’s 80% equity was acquired by the Company in December 2017. The purpose of this acquisition is to develop area integration for the long-term expansion and operations of the Company. PT Hulane Tech Manufacturing applied for capital increase in August 2020 and Evervalue Investments Limited participated in the capital increase. After the capital increase, the Company and Evervalue Investments Limited held 32% and 48% shareholding of PT Hulane Tech Manufacturing, respectively.

PT Hulane Tech Manufacturing applied for capital increase in June 2023 and Evervalue Investments Limited participated in the capital increase. After the capital increase, the Company and Evervalue Investments Limited held 12% and 72% shareholding of PT Hulane Tech Manufacturing, respectively.

Eagle Good Limited (Eagle Good), a company established in June 2022, is a 100%-owned subsidiary of the Company. It is mainly engaged in reinvestment.

Jiaxing Shanghe Electronic Technology Co., Ltd. (Jiaxing Shanghe), a company established in May 2012, is a 100%-owned subsidiary of Eagle Good. It is mainly engaged in the manufacturing of harnesses.

HuLane Associate Inc. Europe S.r.l., a company established on June 2023, is a 90%-owned subsidiary of the Company. It is mainly engaged in the sales of various auto parts, electrical equipment and parts and plastics.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 12, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s

financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 12, Table 7 and Table 8 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries, associates, joint ventures and branches in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation (attributable to the owners of the Company) are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or asset related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or asset related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified as financial assets at fair value through profit or loss, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are mandatorily classified or designated as at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the contracts are negotiated as a package with a single commercial objective.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of terminals and molds. Sales of terminals and molds are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,852	\$ 3,140
Checking accounts and demand deposits	761,271	824,409
Cash equivalents		
Time deposits with original maturities within three months	<u>233,358</u>	<u>138,709</u>
	<u>\$ 996,481</u>	<u>\$ 966,258</u>

The market rate intervals of demand deposits and time deposits at the end of year were as follows:

	December 31	
	2023	2022
Demand deposits	0.01%-1.45%	0.01%-1.38%
Time deposits	5.20%-5.30%	1.90%-4.25%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 73
Non-derivative financial assets		
Domestic listed shares	91,805	370
Mutual funds	<u>7,334</u>	<u>16,826</u>
	<u>\$ 99,139</u>	<u>\$ 17,269</u>
<u>Financial liabilities at FVTPL - current</u>		
Derivative financial liabilities (not under hedge accounting)		
Redemption rights and put options (Note 17)	<u>\$ 2,400</u>	<u>\$ -</u>

At the end of the reporting period, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	NTD/USD	June 8, 2022 - March 8, 2023 (Note)	NTD30,442/USD1,000

Note: Extension from December 8, 2022 to March 8, 2023.

The Group entered into the foreign exchange swap to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

The above derivative transactions, the gain on financial assets at fair value through profit or loss amounted to \$73 thousand for the year ended December 31, 2022.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments		
Domestic listed shares	\$ -	\$ 6,784

The above investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate the investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In May and June 2023, the Group sold its domestic listed shares. The shares sold had a sale price of \$8,538 thousand and its related unrealized valuation gain of \$330 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (Note)	\$ -	\$ 178,118

Note: The range of interest rate for time deposits with original maturities of more than 3 months was approximately 3.50% per annum as of December 31, 2022.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 1,287,739	\$ 743,247
<u>Trade receivables from unrelated parties</u>		
Trade receivables	\$ 2,155,092	\$ 2,189,668
Less: Allowance for impairment loss	(25,287)	(33,836)
	<u>\$ 2,129,805</u>	<u>\$ 2,155,832</u>

Refer to Note 27 for details of the factoring agreements for trade receivables.

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with reputable entities, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive vice president, internal audit department and accounting department annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position at the reporting date. As the Group's historical credit loss experience show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.06%-1.20%	0.30%-3.65%	1.73%-16.23%	24.41%-54.55%	100%	
Gross carrying amount	\$ 1,631,888	\$ 486,380	\$ 17,316	\$ 7,769	\$ 11,739	\$ 2,155,092
Loss allowance (Lifetime ECLs)	(4,163)	(3,505)	(2,368)	(3,512)	(11,739)	(25,287)
Amortized cost	<u>\$ 1,627,725</u>	<u>\$ 482,875</u>	<u>\$ 14,948</u>	<u>\$ 4,257</u>	<u>\$ -</u>	<u>\$ 2,129,805</u>

December 31, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.04%-5.21%	0.18%-5.46%	4.83%-19.27%	7.91%-50.00%	100%	
Gross carrying amount	\$ 1,610,098	\$ 534,084	\$ 21,289	\$ 3,056	\$ 21,141	\$ 2,189,668
Loss allowance (Lifetime ECLs)	(5,337)	(3,972)	(1,950)	(1,436)	(21,141)	(33,836)
Amortized cost	<u>\$ 1,604,761</u>	<u>\$ 530,112</u>	<u>\$ 19,339</u>	<u>\$ 1,620</u>	<u>\$ -</u>	<u>\$ 2,155,832</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 33,836	\$ 32,423
Add: Acquisitions through business combinations	-	2,476
Add: Net remeasurement of loss allowance	3,258	839
Less: Amounts written off	(11,451)	-
Foreign exchange gains and losses	<u>(356)</u>	<u>(1,902)</u>
Balance at December 31	<u>\$ 25,287</u>	<u>\$ 33,836</u>

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 355,233	\$ 403,858
Work in progress	243,988	220,547
Raw materials and supplies	380,188	340,755
Merchandise	<u>753,138</u>	<u>855,315</u>
	<u>\$ 1,732,547</u>	<u>\$ 1,820,475</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$4,981,786 thousand and \$4,561,586 thousand, respectively. The cost of goods sold included inventory write-downs amounted to \$67,055 thousand and \$19,309 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2023	2022
Hu Lane Associate	Telford	Investment	100	100
	Evervalue	Investment	100	100
	Hu Lane Vietnam	Manufacture of plastic connectors and molds	100	100
	PT Hulane Tech	Manufacture of plastic connectors and molds	12	32
	Manufacturing (Note 1)			
	Eagle Good (Note 2)	Investment	100	100
	HuLane Associate Inc. Europe	Sales of vehicle components and plastic materials	90	-
	S.r.l. (Note 3)			
	Shang Ho Industry (Note 4)	Manufacture of plastic connectors and molds	-	100

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31 2023	December 31 2022
Evervalue	Hulane Nanjing	Manufacture of plastic connectors and molds	100	100
Fortune Master	Fortune Master	Trading and investment	100	100
	PT Hulane Tech	Manufacture of plastic connectors and molds	72	48
	Manufacturing (Note 1)			
	Dongguan Hulane	Manufacture of plastic connectors and molds	100	100
	Dongguan Puguang	Sales of vehicle components and plastic materials	100	100
	Jiaxing Shanghe (Note 2)	Manufacture of plastic connectors and molds	100	100

(Concluded)

Note 1: PT. Hulane Tech Manufacturing resolved to increase cash capital by the board of directors in July 2022. The Group's board of directors resolved to participate in the capital increase in November 2022, and the capital increase was completed in June 2023.

Note 2: The subsidiary's 100% equity was acquired by the Company in June 2022.

Note 3: In November 2022, Hu Lane Associate's board of directors resolved to approve the investment proposal, and established HuLane Associate Inc. Europe S.r.l. in May 2023.

Note 4: Hu Lane Associate's board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

b. Subsidiaries excluded from the consolidated financial statements: None.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Associate that is not individually material		
Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd.	\$ 13,783	\$ 12,529

Note: In January 2022, The Group established Yangzhou Lear Hulane Automotive Parts Trading CO., Ltd. with Lear (China) Holding Limited with a capital of US\$600 thousand of which the Company holds 40%, and acquired a significant impact on the Company.

The calculation is based on the unaudited financial statements of Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd. However, the management considers that the unaudited financial statements of the above investees do not have material impacts.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Other Equipment	Prepayments for Equipment and Property under Construction	Total
Cost								
Balance at January 1, 2022	\$ 1,062,617	\$ 1,205,497	\$ 2,176,712	\$ 21,653	\$ 65,109	\$ 26,716	\$ 523,483	\$ 5,081,787
Additions	-	58,716	502,095	3,899	15,767	8,402	577,684	1,166,563
Disposals	-	(43,113)	(119,389)	(4,167)	(4,503)	(3,807)	(26,228)	(201,207)
Acquisitions through business combinations	-	129	62,552	2,187	7,505	15,620	-	87,993
Effect of foreign currency exchange differences	-	16,047	34,777	274	801	1,668	3,715	57,282
Reclassifications	-	203,420	351,572	-	5,473	1,513	(753,411)	(191,433)
Balance at December 31, 2022	<u>1,062,617</u>	<u>1,440,696</u>	<u>3,008,319</u>	<u>23,846</u>	<u>90,152</u>	<u>50,112</u>	<u>325,243</u>	<u>6,000,985</u>
Accumulated depreciation								
Balance at January 1, 2022	-	183,089	1,349,400	13,400	52,694	9,459	-	1,608,042
Depreciation expense	-	36,291	272,748	1,965	5,037	4,743	-	320,784
Disposals	-	(11,341)	(80,839)	(3,287)	(4,071)	(3,627)	-	(103,165)
Acquisitions through business combinations	-	93	48,754	2,092	7,128	15,553	-	73,620
Effect of foreign currency exchange differences	-	3,736	19,285	250	467	996	-	24,734
Balance at December 31, 2022	-	<u>211,868</u>	<u>1,609,348</u>	<u>14,420</u>	<u>61,255</u>	<u>27,124</u>	-	<u>1,924,015</u>
Carrying amounts at December 31, 2022	<u>\$ 1,062,617</u>	<u>\$ 1,228,828</u>	<u>\$ 1,398,971</u>	<u>\$ 9,426</u>	<u>\$ 28,897</u>	<u>\$ 22,988</u>	<u>\$ 325,243</u>	<u>\$ 4,076,970</u>
Cost								
Balance at January 1, 2023	\$ 1,062,617	\$ 1,440,696	\$ 3,008,319	\$ 23,846	\$ 90,152	\$ 50,112	\$ 325,243	\$ 6,000,985
Additions	-	25,806	681,952	1,469	13,232	18,215	697,415	1,438,089
Disposals	-	(1,236)	(301,925)	(1,768)	(2,346)	(17,354)	(18,812)	(343,441)
Effect of foreign currency exchange differences	-	(26,683)	(92,856)	(428)	(7,307)	(4,833)	(8,234)	(140,341)
Reclassifications	-	12,472	108,049	(13)	6,301	217	(564,904)	(437,878)
Balance at December 31, 2023	<u>1,062,617</u>	<u>1,451,055</u>	<u>3,403,539</u>	<u>23,106</u>	<u>100,032</u>	<u>46,357</u>	<u>430,708</u>	<u>6,517,414</u>
Accumulated depreciation								
Balance at January 1, 2023	-	211,868	1,609,348	14,420	61,255	27,124	-	1,924,015
Depreciation expense	-	50,382	357,364	2,051	7,907	6,160	-	423,864
Disposals	-	(1,236)	(203,209)	(1,781)	(1,970)	(17,210)	-	(225,406)
Effect of foreign currency exchange differences	-	(7,859)	(47,075)	(243)	(4,601)	(2,383)	-	(62,161)
Balance at December 31, 2023	-	<u>253,155</u>	<u>1,716,428</u>	<u>14,447</u>	<u>62,591</u>	<u>13,691</u>	-	<u>2,060,312</u>
Carrying amounts at December 31, 2023	<u>\$ 1,062,617</u>	<u>\$ 1,197,900</u>	<u>\$ 1,687,111</u>	<u>\$ 8,659</u>	<u>\$ 37,441</u>	<u>\$ 32,666</u>	<u>\$ 430,708</u>	<u>\$ 4,475,102</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	5-50 years
Machinery equipment	2-14 years
Transportation equipment	3-11 years
Furniture and fixtures and other equipment	3-11 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 29.

Dongguan Hulane entered into a land use right acquisition agreement with Dongguan City Urban Management and Law Enforcement, the agreement acquires land and demolish buildings of Dongguan Hulane within the red line of land acquisition for the first phase of Songshan Lake Science Park to Guangming Science City (Dongguan section). For the year ended December 31, 2022, the Company recognized compensation for employee of \$6,800 thousand (RMB1,577 thousand) and compensation for land use rights of \$47,523 thousand (RMB11,019 thousand) under other income; compensation for buildings of \$82,364 thousand (RMB19,097 thousand) under gain on disposal of property and equipment.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 51,673	\$ 56,159
Buildings	113,650	189,643
Office equipment	2,612	3,464
Transportation equipment	<u>8,627</u>	<u>8,314</u>
	<u>\$ 176,562</u>	<u>\$ 257,580</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 35,151</u>	<u>\$ 196,200</u>
Deductions to right-of-use assets	<u>\$ 77,768</u>	<u>\$ 7,681</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,742	\$ 1,927
Buildings	24,687	20,512
Office equipment	852	798
Transportation equipment	<u>5,019</u>	<u>2,790</u>
	<u>\$ 32,300</u>	<u>\$ 26,027</u>

Except for the above additions, deductions and depreciation expense recognized, the Group's right-of-use assets were not significantly impaired in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 33,027</u>	<u>\$ 20,237</u>
Non-current	<u>\$ 93,687</u>	<u>\$ 181,776</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Buildings	1.5336%-6.6000%	0.6719%-6.7500%
Office equipment	0.6627%-1.6500%	0.6627%-1.6500%
Transportation equipment	0.6667%-1.6500%	0.6667%-2.3800%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 28,685	\$ 10,079
Total cash outflow for leases	\$ (68,389)	\$ (37,455)

The Group's leases of certain building, office equipment and transportation equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments 900 with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2023	2022
Lease commitments	\$ -	\$ 26,917

16. BORROWINGS

	December 31	
	2023	2022
<u>Secured borrowings (Note 29)</u>		
Bank loans	\$ 31,312	\$ 900,000
Notes receivable as collateral	473,893	309,707
<u>Unsecured borrowings</u>		
Line of credit borrowings	1,128,862	1,542,871
	<u>\$ 1,634,067</u>	<u>\$ 2,752,578</u>

- The range of interest rate on borrowings was 1.00%-4.00% and 1.25%-5.90% per annum as of December 31, 2023 and 2022, respectively.
- Endorsements and guarantees for Dongguan Puguang, Hu Lane Vietnam and Hulane Nanjing are provided by the Company.
- Endorsements and guarantees for Jiaxing Shanghe is provided by Hulane Nanjing.

17. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured domestic convertible bonds	\$ 1,385,635	\$ -

The Company was approved by letters of FSC No. 1120339981 on May 8, 2023 and Republic of China Securities OTC Trading Center No. 11200053862 on June 9, 2023 to issue the first unsecured domestic convertible bonds on June 14, 2023. The conditions of issuance were as follows:

- a. Approved issuance quota: \$1,500,000 thousand.
- b. Amount issued: \$1,500,000 thousand.
- c. Face value: \$100 thousand, issued at face value.
- d. Issuance period: The issuance period is 5 years, and from June 14, 2023 to June 14, 2028.
- e. Issuance price (NT\$100 thousand each): NT\$108.61 (issued at 108.61% of face value).
- f. Coupon rate: 0%.
- g. Principal repayment method: Except for the holders of the corporate bonds who has conversion right to convert bonds into ordinary shares of the Company at \$146.5 per share, or exercise the right to sell back, or the Company redeems it in advance, or the Company buys it back and cancels it by the business office of the securities firm, the Company shall repay the convertible bonds in cash at face value when they mature.
- h. Conversion period: From the day after the issuance of the convertible bonds for three months (September 15, 2023) to the maturity date (June 14, 2028). The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.8047% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,233 thousand)	\$ 1,623,855
Equity component	(251,575)
Financial liabilities - redemption rights and put options	<u>(600)</u>
Liability component at the date of issue	1,371,680
Interest charged at an effective interest rate of 1.8047%	14,047
Convertible bonds converted into ordinary shares	<u>(92)</u>
Liability component at December 31, 2023	<u>\$ 1,385,635</u>

18. OTHER PAYABLES

	December 31	
	2023	2022
Accrued salaries and bonuses	\$ 187,184	\$ 165,632
Compensation of employees and remuneration of directors and supervisors	54,807	50,113
Payables for equipment	158,866	248,773
Payables for interest	1,072	1,216
Others	<u>231,068</u>	<u>257,174</u>
	<u>\$ 632,997</u>	<u>\$ 722,908</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension schemes of the Group's branch in Hong Kong and its subsidiaries in China and Vietnam and Indonesia were defined contributions, under which the related contributions were made according to local regulations; holding companies had no employees and had no pension schemes. The other entities of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The expense of 2023 and 2022 defined contribution plans is set out below:

	December 31	
	2023	2022
Defined contribution plans	<u>\$ 70,931</u>	<u>\$ 62,875</u>

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 122,984	\$ 124,955
Fair value of plan assets	<u>(89,908)</u>	<u>(96,279)</u>
Net defined benefit liabilities	<u>\$ 33,076</u>	<u>\$ 28,676</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 129,727	\$ (95,930)	\$ 33,797
Service cost			
Current service cost	911	-	911
Net interest expense (income)	843	(627)	216
Recognized in profit or loss	1,754	(627)	1,127
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,624)	(7,624)
Actuarial loss - changes in financial assumptions	(3,485)	-	(3,485)
Actuarial loss - experience adjustments	6,083	-	6,083
Recognized in other comprehensive income	2,598	(7,624)	(5,026)
Contributions from the employer	-	(1,222)	(1,222)
Benefits paid	(9,124)	9,124	-
Balance at December 31, 2022	124,955	(96,279)	28,676
Service cost			
Current service cost	726	-	726
Net interest expense (income)	1,562	(1,211)	351
Recognized in profit or loss	2,288	(1,211)	1,077
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(798)	(798)
Actuarial loss - changes in financial assumptions	2,363	-	2,363
Actuarial loss - experience adjustments	2,745	-	2,745
Recognized in other comprehensive income	5,108	(798)	4,310
Contributions from the employer	-	(987)	(987)
Benefits paid	(9,367)	9,367	-
Balance at December 31, 2023	\$ 122,984	\$ (89,908)	\$ 33,076

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.50%	2.00%
Mortality rate	Taiwan actuarial life table	Taiwan actuarial life table
Turnover rate	Note	Note

Note: Based on historical experience of the turnover rate for the past few years and consideration of future developments.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (1,215)	\$ (1,413)
0.25% decrease	\$ 1,249	\$ 1,452
Expected rate of salary increase/decrease		
1% increase	\$ 5,092	\$ 5,960
1% decrease	\$ (4,659)	\$ (5,436)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ 987	\$ 1,222
Average duration of the defined benefit obligation	8.0 years	8.8 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	120,000	120,000
Shares authorized	\$ 1,200,000	\$ 1,200,000
Number of shares issued and fully paid (in thousands)	99,655	99,654
Shares issued	\$ 996,554	\$ 996,547

The change in the share capital of the Company is mainly due to the exercise of conversion right of convertible bonds.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 780,705	\$ 880,359
Conversion of bonds	102	-
Consolidation excess	53,723	53,723
<u>May only be used to offset a deficit</u>		
Recognizes changes in the ownership interests in subsidiaries	2,610	-
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	101	101
<u>May not be used for any purpose</u>		
Share options	<u>251,558</u>	<u>-</u>
	<u>\$ 1,088,799</u>	<u>\$ 934,183</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares), consolidation excess and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, please refer to Note 22 f: Compensation of employees and remuneration of directors.

