Stock Code: 8924

O-TA Precision Industry CO.,LTD.

MANAGEMENT R & D IDEA TECHNOLOGY

2023 Annual Report

O-TA Precision Industry annual report is avaiable at https: //www.o-ta.com.tw
Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw

Printed on March 31,2024

This report has been prepared in Mandarin and English respectively.
In case of any discrepancy or inconsistency between the Mandarin and English versions, the Mandarin version shall prevail.

O-TA PRECISION INDUSTRY CO., LTD.

I. Contact Information of the Spokesperson and Deputy Spokesperson

Spokesperson: CHUNG, CHENG-YI	Deputy Spokesperson: LEE, CHUNG-MU
Title: Supply Chain Integration Division Associate Vice President	Title: Finance Division Associate Vice President
Tel: (08)778-3855 ext.125	Tel: (08)778-3855 ext.298
E-mail: chungyi@o-ta.com.tw	E-mail: chrislee@o-ta.com.tw

II. Contact Information of the Head Office, Branch Offices, and Factories

Company Address: No. 8, Jianfu Rd., Neipu Township, Pingtung County 912018, Taiwan (R.O.C.)

Tel: (08)778-3855

Factory Address: No. 8, Jianfu Rd., Neipu Township, Pingtung County 912018, Taiwan (R.O.C.)

Tel: (08)778-3855

III. Contact Information of the Stock Transfer Agency

Name: KGI Securities Co., Ltd. Transfer Agency Department

Address: 5F., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100502 , Taiwan (R.O.C.)

Website: https://www.kgi.com.tw

Tel: (02)2389-2999

IV. Contact Information of the Certified Public Accountants for the Latest Financial Report

Name: Accountant CHEN, CHENG-CHU CPA and LEE, FANG-WEN CPA

Firm: Ernst & Young, Taiwan

Address: 17F., No. 2, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City 800308, Taiwan (R.O.C.)

Website: https://www.ey.com/taiwan

Tel: (07)238-0011

V. Overseas Trade Places for Listed Negotiable Securities and Approach for Checking Information of Overseas Securities: None

VI. Company Website: https://www.o-ta.com.tw/

Contents

One. Report to the Shareholders

Dear Shareholders,

Thank you for your long-time attention, care, support, and feedback for O-TA.

O-TA operates steadily and is trusted and recognized by brand customers. In 2023, due to the influence of the active closeout among golf equipment brands, the performance declined year on year. However, with the efforts of all employees, the revenue was still NT$ 4.368 billion, higher than 2019 before the pandemic, and the EPS is as extraordinary as NT$4.85! Looking into the future, the market demand is expected to recover to the level in 2019 and 2020, and new development projects for the customers continue, so the future performance is promising

The following is a summary of the Company's business outcomes for 2023; the impact of the external competitive environment, the regulatory environment, and the overall operating environment; the outline of business plans for 2024; and the future development strategies of the Company.

I. 2023 Operating Results

(I) 2023 Business Plan Implementation Results
In 2023, the Company recorded a consolidated operating revenue of NT$4,367,641 thousand; consolidated gross margin of 17%; consolidated post-tax profit of NT$406,520 thousand; and basic earnings per share of NT$4.85.

(II) Budgeting: The Company did not disclose its financial forecast for 2023, so no budgeting information was provided.

(III) An analysis of financial performance and profitability is as follows:

1. Financial Performance

Unit: NT$ thousands; %

Items \ Years		2023	2022	Differences (%)
Revenue Expendi-ture	Operating revenues	4,367,641	7,700,322	-43.28
	Operating costs	3,643,553	5,479,396	-33.50
	Gross profit	724,088	2,220,926	-67.40
	Operating expenses	341,816	442,437	-22.74
	Operating income	382,272	1,778,489	-78.51
	Non-operating income and expenses	160,314	219,311	-26.90
	Net income from continuing operations before tax	542,586	1,997,800	-72.84
	Net income from continuing operations	406,520	1,793,142	-77.33
	Net income	406,520	1,793,142	-77.33
	Net income attributable to shareholders of the parent	406,520	1,793,142	-77.33

2. Profitability Analysis

Items \ Years		2023	2022
Solvency	Current ratio (%)	348.15%	346.97%
	Quick ratio (%)	288.74%	286.44%
	Times interest earned	49.50	230.24
Profitability	Return on total assets (%)	7.20%	29.88%
	Return on equity (%)	9.74%	43.64%
	Ratio of income before tax to paid-in capital (%)	64.75%	238.40%
	Net profit margin (%)	9.31%	23.29%
	Earnings per share (NT$)	4.85	21.40

(IV) 2023 R&D Results

The 2023 R&D results are as follows:

1. New material technologies and mass production results for golf club heads: high-strength titanium alloy plates, high-strength titanium-based casting materials, high-strength iron-based plates, high-strength iron-based casting materials, variable hardness casting materials, development of high-strength with low density materials,

and continuous development of other high-strength plates, etc.

2. New structure, new design of golf club heads and mass production results: the golf head structure design and manufacturing method with composite materials, the combination structure of heterogeneous materials, the application and production method, and the high-performance golf head structure design, etc.
3. Development and mass production of golf club heads simulation analysis system technology: high rebound, high MOI structure, weight margin design, audio enhancement, weight distribution, aerodynamics, etc.
4. Patents: 9 patents were granted in 2023 (as of March 31, 2024), including Taiwan invention patents for "Golf club head manufacturing method including filler material," "Striking surface of golf club head, machining tool thereof, machining method thereof," "Golf club head," "Golf club head with carbon fiber striking panel," "Golf club head with carbon fi-ber striking panel," "Composition alloy of golf iron head and manufacturing method same," and "High strength nickel chromium molybdenum steel and manufacturing method the same;" China invention patents for "Composition alloy of golf iron head and manufacturing method thereof;" the U.S. invention patents for "Composite golf club head and method for manufacturing the same." A total of 13 patent applications are under review.

II. The Impact of the External Competitive Environment, the Regulatory Environment, and the Overall Operating Environment

The golf club manufacturing industry and the bicycle industry are prone to be impacted the global economic conditions and climates.

The International Monetary Fund (IMF) revised upward the global economic growth for 2024 in the "World Economic Outlook" in January 2024, and warned that the global economy will continue to be affected by the "war and inflation risks," including the geopolitical tensions in the Middle East and the Red Sea attacks that may disrupt global commodity prices and supply chains.

In the past three years, benefitted from the sports trend set off by the COVID-19 pandemic, golf and cycling with their safe social distance have become popular sports. The demand for related products has increased. However, after the market was re-opened in 2023, the supply and demand of the sports good market has changed, and the customers have been adjusting their inventory. The focus of the future industry observation is the impact of climate factors on demand and end retail sales. Fortunately, having been engaged in professional management and administration in the golf industry and long possessing stable and sufficient operating capabilities, the Company expects to cope with any situation with effective countermeasures when facing challenges such as impact of economic cycles, operating costs and exchange rates, changes in golf rules, breakthroughs in automatic technology applications and ESG sustainability. The Company's bicycle OEM and ***VOLANDO*** brand positioning are unique and differentiated, the Company must be able to cope with any challenges on sight.