In consideration of the operating environment and business growth, the Company distributed dividends both by cash and by stock to meet the capital needs for the Company's present and future expansion plans and to satisfy stockholders' cash flow requirements. In principle, cash dividends should not be lower than 10% of total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 had been approved in the shareholders' meetings on June 19, 2023 and June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Legal reserve	\$ 47,307	\$ 78,124		
Special reserve	(62,589)	1,249		
Cash dividends	458,412	398,619	\$ 4.6	\$ 4.0

The Company's shareholders both resolved in the shareholders' meeting on June 19, 2023 and June 17, 2022 to issue cash dividends of \$99,654 thousand, from the capital surplus.

d. Other equity items

Unrealized valuation loss on financial assets at FVTOCI

	2023	2022
Balance at January 1	\$ (1,424)	\$ -
Recognized for the year		
Unrealized loss - equity instruments	1,754	(1,424)
Other comprehensive income (loss) recognized for the year	1,754	(1,424)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	(330)	-
Balance at December 31	\$ -	\$ (1,424)

Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (139,742)	\$ (203,755)
Exchange differences on translation of the financial statements of foreign operations	(104,241)	63,853
Share from subsidiaries and associates accounted for using the equity method	(237)	160
Other comprehensive (loss) income recognized for the year	(104,478)	64,013
Partial acquisition of interests in subsidiaries	2,730	-
Balance at December 31	\$ (241,490)	\$ (139,742)

21. REVENUE

	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 7,330,811	\$ 6,526,749

22. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ <u>15,034</u>	\$ <u>4,981</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 364	\$ 4,382
Dividend income	2,976	225
Settlement compensation	-	6,800
Land use rights certificates	-	47,523
Others	<u>80,708</u>	<u>37,349</u>
	<u>\$ 84,048</u>	<u>\$ 96,279</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain (loss) on financial assets and liabilities at FVTPL	\$ 10,694	\$ (1,676)
Net foreign exchange (losses) gains	(25,548)	74,539
Gain from bargain purchases (Note 25)	-	15,341
Gain on disposal of property, plant and equipment	607	83,554
Other losses	<u>(42,614)</u>	<u>(9,978)</u>
	<u>\$ (56,861)</u>	<u>\$ 161,780</u>

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 423,864	\$ 320,784
Investment properties	4	4
Right-of-use assets	32,300	26,027
Intangible assets and others	<u>56,063</u>	<u>36,991</u>
	<u>\$ 512,231</u>	<u>\$ 383,806</u>
An analysis of depreciation by function		
Operating costs	\$ 385,339	\$ 292,489
Operating expenses	<u>70,829</u>	<u>54,326</u>
	<u>\$ 456,168</u>	<u>\$ 346,815</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	\$ 22,956	\$ 14,841
Operating expenses	<u>33,107</u>	<u>22,150</u>
	<u>\$ 56,063</u>	<u>\$ 36,991</u>
		(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	<u>\$ 1,398,818</u>	<u>\$ 1,235,982</u>
Post-employment benefits (Note 19)		
Defined contribution plans	70,931	62,875
Defined benefit plans	<u>1,077</u>	<u>1,127</u>
	<u>72,008</u>	<u>64,002</u>
Other employee benefits	<u>98,413</u>	<u>81,082</u>
Total employee benefits expense	<u>\$ 1,569,239</u>	<u>\$ 1,381,066</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 945,209	\$ 872,922
Operating expenses	<u>624,030</u>	<u>508,144</u>
	<u>\$ 1,569,239</u>	<u>\$ 1,381,066</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at the rates of 1%-10% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 12, 2024 and March 24, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	3.61%	3.52%
Remuneration of directors (and supervisors)	0.91%	0.86%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 43,727	\$ 40,222
Remuneration of directors	11,075	9,891

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors (and supervisors) paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

- a. Major components of tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
<u>Current tax</u>		
In respect of the current year	\$ 296,288	\$ 134,222
Income tax on unappropriated earnings	28,040	15,162
Adjustments for prior years	<u>(7,719)</u>	<u>(18,524)</u>
	316,609	130,860
<u>Deferred tax</u>		
In respect of the current year	<u>(38,902)</u>	<u>124,661</u>
Income tax expense recognized in profit or loss	<u>\$ 277,707</u>	<u>\$ 255,521</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 1,204,528</u>	<u>\$ 1,257,796</u>
Income tax expense calculated at the statutory rate (20%)	\$ 240,905	\$ 251,559
Nondeductible expenses in determining taxable income	495	373
Unrecognized deductible temporary differences	(19,122)	(4,192)
Income tax on unappropriated earnings	28,040	15,162
Repatriations of subsidiaries investment income	77,402	27,411
Effect of different tax rate of entities in the Group operating in other jurisdictions	(42,294)	(7,637)
Adjustments for prior years' tax	<u>(7,719)</u>	<u>(27,155)</u>
Income tax expense recognized in profit or loss	<u>\$ 277,707</u>	<u>\$ 255,521</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Actuarial gains and losses on defined benefit plan	\$ <u>862</u>	\$ <u>(1,005)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ <u>42,342</u>	\$ <u>28,754</u>
Current tax liabilities		
Income tax payable	\$ <u>194,898</u>	\$ <u>80,196</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Acquired in A Business Combination	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 5,735	\$ 18	\$ 862	\$ -	\$ 6,615
Allowance for inventory losses	9,580	(4,638)	-	-	4,942
Others	<u>27,421</u>	<u>16,494</u>	<u>-</u>	<u>-</u>	<u>43,915</u>
	<u>\$ 42,736</u>	<u>\$ 11,874</u>	<u>\$ 862</u>	<u>\$ -</u>	<u>\$ 55,472</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 150,799	\$ -	\$ -	\$ -	\$ 150,799
Others	<u>143,682</u>	<u>(27,028)</u>	<u>-</u>	<u>-</u>	<u>116,654</u>
	<u>\$ 294,481</u>	<u>\$ (27,028)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,453</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Acquired in A Business Combination	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 6,759	\$ (19)	\$ (1,005)	\$ -	\$ 5,735
Allowance for inventory losses	4,927	(600)	-	5,253	9,580
Others	<u>22,967</u>	<u>697</u>	<u>-</u>	<u>3,757</u>	<u>27,421</u>
	<u>\$ 34,653</u>	<u>\$ 78</u>	<u>\$ (1,005)</u>	<u>\$ 9,010</u>	<u>\$ 42,736</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 150,799	\$ -	\$ -	\$ -	\$ 150,799
Others	<u>18,287</u>	<u>125,395</u>	<u>-</u>	<u>-</u>	<u>143,682</u>
	<u>\$ 169,086</u>	<u>\$ 125,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,481</u>

e. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities. The Company includes Hong Kong branch's income in the calculation of its taxable income during tax declaration each year, and applied for tax refund after attestation by a local organization in Hong Kong recognized by the ROC. As of December 31, 2023, the Company applied for refund of tax through 2021, which was approved by the tax authorities through 2019. As of December 31, 2023 and 2022, tax refund receivables amounted to \$42,342 thousand and \$28,754 thousand, respectively.

24. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 9.24</u>	<u>\$ 10.03</u>
Diluted earnings per share	<u>\$ 9.04</u>	<u>\$ 10.00</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Earnings used in the computation of basic earnings per share	\$ 921,221	\$ 999,901
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>11,237</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 932,458</u>	<u>\$ 999,901</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,656	99,654
Effect of potentially dilutive ordinary shares:		
Convertible bonds	3,114	-
Compensation of employees	<u>338</u>	<u>350</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>103,108</u>	<u>100,004</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Shang Ho Industry	Manufacture of plastic connectors and molds	June 1, 2022	100	<u>\$ 63,500</u>
Eagle Good	Investment	June 1, 2022	100	<u>\$ 91,392</u>

In June 2022, Shang Ho Industry and Eagle Good were acquired in order to continue the expansion of the Group's activities in automotive products.

b. Consideration transferred

	Shang Ho Industry	Eagle Good
Cash	<u>\$ 63,500</u>	<u>\$ 91,392</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Shang Ho Industry	Eagle Good
Current assets		
Cash and cash equivalents	\$ 28,433	\$ 8,360
Financial assets at fair value through profit or loss - current	17,794	-
Trade and other receivables	29,588	107,451
Inventories	18,802	62,416
Prepayments and other current assets	1,408	26,332
Non-current assets		
Financial assets at fair value through other comprehensive income - non-current	5,668	-
Property, plant and equipment	384	13,989
Right-of-use assets	6,301	4,727
Other intangible assets	3,313	-
Deferred tax assets	9,010	-
Other non-current assets	1,178	28,226
Current liabilities		
Short-term borrowings	(20,000)	-
Trade payables and other payables	(22,052)	(119,281)
Other current liabilities	(250)	(30,540)
Non-current liabilities		
Lease liabilities	<u>(6,330)</u>	<u>(4,694)</u>
	<u>\$ 73,247</u>	<u>\$ 96,986</u>

The gain recognized in bargain purchase transaction from the acquisition of Shang Ho Industry and Eagle Good by the Group in June 2022, was \$1,498 thousand and \$5,594 thousand, respectively. In 2022, the Group revalued the fair value of the identifiable net assets acquired from the acquisition of Shang Ho Industry and Eagle Good, and the gain recognized in bargain purchase transaction was \$9,747 thousand and \$5,594 thousand, respectively. The bargain purchase benefit is the difference between the amount of consideration transferred and the fair value of identifiable net assets acquired, and is recognized in profit or loss in 2022.

d. Net cash outflow on the acquisition of subsidiaries

	Shang Ho Industry	Eagle Good
Consideration paid in cash	\$ 63,500	\$ 91,392
Less: Cash and cash equivalent balances acquired	<u>(28,433)</u>	<u>(8,360)</u>
	<u>\$ 35,067</u>	<u>\$ 83,032</u>

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the reporting period.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Management believes the carrying amounts of financial assets and financial liabilities not carried at fair values approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

<u>December 31, 2023</u>				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 91,805	\$ -	\$ -	\$ 91,805
Mutual funds	<u>7,334</u>	<u>-</u>	<u>-</u>	<u>7,334</u>
	<u>\$ 99,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,139</u>
Financial liabilities at FVTPL				
Redemption rights and put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 2,400</u>
<u>December 31, 2022</u>				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 370	\$ -	\$ -	\$ 370
Mutual funds	16,826	-	-	16,826
Foreign exchange forward contracts	<u>-</u>	<u>73</u>	<u>-</u>	<u>73</u>
	<u>\$ 17,196</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 17,269</u>
Financial assets at FVTOCI				
Domestic listed shares	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,784</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

December 31, 2023

**For the Year
Ended December
31, 2023**

Financial liabilities at FVTPL

Balance at January 1, 2023	\$ -
Additions due to issuance of corporate bonds	600
Recognized in profit or loss (included in other gains and losses)	<u>1,800</u>
Balance at December 31, 2023	<u>\$ 2,400</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Redemption rights and put options	The binary tree convertible bond evaluation model is used for the evaluation of financial instruments, and the material unobservable inputs are the risk-free rate, stock price and volatility.

The risk-free rate applied on December 31, 2023 was 1.1373%, the stock price was \$159.00 and the volatility was 26.48%.

If all the other variables were held constant, the fair value would increase (decrease) as follows:

Significant Unobservables	Number of Changes (+/-)	Number of Influences
Risk-free interest rate	Rise 10bp	(20)
	Fell 10bp	20
Shares	Rise 7%	140
	Fell 7%	(160)
volatility	Rise 1%	10
	Fell 1%	(40)

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 99,139	\$ 17,269
Financial assets at amortized cost (1)	4,548,761	4,120,875
Financial assets at FVTOCI equity instruments	-	6,784
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	2,400	-
Financial liabilities at amortized cost (2)	4,780,563	4,673,110

- 1) The balances include financial assets measured at amortized cost, which comprised cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and part of other non-current assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprised short-term loans, notes payable, trade payables, other payables, bonds payable and part of other non-current liabilities.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Company's board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 27,926	\$ 24,385	\$ 2,917	\$ 13,864

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 233,358	\$ 316,827
Financial liabilities	1,634,067	2,752,578
Cash flow interest rate risk		
Financial assets	761,271	824,409

Sensitivity analysis

The sensitivity analyses were determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The Group's floating-rate financial assets were demand deposits, which fluctuated moderately, and accordingly the Group was exposed to low interest rate risk. On the other hand, no floating-rate liabilities were held at the end of the reporting period, and no related sensitivity analysis was performed.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and

obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by related departments such as executive vice president, internal auditors, and financial accounting.

The Group transacts with a large number of diverse customers from different industries and geographical locations; the Group performs ongoing credit evaluation on the financial condition of trade receivables and controlled the credit risk exposure.

The Group's concentration of credit risk accounted for 7% of total trade receivables as of December 31, 2023 and 2022, which was attributable to the Group's specific customer.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 746,807	\$ 961,258	\$ 52,031	\$ 1,500,666	\$ -
Lease liabilities	5,660	4,883	24,806	96,713	47
Fixed interest rate liabilities	<u>442,837</u>	<u>391,997</u>	<u>808,879</u>	<u>-</u>	<u>-</u>

	<u>\$ 1,195,304</u>	<u>\$ 1,358,138</u>	<u>\$ 885,716</u>	<u>\$ 1,597,379</u>	<u>\$ 47</u>
<u>December 31, 2022</u>					
	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 830,727	\$ 1,046,200	\$ 43,244	\$ -	\$ 361
Lease liabilities	2,340	4,026	16,982	201,992	-
Fixed interest rate liabilities	<u>1,102,544</u>	<u>1,014,464</u>	<u>643,777</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,935,611</u>	<u>\$ 2,064,690</u>	<u>\$ 704,003</u>	<u>\$ 201,992</u>	<u>\$ 361</u>

b) Financing facilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 1,128,862	\$ 1,542,871
Amount unused	<u>1,443,012</u>	<u>515,841</u>
	<u>\$ 2,571,874</u>	<u>\$ 2,058,712</u>
Secured bank overdraft facilities		
Amount used	\$ 505,205	\$ 1,209,707
Amount unused	<u>976,862</u>	<u>-</u>
	<u>\$ 1,482,067</u>	<u>\$ 1,209,707</u>

e. Financial asset transfer information

During 2023 and 2022, the Group's discounted notes receivable with an aggregate carrying amount of \$1,345,152 thousand and \$1,214,824 thousand were sold to a bank for cash proceeds of \$1,334,014 thousand and \$1,197,607 thousand, respectively. According to the contract, if the notes receivable are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance, as the Group has not transferred the significant risks and rewards relating to these notes receivable.