In addition, addressing the regulatory issues concerning drinking water safety, energy conservation, and heavy metal content is the area of focus of the plumbing hardware industry. The Company's **ALLTAS** stainless steel boutique faucets are made of food-grade stainless steel grade 304 and comply with national standards, enabling the Company to cope with any factors at play.

III. Summary of 2024 Business Plan

(I) Operation policy:
Lean and innovative; pursue sustainable development.

(II) Expected sales volume
Based on the supply and demand in the golf equipment market, the industry environment, and the Company's capability and development, the Company forecasts that the sales volume of golf equipment in 2024 are as follows: Approximately 3,760 thousnad of golf heads and golf equipment, and approximately 1,530 thousand of golf clubs, for a total of approximately 5,290 thousand units.

(III) Important sales and production policy

1. Being lean and innovative, the Company continuously provides customers with collaborative, tailor-made, high value-added design and manufacturing services.
2. The Company operates in a differentiated manner; take orders strategically; and seek customized orders with high-margins.
3. Maintain stable operations for key customers, create new customer sources, and promote business growth.
4. The Company continuously increases production-sale integration capability and pre-production preparation capability for the entire process, and strive for satisfying customers in terms of quality, delivery schedule,

costs and services.

5. The Company continuously perfect the supply chain system, improve supplier compliance management capability, and forge a strong partnership, so as to prosper together.
6. Efforts are made towards low-carbon and intelligent development, with the gradual promotion of green production, including supply chain green manufacturing.
7. The Company deepens and implements the market-oriented technological blueprint, to actively advance and deepen the key self-reliant core technological capabilities and the automation degree.
8. The Company is committed to the talent sustainability, cultivation of key talents, stabilization of human capital of the production lines, and advancing the swift and flexibility of the capability to be responsive and collaborative.
9. The Company continuously promotes ESG-based sustainable management and implements energy-saving and carbon reduction, as well as shifts towards to the whole process by means of reduction, recycling, and substitution as improvements, and for the innovative breakthroughs of technologies and new workmanship; practice green research and development, green production, and green life; and fulfill corporate social responsibilities.

IV. Future Development Strategies of the Company

(I) The company pursues a sustainable business environment and implements management measures in the aspects of environmental protection (E, environment), social responsibility (S, social) and corporate governance (G, governance) to fulfill its corporate social responsibility, aiming to become the most innovative company for daily use products and sports equipment which creates the greatest value and best service for clients, employees, shareholders and the public.

(II) Upholding the ideal of “Integrity and Practicality; R&D and Innovation; Sustainable Development; and Serving the People,” the Company effectively consolidates and streamlines its operational processes and seeks innovation and breakthrough, so as to achieve a management synergy in terms of quality, delivery date, cost, service, and innovation, thereby creating irreplaceable, great competitiveness

(III) Aiming to build itself as a “design and manufacturing service” that is customer-oriented and provides customers with design and manufacturing services like “collaborative design” and “performance simulation” and of “high added value” and “customization.” In addition, aided by its all-process production capability, lean operating process management, and application and development of automatic technologies, the Company will deliver breaking and competitive innovation and R&D results to share with customers, to gain stable revenue in the long term

For the 2024 business plan, the Company will make all efforts to achieve the target to create maximum value.
We would like to wish all shareholders good health and happiness.

Chairman LEE, KUNG-WEN

President HSU, JUNG-MIN

Accounting Officer LEE, CHUNG-MU

Two. Company Overview

I. Date of incorporation: July 18, 1988

II. Contact Information of the Head Office, Branch Offices and Factories

Name	Location	Telephone
Head Office	No.8, Jianfu Rd., Neipu Township, Pingtung County 912018, Taiwan (R.O.C.)	(08)778-3855
Branch Office	None	None
Factory	No.8, Jianfu Rd., Neipu Township, Pingtung County 912018, Taiwan (R.O.C.)	(08)778-3855

Note: Please refer to p.305 of this annual report for basic information on each related company.

III. Formation History

July 1988:	The Company was established with an initial capital of NT$ 68.5 million and Lin Sen-Chih was named president. The Company is mainly engaged in the manufacturing, contract processing, assembly and sales of golf club heads and various development products.
February 1992:	Led the way in the mass production of the carbon fiber face iron head.
June 1993:	In order to improve the financial structure, the Company carried out a capital increase of NT$65.5 million from debt to equity. Total capital was increased to NT$134 million.
June 1994:	Took the lead in successfully developing a composite iron head with titanium alloy, an aerospace material, to use as the face of the golf head.
September 1994:	Successfully transferred the molding technology of the composite iron head to the copper structure of the driver head, and introduced a new type of driver head that contributed greatly to profit.
January 1995:	Once again launched the driver head made of casting titanium alloy, which immediately became the most popular product in the golf club head market.
November 1995:	Changed the traditional casting method into the forged method for the production of titanium alloy driver head.
April 1996:	The Board of Directors and Supervisors were dissolved due to the poor operation by the juristic person director, Da-Yu Precision Casting Co., Ltd. As a result, the directors and supervisors of the Company were re-elected and Mr. LEE, KUNG-WEN was elected as the new chairman, with the old Board of Directors and Supervisors dissolved and the new Board of Directors and Supervisors taking office on 20th April.
July 1996:	Introduced ISO 9001, the international quality assurance system, to implement more stringent quality control on product quality and new product development.
December 1996:	In order to enhance production facilities, the Company carried out a cash capital increase of NT$30 million. Total capital was increased to NT$164 million.
December 1996:	Introduced PRO Engineering (PRO/E), a computer-aided design software, to enhance the R&D capability.
January 1997:	Invested in additional production lines for golf club assembly.
August 1997:	Was granted certification by SGS ISO 9001, international quality assurance, to improve product quality and increase product competitiveness in the market.
October 1997:	Acquired a number of molding facilities such as vertical automatic processing machines to enhance R&D and production capabilities.
November 1997:	Carried out a capital increase of NT$18.04 million through revaluation of land assets. Total capital was increased to NT$182.04 million.
February 1998:	In order to vertically integrate the R&D and production technology for CAD/CAM, the Company introduced various automated equipment, such as MASTER CAM, a computer-aided software, and three-dimensional measuring equipment.
March 1998:	Public offering of the Company's shares.
May 1998:	Carried out a cash capital increase of NT$30 million and a capital increase of NT$62.66 million through capitalization of earnings. Total capital was increased to NT$274.7 million.
October 1998:	The Investment Commission of Ministry of Economic Affairs (MOEA) approved the

Company's investment in Qilitian Golf Products (Shenzhen) Co., Ltd.