As of December 31, 2023 and 2022, the carrying amount of the notes receivable that have been transferred but have not been derecognized was \$475,065 thousand and \$311,007 thousand, respectively, and the carrying amount of the related liabilities (refer to Note 16) was \$473,893 thousand and \$309,707 thousand, respectively.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships with the Group

<u>Related Party</u>	<u>Relationship with the Group</u>
Lear (China) Holding Limited Shenzhen Lianjie Industrial Co., Ltd	Associate Related party in substance (became related party since the second quarter in 2023)

b. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Lear (China) Holding Limited Shenzhen Lianjie Industrial Co., Ltd	\$ 132,609	\$ 55,226
		<u>241,747</u>	<u>-</u>
		<u>\$ 374,356</u>	<u>\$ 55,226</u>

c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2023</u>	<u>2022</u>
Trade receivables	Lear (China) Holding Limited Shenzhen Lianjie Industrial Co., Ltd	\$ 62,386	\$ 39,730
		<u>29,697</u>	<u>-</u>
		<u>\$ 92,083</u>	<u>\$ 39,730</u>

d. Remuneration of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Salaries and short-term employee benefits	\$ 98,387	\$ 85,218
Post-employment benefits	<u>2,076</u>	<u>1,853</u>
	<u>\$ 100,463</u>	<u>\$ 87,071</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Land	\$ 961,465	\$ 961,465
Buildings	776,905	667,996
Notes receivable	<u>475,065</u>	<u>309,707</u>
	<u>\$ 2,213,435</u>	<u>\$ 1,939,168</u>

Land and buildings were recorded as property, plant and equipment.

30. SIGNIFICANT EVENTS: NONE

31. OTHER SIGNIFICANT EVENTS: NONE

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 19,375	30.7050	\$ 594,910	\$ 20,192	30.710	\$ 620,096
EUR	1,215	33.9800	41,284	1,235	32.720	40,409
RMB	13,961	4.3270	60,408	62,953	4.408	277,497
Non-monetary items						
Associates accounted for using the equity method						
RMB	3,185	4.3270	13,783	2,842	4.4080	12,529
<u>Financial liabilities</u>						
Monetary items						
USD	1,185	30.7050	36,384	4,311	30.710	132,391
EUR	227	33.9800	7,698	138	32.720	4,515
RMB	479	4.3270	2,072	51	4.408	225

The Group is mainly exposed to the USD, EUR and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (14,852)	1 (NTD:NTD)	\$ 75,088
RMB	4.3270 (RMB:NTD)	(2,635)	4.4191 (RMB:NTD)	15,303
VND	0.0011 (VND:NTD)	(3,779)	0.0013 (VND:NTD)	(3,529)
IDR	0.0020 (IDR:NTD)	(2,609)	0.0020 (IDR:NTD)	(9,722)
HKD	3.9290 (HKD:NTD)	(1,673)	3.7821 (HKD:NTD)	(2,601)
		<u>\$ (25,548)</u>		<u>\$ 74,539</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments: (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- 11) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Note 28, Tables 1, 2 and 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.

Disposal of property, plant and equipment

Related Parties	Net Disposal Proceeds		Unrealized Profit and Loss	
	2023	2022	2023	2022
Hulane Nanjing	\$ 9,897	\$ 9,477	\$ 317	\$ 677

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

34. SEGMENT INFORMATION

The Group makes operating decisions based on the information of the Group as a whole; thus, the Group is treated as a single operating segment, and there is no need to disclose the financial information of operating segments.

a. Revenue from major products and services

The major products of the Group are connectors.

b. Geographical information

The Group operates in two principal geographical areas - China and Asia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from		Non-current Assets	
	External Customers		For the Year Ended December 31	
	For the Year Ended December 31	For the Year Ended December 31	For the Year Ended December 31	For the Year Ended December 31
	2023	2022	2023	2022
China	\$ 5,908,663	\$ 5,116,907	\$ 2,274,517	\$ 2,097,591
Asia	1,420,308	1,409,842	2,608,087	2,514,674
Other	<u>1,839</u>	<u>-</u>	<u>897</u>	<u>-</u>
	<u>\$ 7,330,810</u>	<u>\$ 6,526,749</u>	<u>\$ 4,883,501</u>	<u>\$ 4,612,265</u>

Non-current assets exclude deferred tax assets.

c. Information about major customers

No single customer contributed 10% or more to the Group's revenue for 2023 and 2022.

TABLE 1

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Evervalue Investments Limited	PT. Hulane Tech. Manufacturing	Other receivables from related parties	Yes	\$ 55,269 (US\$ 1,800)	\$ 55,269 (US\$ 1,800)	\$ 55,269 (US\$ 1,800)	5.85%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 354,003 (Note 2)	\$ 354,003 (Note 2)
		Hu Lane Associate Inc.	Other receivables from related parties	Yes	8,586	-	-	1.00%	Short-term financing	-	Operations	-	None	-	354,003 (Note 2)	354,003 (Note 2)
2	Evervalue Investments Limited	Hulane Electronics (Vietnam) Limited	Other receivables from related parties	Yes	61,410 (US\$ 2,000)	61,410 (US\$ 2,000)	61,410 (US\$ 2,000)	6.00%	Short-term financing	-	Operations	-	None	-	354,003 (Note 3)	354,003 (Note 3)

- Note 1:

a.

Issuer is numbered 0.

b.

The investee companies are numbered starting with 1.
- Note 2:

According to the operating procedures of Evervalue Investments Limited’s financing provided to others, the limitations on borrowers and total amount of financing are as follows:

a.

The total amount of Evervalue Investments Limited’s financing to others does not exceed 40% of net value of Evervalue Investments Limited.

b.

For those companies that have business transactions with Evervalue Investments Limited, the total amount of financing provided does not exceed 20% of net value of Evervalue Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Evervalue Investments Limited in the previous 12 months.

c.

For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Evervalue Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Evervalue Investments Limited. The rest is limited by 10% of current net value of Evervalue Investments Limited.

d.

For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided should not exceed 40% of the net value of Evervalue Investments Limited, and the financing amount of individual borrowers should not exceed 40% of the net value of Evervalue Investments Limited.
- Note 3:

According to the operating procedures of Telford Investments Limited’s financing provided to others, the limitations on borrowers and total amount of financing are as follows:

a.

The total amount of Telford Investments Limited’s financing to others does not exceed 40% of net value of Evervalue Investments Limited.

b.

For those companies that have business transactions with Telford Investments Limited, the total amount of financing provided does not exceed 20% of net value of Telford Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Telford Investments Limited in the previous 12 months.

c.

For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Telford Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Telford Investments Limited. The rest is limited by 10% of current net value of Telford Investments Limited.

d.

For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided does not exceed 100% of net value of Telford Investments Limited, and the financing amount of individual borrower does not exceed 100% of net value of Telford Investments Limited.

TABLE 2

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Counterparty	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Hu Lane Associate Inc. (Note 1)	Evervalue Investments Limited	Subsidiary of which more than 50% of its shares is held by the investor	\$ 1,213,429	\$ 92,115 (US\$ 3,000)	\$ 92,115 (US\$ 3,000)	\$ -	\$ -	1.52	\$ 2,426,888	Y	N	N
		Dongguan Hulane Puguang Trading Co., Ltd.	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	606,715	375,450 (US\$ 8,000) (CNY 30,000)	375,450 (US\$ 8,000) (CNY 30,000)	112,502	-	6.19	2,426,888	Y	N	Y
		Hulane Electronics (Vietnam) Limited	Subsidiary of which more than 50% of its shares is held by the investor	1,213,429	99,177 (US\$ 3,230)	99,177 (US\$ 3,230)	13,342	-	1.63	2,426,888	Y	N	N
		PT. Hulane Tech Manufacturing	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	606,715	32,854 (US\$ 1,070)	32,854 (US\$ 1,070)	-	-	0.54	2,426,888	Y	N	N
		Hulane Electronics (Nanjing) Limited	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	606,715	129,810 (CNY 30,000)	129,810 (CNY 30,000)	103,308	-	2.14	2,426,888	Y	N	Y
1	Hulane Electronics (Nanjing) Limited (Note 2)	Jiaxing Shanghe Electronic Technology Co., Ltd.	Investee company of which up to 100% of its ordinary shares is held by the Hu Lane Associate Inc. and its subsidiaries	130,809	108,175 (CNY 25,000)	108,175 (CNY 25,000)	31,312	108,175	8.27	523,236	N	N	Y

Note 1: The amount of endorsements or guarantee of Hu Lane Associate Inc. does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hu Lane Associate Inc. The rest is limited by 10% of current net value of Hu Lane Associate Inc.

Note 2: The amount of endorsements or guarantee of Hulane Electronics (Nanjing) does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hulane Electronics (Nanjing). The rest is limited by 10% of current net value of Hulane Electronics (Nanjing).

Note 3: The cumulative amount of Hu Lane Associate Inc. and Hulane Electronics (Nanjing)'s endorsements does not exceed 40% of current net value on the financial statements.

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Hu Lane Associate Inc.	<u>Domestic listed shares</u>							
	Chia Chang Co., Limited	-	Financial assets at fair value through profit or loss - current	10,451	\$ 455	-	\$ 455	
	HD Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	700,000	91,350	-	91,350	
	<u>Mutual funds</u>							
	Allianz Global Investors US Short Duration High Income Bond Fund	-	Financial assets at fair value through profit or loss - current	850,494	7,334	-	7,334	

TABLE 4**HU LANE ASSOCIATE INC. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Hu Lane Associate Inc.	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	\$ (1,627,766)	(56)	365 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	\$ 1,474,440	81	
Dongguan Hulane Electronics Technology	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(1,621,251)	(88)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	924,217	77	
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(1,770,188)	(83)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	373,601	73	
Dongguan Hulane Electronics Technology	Hu Lane Associate Inc.	Parent company	Sale	(147,715)	(8)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	45,962	4	
Hulane Electronics (Nanjing) Limited	Hu Lane Associate Inc.	Parent company	Sale	(199,634)	(9)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	67,031	13	
Hulane Electronics (Vietnam) Limited	Hu Lane Associate Inc.	Parent company	Sale	(125,520)	(25)	90 days	Not significantly different from general customers	Credit conditions adjusted based on Vietnam's trading practices	10,474	8	
Dongguan Hulane Electronics Technology	Hulane Electronics (Nanjing) Limited	Subsidiary	Sale	(100,374)	(2)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	32,361	1	
Hulane Electronics (Vietnam) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(217,038)	(43)	270 days	Not significantly different from general customers	Credit conditions adjusted based on Vietnam's trading practices	96,414	78	
Dongguan Hulane Puguang Trading Co., Ltd.	Hu Lane Associate Inc.	Parent company	Sale	(130,369)	(2)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practice	37,734	1	
	Dongguan Hulane Electronics Technology	Subsidiary	Sale	(129,717)	(2)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	54,248	2	
Jiaxing Shanghe Electronic Technology Co., Ltd.	Hulane Electronics (Nanjing) Limited	Subsidiary	Sale	(134,323)	(19)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	11,556	6	
	Dongguan Hulane Puguang Trading Co., Ltd	Subsidiary	Sale	(254,186)	(36)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	74,600	37	
Dongguan Hulane Puguang Trading Co., Ltd	Shenzhen Lianjie Industrial Co., Ltd	Related party in substance	Sale	(139,298)	(2)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	-	-	

TABLE 5

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	\$ 373,601	3.02	\$ -	-	\$ 226,562	\$ -
Dongguan Hulane Electronics Technology	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	924,217	1.75	-	-	218,511	-
Hu Lane Associate Inc.	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	1,474,440	2.21	-	-	220,526	-

TABLE 6

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	Hu Lane Associate Inc.	Hulane Electronic (Nanjing) Co., Ltd.	1	Other receivables	\$ 68,174	Regular settlement or debit-credit offset	-
		Hulane Electronic (Nanjing) Co., Ltd.	1	Other revenue	57,061	Based on general terms	1
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Other receivables	56,692	Regular settlement or debit-credit offset	1
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Other revenue	57,571	Based on general terms	1
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Trade receivables from related parties	1,474,440	Regular settlement or debit-credit offset	-
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Other receivables	11,882	Regular settlement or debit-credit offset	-
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Sales	1,627,766	Based on general terms	22
		Hulane Electronic (Vietnam) Co., Ltd.	1	Trade receivables from related parties	20,306	Regular settlement or debit-credit offset	-
		Hulane Electronic (Vietnam) Co., Ltd.	1	Other receivables	132,610	Regular settlement or debit-credit offset	-
		Hulane Electronic (Vietnam) Co., Ltd.	1	Sales	20,514	Based on general terms	-
		PT. Hulane Tech Manufacturing	1	Trade receivables from related parties	23,451	Regular settlement or debit-credit offset	-
		PT. Hulane Tech Manufacturing	1	Sales	52,499	Based on general terms	1
1	Hulane Electronic (Nanjing) Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	67,031	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	199,634	Based on general terms	3
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	373,601	Regular settlement or debit-credit offset	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	1,770,188	Based on general terms	24
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Other receivables	69,956	Regular settlement or debit-credit offset	-
		Jiaxing Shanghe Electronic Technology Co., Ltd.	2	Sales	49,780	Based on general terms	1
		PT. Hulane Tech Manufacturing	3	Sales	22,274	Based on general terms	-
2	Dongguan Hulane Electronic Technology Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	45,962	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	147,715	Based on general terms	2
		Hulane Electronic (Nanjing) Co., Ltd.	3	Sales	34,378	Based on general terms	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	924,217	Regular settlement or debit-credit offset	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	1,621,251	Based on general terms	22
3	Dongguan Hulane Puguang Trading Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	37,734	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	130,369	Based on general terms	2
		Hulane Electronic (Nanjing) Co., Ltd.	3	Trade receivables from related parties	32,361	Regular settlement or debit-credit offset	-
		Hulane Electronic (Nanjing) Co., Ltd.	3	Sales	100,374	Based on general terms	1
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Trade receivables from related parties	54,248	Regular settlement or debit-credit offset	-
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Sales	129,717	Based on general terms	2
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Prepayment	24,136	Regular settlement or debit-credit offset	-
		Jiaxing Shanghe Electronic Technology Co., Ltd.	3	Sales	13,035	Based on general terms	-
		Hulane Electronic (Vietnam) Co., Ltd.	3	Trade receivables from related parties	97,840	Regular settlement or debit-credit offset	-
		Hulane Electronic (Vietnam) Co., Ltd.	3	Sales	87,193	Based on general terms	1
		PT. Hulane Tech Manufacturing	3	Trade receivables from related parties	10,118	Regular settlement or debit-credit offset	-
		PT. Hulane Tech Manufacturing	3	Sales	11,157	Based on general terms	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
4	Hulane Electronic (Vietnam) Co., Ltd.	Hu Lane Associate Inc.	2	Trade receivables from related parties	\$ 10,474	Regular settlement or debit-credit offset	-
		Hu Lane Associate Inc.	2	Sales	125,520	Based on general terms	2
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	96,414	Regular settlement or debit-credit offset	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	217,038	Based on general terms	3
5	Evervalue Investments Limited	Hulane Electronic (Vietnam) Co., Ltd.	3	Other payables	65,105	Regular settlement or debit-credit offset	-
		PT. Hulane Tech Manufacturing	3	Other payables	56,580	Regular settlement or debit-credit offset	-
6	PT. Hulane Tech Manufacturing	Hu Lane Associate Inc.	2	Sales	11,131	Based on general terms	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	10,035	Based on general terms	-
7	Jiaxing Shanghe Electronic Technology Co., Ltd.	Hulane Electronic (Nanjing) Co., Ltd.	3	Trade receivables from related parties	11,556	Regular settlement or debit-credit offset	-
		Hulane Electronic (Nanjing) Co., Ltd.	3	Sales	134,323	Based on general terms	2
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	74,600	Regular settlement or debit-credit offset	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	254,186	Based on general terms	3

Note 1: The No column is denoted as follows:

- a. The parent company is numbered 0.
- b. The subsidiary companies are numbered starting from 1.

Note 2: The relationship column is denoted as follows:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets for asset and liability accounts and as the cumulative amount to consolidated total revenue for profit and loss accounts.

Note 4: A transaction of NT\$10 million or more.

(Concluded)

TABLE 7**HU LANE ASSOCIATE INC. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Hu Lane Associate Inc.	Evervalue Investments Limited	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investment	\$ 467,557	\$ 467,557	15,220	100.00	\$ 3,352,026	\$ 426,075	\$ 426,075	Note 1
	Telford Investments Limited	"	Investment	38,490	38,490	1,034	100.00	183,970	9,242	9,242	
	Eagle Good Limited	"	Investment	225,132	225,132	10,680	100.00	268,188	36,858	36,858	
	Hulane Electronics (Vietnam) Limited	Vietnam	Manufacturing	182,033	182,033	6,300	100.00	229,200	55,580	55,580	
	Shang Ho Industry Co., Ltd.	Taiwan	Manufacturing	-	63,500	-	-	-	(9,593)	(9,593)	Note 3
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	15,472	15,472	800	12.31	22,370	32,061	7,395	Note 2
	HuLane Associate Inc. Europe S.r.l.	Italy	Manufacturing	14,689	-	500	90.00	13,541	(1,987)	(1,788)	
Evervalue Investments Limited	Fortune Master Development Limited	Hong Kong	Investment	277,993	277,993	9,400	100.00	1,911,386	276,898	276,898	
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	143,164	36,286	3,474	71.91	196,896	32,061	18,867	

Note 1: The acquisition was made through a merger on June 1, 2022.

Note 2: Established in May 2023.

Note 3: Hu Lane Associate's board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

TABLE 8

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Hulane Electronics (Nanjing) Limited	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,500	Note 1	\$ 275,946	\$ -	\$ -	\$ 275,946	\$ 106,067	100.00	\$ 106,067	\$ 1,308,089	\$ 280,804
Dongguan Hulane Electronics Technology	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,000	Note 1	236,287	-	-	236,287	261,851	100.00	261,851	1,475,891	178,959
Dongguan Hulane Puguang Trading Co., Ltd.	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,600	Note 1	41,706	-	-	41,706	10,417	100.00	10,417	393,858	-
Lear (China) Holding Limited	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,500	Note 2	16,608	-	-	16,608	3,728	40.00	1,491	13,783	-
Jiaxing Shanghe Electronic Technology Co., Ltd.	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 10,500	Note 3	133,740	-	-	133,740	36,857	100.00	36,857	268,169	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
US\$26,090 thousand (NT\$704,287 thousand)	US\$26,090 thousand	\$6,110,232 thousand × 60% = \$3,666,138 thousand

Note 1: Investment through companies incorporated in a third region.