December 1998:	Introduced the PRO-E reverse engineering system from technology companies, combined with three-dimensional measurement machines to enhance its customer service.
December 1998:	Invested in additional production lines for the manufacturing of golf club.
March 1999:	Obtained a utility model patent for "Control panel and weight distribution for golf club head" in Japan and a utility model patent for "Structure improvement for golf head" from the Intellectual Property Office of MOEA, R.O.C.
May 1999:	Preliminary development of the forged five-piece titanium alloy driver head was successful and introduced into mass production.
June 1999:	Carried out a capital increase of NT$121.3 million through capitalization of earnings and capital surplus. Total capital was increased to NT$396 million.
July 1999:	Changed the Company's name to O-TA Precision Industry Co., Ltd. due to the expansion of business.
October 1999:	The R.O.C. Taipei Exchange approved the listing of the Company's shares.
November 1999 :	The Securities and Futures Bureau of Ministry of Finance (R.O.C.) approved the listing of the Company's shares.
December 1999:	Obtained a utility model patent for "Improvement of weight structure in the hollow metal-plate assembled golf club head" in Taiwan.
February 2000:	The Company's shares were officially listed and traded on the Taipei Exchange (R.O.C. OTC).
April 2000:	The new plant of Qilitian Golf Products (Shenzhen) Co., Ltd. in Shenzhen, Mainland China was completed and went into mass production. The plant area was approximately 25,000 square meters.
May 2000:	Carried out a capital increase of NT$138.6 million through capitalization of earnings. Total capital was increased to NT$534.6 million.
July 2000:	Obtained a utility model patent for "Weight distribution of golf club head" and "Structure improvement for weight distribution of golf club head" in Japan.
September 2000:	Obtained a utility model patent for "Structure improvement for face plate of golf club head" in Japan.
October 2000:	Obtained a Taiwan invention patent for "The structure of golf ball club head and its manufacturing method".
October 2000:	The Shantou Harvest Fair factory was divested and ended its mass production.
November 2000:	Obtained a Taiwan utility model patent for "Improved structure of counterweight for golf club head".
November 2000:	A new beta titanium material with high coefficient of elasticity and high added value has been successfully developed and introduced into mass production.
February 2001:	Obtained a Japan utility model patent for "Structure of golf club head".
February 2001:	Obtained a Taiwan invention patent for "Low-density and high-ductility of golf head and its manufacturing method".
March 2001:	Acquired the trademark right of "HYPERSTELL" in the United States.
April 2001:	New plant (7F) of Qilitian company was expanded in Shenzhen, China.
June 2001:	Carried out a capital increase of NT$82.2997 million through capitalization of earnings and capital surplus. Total capital was increased to NT$616.8997 million.
June 2001:	Acquired the "Weight distribution of golf club head (5-piece weight distribution)" in China.
November 2001:	The expansion of a new factory building (7F) at Shenzhen factory was completed.
January 2002:	Obtained a Taiwan invention patent for "The low-density iron based materials for golf head (E2000)(I)" from the Intellectual Property Office of MOEA, R.O.C.
April 2002:	The new plant officially began production.
June 2002:	Issued the first domestic unsecured convertible bonds.
July 2002:	Obtained a certificate of registration of patent for "Golf club head structure with a combination of tungsten-nickel alloy material", "Structure of forged and casting driver head (I) (3-piece type)", and "Structure of forged and casting driver head (II) (2-piece type)" in Japan.
August 2002:	Carried out a capital increase of NT$128.26373 million through capitalization of earnings. Total capital was increased to NT$745.16343 million.

January 2003:	Obtained a Taiwan invention patent for “The low-density iron based materials for golf head (E2000)(II)” from the Intellectual Property Office of MOEA, R.O.C.
January 2003:	The convertible bonds were converted into capital shares of NT$1.55277 million. Total capital was increased to NT$746.7162 million.
March 2003:	The convertible bonds were converted into capital shares of NT$31.05 thousand. Total capital was increased to NT$746.74725 million.
April 2003:	Was granted SGS UKAS ISO 9001:2000 International Quality Management System certification to enhance the product quality management system and increase the overall competitiveness.
April 2003:	Obtained a utility model patent for “Golf club head with sound effects” in China and a Taiwan invention patent for “The low-density iron based materials for golf head (E2000)(II)”
May 2003:	The Taiwan factory and Shenzhen factory of O-TA were both granted SGS UKAS ISO 9001:2000 quality management system certification.
June 2003:	The Investment Commission of MOEA approved the Company's indirect investment in the establishment of two subsidiaries, Santian Golf Products (Shenzhen) Ltd., Co. and Inda Composite Technology (Shenzhen) Co., Ltd.
July 2003:	The “Golf head of carbon composite material, Ti and stainless steel" and the "High-precision plasma welding technology" were developed and introduced into mass production.
August 2003:	Adjusted the “number of shares to be converted from corporate bonds" to 15,000,000 shares on the Company's registration form and registered the change with the MOEA, with a total capital of NT$1,000,000,000.
September 2003:	Obtained an invention patent for “Low-density and high-ductility of iron based materials for golf head” in the United States.
October 2003:	Carried out a capital increase of NT$81.20876 million through capitalization of earnings. Total capital was increased to NT$827.95601 million.
October 2003:	Established a R&D center for research and development of key advanced technologies, new materials, new structures, new styles, and product design, etc.
October 2003:	The convertible bonds were converted into capital shares of NT$883.38 thousand. Total capital was increased to NT$828.83939 million.
November 2003:	Obtained the U.S. invention patent for "Driver head(II)", the Japan utility model patent for "Driver golf head", and the European Union design patent for "Golf club head (appearance design)”.
December 2003:	Obtained the Japan utility model patents for "Golf club head" and “Golf head” and the Taiwan utility model patent for "Structure of striking faceplate for golf club head with foreign plastic”.
December 2003:	Santian Golf Products (Shenzhen) Limited Company, the subsidiary company, was officially opened.
January 2004:	Acquired the appearance design patent for “Golf club head” in China.
January 2004:	Customer-specific teams were set up to provide dedicated services.
January 2004:	The convertible bonds were converted into capital shares of NT$12.10244 million. Total capital was increased to NT$840.94183 million.
February 2004:	The 6Sigma activities were launched to strengthen the corporate operation and pursue the goal of zero defects in quality.
March 2004:	Acquired the new appearance design patent for “Golf club head” in the United States.
April 2004:	The convertible bonds were converted into capital shares of NT$12.20837 million. Total capital was increased to NT$853.1502 million.
April 2004:	Obtained the Japan utility model patent for “Golf club head” and the U.S. utility model patent for “Structure of striking faceplate for golf club head with foreign plastic FACE OF A GOLF CLUB HEAD”.
May 2004:	Obtained the Taiwan invention patent for “Structure of golf club head and the method for producing the same”.
August 2004:	Obtained the Japan utility model patent for “Wax blank for structure of golf head”, the U.S. invention patent for "WOOD TYPE GOLF CLUB HEAD”, and the Taiwan invention patent for “Golf club head having backside coated with composite material”.
August 2004:	Carried out a capital increase of NT$50.65579 million through capitalization of earnings (including NT$7.99828 million through the transferring of employees' bonus). Total

capital was increased to NT$903.80599 million, with an authorized capital of NT$1,027,027,980.

October 2004: Obtained the Taiwan utility model patent for “Improved iron golf club head”, the Japan utility model patent for “Golf club head combined with nonmetal material and metal material”, the U.S. invention patent for "COMPOSITE GOLF CLUB HEAD”, and the Taiwan utility model patents for “Composite striking faceplate for golf club head(I)” and “Composite striking faceplate for golf club head(II)”.