Note 2: Direct investment by the Company.

Note 3: The acquisition through merger of Eagle Good Limited.

TABLE 9

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Amount	Price	Payment Terms	Comparison with Normal Transaction	Ending Balance	%	Unrealized (Gain) Loss
Hulane Electronics (Nanjing) Limited	Sales Purchase	\$ 2,051,443 263,979	Not significantly different from general customers Not significantly different from general customers	90-270 days 90 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	\$ 455,811 (48,172)	89 (16)	Note 2 -
Dongguan Hulane Puguang Trading Co., Ltd.	Sales Purchase	471,992 5,518,118	Not significantly different from general customers Not significantly different from general customers	90-180 days 180-365 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	238,862 (2,983,667)	8 (99)	Note 2 -
Dongguan Hulane Electronics Technology	Sales Purchase	1,803,344 139,879	Not significantly different from general customers Not significantly different from general customers	90-270 days 90-365 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	974,756 (59,501)	81 (13)	Note 2 -
Jiaxing Shanghe Electronic Technology Co., Ltd.	Sales Purchase	389,050 78,491	Not significantly different from general customers Not significantly different from general customers	270 days 270 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	86,504 (80,171)	43 (36)	- -
Lear (China) Holding Limited	Purchase	132,609	Not significantly different from general customers	270 days	Credit conditions adjusted based on China’s trading practices	(62,386)	(91)	-

Note 1: All unrealized gains and losses with investee companies in mainland China were eliminated in the consolidated financial statements.

Note 2: Hulane Electronics (Nanjing) Limited had an unrealized balance of \$22,454 thousand through December 31, 2023; the unrealized balance of Dongguan Hulane Puguang Trading Co., Ltd. is \$179,020 thousand; the unrealized balance of Dongguan Hulane Electronics Technology is \$68,655 thousand.

TABLE 10**HU LANE ASSOCIATE INC.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Ching Hu	5,775,315	5.79

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Appendix 2. 2023 Parent Company Only Financial Report

Hu Lane Associate Inc.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hu Lane Associate Inc.

Opinion

We have audited the accompanying financial statements of Hu Lane Associate Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits of the financial statements, in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Revenue

For the year ended December 31, 2022, the operating revenue amounted to \$2,671,927 thousand. Some single customers contributed more to the Company's revenue amounted to NT\$1,283,079 thousand. The operating revenue derived from some major customers amounted to \$281,593 thousand. Since some single customers contributed more to the Company's operating revenue and there was material change on the amount of operating revenue as compared with the same period last year, the occurrence of the operating revenue from the abovementioned customers was identified as a key audit matter.

Refer to Note 4 to the Company's financial statements for the accounting policy of revenue recognition.

Our audit procedures performed to verify the occurrence of revenue in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and tested the operating effectiveness of the relevant internal controls.
2. We sampled the transaction documents and the bank collection records, and checked whether the recipients of the products were the same as the counterparties of the transactions.

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

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

In preparing the 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 supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company 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 financial statements for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Jiun-hung Shih and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

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

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

HU LANE ASSOCIATE INC

BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 279,550	3	\$ 128,222	1
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 24)	99,139	1	443	-
Notes receivable (Notes 4, 8 and 26)	41,521	1	44,510	1
Trade receivables from unrelated parties (Notes 4 and 8)	247,877	3	267,416	3
Trade receivables from related parties (Note 25)	1,519,001	16	965,702	11
Other receivables from unrelated parties	9,583	-	16,641	-
Other receivables from related parties (Note 25)	277,237	3	328,919	4
Current tax assets (Notes 4 and 20)	28,782	-	22,242	-
Inventories (Notes 4 and 9)	271,401	3	242,735	3
Other current assets	<u>8,386</u>	-	<u>56,318</u>	1
Total current assets	<u>2,782,477</u>	<u>30</u>	<u>2,073,148</u>	<u>24</u>
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 10)	4,083,078	44	4,295,872	49
Property, plant and equipment (Notes 4, 11 and 26)	2,271,660	25	2,213,228	26
Right-of-use assets (Notes 4 and 12)	12,823	-	12,773	-
Investment properties (Note 4)	2,486	-	2,490	-
Intangible assets (Note 4)	10,506	-	6,329	-
Deferred tax assets (Notes 4 and 20)	55,472	1	33,726	-
Other non-current assets	<u>36,693</u>	-	<u>51,838</u>	1
Total non-current assets	<u>6,472,718</u>	<u>70</u>	<u>6,616,256</u>	<u>76</u>
TOTAL	<u>\$ 9,255,195</u>	<u>100</u>	<u>\$ 8,689,404</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 13 and 26)	\$ 770,000	8	\$ 2,111,000	24
Financial liabilities at fair value through profit or loss - current (Note 7)	2,400	-	-	-
Notes payable	27,810	-	26,111	1
Trade payables to unrelated parties	223,553	2	185,205	2
Trade payables to related parties (Note 25)	163,974	2	280,410	3
Other payables to unrelated parties (Note 15)	225,845	3	244,053	3
Other payables to related parties (Note 25)	1,070	-	9,103	-
Current tax liabilities (Notes 4 and 20)	175,312	2	68,660	1
Finance lease payables - current (Notes 4 and 12)	6,632	-	4,852	-
Other current liabilities	<u>15,442</u>	-	<u>16,956</u>	-
Total current liabilities	<u>1,612,038</u>	<u>17</u>	<u>2,946,350</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 14 and 24)	1,385,635	15	-	-
Deferred tax liabilities (Notes 4 and 20)	150,799	2	153,012	2
Finance lease payables - non-current (Notes 4 and 12)	6,405	-	8,114	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	33,076	-	28,676	-
Other non-current liabilities	<u>20</u>	-	<u>20</u>	-
Total non-current liabilities	<u>1,575,935</u>	<u>17</u>	<u>189,822</u>	<u>2</u>
Total liabilities	<u>3,187,973</u>	<u>34</u>	<u>3,136,172</u>	<u>36</u>
EQUITY (Notes 4 and 17)				
Share capital				
Ordinary shares	<u>996,554</u>	<u>11</u>	<u>996,547</u>	<u>12</u>
Capital surplus	<u>1,088,799</u>	<u>12</u>	<u>934,183</u>	<u>11</u>
Retained earnings				
Legal reserve	996,547	11	949,240	11
Special reserve	201,083	2	263,672	3
Unappropriated earnings	<u>3,025,729</u>	<u>33</u>	<u>2,550,756</u>	<u>29</u>
Total retained earnings	<u>4,223,359</u>	<u>46</u>	<u>3,763,668</u>	<u>43</u>
Other equity	<u>(241,490)</u>	<u>(3)</u>	<u>(141,166)</u>	<u>(2)</u>
Total equity	<u>6,067,222</u>	<u>66</u>	<u>5,553,232</u>	<u>64</u>
TOTAL	<u>\$ 9,255,195</u>	<u>100</u>	<u>\$ 8,689,404</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

HU LANE ASSOCIATE INC

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)	\$ 2,887,430	100	\$ 2,671,927	100
OPERATING COSTS (Notes 9, 19 and 25)	<u>1,860,613</u>	<u>64</u>	<u>1,969,797</u>	<u>74</u>
GROSS PROFIT	1,026,817	36	702,130	26
(UNREALIZED) REALIZED GAIN WITH SUBSIDIARIES (Notes 4 and 25)	<u>(82,578)</u>	<u>(3)</u>	<u>(3,627)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>944,239</u>	<u>33</u>	<u>698,503</u>	<u>26</u>
OPERATING EXPENSES (Notes 4, 8, 19 and 25)				
Selling and marketing expenses	108,244	4	98,147	4
General and administrative expenses	189,788	7	186,170	7
Research and development expenses	117,529	4	81,962	3
Expected credit loss	<u>2,098</u>	<u>-</u>	<u>902</u>	<u>-</u>
Total operating expenses	<u>417,659</u>	<u>15</u>	<u>367,181</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>526,580</u>	<u>18</u>	<u>331,322</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 19)	1,418	-	338	-
Other income (Notes 19 and 25)	148,103	5	140,542	5
Other gains and losses (Note 19)	(10,918)	-	57,308	2
Finance costs (Note 4)	(34,876)	(1)	(16,590)	-
Share of profit of subsidiaries and associates (Note 4)	<u>525,260</u>	<u>18</u>	<u>580,678</u>	<u>22</u>
Total non-operating income and expenses	<u>628,987</u>	<u>22</u>	<u>762,276</u>	<u>29</u>
PROFIT BEFORE INCOME TAX	1,155,567	40	1,093,598	41
INCOME TAX EXPENSE (Notes 4 and 20)	<u>234,346</u>	<u>8</u>	<u>93,697</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>921,221</u>	<u>32</u>	<u>999,901</u>	<u>37</u>

(Continued)

HU LANE ASSOCIATE INC

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 16 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (4,310)	-	\$ 5,026	-
Share of other comprehensive income (loss) of subsidiaries and associates	1,754	-	(1,424)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>862</u>	<u>-</u>	<u>(1,005)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(1,694)</u>	<u>-</u>	<u>2,597</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(482)	-	1,708	-
Share of other comprehensive (loss) income of subsidiaries and associates	<u>(103,996)</u>	<u>(4)</u>	<u>62,305</u>	<u>3</u>
Total items that may be reclassified subsequently to profit or loss	<u>(104,478)</u>	<u>(4)</u>	<u>64,013</u>	<u>3</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(106,172)</u>	<u>(4)</u>	<u>66,610</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 815,049</u>	<u>28</u>	<u>\$ 1,066,511</u>	<u>40</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 9.24</u>		<u>\$ 10.03</u>	
Diluted	<u>\$ 9.04</u>		<u>\$ 10.00</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

HU LANE ASSOCIATE INC

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 996,547	\$ 1,033,837	\$ 871,116	\$ 262,423	\$ 2,024,826	\$ (203,755)	\$ -	\$ 4,984,994
Appropriation of 2021 earnings								
Legal reserve	-	-	78,124	-	(78,124)	-	-	-
Special reserve	-	-	-	1,249	(1,249)	-	-	-
Cash dividends	-	-	-	-	(398,619)	-	-	(398,619)
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)
Net profit for the year ended December 31, 2022	-	-	-	-	999,901	-	-	999,901
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	4,021	64,013	(1,424)	66,610
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,003,922	64,013	(1,424)	1,066,511
BALANCE AT DECEMBER 31, 2022	996,547	934,183	949,240	263,672	2,550,756	(139,742)	(1,424)	5,553,232
Appropriation of 2022 earnings								
Legal reserve	-	-	47,307	-	(47,307)	-	-	-
Special reserve	-	-	-	(62,589)	62,589	-	-	-
Cash dividends	-	-	-	-	(458,412)	-	-	(458,412)
Changes in percentage of ownership interests in subsidiaries	-	2,610	-	-	-	2,730	-	5,340
Equity component of convertible bonds issued by the Company	-	251,575	-	-	-	-	-	251,575
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)
Convertible bonds converted to ordinary shares	7	85	-	-	-	-	-	92
Net profit for the year ended December 31, 2023	-	-	-	-	921,221	-	-	921,221
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(3,448)	(104,478)	1,754	(106,172)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	917,773	(104,478)	1,754	815,049
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	330	-	(330)	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 996,554</u>	<u>\$ 1,088,799</u>	<u>\$ 996,547</u>	<u>\$ 201,083</u>	<u>\$ 3,025,729</u>	<u>\$ (241,490)</u>	<u>\$ -</u>	<u>\$ 6,067,222</u>

The accompanying notes are an integral part of the financial statements.

HU LANE ASSOCIATE INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,155,567	\$ 1,093,598
Adjustments for:		
Depreciation expenses	115,801	82,164
Amortization expenses	19,598	11,794
Expected credit loss recognized	2,098	902
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	(10,498)	83
Finance costs	34,876	16,590
Interest income	(1,418)	(338)
Dividend income	(2,826)	(31)
Share of profit of subsidiaries and associates	(525,260)	(580,678)
Gain on disposal of property, plant and equipment	(5,153)	(512)
Gain on lease modifications	(43)	(6)
Reversal of write-downs of inventories	(3,313)	(3,014)
Unrealized gain (loss) on transactions with subsidiaries	82,578	3,627
Gain from bargain purchase	-	(15,341)
Changes in operating assets and liabilities		
Notes receivable	4,343	6,398
Trade receivables from unrelated parties	47,490	(26,463)
Trade receivables from related parties	(553,158)	(288,554)
Other receivables from unrelated parties	7,211	(4,139)
Other receivables from related parties	51,682	(124,993)
Inventories	(13,585)	57,755
Other current assets	35,835	(19,914)
Other non-current assets	4,583	8,364
Notes payable	1,699	23,185
Trade payables from unrelated parties	26,047	2,266
Trade payables from related parties	(116,436)	55,088
Other payables from unrelated parties	61,405	29,878
Other payables from related parties	(8,033)	(213,740)
Other current liabilities	(29,208)	(9,894)
Net defined benefit liability	90	(95)
Cash generated from operations	381,972	103,980
Interest received	1,418	338
Interest paid	(20,294)	(15,206)
Income tax received	5,557	-
Income tax paid	(123,909)	(98,682)
Net cash generated from (used in) operating activities	244,744	(9,570)

(Continued)

HU LANE ASSOCIATE INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	\$ (79,100)	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss	7,575	-
Investments accounted for using the equity method	(14,689)	(16,608)
Payments for acquisition of subsidiary	-	(154,892)
Payments for property, plant and equipment	(225,317)	(285,763)
Proceeds from disposal of property, plant and equipment	23,744	33,397
Increase in refundable deposits	(1,665)	(674)
Payments for intangible assets	(8,880)	(5,430)
Cash inflow on combination	12,972	-
Dividends received	<u>471,175</u>	<u>31</u>
Net cash generated from (used in) investing activities	<u>185,815</u>	<u>(429,939)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	911,000
Repayment of short-term borrowings	(1,341,000)	-
Proceeds from issuance of bonds	1,623,855	-
Repayment of the principal portion of lease liabilities	(6,480)	(3,937)
Dividends paid to owners of the Company	(558,066)	(498,273)
Payment of ownership interests in subsidiaries	<u>-</u>	<u>(133,740)</u>
Net cash (used in) generated from financing activities	<u>(281,691)</u>	<u>275,050</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,460</u>	<u>(23,047)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151,328	(187,506)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>128,222</u>	<u>315,728</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 279,550</u>	<u>\$ 128,222</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

HU LANE ASSOCIATE INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Hu Lane Associate Inc. (the “Company”) was incorporated in July 1977 as Hu Lane Enterprise Co., Ltd. and renamed as Hu Lane Industry Co., Ltd. on January 29, 2001, and later renamed again as Hu Lane Associate Inc. in 2003. The Company established the Hong Kong Branch in October 2001. The Company is mainly engaged in the manufacturing and sale of terminal devices, terminal crimping, industrial rubber and plastic products.

The Company’s shares have been listed on the Taipei Exchange since November 26, 2003. The Company’s stockholders approved the planned merger with Jie Yun Industry Co., Ltd. on May 28, 2004 with the effective merger date on August 31, 2004, and the Company was the surviving entity. The Company’s board of directors approved the planned merger with I-hung Steel Co., Ltd. on April 10, 2014 with the effective merger date on May 12, 2014, and the Company was the surviving entity. Hu Lane Associate’s board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 12, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

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

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

e. Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting the financial statements, the functional currencies of the Company are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation (attributable to the owners of the Company) are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in equity transactions and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Company.

h. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent that interests in the associate are not related to the Company.

i. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or asset related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or asset related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified as financial assets at fair value through profit or loss and financial assets at amortized cost.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are mandatorily classified or designated as at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 24.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 24.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible corporate bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the goods or services promised in the contracts are a single performance obligation.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of terminals and molds. Sales of terminals and molds are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

The sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 680	\$ 1,229
Checking accounts and demand deposits	229,742	126,993
Cash equivalents		
Time deposits with original maturities within three months	<u>49,128</u>	<u>-</u>
	<u>\$ 279,550</u>	<u>\$ 128,222</u>

The market rate intervals of demand deposits at the end of year were as follows:

	December 31	
	2023	2022
Demand deposits	0.01%-1.45%	0.01%-1.05%
Time deposits	5.20%-5.30%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 73
Non-derivative financial assets		
Domestic listed shares	91,805	370
Mutual funds	<u>7,334</u>	<u>-</u>
	<u>\$ 99,139</u>	<u>\$ 443</u>
<u>Financial liabilities at FVTPL - current</u>		
Derivative financial liabilities (not under hedge accounting)		
Redemption rights and put options (Note 14)	<u>\$ 2,400</u>	<u>\$ -</u>

At the end of the reporting period, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	NT\$/US\$	June 8, 2022 - March 8, 2023 (Note)	NT\$30,442/US\$1,000

Note: Extension from December 8, 2022 to March 8, 2023.

The Company entered into the foreign exchange swap to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

The above derivative transactions, the gain on financial assets at fair value through profit or loss amounted to \$73 thousand for the year ended December 31, 2022.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ <u>41,521</u>	\$ <u>44,510</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 251,476	\$ 277,467
Less: Allowance for impairment loss	<u>(3,599)</u>	<u>(10,051)</u>
	\$ <u>247,877</u>	\$ <u>267,416</u>

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables.

The Company adopted a policy of only dealing with reputable entities, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive vice president, internal audit department and accounting department annually.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position at the reporting date. As the Company's historical credit loss experience show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Company's different customer base.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.06%-0.17%	0.30%-0.96%	1.73%-17.71%	24.41%-42.06%	100%	
Gross carrying amount	\$ 212,003	\$ 33,170	\$ 1,219	\$ 3,366	\$ 1,718	\$ 251,476
Loss allowance (Lifetime ECLs)	<u>(337)</u>	<u>(297)</u>	<u>(72)</u>	<u>(1,175)</u>	<u>(1,718)</u>	<u>(3,599)</u>
Amortized cost	<u>\$ 211,666</u>	<u>\$ 32,873</u>	<u>\$ 1,147</u>	<u>\$ 2,191</u>	<u>\$ -</u>	<u>\$ 247,877</u>

December 31, 2022

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Expected credit loss rate	0.04%-0.05%	0.18%-0.34%	4.83%-19.27%	39.46%-51.13%	100%	
Gross carrying amount	\$ 212,819	\$ 51,417	\$ 3,796	\$ 552	\$ 8,883	\$ 277,467
Loss allowance (Lifetime ECLs)	<u>(105)</u>	<u>(147)</u>	<u>(634)</u>	<u>(282)</u>	<u>(8,883)</u>	<u>(10,051)</u>
Amortized cost	<u>\$ 212,714</u>	<u>\$ 51,270</u>	<u>\$ 3,162</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 267,416</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 10,051	\$ 9,118
Add: Acquisitions through business combinations	4	-
Add: Net remeasurement of loss allowance	2,098	902
Less: Amounts written off	(8,511)	-
Foreign exchange gains and losses	<u>(43)</u>	<u>31</u>
Balance at December 31	<u>\$ 3,599</u>	<u>\$ 10,051</u>

9. INVENTORIES

	<u>December 31</u>	
	2023	2022
Finished goods	\$ 141,441	\$ 154,049
Work in progress	44,679	38,902
Raw materials and supplies	70,109	43,617
Merchandise	<u>15,172</u>	<u>6,167</u>
	<u>\$ 271,041</u>	<u>\$ 242,735</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$1,860,613 thousand and \$1,969,797 thousand, respectively. The cost of goods sold included reversal of inventory write-downs from price recovery of inventory, which amounted to \$3,313 thousand and \$3,014 thousand in 2023 and 2022, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 4,069,295	\$ 4,283,343
Investments in associates	<u>13,783</u>	<u>12,529</u>
	<u>\$ 4,083,078</u>	<u>\$ 4,295,872</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
<u>Non publicly quoted entity</u>		
Evervalue Investments Limited	\$ 3,352,026	\$ 3,567,422
Telford Investments Limited	183,970	174,727
Hu Lane Electronic (Vietnam) Co., Limited	229,200	213,317
PT. Hulane Tech Manufacturing (Note 1)	22,370	25,777
Shang Ho Industry Co., Limited (Note 4)	-	65,873
HuLane Associate Inc. Europe S.r.l. (Note 3)	13,541	-
Joywell Corporation Limited (Note 2)	<u>268,188</u>	<u>236,227</u>
	<u>\$ 4,069,295</u>	<u>\$ 4,283,343</u>

	Proportion of Ownership and Voting Rights	
	December 31	
Subsidiaries	2023	2022
Evervalue Investments Limited	100%	100%
Telford Investments Limited	100%	100%
Hu Lane Electronic (Vietnam) Co., Limited	100%	100%
PT. Hulane Tech Manufacturing (Note 1)	12%	32%
Shang Ho Industry Co., Limited (Note 4)	-	100%
HuLane Associate Inc. Europe S.r.l.	90%	-
Joywell Corporation Limited (Note 2)	100%	100%

Note 1: PT. HULANE TECH MANUFACTURING resolved to increase cash capital by the board of directors in July 2022. The Company's board of directors resolved to participate in the capital increase in November 2022, and the capital increase was completed in June 2023.

Note 2: The subsidiary's 100% equity was acquired by the Company in June 2022.

Note 3: In November 2022, Hu Lane Associate's board of directors resolved to approve the investment proposal, and established HuLane Associate Inc. Europe S.r.l. in May 2023.

Note 4: Hu Lane Associate's board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

b. Investments in associates

	December 31	
	2023	2022
Associate that is not individually material		
Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd.	\$ <u>13,783</u>	\$ <u>12,529</u>
	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Loss from continuing operations	\$ 1,491	\$ (4,240)
Other comprehensive income	<u>(237)</u>	<u>161</u>
Total comprehensive loss for the year	\$ <u>1,254</u>	\$ <u>(4,079)</u>

In January 2022, The Group established Yangzhou Lear Hulane Automotive Parts Trading CO., Ltd. with Lear (China) Holding Limited with a capital of US\$600 thousand of which the Company holds 40%, and acquired a significant impact on the Company.

The calculation is based on the unaudited financial statements of Yangzhou Lear Hulane Automotive Parts Trading CO., Ltd. However, the management considers that the unaudited financial statements of the above investees do not have material impacts.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Other Equipment	Prepayments for Equipment and Property under Construction	Total
Cost								
Balance at January 1, 2022	\$ 1,008,022	\$ 675,925	\$ 228,839	\$ 6,216	\$ 11,053	\$ 2,684	\$ 290,678	\$ 2,223,417
Additions	-	55,148	128,134	1,329	7,187	3,075	107,144	302,017
Disposals	-	-	(1,063)	(2,002)	-	-	(26,228)	(29,293)
Effect of foreign currency exchange differences	-	-	-	-	38	-	-	38
Reclassifications	-	203,420	53,415	-	5,359	1,494	(274,402)	(10,714)
Balance at December 31, 2022	<u>1,008,022</u>	<u>934,493</u>	<u>409,325</u>	<u>5,543</u>	<u>23,637</u>	<u>7,253</u>	<u>97,192</u>	<u>2,485,465</u>
Accumulated depreciation								
Balance at January 1, 2022	-	41,381	143,828	2,075	6,293	2,507	-	196,084
Depreciation expense	-	16,162	58,094	950	2,068	886	-	78,160
Disposals	-	-	(845)	(1,200)	-	-	-	(2,045)
Effect of foreign currency exchange differences	-	-	-	-	38	-	-	38
Balance at December 31, 2022	-	<u>57,543</u>	<u>201,077</u>	<u>1,825</u>	<u>8,399</u>	<u>3,393</u>	-	<u>272,237</u>
Carrying amounts at December 31, 2022	<u>\$ 1,008,022</u>	<u>\$ 876,950</u>	<u>\$ 208,248</u>	<u>\$ 3,718</u>	<u>\$ 15,238</u>	<u>\$ 3,860</u>	<u>\$ 97,192</u>	<u>\$ 2,213,228</u>
Cost								
Balance at January 1, 2023	\$ 1,008,022	\$ 934,493	\$ 409,325	\$ 5,543	\$ 23,637	\$ 7,253	\$ 97,192	\$ 2,485,465
Additions	-	22,778	84,920	257	2,111	1,170	80,082	191,318
Disposals	-	(1,236)	(69,429)	(931)	(587)	(2,940)	(18,812)	(93,935)
Acquisitions through business combinations	-	1,766	568	130	529	-	-	2,993
Effect of foreign currency exchange differences	-	-	-	-	2	-	-	2
Reclassifications	-	12,472	36,785	-	2,586	-	(54,056)	(2,213)
Balance at December 31, 2023	<u>1,008,022</u>	<u>970,273</u>	<u>462,169</u>	<u>4,999</u>	<u>28,278</u>	<u>5,483</u>	<u>104,406</u>	<u>2,583,630</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Other Equipment	Prepayments for Equipment and Property under Construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 57,543	\$ 201,077	\$ 1,825	\$ 8,399	\$ 3,393	\$ -	\$ 272,237
Depreciation expense	-	31,175	73,159	782	3,082	1,290	-	109,488
Disposals	-	(1,236)	(64,812)	(931)	(587)	(2,935)	-	(70,501)
Acquisitions through business combinations	-	115	386	115	128	-	-	744
Effect of foreign currency exchange differences	-	-	-	-	2	-	-	2
Balance at December 31, 2023	-	<u>87,597</u>	<u>209,810</u>	<u>1,791</u>	<u>11,024</u>	<u>1,748</u>	-	<u>311,970</u>
Carrying amounts at December 31, 2023	<u>\$ 1,008,022</u>	<u>\$ 882,676</u>	<u>\$ 252,359</u>	<u>\$ 3,208</u>	<u>\$ 17,254</u>	<u>\$ 3,735</u>	<u>\$ 104,406</u>	<u>\$ 2,271,660</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	5-50 years
Machinery equipment	2-11 years
Transportation equipment	5 years
Furniture and fixtures and other equipment	2-11 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 26.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Buildings	\$ 1,584	\$ 1,833
Office equipment	2,612	3,245
Transportation equipment	<u>8,627</u>	<u>7,695</u>
	<u>\$ 12,823</u>	<u>\$ 12,773</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 5,891</u>	<u>\$ 8,882</u>
Decrease to right-of-use assets	<u>\$ 94</u>	<u>\$ 570</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 716	\$ 671
Office equipment	666	756
Transportation equipment	<u>4,927</u>	<u>2,573</u>
	<u>\$ 6,309</u>	<u>\$ 4,000</u>

Except for the above additions, deductions and depreciation expense recognized, the Company's right-of-use assets were not significantly impaired in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ 6,632	\$ 4,852
Non-current	\$ 6,405	\$ 8,114

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Buildings	1.5336%-5.0000%	0.6719%-5.0000%
Office equipment	0.6627%-1.6500%	0.6627%
Transportation equipment	0.6667%-1.6500%	0.6667%-2.3800%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 898	\$ 1,071
Total cash outflow for leases	\$ (7,582)	\$ (5,176)

The Company's leases of certain building, office equipment and transportation equipment qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. BORROWINGS

	December 31	
	2023	2022
<u>Secured borrowings (Note 26)</u>		
Bank loans	\$ -	\$ 900,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	770,000	1,211,000
	<u>\$ 770,000</u>	<u>\$ 2,111,000</u>

The range of interest rate on short-term borrowings was 1.57%-1.70% and 1.38%-1.66% per annum as of December 31, 2023 and 2022, respectively.

14. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured domestic convertible bonds	\$ <u>1,385,635</u>	\$ <u>-</u>

The Company was approved by letters of FSC No. 1120339981 on May 8, 2023 and Republic of China Securities OTC Trading Center No. 11200053862 on June 9, 2023 to issue the first unsecured domestic convertible bonds on June 14, 2023. The conditions of issuance were as follows:

- a. Approved issuance quota: \$1,500,000 thousand.
- b. Amount issued: \$1,500,000 thousand.
- c. Face value: \$100 thousand, issued at face value.
- d. Issuance period: The issuance period is 5 years, and from June 14, 2023 to June 14, 2028.
- e. Issuance price (NT\$100 thousand each): NT\$108.61 (issued at 108.61% of face value).
- f. Coupon rate: 0%.
- g. Principal repayment method: Except for the holders of the corporate bonds who has conversion right to convert bonds into ordinary shares of the Company at \$146.5 per share, or exercise the right to sell back, or the Company redeems it in advance, or the Company buys it back and cancels it by the business office of the securities firm, the Company shall repay the convertible bonds in cash at face value when they mature.
- h. Conversion period: From the day after the issuance of the convertible bonds for three months (September 15, 2023) to the maturity date (June 14, 2028). The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.8047% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,233 thousand)	\$ 1,623,855
Equity component	(251,575)
Financial liabilities - redemption rights and put options	<u>(600)</u>
Liability component at the date of issue	1,371,680
Interest charged at an effective interest rate of 1.8047%	14,047
Convertible bonds converted into ordinary shares	<u>(92)</u>
Liability component at December 31, 2023	\$ <u>1,385,635</u>

15. OTHER PAYABLES

	December 31	
	2023	2022
Accrued salaries and bonuses	\$ 114,343	\$ 102,764
Compensation of employees and remuneration of directors and supervisors	54,807	50,113
Payables for equipment	22,477	56,476
Payables for interest	535	1,216
Others	<u>33,683</u>	<u>33,484</u>
	<u>\$ 225,845</u>	<u>\$ 244,053</u>

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. In addition, The branch in Hong Kong was defined contributions, under which the related contributions were made according to local regulations and monthly MPF payments to the MPFA.

The expense of 2023 and 2022 defined contribution plans is set out below:

	December 31	
	2023	2022
Defined contribution plans	<u>\$ 16,324</u>	<u>\$ 14,542</u>

b. Defined benefit plans

The defined benefit plan adopted by the Company with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 122,984	\$ 124,955
Fair value of plan assets	<u>(89,908)</u>	<u>(96,279)</u>

Net defined benefit liabilities	\$ <u>33,076</u>	\$ <u>28,676</u>
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Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ <u>129,727</u>	\$ <u>(95,930)</u>	\$ <u>33,797</u>
Service cost			
Current service cost	911	-	911
Net interest expense (income)	<u>843</u>	<u>(627)</u>	<u>216</u>
Recognized in profit or loss	<u>1,754</u>	<u>(627)</u>	<u>1,127</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,624)	(7,624)
Actuarial loss -changes in financial assumptions	(3,485)	-	(3,485)
Actuarial loss - experience adjustments	<u>6,083</u>	<u>-</u>	<u>6,083</u>
Recognized in other comprehensive income	<u>2,598</u>	<u>(7,624)</u>	<u>(5,026)</u>
Contributions from the employer	<u>-</u>	<u>(1,222)</u>	<u>(1,222)</u>
Benefits paid	<u>(9,124)</u>	<u>9,124</u>	<u>-</u>
Balance at December 31, 2022	\$ <u>124,955</u>	\$ <u>(96,279)</u>	\$ <u>28,676</u>
Balance at January 1, 2023	\$ <u>124,955</u>	\$ <u>(96,279)</u>	\$ <u>28,676</u>
Service cost			
Current service cost	726	-	726
Net interest expense (income)	<u>1,562</u>	<u>(1,211)</u>	<u>351</u>
Recognized in profit or loss	<u>2,288</u>	<u>(1,211)</u>	<u>1,077</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(798)	(798)
Actuarial loss -changes in financial assumptions	2,363	-	2,363
Actuarial loss - experience adjustments	<u>2,745</u>	<u>-</u>	<u>2,745</u>
Recognized in other comprehensive income	<u>5,108</u>	<u>(798)</u>	<u>4,310</u>
Contributions from the employer	<u>-</u>	<u>(987)</u>	<u>(987)</u>
Benefits paid	<u>(9,367)</u>	<u>9,367</u>	<u>-</u>
Balance at December 31, 2023	\$ <u>122,984</u>	\$ <u>(89,908)</u>	\$ <u>33,076</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.50%	2.00%
Mortality rate	Taiwan actuarial life table	
Turnover rate	Note	Note

Note: Based on historical experience of the turnover rate for the past few years and consideration of future developments.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (1,215)	\$ (1,413)
0.25% decrease	\$ 1,249	\$ 1,452
Expected rate of salary increase/decrease		
1% increase	\$ 5,092	\$ 5,960
1% decrease	\$ (4,659)	\$ (5,436)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ 987	\$ 1,222
Average duration of the defined benefit obligation	8.0 years	8.8 years

17. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>120,000</u>	<u>120,000</u>
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>99,655</u>	<u>99,654</u>
Shares issued	<u>\$ 996,554</u>	<u>\$ 996,547</u>

The change in the share capital of the Company is mainly due to the exercise of conversion right of convertible bonds.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 780,705	\$ 880,359
Conversion of bonds	102	-
Consolidation excess	53,723	53,723
<u>May only be used to offset deficit</u>		
Recognizes changes in the ownership interests in subsidiaries	2,610	-
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	101	101
<u>May not be used for any purpose</u>		
Share options	<u>251,558</u>	<u>-</u>
	<u>\$ 1,088,799</u>	<u>\$ 934,183</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares), bonds conversion of excess, consolidation excess and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, please refer to Note 19 f: Compensation of employees and remuneration of directors and supervisors.