November 2004: The convertible bonds were converted into capital shares of NT$17.65115 million. Total capital was increased to NT$921.45714 million.

December 2004: Obtained the Taiwan utility model patent for “Wax blank for golf club head”.

December 2004: The second plant began mass production.

January 2005: Obtained the Taiwan utility model patents for “Golf club head with high shock absorption effects” and “Golf club head combined with nonmetal material and metal material”.

January 2005: The convertible bonds were converted into capital shares of NT$3.13107 million. Total capital was increased to NT$924.58821 million.

March 2005: Lean management programs were implemented.

March 2005: The convertible bonds were converted into capital shares of NT$1.74161 million. Total capital was increased to NT$926.32982 million.

April 2005: Obtained the Taiwan invention patent for “Manufacture method of golf club head”.

May 2005: Obtained the Taiwan utility model patent for “Golf club head” and the Japan design patent for “Appearance design for wood type golf club head”.

July 2005: Obtained the Taiwan invention patent for “Low density and high ductility golf club head and its manufacturing method(IV)”.

July 2005: Carried out a capital increase of NT$56.08399 million through capitalization of earnings (including NT$9.66965 through the transferring of employees' bonus) and a capital increase of NT$46.41434 million through capitalization of capital surplus. The convertible bonds were converted into capital shares of NT$2.25044 million. Total capital was increased to NT$1,031,078,590, with an authorized capital of NT$1,129,526,310.

August 2005: Obtained the Taiwan invention patent for “Method of making a golf club head”.

December 2005: The convertible bonds were converted into capital shares of NT$1.73205 million. Total capital was increased to NT$1,032,810,640.

January 2006: CAE simulation software was implemented for golf head analysis.

January 2006: The convertible bonds were converted into capital shares of NT$5.4732 million. Total capital was increased to NT$1,038,283,840.

March 2006: Successfully developed a number of new structures of golf head with dual-material face plate and obtained a utility model patent.

March 2006: The convertible bonds were converted into capital shares of NT$23.09 thousand. Total capital was increased to NT$1,038,306,930.

July 2006: Carried out a capital increase of NT$65.1105 million through capitalization of earnings (including NT$13.19515 million through the transferring of employees' bonus) and a capital increase of NT$51.91535 million through capitalization of capital surplus. The convertible bonds were converted into capital shares of NT$207.85 thousand. Total capital was increased to NT$1,155,540,630, with an authorized capital of NT$1,246,552,160.

October 2006: The convertible bonds were converted into capital shares of NT$18.01126 million. Total capital was increased to NT$1,173,551,890.

February 2007: The first domestic unsecured convertible bonds issued by the Company (abbreviated as O-TA (I), code 89241) were fully converted to common capital shares and the trading on OTC was terminated on February 7, 2007.

March 2007: The convertible bonds were converted into capital shares of NT$7,102,270. Total capital was increased to NT$1,180,654,160.

July 2007: Carried out a capital increase of NT$20.78443 million through capitalization of earnings (including NT$14.88116 million through the transferring of employees' bonus) and a capital increase of NT$5.90327 million through capitalization of capital surplus.Total capital was increased to NT$1,207,341,860, with an authorized capital of NT$1,246,552,160.

July 2008: Carried out a capital increase of NT$21.25425 million through capitalization of earnings (including NT$15.21754 million through the transferring of employees' bonus) and a capital increase of NT$6.03671 million through capitalization of capital surplus.Total

	capital was increased to NT$1,234,632,820, with an authorized capital of NT$1,400,000,000.
November 2008:	Repurchased treasury stock of NT$22 million, reducing the capital to $1,212,632,820, with an authorized capital of $1,400,000,000.
August 2009:	The "Innovation Division" was established to develop bicycle brand business and other innovative businesses. The bicycle brand "***VOLANDO***" was born.
March 2011:	***VOLANDO*** won the 2011 Taiwan Excellence Awards (three types of bike were awarded: road bike ***ARLEX***, mountain bike ***LAKAS***, and road bike ***Alib***).
May 2011:	"Cultural and Creative Aesthetics Center" was established in O-TA.
July 2011:	Was awarded "Taiwan's Top 100 Brands" as one of the top 100 brands in Taiwan!
December 2011:	1.The Company received the "Outstanding Enterprise Innovation Award" in the 1st National Industrial Innovation Award. 2.***VOLANDO***'s Premium ***Carbon Bike*** was again recognized by the 2012 Taiwan Excellence Awards (two types of bike were awarded: the carbon road bike- "***Emperor***" and the beautiful carbon mountain bike - "***Charming***"). 3.The Investment Commission of MOEA approved the investment in Jiangxi O-TA Precision Technology Co., Ltd.
February 2012:	O-TA's first directly-managed bicycle boutique, "O-TA ***VOLANDO*** Bicycle Boutique", held its grand opening on February 18.
September 2012:	Received a silver medal from the Vocational Training Division of the Ministry of Labor, Executive Yuan for the TTQS training quality assessment (corporate version).
October 2012:	The Taiwan Premium Road Bike ARLEX and Taiwan Premium Road Bike Frame Set were designated by National Science and Technology Museum for collection.
December 2012:	1.The O-TA super lightweight golf club- ***AE-1/AE-2*** won the 2013 Taiwan Excellence Award (the 21st round). 2.***VOLANDO*** Premium Bike was again recognized by the 2013 Taiwan Excellence Awards (the 21st round). The awarded bike was the "super rigid, ultra-lightweight racing road bike ***V1 Classico***".
April 2013:	The new plant at Jiangxi O-TA began trial mass production.
June 2013:	The new plant at Jiangxi O-TA officially went into mass production.
August 2013:	The R&D team members won the 2013 Red Dot Design Concept Award in Germany.
September 2013:	The ***VOLANDO*** bike "***Charming Snow***" won the 2013 Golden Pin Design Award.
October 2013:	O-TA (8924-TW), Family Mart (5903-TW) and National Pingtung University of Science and Technology signed a strategic alliance cooperation agreement.
December 2013:	1.O-TA's premium and classic "Bamboo Weaving" putter was awarded the 22nd Taiwan Excellence Award. 2.O-TA's ***VOLANDO*** products have achieved consecutive successes. Once again, three ***VOLANDO*** bikes won the 2014 Taiwan Excellence Award (the 22nd round): "Carbon Fiber Race Frame and Wheelset/Vulcan", "650B Mountain Bike Tarzan", and "Time Trial/Ironman Dual Purpose Bike ｜T/T SOLO".
July 2014:	Was awarded the 11th A+ rating for information disclosure by listed and OTC companies.
December 2014:	The ***VOLANDO*** bike "***Charming Snow***" again won the 2014 China Red Star Design Award.
March 2015:	The new factory Jiangxi O-TA was granted SGS ISO 9001 Certification for the first time. O-TA and Qilitian both passed the certification.
March 2015:	O-TA's ***VOLANDO*** hopes to provide the greatest support to Chinese Taipei Cycling Association and has been the title sponsor to support the Taiwan Freeride National Team for 2 years.
September 2015:	Jiangxi O-TA passed the certification of MIZUNO CSR.
October 2015:	**ALLTAS** stainless steel faucets are proudly exhibited at the "2015 Taiwan International Water Show".
November 2015:	***VOLANDO*** won the Silver Award at 2015 DFA in Hong Kong with its **V1 TEAM**! (Design For Asia Awards, DFA).
November 2015:	O-TA's stainless steel drinking faucet was awarded the "Excellence in Casting and Technology Award" by the Taiwan Foundry Society.
December 2015:	***VOLANDO*** won the 24th Taiwan Excellence Award: "Endurance Carbon Road Bike",