In consideration of the operating environment and business growth, the Company distributed dividends both by cash and by stock to meet the capital needs for the Company's present and future expansion plans and to satisfy stockholders' cash flow requirements. In principle, cash dividends should not be lower than 10% of total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 had been approved in the shareholders' meetings on June 19, 2023 and June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2022	2022	2022
Legal reserve	\$ 47,307	\$ 78,124		
Special reserve	(62,589)	1,249		
Cash dividends	458,412	398,619	\$ 4.6	\$ 4.0

The Company's shareholders also resolved in the shareholders' meeting on June 19, 2023 and July 17, 2022 to issue cash dividends of \$99,654 thousand, respectively, from the capital surplus.

d. Other equity items

Unrealized valuation loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (1,424)	\$ -
Recognized for the year		
Share of profit or loss of subsidiaries accounted for using equity method	1,754	(1,424)
Other comprehensive income (loss) recognized in the period	1,754	(1,424)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	(330)	-
Balance at December 31	\$ -	\$ (1,424)

Exchange differences on translation of the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (139,742)	\$ (203,755)
Exchange differences on translation of the financial statements of foreign operations	(482)	1,708
Share from subsidiaries and associates accounted for using the equity method	(103,996)	62,305
Other comprehensive (loss) income recognized for the year	(104,478)	64,013
Partial acquisition of interests in subsidiaries	2,730	-
Balance at December 31	<u>\$ (241,490)</u>	<u>\$ (139,742)</u>

18. NET REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Revenue from products sales	<u>\$ 2,887,430</u>	<u>\$ 2,671,927</u>

19. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Bank deposits and loans to related parties	<u>\$ 1,418</u>	<u>\$ 338</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rent income	\$ 816	\$ 223
Premium income	121,661	120,535
Dividend income	2,826	51
Others	<u>22,800</u>	<u>19,753</u>
	<u>\$ 148,103</u>	<u>\$ 140,542</u>

The unrealized gain on disposal of equipment to a subsidiary in prior years was reclassified to realized gain of \$5,523 thousand and \$5,339 thousand in 2023 and 2022, respectively, and was recognized as other income - other.

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain (loss) on financial instruments at FVTPL	\$ 10,498	\$ (83)
Loss on disposal of investments	(2,730)	-
Net foreign exchange (losses) gains	(17,694)	42,074
Gain from bargain purchases (Note 22)	-	15,341
(Loss) gain on disposal of property, plant and equipment	(25)	661
Other losses	<u>(967)</u>	<u>(685)</u>
	<u>\$ (10,918)</u>	<u>\$ (57,308)</u>

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 109,488	\$ 78,160
Investment properties	4	4
Right-of-use assets	6,309	11,794
Intangible assets and others	<u>19,598</u>	<u>4,000</u>
	<u>\$ 135,399</u>	<u>\$ 93,958</u>
An analysis of depreciation by function		
Operating costs	\$ 89,445	\$ 68,380
Operating expenses	<u>26,356</u>	<u>13,784</u>
	<u>\$ 115,801</u>	<u>\$ 82,164</u>
An analysis of amortization by function		
Operating costs	\$ 9,011	\$ 5,373
Operating expenses	<u>10,587</u>	<u>6,421</u>
	<u>\$ 19,598</u>	<u>\$ 11,794</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 530,371	\$ 483,495
Post-employment benefits (Note 16)		
Defined contribution plans	16,324	14,542
Defined benefit plans	<u>1,077</u>	<u>1,127</u>
	<u>17,401</u>	<u>15,669</u>
Remuneration of directors	<u>20,953</u>	<u>19,595</u>
Other employee benefits	<u>29,114</u>	<u>26,735</u>
Total employee benefits expense	<u>\$ 597,839</u>	<u>\$ 545,494</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefits expense by function		
Operating costs	\$ 299,960	\$ 276,252
Operating expenses	<u>297,879</u>	<u>269,242</u>
	<u>\$ 597,839</u>	<u>\$ 545,494</u>
		(Concluded)

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at the rates of 1%-10% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 12, 2024 and March 24, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	3.61%	3.52%
Remuneration of directors	0.91%	0.86%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 43,727	\$ 40,222
Remuneration of directors	11,075	9,891

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAX

- a. Major components of tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
<u>Current tax</u>		
In respect of the current year	\$ 246,265	\$ 107,825
Income tax on unappropriated earnings	28,040	15,162
Adjustments for prior years	<u>(16,862)</u>	<u>(27,155)</u>
	257,443	95,832
<u>Deferred tax</u>		
In respect of the current year	<u>(23,097)</u>	<u>(2,135)</u>
Income tax expense recognized in profit or loss	<u>\$ 234,346</u>	<u>\$ 93,697</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 1,155,567</u>	<u>\$ 1,093,598</u>
Income tax expense calculated at the statutory rate	\$ 231,113	\$ 218,720
Tax exempt income	(107,171)	(116,125)
Unrecognized deductible temporary differences	658	3,095
Income tax on unappropriated earnings	28,040	15,162
Repatriations of subsidiaries investment income	98,568	-
Adjustments for prior years' tax	<u>(16,862)</u>	<u>(27,155)</u>
Income tax expense recognized in profit or loss	<u>\$ 234,346</u>	<u>\$ 93,697</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Actuarial gains and losses on defined benefit plan	<u>\$ 862</u>	<u>\$ (1,005)</u>

- c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 28,782</u>	<u>\$ 22,242</u>
Current tax liabilities		
Income tax payable	<u>\$ 175,312</u>	<u>\$ 68,660</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 5,735	\$ 18	\$ 862	\$ 6,615
Allowance for inventory losses	4,327	615	-	4,942
Unrealized exchange losses	-	4,488	-	4,488
Others	<u>23,664</u>	<u>15,763</u>	<u>-</u>	<u>39,427</u>
	<u>\$ 33,726</u>	<u>\$ 20,884</u>	<u>\$ 862</u>	<u>\$ 55,472</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 150,799	\$ -	\$ -	\$ 150,799
Unrealized exchange gains	<u>2,213</u>	<u>(2,213)</u>	<u>-</u>	<u>-</u>
	<u>\$ 153,012</u>	<u>\$ (2,213)</u>	<u>\$ -</u>	<u>\$ 150,799</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 6,759	\$ (19)	\$ (1,005)	\$ 5,735
Allowance for inventory losses	4,927	(600)	-	4,327
Others	<u>22,967</u>	<u>697</u>	<u>-</u>	<u>23,664</u>
	<u>\$ 34,653</u>	<u>\$ 78</u>	<u>\$ (1,005)</u>	<u>\$ 33,726</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 150,799	\$ -	\$ -	\$ 150,799
Unrealized exchange gains	<u>-</u>	<u>2,213</u>	<u>-</u>	<u>2,213</u>
	<u>\$ 150,799</u>	<u>\$ 2,213</u>	<u>\$ -</u>	<u>\$ 153,012</u>

e. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities. The Company includes Hong Kong branch's income in the calculation of its taxable income during tax declaration each year, and applied for tax refund after attestation by a local organization in Hong Kong recognized by the ROC. As of December 31,

2023, the Company applied for refund of tax through 2021, which was approved by the tax authorities through 2019. As of December 31, 2023 and 2022, tax refund receivables amounted to \$28,782 thousand and \$22,242 thousand, respectively.

21. EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 9.24</u>	<u>\$ 10.03</u>
Diluted earnings per share	<u>\$ 9.04</u>	<u>\$ 10.00</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 921,221	\$ 999,901
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>11,237</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 932,458</u>	<u>\$ 999,901</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,656	99,654
Effect of potentially dilutive ordinary shares:		
Convertible bonds	3,114	-
Compensation of employees	<u>338</u>	<u>350</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>103,108</u>	<u>100,004</u>

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Shang Ho Industry Co., Limited	Manufacture of plastic connectors and molds	June 1, 2022	100	<u>\$ 63,500</u>
Joywell Corporation Limited	Investment	June 1, 2022	100	<u>\$ 91,392</u>

In June 2022, Shang Ho Industry and Eagle Good were acquired in order to continue the expansion of the Company's activities in automotive products

b. Consideration transferred

	Shang Ho Industry Co., Limited	Joywell Corporation Limited
Cash	<u>\$ 63,500</u>	<u>\$ 91,392</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Shang Ho Industry Co., Limited	Joywell Corporation Limited
Current assets		
Cash and cash equivalents	\$ 28,433	\$ 8,360
Financial assets at fair value through profit or loss - current	17,794	-
Trade and other receivables	29,588	107,451
Inventories	18,802	62,416
Prepayments and other current assets	1,408	26,332
Non-current assets		
Financial assets at fair value through other comprehensive income - non-current	5,668	-
Property, plant and equipment	384	13,989
Right-of-use assets	6,301	4,727
Other intangible assets	3,313	-
Deferred tax assets	9,010	-
Other non-current assets	1,178	28,226
Current liabilities		
Short-term borrowings	(20,000)	-
Trade payables and other payables	(22,052)	(119,281)
Other current liabilities	(250)	(30,540)
Non-current liabilities		
Lease liabilities	<u>(6,330)</u>	<u>(4,694)</u>
	<u>\$ 73,247</u>	<u>\$ 96,986</u>

The gain recognized in bargain purchase transaction from the acquisition of Shang Ho Industry and Eagle Good by the Group in June 2022, was \$1,498 thousand and \$5,594 thousand, respectively. In 2022, the Group revalued the fair value of the identifiable net assets acquired from the acquisition of Shang Ho Industry and Eagle Good, and the gain recognized in bargain purchase transaction was \$9,747 thousand and \$5,594 thousand, respectively. The bargain purchase benefit is the difference between the amount of consideration transferred and the fair value of identifiable net assets acquired, and is recognized in profit or loss in 2022.

d. Net cash outflow on the acquisition of subsidiaries

	Shang Ho Industry Co., Limited	Joywell Corporation Limited
Consideration paid in cash	\$ 63,500	\$ 91,392
Less: Cash and cash equivalent balances acquired	<u>(28,433)</u>	<u>(8,360)</u>
	<u>\$ 35,067</u>	<u>\$ 83,032</u>

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the reporting period.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Management believes the carrying amounts of financial assets and financial liabilities not carried at fair values approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 91,805	\$ -	\$ -	\$ 91,805
Mutual funds	<u>7,334</u>	<u>-</u>	<u>-</u>	<u>7,334</u>
	<u>\$ 99,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,139</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Redemption rights and put options	\$ -	\$ -	\$ 2,400	\$ 2,400 (Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 370	\$ -	\$ -	\$ 370
Forward exchanges contracts	-	73	-	73
	\$ 370	\$ 73	\$ -	\$ 443

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

December 31, 2023

**For the Year
Ended December
31, 2023**

Financial liabilities at FVTPL

Balance at January 1, 2023	\$ -
Additions due to issuance of corporate bonds	600
Recognized in profit or loss (included in other gains and losses)	<u>1,800</u>
Balance at December 31, 2023	<u>\$ 2,400</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Redemption rights and put options	The binary tree convertible bond evaluation model is used for the evaluation of financial instruments, and the material unobservable inputs are the risk-free rate, stock price and volatility.

The risk-free rate applied on December 31, 2023 was 1.1373%, the stock price was \$159.00 and the volatility was 26.48%.

If all the other variables were held constant, the fair value would increase (decrease) as follows:

Significant Unobservables	Number of Changes (+/-)	Number of Influences
Risk-free interest rate	Rise 10 bp Fell 10 bp	\$ (20) 20
Shares	Rise 7% Fell 7%	140 (160)
volatility	Rise 1% Fell 1%	10 (40)

c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 99,139	\$ 443
Financial assets at amortized cost (1)	2,383,782	1,758,303
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	2,400	-
Financial liabilities at amortized cost (2)	2,797,907	2,855,902

- 1) The balances include financial assets measured at amortized cost, which comprised cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and part of other non-current assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprised short-term loans, notes payable, trade payables, trade payables from related parties, other payables, other payables from related parties, bonds payable and other non-current liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Company's board of directors.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 11,341	\$ 21,390	\$ 2,911	\$ 38,699

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 49,128	\$ -
Financial liabilities	770,000	2,111,000
Cash flow interest rate risk		
Financial assets	229,742	126,993

Sensitivity analysis

The sensitivity analyses were determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The Company's floating-rate financial assets were demand deposits, which fluctuated moderately, and accordingly the Company was exposed to low interest rate risk. On the other hand, no floating-rate liabilities were held at the end of the reporting period, and no related sensitivity analysis was performed.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by related departments such as executive vice president, internal auditors, and financial accounting.

The Company performs ongoing credit evaluation on the financial condition of trade receivables.

Except for Dongguan Hulane Puguang Trading and Dongguan Hulane Electronics Technology, the Company does not have significant credit risk exposure to any single counterparty or any group of counterparties. When the counterparties are associates, the Company defines them as similar counterparties. As of December 31, 2023 and 2022, the trade receivables of Dongguan Hulane Puguang Trading amounted to \$1,474,440 thousand and \$629,502 thousand, respectively; the trade receivables of Dongguan Hulane Electronics Technology amounted to \$223 thousand and \$205,292 thousand, respectively. In 2023 and 2022, the Company's credit risk in Dongguan Hulane Puguang Trading amounted to 59% and 36% of total monetary assets, respectively; the Company's credit risk in Dongguan Hulane Electronics Technology amounted to 0% and 12% of total monetary assets, respectively; the Company's credit risk in other counterparties does not exceed 2% of total monetary assets.

The Company's credit risk is mainly in Dongguan Hulane Puguang Trading and Dongguan Hulane Electronics Technology. As of December 31, 2023 and 2022, the percentages of total receivables from related parties were 83% and 51% for Dongguan Hulane Puguang Trading and 0% and 17% for Dongguan Hulane Electronics Technology, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized financing facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 100,454	\$ 133,532	\$ 408,287	\$ 1,499,900	\$ -
Lease liabilities	599	1,198	4,984	6,482	-
Fixed interest rate liabilities	<u>300,808</u>	<u>200,806</u>	<u>270,962</u>	<u>-</u>	<u>-</u>
	<u>\$ 401,861</u>	<u>\$ 335,536</u>	<u>\$ 684,233</u>	<u>\$ 1,506,382</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 98,828	\$ 348,535	\$ 297,539	\$ -	\$ -
Lease liabilities	440	865	3,578	8,253	-
Fixed interest rate liabilities	<u>1,101,535</u>	<u>1,012,446</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,200,803</u>	<u>\$ 1,361,846</u>	<u>\$ 301,117</u>	<u>\$ 8,253</u>	<u>\$ -</u>

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 770,000	\$ 1,211,000
Amount unused	<u>1,164,583</u>	<u>315,390</u>
	<u>\$ 1,934,583</u>	<u>\$ 1,526,390</u>
Secured bank overdraft facilities		
Amount used	\$ -	\$ 900,000
Amount unused	<u>900,000</u>	<u>-</u>
	<u>\$ 900,000</u>	<u>\$ 900,000</u>

25. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Company and related parties are disclosed below.

a. Related parties and their relationships with the Company

Related Party	Relationship with the Company
Hu Lane Electronic (Nanjing) Co., Limited	Subsidiary
Hu Lane Electronic (Vietnam) Co., Limited	Subsidiary
Evervalue Investments Limited	Subsidiary
Telford Investments Limited	Subsidiary
Joywell Corporation Limited	Subsidiary
Dongguan Hu Lane Puguang Trading Co., Limited	Subsidiary
Dongguan Hu Lane Electronic Technology Co., Limited	Subsidiary
Fortune Master Development Limited	Subsidiary
PT.HULANE TECH MANUFACTURING	Subsidiary
Shang Ho Industry Co., Limited (has been merged and dissolved)	Subsidiary

(Continued)

Related Party	Relationship with the Company
Jiaxing Shangho Electrics Technology Co., Ltd	Subsidiary
HuLane Associate Inc. Europe S.r.l.	Subsidiary
Lear (China) Holding Limited	Association
Shenzhen Lianjie Industrial Co., Ltd	Related party in substance (became related party since the second quarter in 2023)
	(Concluded)

b. Operating revenue

Related Party	For the Year Ended December 31	
	2023	2022
Dongguan Hu Lane Puguang Trading Co., Limited	\$ 1,627,766	\$ 626,713
Dongguan Hu Lane Electronic Technology Co., Limited	656	631,312
PT.HULANE TECH MANUFACTURING	52,499	40,926
Hu Lane Electronic (Vietnam) Co., Limited	20,514	85,259
Hu Lane Electronic (Nanjing) Co., Limited	-	2,358
Shang Ho Industry Co., Limited	2,950	2,280
HuLane Associate Inc. Europe S.r.l.	584	-
	<u>\$ 1,704,969</u>	<u>\$ 1,388,848</u>

The Company mainly sales connectors and terminals for related parties. The transaction prices are based on cost and are negotiated by both parties with reference to market conditions. Except for Dongguan Hulane Puguang Trading and Dongguan Hu Lane Puguang Trading, which have credit terms of 365 days per month, the average credit terms for the rest are 90 days, which are similar to 60 days per month for non-related parties.