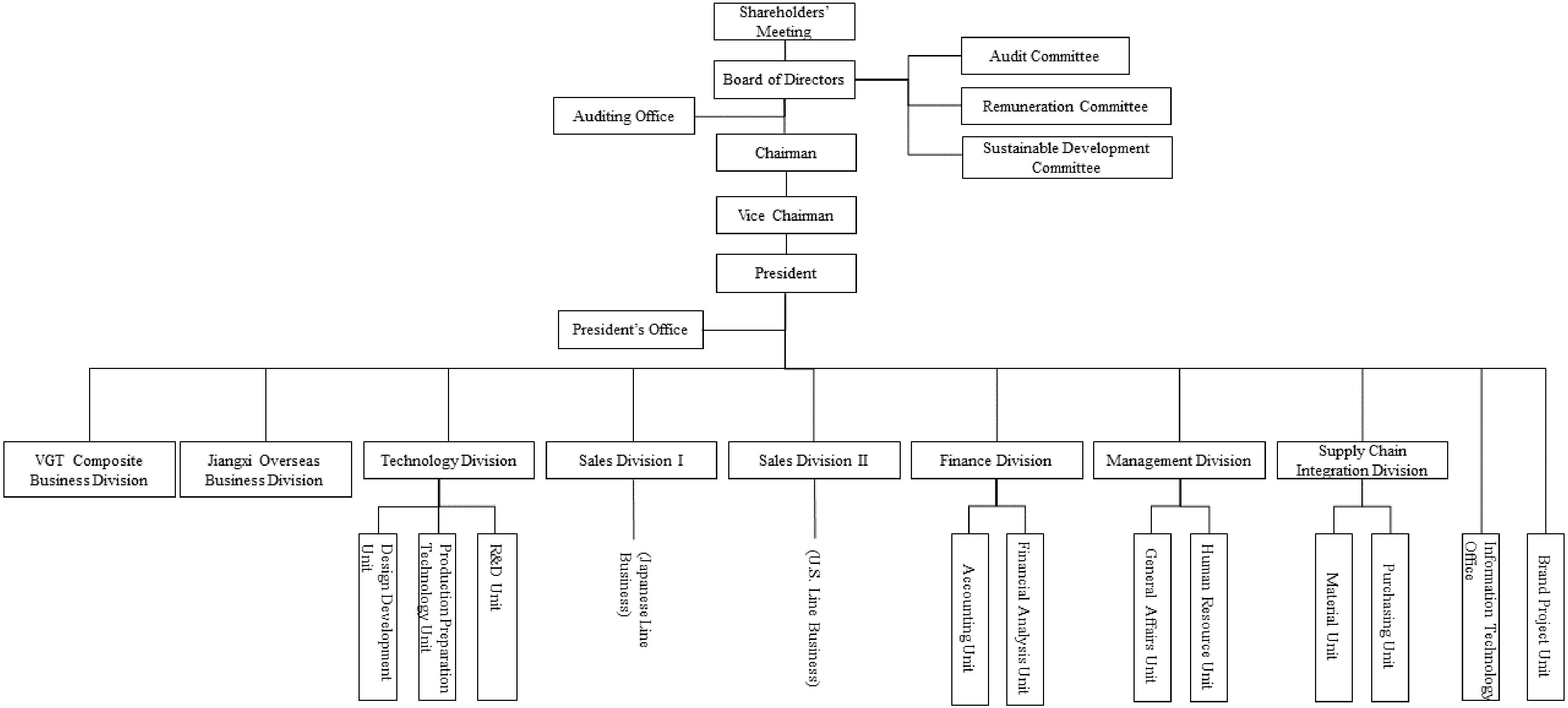
	"29er Dual Suspension Mountain Bike", and "Wheel Glorious Taiwan Road Bike", a total of 3 models were selected for the Taiwan Excellence Award, with a 100% selection rate. (12 models have been recognized with awards since the brand was founded.)
March 2016:	Passed the certification for "design and manufacture of stainless steel faucets and related accessories" from SGS ISO 9001 and obtained the certificate.
December 2016:	1.O-TA's **ALLTAS** stainless steel faucet premium series is the first product in Taiwan to obtain the "Certificate of Drinking Water Faucet Commodities Subject to Mandatory Inspection" from the Bureau of Standards, Metrology and Inspection, MOEA. 2.***VOLANDO*** received the 25th Taiwan Excellence Award: "HT XC ELITE - Highly Rigid Mountain Bike **ELITE**" (13 bikes have been recognized with awards since the brand was founded).
June 2017:	Santian Golf Products (Shenzhen) Limited Company, the subsidiary of the Company, cancelled its company registration.
July 2017:	The automatic grinding process was introduced into mass production and the ERP system was successfully launched in Jiangxi O-TA.
July 2017:	The R&D team members won the 2017 Red Dot Design Concept Award (Water Hardware) in Germany.
August 2017:	Disposed 100% capital interest in the subsidiary Qilitian Golf Products (Shenzhen) Co., Ltd.
October 2017:	Implemented the automated and E-setting of product performance measurement.
December 2017:	***VOLANDO*** won the 26th Taiwan Excellence Award: "Carbon Fiber Road Bike KULIAN" (14 bikes have been recognized with awards since the brand was founded).
January 2018:	The Investment Commission of MOEA approved the investment in VGT Composite Technology (Huizhou) Co., Ltd.
March 2018:	Successfully converted into SGS UKAS ISO 9001:2015 quality management system certification.
May 2018:	Automated grinding of iron golf heads for Japanese customers was successfully introduced into mass production.
July 2018:	The innovative design team members were awarded the 2018 Red Dot Design Concept Award in Germany.
July 2018:	Carried out a capital reduction of NT$374.63282 million. Total capital was decreased to NT$838 million, with an authorized capital of NT$1,400,000,000.
September 2018:	Jiangxi O-TA passed the CSR certification granted by MIZUNO customer.
December 2018:	***VOLANDO*** won the 27th Taiwan Excellence Award: "Asia's Most Fascinating CHARMING Women's Road Bike". (15 bikes have been recognized with awards since the brand was founded).
December 2019:	The whole series of products have been successfully introduced into mass production with automated grinding.
December 2019:	***VOLANDO*** received the 28th Taiwan Excellence Award: "Green Light FIT DISC GLR". (For 9 consecutive years since the brand was founded, 16 bikes have been recognized with awards).
March 2020:	The Board of Directors resolved that Inda Composite Technology (Shenzhen) Co., Ltd., in which the Company holds a 51% capital interest through an indirect investment in a third party, was to be dissolved and liquidated, and the main business of the company was to be undertaken by VGT Composite Technology (Huizhou) Co., Ltd.
June 2020:	The automated examination was successfully developed and introduced into mass production.
July 2020:	Successfully developed the high wear-resistant vacuum coating technology for mass production of golf equipment.
December 2020:	***VOLANDO*** received the 2021 Taiwan Excellence Award: "LAKAS II", a sensitive conqueror of the mountains. (For 10 consecutive years since the brand was founded, 17 bikes have been recognized with awards).
December 2020:	Successfully developed a combination of heterogeneous materials applicable to golf heads.
March 2021:	Led the industry in developing the lightweight golf heads for new generation.
March 2021:	Successfully converted into SGS UKAS ISO 9001:2015 quality management system certification.
July 2021:	The innovative design team won the 2021 Red Dot Design Award_UNION 1 Handheld