The (unrealized) realized gross profit from sales was \$(82,578) thousand and \$(3,627) thousand in 2023 and 2022, respectively. The unrealized gross profit will be reclassified to realized gross profit from sales when the inventories are transferred to unrelated parties.

c. Purchases

Related Party	For the Year Ended December 31	
	2023	2022
Dongguan Hu Lane Puguang Trading Co., Limited	\$ 117,401	\$ 51,711
Dongguan Hu Lane Electronic Technology Co., Limited	147,973	286,594
Hu Lane Electronic (Nanjing) Co., Limited	200,433	219,162
Hu Lane Electronic (Vietnam) Co., Limited	126,720	160,556
PT.HULANE TECH MANUFACTURING	10,968	4,477
Shang Ho Industry Co., Limited	430	378
	<u>\$ 603,925</u>	<u>\$ 722,878</u>

The Company mainly purchases connectors and terminals from related parties. The transaction prices are based on cost and are negotiated by both parties with reference to market conditions. The payment terms between the Company and the related parties are 90 days per month, which are similar to 60 days per month for non-related parties.

d. Trade receivables from related parties

Related Party	For the Year Ended December 31	
	2023	2022
Dongguan Hu Lane Puguang Trading Co., Limited	\$ 1,474,440	\$ 629,502
Dongguan Hu Lane Electronic Technology Co., Limited	223	205,292
PT.HULANE TECH MANUFACTURING	23,451	33,238
Hu Lane Electronic (Vietnam) Co., Limited	20,306	96,238
Hu Lane Electronic (Nanjing) Co., Limited	-	59
Shang Ho Industry Co., Limited	-	1,373
HuLane Associate Inc. Europe S.r.l.	<u>581</u>	<u>-</u>
	<u>\$ 1,519,001</u>	<u>\$ 965,702</u>

e. Other receivables

Related Party	For the Year Ended December 31	
	2023	2022
Dongguan Hu Lane Puguang Trading Co., Limited	\$ 11,882	\$ 12,359
Hu Lane Electronic (Nanjing) Co., Limited	68,174	58,227
PT.HULANE TECH MANUFACTURING	7,615	7,949
Hu Lane Electronic (Vietnam) Co., Limited	132,610	180,231
Dongguan Hu Lane Electronic Technology Co., Limited	56,692	69,889
Evervalue Investments Limited	8	-
Jiaxing Shangho Electrics Technology Co., Ltd	<u>256</u>	<u>264</u>
	<u>\$ 277,237</u>	<u>\$ 328,919</u>

Other receivables represent payments paid by the Company on behalf of related parties and other payments.

f. Trade payables to related parties

Related Party	For the Year Ended December 31	
	2023	2022
Shang Ho Industry Co., Limited	\$ -	\$ 191
Hu Lane Electronic (Nanjing) Co., Limited	67,031	78,666
Dongguan Hu Lane Electronic Technology Co., Limited	45,962	68,442
Hu Lane Electronic (Vietnam) Co., Limited	11,880	81,429
PT.HULANE TECH MANUFACTURING	2,849	27
Dongguan Hu Lane Puguang Trading Co., Limited	<u>36,252</u>	<u>51,655</u>
	<u>\$ 163,974</u>	<u>\$ 280,410</u>

g. Other payables

Related Party	For the Year Ended December 31	
	2023	2022
Hu Lane Electronic (Nanjing) Co., Limited	\$ 913	\$ 405
Dongguan Hu Lane Puguang Trading Co., Limited	61	83
Dongguan Hu Lane Electronic Technology Co., Limited	-	29
Hu Lane Electronic (Vietnam) Co., Limited	96	-
Evervalue Investments Limited	<u>-</u>	<u>8,586</u>
	<u>\$ 1,070</u>	<u>\$ 9,103</u>

Other payables represent payments received by the Company on behalf of related parties, other payments and borrowings to related parties.

h. Disposal of property, plant and equipment

Related Party Category/Name	Price of Disposal		Unrealized Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Hu Lane Electronic (Nanjing) Co., Limited	\$ 9,897	\$ 9,477	\$ 317	\$ 677
Hu Lane Electronic (Vietnam) Co., Limited	12,893	21,315	(40)	4,703
PT.HULANE TECH MANUFACTURING	<u>953</u>	<u>1,128</u>	<u>68</u>	<u>108</u>
	<u>\$ 23,743</u>	<u>\$ 31,920</u>	<u>\$ 345</u>	<u>\$ 5,488</u>

i. Borrowing from related parties

Related Party	For the Year Ended December 31	
	2023	2022
Evervalue Investments Limited	<u>\$ -</u>	<u>\$ 8,586</u>

Interest expense

Related Party	For the Year Ended December 31	
	2023	2022
Evervalue Investments Limited	<u>\$ 41</u>	<u>\$ 484</u>

The Company obtained loans from related parties at rates comparable to market interest rates.

j. Endorsements and guarantees

Related Party	For the Year Ended December 31	
	2023	2022
Dongguan Hu Lane Puguang Trading Co., Limited	\$ 375,450	\$ 255,080
Hu Lane Electronic (Vietnam) Co., Limited	99,177	99,193
Evervalue Investments Limited	92,115	92,130
PT.HULANE TECH MANUFACTURING	32,854	32,860
Hu Lane Electronic (Nanjing) Co., Limited	<u>129,810</u>	<u>110,200</u>
	<u>\$ 729,406</u>	<u>\$ 589,463</u>

k. Other transactions with related parties

The Company received the income of patent rights of \$57,061 thousand and \$49,764 thousand; \$57,571 thousand and \$65,070 thousand; \$3,225 thousand, \$3,241 thousand, \$3,804 thousand and \$2,460 thousand by Hu Lane Electronic (Nanjing), Dongguan Hulane, Hu Lane Electronic (Vietnam) and PT.HULANE TECH MANUFACTURING in 2023 and 2022, respectively, and recognized in other income.

l. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel in 2023 and 2022, were as follows:

	For the Year Ended December 31	
	2023	2022
Salaries and short-term employee benefits	\$ 95,676	\$ 85,218
Post-employment benefits	<u>2,076</u>	<u>1,853</u>
	<u>\$ 97,752</u>	<u>\$ 87,071</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Land	\$ 961,465	\$ 961,465
Buildings	<u>654,034</u>	<u>667,996</u>
	<u>\$ 1,615,499</u>	<u>\$ 1,629,461</u>

Land and buildings were recorded as property, plant and equipment.

27. SIGNIFICANT EVENTS: NONE

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$	8,320	30.7050	\$	18,034	553,824
EUR		1,215	33.9800		1,235	40,409
RMB		13,932	4.3270		215,873	951,568
Non-monetary items						
Associates accounted for using the equity method						
RMB		3,185	4.3270		2,842	12,529
IDR		15,781,042	0.0020		17,138,484	34,277
VND		213,523,833	0.0011		170,770,054	222,001
EUR		398	33.9800		-	-
<u>Financial liabilities</u>						
Monetary items						
USD		933	30.7050		4,104	126,034
EUR		277	33.9800		138	4,515
RMB		479	4.3270		40,289	177,594

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (18,175)	1 (NTD:NTD)	\$ 44,125
HKD	3.9290 (HKD:NTD)	<u>481</u>	3,938 (HKD:NTD)	<u>(2,051)</u>
		<u>\$ (17,694)</u>		<u>\$ (42,074)</u>

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments: (Note 7)
- 10) Information on investees. (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Note 25, Tables 1, 2 and 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses: Note 25
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

HU LANE ASSOCIATE INC.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Evervalue Investments Limited	PT. Hulane Tech. Manufacturing	Other receivables from related parties	Yes	\$ 55,269 (US\$ 1,800)	\$ 55,269 (US\$ 1,800)	\$ 55,269 (US\$ 1,800)	5.85%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 354,003 (Note 2)	\$ 354,003 (Note 2)
		Hu Lane Associate Inc.	Other receivables from related parties	Yes	8,586	-	-	1%	Short-term financing	-	Operations	-	None	-	354,003 (Note 2)	354,003 (Note 2)
2	Evervalue Investments Limited	Hu Lane Electronics ((Vietnam) Limited	Other receivables from related parties	Yes	61,410 (US\$ 2,000)	61,410 (US\$ 2,000)	61,410 (US\$ 2,000)	6%	Short-term financing	-	Operations	-	None	-	354,003 (Note 3)	354,003 (Note 3)

Note 1: a. Issuer is numbered 0.

 b. The investee companies are numbered starting with 1.

Note 2: According to the operating procedures of Evervalue Investments Limited's financing provided to others, the limitations on borrowers and total amount of financing are as follows:

 a. The total amount of Evervalue Investments Limited's financing to others does not exceed 40% of net value of Evervalue Investments Limited.

 b. For those companies that have business transactions with Evervalue Investments Limited, the total amount of financing provided does not exceed 20% of net value of Evervalue Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Evervalue Investments Limited in the previous 12 months.

 c. For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Evervalue Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Evervalue Investments Limited. The rest is limited by 10% of current net value of Evervalue Investments Limited.

 d. For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided should not exceed 40% of the net value of Evervalue Investments Limited, and the financing amount of individual borrowers should not exceed 40% of the net value of Evervalue Investments Limited.

Note 3: According to the operating procedures of Telford Investments Limited's financing provided to others, the limitations on borrowers and total amount of financing are as follows:

 a. The total amount of Telford Investments Limited's financing to others does not exceed 40% of net value of Evervalue Investments Limited.

 b. For those companies that have business transactions with Telford Investments Limited, the total amount of financing provided does not exceed 20% of net value of Telford Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Telford Investments Limited in the previous 12 months.

 c. For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Telford Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Telford Investments Limited. The rest is limited by 10% of current net value of Telford Investments Limited.

 d. For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided does not exceed 100% of net value of Telford Investments Limited, and the financing amount of individual borrower does not exceed 100% of net value of Telford Investments Limited.

TABLE 2

HU LANE ASSOCIATE INC.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Counterparty	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Hu Lane Associate Inc. (Note 1)	Evervalue Investments Limited	Subsidiary of which more than 50% of its shares is held by the investor	\$ 1,213,429	\$ 92,115 (US\$ 3,000)	\$ 92,115 (US\$ 3,000)	\$ -	\$ -	1.52	\$ 2,426,888	Y	N	N
		Dongguan Hulane Puguang Trading Co., Ltd.	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	606,715	375,450 (US\$ 8,000) (CNY 30,000)	375,450 (US\$ 8,000) (CNY 30,000)	112,502	-	6.19	2,426,888	Y	N	Y
		Hulane Electronics (Vietnam) Limited	Subsidiary of which more than 50% of its shares is held by the investor	1,213,429	99,177 (US\$ 3,230)	99,177 (US\$ 3,230)	13,242	-	1.63	2,426,888	Y	N	N
		PT. Hulane Tech Manufacturing	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	606,715	32,854 (US\$ 1,070)	32,854 (US\$ 1,070)	-	-	0.54	2,426,888	Y	N	N
1	Hulane Electronics (Nanjing) Limited (Note 2)	Hu lane Electronic (Nanjing) Co., Ltd.	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	606,715	129,810 (CNY 30,000)	129,810 (CNY 30,000)	103,308	-	2.14	2,426,888	Y	N	Y
		Jiaxing Shanghe Electronic Technology Co., Ltd.	Investee company of which up to 100% of its ordinary shares is held by the Hu Lane Associate Inc. and its subsidiaries	130,809	108,175 (CNY 25,000)	108,175 (CNY 25,000)	31,312	108,175	8.27	523,236	N	N	Y

Note 1: The amount of endorsements or guarantee of Hu Lane Associate Inc. does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hu Lane Associate Inc. The rest is limited by 10% of current net value of Hu Lane Associate Inc.

Note 2: The amount of endorsements or guarantee of Hulane Electronics (Nanjing) does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hulane Electronics (Nanjing). The rest is limited by 10% of current net value of Hulane Electronics (Nanjing).

Note 3: The cumulative amount of Hu Lane Associate Inc. and Hulane Electronics (Nanjing)’s endorsements does not exceed 40% of current net value on the financial statements.

TABLE 3

HU LANE ASSOCIATE INC.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Hu Lane Associate Inc.	<u>Domestic listed shares</u>							
	Chia Chang Co., Limited	-	Financial assets at fair value through profit or loss - current	10,451	\$ 455	-	\$ 455	
	HD Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	700,000	91,350	-	91,350	
	<u>Mutual funds</u>							
	Allianz Global Investors US Short Duration High Income Bond Fund	-	Financial assets at fair value through profit or loss - current	850,494	7,334	-	7,334	

TABLE 4

HU LANE ASSOCIATE INC.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Hu Lane Associate Inc.	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	\$ (1,627,766)	(56)	365 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	\$ 1,474,440	81	
Dongguan Hulane Electronics Technology	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(1,621,251)	(88)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	924,217	77	
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(1,770,188)	(83)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	373,601	73	
Dongguan Hulane Electronics Technology	Hu Lane Associate Inc.	Parent company	Sale	(147,715)	(8)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	45,962	4	
Hulane Electronics (Nanjing) Limited	Hu Lane Associate Inc.	Parent company	Sale	(199,634)	(9)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	67,031	13	
Hu Lane Electronics (Vietnam) Limited	Hu Lane Associate Inc.	Parent company	Sale	(125,520)	(25)	90 days	Not significantly different from general customers	Credit conditions adjusted based on Vietnam's trading practices	10,474	8	
Dongguan Hulane Electronics Technology	Hulane Electronics (Nanjing) Limited	Subsidiary	Sale	(100,374)	(2)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	32,361	1	
Hu Lane Electronics (Vietnam) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(217,038)	(43)	270 days	Not significantly different from general customers	Credit conditions adjusted based on Vietnam's trading practice	96,414	78	
Dongguan Hulane Puguang Trading Co., Ltd.	Hu Lane Associate Inc.	Parent company	Sale	(130,369)	(2)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practice	37,734	1	
	Dongguan Hulane Electronics Technology	Subsidiary	Sale	(129,717)	(2)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	54,248	2	
Jiaxing Shangho Electrics Technology Co., Ltd.	Hulane Electronics (Nanjing) Limited	Subsidiary	Sale	(134,323)	(19)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	11,556	6	
	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	Sale	(254,186)	(36)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	74,600	37	
Dongguan Hulane Puguang Trading Co., Ltd.	Shenzhen Lianjie Industrial Co., Ltd	Related party in substance	Sale	(139,298)	(2)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	-	-	

TABLE 5

HU LANE ASSOCIATE INC.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	\$ 373,601	3.02	\$ -	-	\$ 226,562	\$ -
Dongguan Hulane Electronics Technology	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	924,217	1.75	-	-	218,511	-
Hu Lane Associate Inc.	Dongguan Hulane Puguang Trading Co., Ltd.	Subsidiary	1,474,440	2.21	-	-	220,526	-

TABLE 6

HU LANE ASSOCIATE INC.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Hu Lane Associate Inc.	Evervalue Investments Limited	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investment	\$ 467,557	\$ 467,557	15,220	100.00	\$ 3,352,026	\$ 426,075	\$ 426,075	Note 1
	Telford Investments Limited	"	Investment	38,490	38,490	1,034	100.00	183,970	9,242	9,242	
	Joywell Corporation Limited	"	Investment	225,132	225,132	10,680	100.00	268,188	36,858	36,858	
	Hulane Electronics (Vietnam) Limited	Vietnam	Manufacturing	182,033	182,033	6,300	100.00	229,200	55,580	55,580	
	Shang Ho Industry Limited	Taiwan	Manufacturing	-	63,500	-	-	-	(9,593)	(9,593)	Note 3
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	15,472	15,472	800	12.31	22,370	32,061	7,395	Note 2
	HuLane Associate Inc. Europe S.r.l.	Italy	Manufacturing	14,689	-	500	90.00	13,541	(1,987)	(1,788)	
Evervalue Investments Limited	Fortune Master Development Limited	Hong Kong	Investment	277,993	277,993	9,400	100.00	1,911,386	276,898	276,898	
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	143,164	36,286	3,474	71.91	196,896	32,061	18,867	

Note 1: The acquisition was made through a merger on June 1, 2022.

Note 2: Established in May 2023.

Note 3: Hu Lane Associate’s board of directors approved the planned merger with its 100%-owned subsidiary, Shang Ho Industry Co., Ltd. in May 2023 with the effective merger date on July 1, 2023, and Hu Lane Associate was the surviving entity.

TABLE 7

HU LANE ASSOCIATE INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Hulane Electronics (Nanjing) Limited	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,500	Note 1	\$ 275,946	\$ -	\$ -	\$ 275,946	\$ 106,067	100.00	\$ 106,067	\$ 1,308,089	\$ 280,804
Dongguan Hulane Electronics Technology	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,000	Note 1	236,287	-	-	236,287	261,851	100.00	261,851	1,475,891	178,959
Dongguan Hulane Puguang Trading Co., Ltd.	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,600	Note 1	41,706	-	-	41,706	10,417	100.00	10,417	393,858	-
Lear (China) Holding Limited	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,500	Note 2	16,608	-	-	16,608	3,728	40.00	1,491	13,783	-
Jiaxing Shangho Electrics Technology Co., Ltd.	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 10,500	Note 3	133,740	-	-	133,740	36,857	100.00	36,857	268,169	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
US\$26,090 thousand (NT\$704,287 thousand)	US\$26,090 thousand	NT\$6,110,232 thousand × 60% = NT\$3,666,138 thousand

Note 1: Investment through companies incorporated in a third region.

Note 2: Direct investment by the Company.

Note 3: The acquisition through merger of Eagle Good Limited.

TABLE 8

HU LANE ASSOCIATE INC.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Amount	Price	Payment Terms	Comparison with Normal Transaction	Ending Balance	%	Unrealized (Gain) Loss
Hulane Electronics (Nanjing) Limited	Sales Purchase	\$ 2,051,443 263,979	Not significantly different from general customers Not significantly different from general customers	90-270 days 90 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	\$ 455,811 (48,172)	89 (16)	Note 2 -
Dongguan Hulane Puguang Trading Co., Ltd.	Sales Purchase	471,992 5,518,118	Not significantly different from general customers Not significantly different from general customers	90-180 days 180-365 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	238,862 (2,983,667)	8 (99)	Note 2 -
Dongguan Hulane Electronics Technology	Sales Purchase	1,803,344 139,879	Not significantly different from general customers Not significantly different from general customers	90-270 days 90-365 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	974,756 (59,501)	81 (13)	Note 2 -
Jiaxing Shangho Electrics Technology Co., Ltd.	Sales Purchase	389,050 78,491	Not significantly different from general customers Not significantly different from general customers	270 days 270 days	Not significantly different from general customers Credit conditions adjusted based on China’s trading practices	86,504 (80,171)	43 (36)	- -
Lear (China) Holding Limited	Purchase	132,609	Not significantly different from general customers	270 days	Credit conditions adjusted based on China’s trading practices	(62,386)	(91)	-

Note 1: All unrealized gains and losses with investee companies in mainland China were eliminated in the consolidated financial statements.