	Shower Head.
December 2021:	The Company's responsible person was awarded the 4th Kaohsiung City Top 10 Outstanding Citizens Award_Enterprise Innovation Group.
July 2022:	Ayaka Furue, a Bridgestone-sponsored female golf player, won the LPGA Scottish Open using O-TA's patented golf club head made of carbon.
August 2022:	In 2021, O-TA was ranked the 5th among the 10 fastest growing company in terms of operating revenue and 6th among the 10 fastest growing companies in terms of profits, according to a survey conducted by CommonWealth Magazine.
November 2022:	O-TA PRECISION INDUSTRY CO., LTD. and National Pingtung University launched an industry-academia collaboration program titled "Golf Talents Cultivation using Smart Golf Simulated Training Premises," aiming to continue promoting innovation, talent cultivation, technological integration, social responsibility, local engagement, and sustainable development in the golf industry, to bring benefits to all parties involved.
April 2023:	Commencement of the 2nd factory in Jiangxi O-TA Precision Technology Co., Ltd.
July 2023:	The green energy photovoltaic parking lot in O-TA was completed and commissioned. Part of the factory area uses green power, renewable energy, and solar power to save energy and reduce carbon.
December 2023:	O-TA was awarded the "Badge of Accredited Healthy Workplace _Health Activation Label" by the Health Promotion Administration, Ministry of Health and Welfare.
December 2023:	The Company passed the equipment inspection of "National Renewable Energy Certificate Center, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs."
January 2024:	O-TA and the National Pingtung University have conducted an industry-academia cooperation project "smart golf simulation training field for player improvement" under the strategic alliance.
January 2024:	The person in charge of Jiangxi O-TA Precision Technology Co., Ltd. was awarded the honorary title of "Top Ten Economic Persons of the Year" in 2023. (Note: Ganzhou Economic and Technological Development Zone)
February 2024:	O-TA has successfully obtained the first batch of 11 REC_ renewable energy certificates (green energy certificate) (1000 degrees/1REC) from the National Renewable Energy Certificate Center of the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, with the certificate numbers 23SP0229-B023000001 to 23SP0229-B023000011; the power generation period is from November 28, 2023 - December 31, 2023.

Three. Corporate Governance Report

I. Organization System

(I) Organization Chart



(II) Department Functions

Department	Functions
President's Office	Provide the president with information regarding company operation, operation planning and strategy management, planning and integration for major projects, consultation and communication operation, external public relations management and internal administration.
Remuneration Committee	Regularly review the annual and long-term performance goals and the policy, standards and structure of compensation for directors and managerial officers. Regularly evaluate the achievement of performance goals for directors and managerial officers, and set the components and amount of their individual compensation.
Audit Committee	Supervise the adequacy of the Company's financial statements, the selection, independence and performance of the certified public accountants, the effectiveness of implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks.
Sustainable Development Committee	The committee assists the Board of Directors to continuously promote the implementation of sustainable development and sustainable management, to improve corporate governance, protect the environment, and fulfill social responsibilities.
Auditing Office	Responsible for the implementation, maintenance and auditing of the company-wide internal control system and corporate governance related business matters.
Technology Division	Responsible for the product realization, trial production and tracking of the product and sample, transfer of manufacturing method and experience of product and sample to production units, design of manufacturing processes and process conditions, design of molds and manufacturing conditions, automation development and equipment improvement, research and development of key advanced technologies, new materials, new structures, new models, product design and other strategic topics, patent application and processing, and the construction and implementation of the comprehensive quality system operation mechanism from the phase of development to mass production for the entire company.
Finance Division	Responsible for the business of finance, accounting and cost management.
Management Division	Responsible for environmental protection and safety affairs, human resources planning, personnel recruitment, planning and management for training, implementation of labor insurance, health insurance and pension, and coordination and resolution for labor relations.
Supply Chain Integration Division	Integrate the subsidiaries' supply chain systems, including supplier management, cost management, logistics management, and the consolidation of production and sales information.
Information Technology Office	Responsible for information management, application system management, server system management, network communication management, database management, computer maintenance and service, cyber security management, etc.
Sales Division I	Responsible for the business for Japanese line customers, including the import and export matters, customer order processing, new customer development, customer relationship management, pre-information investigation and customer service.
Sales Division II	Responsible for the business for U.S. line customers, including the import and export matters, customer order processing, new customer development, customer relationship management, pre-information investigation and customer service.
Jiangxi Overseas Business Division	Manage all the affairs of overseas plants, including production and manufacturing, personnel, general affairs, finance, business, and customs.
Brand Business Unit	Responsible for bicycle store, sales and business, design and development for bicycle, quality assurance and production, sales, innovative design, hardware and other innovative business matters.
VGT Composite Business Division	Responsible for the production and management of carbon fiber composite materials, bicycle parts and accessories, automobile parts and accessories, as well as sporting goods, such as ice hockey, ice skating and skiing equipment.

II. Information on the Company's Directors, President, Vice President, Associate Vice President, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors' Information (1)

1. Directors' Information

April 7, 2024

Job title (Note 1)	Nationality or Place of Registration	Name	Gender	Age	Date of election/ appointment to current term	Term of office	Commencement date of first term (Note 2)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor Children		Shares held through nominees		Principle work experience and academic qualifications (Note 3)	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 4)
								No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	LEE, KUNG-WEN	Male	71-80	May 26, 2022	3 years	April 20, 1996	7,272,408	8.68%	7,272,408	8.68%	2,657,560	3.17%	0	0%	Honorary Doctorate, National Pingtung University of Science and Technology; Department of Accounting, Ling Tung University; Chairman, O-TA Precision Industry Co., Ltd.; President, Hsiang-Hsing Construction Co., Ltd. Representative of corporate supervisors, Formosa International Hotels Corporation	Chairman, O-TA Precision Industry Co., Ltd. ; Representative of Juristic Person Director, O-TA Golf Group Co.,Ltd., Harvest Fair International Limited, Jiangxi O-TA Precision Technology Co., Ltd., and VGT Composite Technology (Huizhou) Co., Ltd. ; Representative of Juristic Person Director, Formosa International Hotels Corporation	None	None	None	None
Vice Chairman	R.O.C.	LIN, CHON-CHEN	Male	71-80	May 26, 2022	3 years	June 13, 1988	529,065	0.63%	310,065	0.37%	0	0%	0	0%	Department of Industrial Engineering, National Taipei University of Technology; Vice Chairman, O-TA Precision Industry Co., Ltd. Vice President, Da-Yu Precision Casting Co., Ltd.	Vice Chairman, O-TA Precision Industry Co., Ltd.; Representative of Juristic Person Director, O-TA Golf Group Co.,Ltd., Harvest Fair International Limited, Jiangxi O-TA Precision Technology Co., Ltd., and VGT Composite Technology (Huizhou) Co., Ltd.; Chairman, Shanhua Industrial Co. Ltd.; Director, Yuncheng Chemical Industrial Co., Ltd.; Director, Sun Flower Gloves Co., Ltd.	None	None	None	None

Job title (Note 1)	Nationality or Place of Registration	Name	Gender	Age	Date of election/ appointment to current term	Term of office	Commencement date of first term (Note 2)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor Children		Shares held through nominees		Principle work experience and academic qualifications (Note 3)	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 4)
								No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relationship	
Corporate Director	R.O.C.	NAN, FENG-HSING Co., Ltd. Corporate	None		May 26, 2022	3 years	May 10, 2007	7,650,386	9.13%	7,650,386	9.13%	0	0%	0	0%	None	None	None	None	None	None
Representative	R.O.C.	LAUREN-JACQUELINE PAN	Female	Below 30	May 26, 2022	3 years	May 26, 2022	0	0%	0	0%	0	0%	0	0%	B.A. in Psychology, Columbia University; Specialist, Global Administration, CTBC Bank Co., Ltd.	Representative of Juristic Person Director, O-TA Precision Industry Co., Ltd. ; Manager, Investment Division, Taiwan Life Insurance Co., Ltd.	Director	KRISTEN-JULIA PAN	Sister	None
Representative	R.O.C.	KRISTEN-JULIA PAN	Female	Below 30	May 26, 2022	3 years	May 26, 2022	0	0%	0	0%	0	0%	0	0%	B.S. in Cognitive Science, University of Southern California; Assistant Manager, Marketing and Communications Division, Formosa International Hotels Corporation; Designer, Rich Honour International Designs Co., Ltd.	Representative of Juristic Person Director, O-TA Precision Industry Co., Ltd.; Brand and Design Manager, Formosa International Hotels Corporation	Director	LAUREN-JACQUELINE PAN	Sister	None
Director	R.O.C.	LIN, HUN-CHER	Male	71-80	May 26, 2022	3 years	June 1, 1994	2,266,088	2.7%	2,266,088	2.7%	51,564	0.06%	0	0%	MBA, University of Detroit Mercy; Special Assistant to President's Office, Great Industrial Co., Ltd.; Director, O-TA Precision Industry Co., Ltd.; Chairman and President, Yuncheng Chemical Industrial Co., Ltd.; Director, Sun Flower Gloves Co., Ltd.	Director, O-TA Precision Industry Co., Ltd.	None	None	None	None

Job title (Note 1)	Nationality or Place of Registration	Name	Gender	Age	Date of election/ appointment to current term	Term of office	Commencement date of first term (Note 2)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor Children		Shares held through nominees		Principle work experience and academic qualifications (Note 3)	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 4)
								No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	R.O.C.	CHEN, SHUH	Male	61-70	May 26, 2022	3 years	May 26, 2022	0	0%	0	0%	0	0%	0	0%	Ph.D., Business Administration, National Taiwan University; Chairman, Financial Supervisory Commission, R.O.C.; Administrative Deputy Minister, Ministry of Finance, R.O.C.; Counselor, Director of the 4th Task Force and Secretary-General, Executive Yuan, R.O.C.; Chairman, Securities Commission, Ministry of Finance, R.O.C.; Chairman, Taiwan Stock Exchange Corporation; Chairman, Taipei Exchange, R.O.C.	Independent Director, O-TA Precision Industry Co., Ltd.; Chairman, Central Investment Co., Ltd.; Adjunct Professor, Department of Accounting, National Chengchi University; Chairman, China Daily News; Chairman, Zhong Dao Association of Leadership & Culture; Independent Director, Planet Technology Co., Ltd.; Independent Director, Asia Cement Co., Ltd.; Director, Hotron Precision Electronic Industrial Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	HUANG, CHUNG-HUI	Male	61-70	May 26, 2022	3 years	June 23, 2016	0	0%	0	0%	0	0%	0	0%	Master of Management in Accounting, Department of Accountancy, National Cheng Kung University; Partner, EY Taiwan; Adjunct Professor, Southern Taiwan University of Science and Technology; Adjunct Lecturer, National Cheng Kung University; Independent Director, O-TA Precision Industry Co., Ltd.	Independent Director, T.Y.C. Brother Industrial Co., Ltd.; Independent Director, Nam Liong Global Co., Ltd.; Independent Director, Fu Chun Shin Machinery Manufacture Co., Ltd.; Independent Director, O-TA Precision Industry Co., Ltd.;	None	None	None	None
Independent Director	R.O.C.	CHANG, TIEN-SHENG	Male	61-70	May 26, 2022	3 years	June 6, 2019	0	0%	0	0%	0	0%	0	0%	Ph.D., Mechanical Engineering, University of Maryland, college park; Department of Mechanical Engineering, National Chiao Tung	Independent Director, O-TA Precision Industry Co., Ltd.	None	None	None	None

Job title (Note 1)	Nationality or Place of Registration	Name	Gender	Age	Date of election/ appointment to current term	Term of office	Commencement date of first term (Note 2)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor Children		Shares held through nominees		Principle work experience and academic qualifications (Note 3)	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 4)
								No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relationship	
																University; Science and Technology Advisor, Department of Industrial Technology, Ministry of Economic Affairs; Chief, Center of Industrial Innovation Patent, National Pingtung University of Science and Technology; Professor and Chairman, Graduate Institute of Management of Innovation and Technology, National Pingtung University of Science and Technology; Independent Director, O-TA Precision Industry Co., Ltd.					

Note 1: The names of the institutional shareholder and its representative should be listed separately (for the representative of the institutional shareholder, the name of the institutional shareholder should be indicated).
Note 2: Fill in the time when the director or supervisor was first elected for the Company, and include a note if there was an interruption.
Note 3: Experience related to current position is provided. If the director or supervisor have worked for a certified public accounting firm or a related company during the preceding period, the title and responsibilities of the position held should be specified.
Note 4: If the Chairman and the President or any equivalent person (the highest level manager) are the same person, spouses or relatives within one degree of kinship, the reasons, reasonableness, necessity and measures (such as increasing the number of seats of independent directors and having more than half of the directors who are not also employees or managerial officers, etc.) should be specified.