Note 2: Hulane Electronics (Nanjing) Limited had an unrealized balance of \$22,454 thousand through December 31, 2023; the unrealized balance of Dongguan Hulane Puguang Trading Co., Ltd. is \$179,020 thousand; the unrealized balance of Dongguan Hulane Electronics Technology is \$68,655 thousand.

TABLE 9**HU LANE ASSOCIATE INC.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Ching Hu	5,775,315	5.79

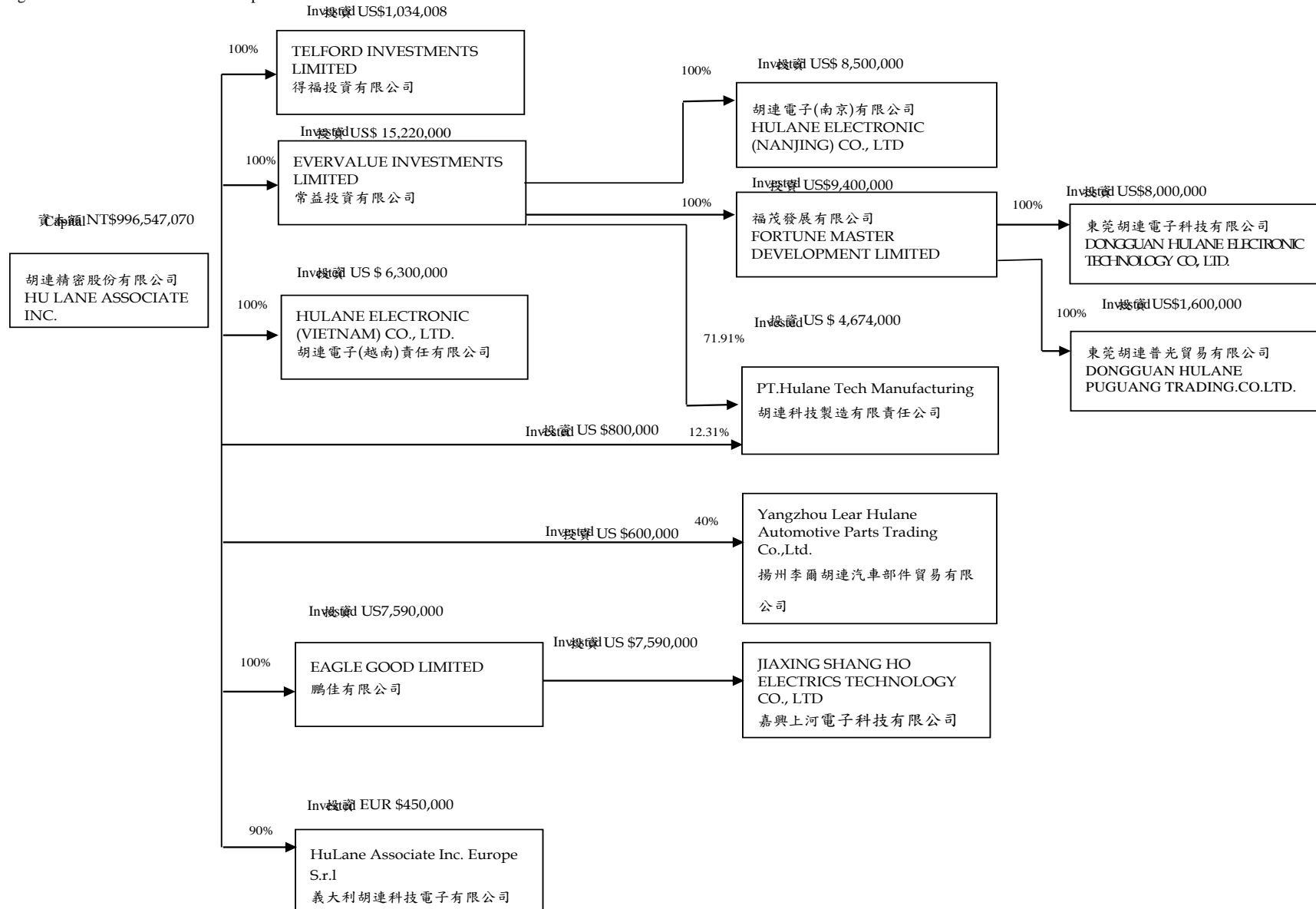
Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Hu Lane Associate Inc. Consolidated Business Report of Affiliates 2023

One. Overview of Associated Enterprises

I. Organization Chart of Affiliated Enterprises



- II. Name, date of incorporation, address, paid-in capital, and main business items of each affiliate: Table 1.
- III. If the relationship of control and subordination is presumed to exist according to Article 369-3 of the Company Act, the following information shall be disclosed: None.
- IV. Industries covered by the overall business scope of the affiliated enterprise:
Manufacturing, processing, and trading of electronic parts (terminals) and hardware and mechanical accessories, manufacturing of industrial rubber and plastic products, manufacturing, processing, and trading of molds, general investment business, production and trading of various terminals, plastic connectors, wire harnesses, connectors and molds, production and operation of various electronic connection cables, production and sales of various plastic connectors, research and development of precision molds, auto parts, electrical equipment and parts, plastics and their products, and wholesale, import and export of heating and ventilation equipment.
- V. The names of the directors, supervisors, and presidents of each affiliated enterprise and their shareholdings or contributions to the said enterprise: Table 2.
- VI. The operational overview of affiliated enterprises shall state the financial status and business results of each affiliated enterprise: Table 3.

[Table 1]

Profile of each affiliated enterprise

(December 31, 2023)

Unit: NTD/USD/HKD

Company name	Date of establishment	Address	Paid-up capital (Note 1)		Main business or production items
Hu Lane Associate Inc.	1977.07.09	No. 1, Lane 342, Fude 1st 1st Road, Xizhi Dist., New Taipei City	NT\$	996,554,150	Manufacturing, processing, and trading of electronic parts (terminals) and hardware and mechanical accessories, manufacturing of industrial rubber and plastic products, manufacturing, processing, and trading of molds
EVERVALUE INVESTMENTS LIMITED	2001.03.12	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$	15,220,000	General investment business
TELFORD INVESTMENTS LIMITED	2001.03.08	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$	1,034,008	General investment business
HULANE ELECTRONIC (VIETNAM) CO., LTD. (HuLane Electronic (Vietnam) Co., Ltd.)	2008.05.21	Lot XN 28&32, Dai An Industrial Zone, Hai Duong Province, Vietnam	US\$	6,300,000	Production and sales of various terminals, plastic connectors, wire harnesses, connectors and molds
Hu Lane Electronics (Nanjing) Co., Ltd.	2004.01.17	No. 28, Laifeng Road, Lukou Town, Jiangning District, Nanjing City, People's Republic of China	US\$	8,500,000	Production and sales of various terminals, plastic connectors, wire harnesses, connectors and molds
FORTUNE MASTER DEVELOPMENT LIMITED (FORTUNE MASTER DEVELOPMENT LIMITED)	2010.03.05	Room 1004, National Health Service Center, 151 Gloucester Road, Wanchai, Hong Kong	HK\$	72,816,926	General investment and trading
Dongguan Hu Lane Electronic Technology Co., Ltd.	2011.05.23	No. 5, Gong'ao 1st Road, Xiangshan Industrial Park, Xiiniupei Village, Dalang Town, Dongguan City, Guangdong Province, China	US\$	8,000,000	Production and sale of molds, stencils, wire harnesses, terminal connectors, and plastic products, establishment of R&D institutions to research and develop precision molds
Dongguan Hu Lane Puguang Trading Co., Ltd.	2012.05.04	No. 7 Gong'ao 1st Road, Xiangshan Industrial Park, Xiiniupei Village, Dalang Town, Dongguan City, Guangdong Province, China	US\$	1,600,000	Wholesale, import and export of auto parts, electrical equipment and parts, plastics and products thereof, and heating and ventilation equipment

Company name	Date of establishment	Address	Paid-up capital (Note 1)		Main business or production items
PT. HULANE TECH MANUFACTURING PT. HULANE TECH MANUFACTURING	2017.06.22	Jl.Jababeka 2E Block C16-J Cikarang Industrial Estate Phase1 Cikarang-Bekasi 17530 Jawa Barat Indonesia	IDR\$	93,240,000,000	Semi-conductor, electronic components, cables and other electronics including plastic injection parts, connectors, copper metal terminals, socket terminals, wires
Yangzhou Lear & Hu Lane Automobile Parts Trading Co., Ltd. Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd.	2021.12.14	No. 518, Situ Temple Road, Yangzhou City	US\$	1,500,000	Retail sale of auto parts, wholesale of auto parts, research and development of auto parts, technical service, technology development, technical consultation, technical exchange, technology transfer, and technology promotion, import and export of goods, technology import and export, supply chain management services
EAGLE GOOD LIMITED EAGLE GOOD LIMITED	2006.05.12	Vistra Corporate Services Centre ,Ground Floor NPF Building,Beach Road,Apia,Samoa	US\$	10,680,000	General investment business
JIAXING SHANG HO ELECTRICS TECHNOLOGY CO., LTD JIAXING SHANG HO ELECTRICS TECHNOLOGY CO., LTD	2012.12.04	No. 68, Taojing Road, Xiuzhou District, Jiaxing City, Zhejiang Province, China	US\$	10,500,000	Research and development of auto parts, manufacturing of auto parts and accessories, wholesale of auto parts, research and development of motorcycles and spare parts, manufacturing of motorcycle spare parts, wholesale of motorcycles and spare parts, technical service, technology development, technical consultation, technical exchange,

Company name	Date of establishment	Address	Paid-up capital (Note 1)		Main business or production items
					technology Technology transfer and promotion, electronic component manufacturing, electronic component wholesale, technology import/export
HuLane Associate Inc. Europe S.r.l	2023.03.22	Via Ettore de Sonnaz 17 – 10121 Turin (IT)	EUR\$	500,000	The sales, production and development, design and assembly of auto parts.

Note 1: December 31, 2023 USD: NTD = 30.7100: 1
December 31, 2023 HKD: NTD = 3.9380: 1
December 31, 2023 IDR: NTD = 0.0020: 1
December 31, 2023 HKD: NTD = 33.9800: 1

[Table 2]

Information of directors, supervisors, and presidents of affiliated companies

December 31, 2023

Unit: Share

Company name	Job title	Name or Representative	Number of shares held	
			Number of shares (Note 1)	Shareholding ratio
Hu Lane Associate Inc. (Note 2)	Director	Chang Tzu-Hsiung	4,001,173	4.02%
	Director (and President)	Hu Sheng-Ching	5,775,315	5.79%
	Director	Chang Ping-Chun	1,936,163	1.94%
	Director	Hu Shao-Ju	2,439,251	2.45%
	Director	Liu Chun-Hsiang	4,106,005	4.12%
	Director	Lin Yuan-Li	0	0.00%
	Independent Director	Chang Shyueh-Chih	0	0.00%
	Independent Director	Lin, Chan-Lieh	10,125	0.01%
	Independent Director	Tai Chia-Wei	0	0.00%
EVERVALUE INVESTMENTS LIMITED	Director	Chang Tzu-Hsiung	15,220,000	100.00%
TELFORD INVESTMENTS LIMITED	Director	Chang Tzu-Hsiung	1,034,008	100.00%
HULANE ELECTRONIC (VIETNAM) CO., LTD. (HuLian Electronics (Vietnam) Co., Ltd.)	Chairman	Chang Tzu-Hsiung	6,300,000	100.00%
Hu Lane Electronics (Nanjing) Co., Ltd.	Executive Director	Chang Tzu-Hsiung	8,500,000	100.00%
FORTUNE MASTER DEVELOPMENT LIMITED (Foremost Development Co., Ltd.)	Director	EVERVALUE INVESTMENTS LIMITED	9,400,000	100.00%
	Director	Hu Sheng-Ching		
	Director	Chang Tzu-Chieh		
Dongguan Hu Lane Puguang Trading Co., Ltd.	Executive Director	Chang Tzu-Hsiung	1,600,000	100.00%
	Supervisor	Chang Tzu-Chieh		
Dongguan Hu Lane Electronic Technology Co., Ltd.	Chairman (and President)	Hu Sheng-Ching	8,000,000	100.00%
	Director	Chang Tzu-Hsiung		
	Director	Fang Kai-Ping		
	Supervisor	Chang Tzu-Chieh		
PT. HULANE TECH MANUFACTURING	Director	EVERVALUE INVESTMENTS LIMITED	2,000,000	80.00%
	Chairman	Chang Ping-Chun		
	Director	Fang Kai-Ping		
	Director	Chang Tzu-Chieh		
	Director	RITCHIE GLEN YAPRANADI		
	Director	BARRY LASTKY		
	Supervisor	Pan Su-Chiu		
Yangzhou Lear Hulane Automotive Parts Trading Co., Ltd.	Chairman	Chou-Hsi	900,000	60.00%

Company name	Job title	Name or Representative	Number of shares held	
			Number of shares (Note 1)	Shareholding ratio
	Director	Wang Sheng-yi		
	Director	Jason Michael Phillips		
	Supervisor	Chu Hai-Tung		
	Vice Chairman	Chang Tzu-Chieh	600,000	40.00%
	Director	Chang Shao-Chien		
	Supervisor	Pan Su-Chiu		
Peng Jia Co., Ltd. EAGLE GOOD LIMITED	Director	Hu Lane Associate Inc.	10,680,000	100.00%
JIAXING SHANG HO ELECTRICS TECHNOLOGY CO., LTD	Chairman	Chen Kei-Chou	10,500,000	100.00%
	Director	Hu Shao-Ju		
	Director	Hsu Mao-Shen		
	Supervisor	Pan Su-Chiu		
HULANE ASSOCIATE INC. EUROPE S.R.L.	Chairman	CAMMISA LUCA DOMENICO	450,000	90.00%
	Director	Chang Shao-Chien		
	Director	Chang Chung-Yi		

Note 1: Number of shares held as of December 31, 2023. Note 2: Total outstanding shares as of April 1, 2024 were 99,656,123 shares.

[Table 3]

Operation overview of each affiliated enterprise

December 31, 2023

Unit: NT\$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
Hu Lane Associate Inc.	996,554	9,255,195	3,187,973	6,067,222	2,887,430	526,580	921,221	9.24
EVERVALUE INVESTMENTS LIMITED (Note 1)	459,008	3,540,043	12	3,540,031	-	(172)	426,075	-
TELFORD INVESTMENTS LIMITED (Note 1)	31,309	190,436	6,466	183,970	-	(30)	9,242	-
HULANE ELECTRONIC (VIETNAM) CO., LTD. (Note 1)	167,118	590,673	355,797	234,876	503,092	66,585	55,580	-
HULANE ELECTRONIC (VNANJING) CO., LTD. (Note 1)	322,197	2,052,718	744,629	1,308,089	2,124,378	87,743	106,067	-
FORTUNE MASTER DEVELOPMENT LIMITED (Note 1)	284,908	1,911,386	-	1,911,386	-	(38)	276,898	-
Dongguan Hu Lane Puguang Trading Co., Ltd. (Note 1)	46,796	4,062,134	3,668,276	393,858	5,732,236	53,559	10,417	-
Dongguan Hu Lane Electronic Technology Co., Ltd. (Note 1)	224,363	2,316,524	840,633	1,475,891	1,840,359	262,797	261,851	-
PT. HULANE TECH MANUFACTURING (Note 1)	188,196	405,430	142,413	263,017	255,245	42,480	32,061	-
EAGLE GOOD LIMITED (Note 1)	313,328	268,188	-	268,188	-	-	36,858	-
Jiaxing Shangho Electronic Technology Co., Ltd. (Note 1)	308,010	651,492	383,323	268,169	702,441	43,299	36,857	-
Yangzhou Lear & Hulane Automotive Parts Trading Co., Ltd. (Note 1)	41,520	117,816	83,359	34,457	163,354	3,768	3,728	-
HuLane Associate Inc. EUROPE S.R.L. (Note 1)	16,321	19,656	4,611	15,045	1,839	(8,437)	(1,987)	-

Note 1: December 31, 2023

USD: NTD =30.7050: 1
CNY: NTD = 4.3270: 1IDR : NTD =0.0020: 1
VND: NTD =0.0011: 1

HKD: NTD=3.9290: 1

Two. Declaration of Consolidated Financial Statements of Affiliates

Declaration of Consolidated Financial Statements of Affiliates

For the year 2023 (from January 1 to December 31, 2023), the Company that should be included in the preparation of the Consolidated Financial Reports of Affiliated Enterprises in accordance with the "Standards for the Preparation of Consolidated Financial Statements and Relationship Reports of Affiliated Enterprises" is the same as the companies that should be included in the preparation of consolidated financial reports of parent and subsidiary companies pursuant to IFRS 10, and the relevant information that should be disclosed in the consolidated financial reports of related enterprises has been disclosed in the previously disclosed consolidated financial reports of the parent and subsidiaries. There will be no separate financial reports for the consolidated financial reports of related enterprises.

It is hereby declared



Company name: Hu Lane Associate Inc.

Chairman: Chang Tzu-Hsiung



March 12, 2024

Three. Report of affiliation: None.

Hu Lane Associate Inc.

Chairman: Chang Tzu-Hsiung





Hu Lane Associate Inc.

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