2. Major Institutional Shareholders

April 7, 2024

Name of Institutional Shareholder (Note 1)	Name of Major Shareholders (Note 2)
Nan Feng Xin Co., Ltd.	World Commerce Co., Ltd. (BVI.) (99.74%) PAN,SY-LIANG (0.26%)

Note 1: If the director or supervisor is a representative of a institutional shareholder, the name of the name of the institutional shareholder should be specified.
Note 2: Fill in the names of the major institutional shareholders (the top 10 shareholders in terms of their shareholding) and each of their percentage of shareholding. Fill in the names of the major institutional shareholders.
Note 3: If a institutional shareholder is not a corporate entity, the name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph shall be the name of the contributor or donor (please refer to the announcement of the Judicial Yuan) and the percentage of contribution. If the contributor is deceased, "deceased" should be added.

3. Principal shareholder of corporate shareholders with a juridical person as its major shareholder

The Company is unable to disclose this information since World Commerce Co., Ltd. (BVI.) has not provided the Company with its register of shareholders.

(II) Directors' Information (2)

1. Directors' Professional Knowledge and Independent Information

April 7, 2024

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Status (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Chairman LEE, KUNG-WEN	With an Honorary Doctorate of National Pingtung University of Science and Technology, he has extensive financial accounting experience and has been involved in the golf industry for more than 20 years. For more information on the education and work experience, please refer to the Directors' Information on p.13 of this annual report. There is no event under Article 30 of the Company Act.	(1) No event under Article 27 of the Company Act that prohibits an elected government official, juristic person, or their authorized representatives from being a director or supervisor of the Company.	None
Vice Chairman LIN, CHON-CHEN	With more than 30 to 40 years of experience in the golf industry, he is one of the leading players in the golf industry in Taiwan and a celebrity in the golf industry in Japan. For more information on the education and work experience, please refer to the Directors' Information on p.13 of this annual report. There is no event under Article 30 of the Company Act.	(1) No compensation received for business, legal, financial, or accounting services provided to the Company or its affiliates in the last two years. (2) No event under Article 27 of the Company Act that prohibits an elected government official, juristic person, or their authorized representatives from being a director or supervisor of the Company.	None
Representative of Juristic Person Director LAUREN-JACQUELINE PAN	She is currently the Manager of the Investment Division of Taiwan Life Insurance Co., Ltd., with previous experience at CTBC Bank Co., Ltd. as the Specialist of Global Administration Division. She possesses expertise in investment analysis. For more information on education and work experience, please refer to the Directors' Information on p.14 of this annual report. There is no event under Article 30 of the Company Act.	(1) Not a director, supervisor or employee of the Company or its affiliates. (2) Not holding any shares of the company. (3) Not a director, supervisor or employee of a company with which the Company has a specific relationship. (4) No compensation received for business, legal, financial, or accounting services provided to the Company or its affiliates in the last two years.	None
Representative of Juristic Person Director KRISTEN-JULIA PAN	She is currently the Brand and Design Manager at Formosa International Hotels Corporation, with previous experience as the Assistant Manager of Marketing and Communications Division at Formosa International Hotels Corporation and the Designer of Rich Honour International Designs Co., Ltd.. She possesses expertise in design and marketing. For more information on education and work experience, please refer to the Directors' Information on p.14 of this annual report. There is no event under Article 30 of the Company Act.		None
Director LIN, HUN-CHER	He was formerly the Chairman and President of Yuncheng Chemical Industrial Co., Ltd. As the domestic pioneer in the production of nano-colloidal calcium carbonate and light calcium carbonate related product by chemical synthesis, he is actively promoting the automation process of the Company. For more information on education and work experience, please refer to the Directors' Information on p.14 of this annual report. There is no event under Article 30 of the Company Act.	(1) Not a director, supervisor or employee of the Company or its affiliates. (2) Not a director, supervisor or employee of a company with which the Company has a specific relationship. (3) No compensation received for business, legal, financial, or accounting services provided to the Company or its affiliates in the last two years. (4) No event under Article 27 of the Company Act that provides for the election of the government agency, juristic person or their authorized representatives as the director or supervisor of the Company.	None

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Status (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Independent Director CHEN, SHUH	He is the Adjunct Professor of Department of Accounting at National Chengchi University with CPA qualification, and is currently the Chairman of Central Investment Co., Ltd and the Chairman of Zhong Dao Association of Leadership & Culture. For more information on education and work experience, please refer to the Directors' Information on p.15 of this annual report. The Company has obtained a declaration that there is no event under Article 30 of the Company Act.	(1) Not a director, supervisor or employee of the Company or its affiliates. (2) Not holding any shares of the company. (3) Not a director, supervisor or employee of a company with which the Company has a specific relationship. (4) No compensation received for business, legal, financial, or accounting services provided to the Company or its affiliates in the last two years. (5) No event under Article 27 of the Company Act that prohibits an elected government official, juristic person, or their authorized representatives from being a director or supervisor of the Company.	2
Independent Director HUANG, CHUNG-HUI	As the Adjunct Lecturer of National Cheng Kung University and the Adjunct Professor of Southern Taiwan University of Science and Technology, he is a certified CPA and was formerly the Partner with EY Taiwan. For more information on education and work experience, please refer to the Directors' Information on p.15 of this annual report. The Company has obtained a declaration that there is no event under Article 30 of the Company Act.		3
Independent Director CHANG, TIEN-SHENG	He was formerly the Professor of Graduate Institute of Management of Innovation and Technology at National Pingtung University of Science and Technology and the Science and Technology Advisor of Department of Industrial Technology at Ministry of Economic Affairs. For more information on education and work experience, please refer to the Directors' Information on p.15-16 of this annual report. The Company has obtained a declaration that there is no event under Article 30 of the Company Act.		0

Note 1: Professional Qualifications and Experience: The professional qualifications and experience of individual directors and supervisors should be specified. If they are members of the Audit Committee and have expertise in accounting or finance, their accounting or financial background and work experience and whether they have any of the events described under Article 30 of the Company Act should be specified.

Note 2: For independent directors, their circumstances that satisfy the independence status should be specified.

2. Diversity and Independence within the Board of Directors

(1) Diversity of the Board of Directors: The Company has specified in Article 20 of the "Corporate Governance Best Practice Principles" the policy of diversity in the composition of the members of the Board of Directors and the implementation of the diversity policy by the members of the Board of Directors.

Diversity Core Items / Name of Directors	Gender	Nationality	With Employee Status	Age				Independent Director Tenure			Business Judgment Competency	Accounting and Financial Analysis Competency	Business Management Competency	Crisis Management Competency	Industry Knowledge	International Market Insights	Leadership Skills	Decision-making Skills	Law	ESG Expertise
				Below 30	…	61-70	71-80	Less than 3 years	3-9 years	More than 9 years										
LEE, KUNG-WEN	Male	R.O.C.	V				V				V	V	V	V	V	V	V	V		
LIN,CHUNG-CHIEN	Male	R.O.C.					V				V	V	V	V	V	V	V	V		
Nan Feng Xin Co., Ltd. – Lauren-Jacqueline Pan	Female	R.O.C.		V							V	V	V			V	V	V		V
Nan Feng Xin Co., Ltd. – Kristen-Julia Pan	Female	R.O.C.		V							V	V	V			V	V	V		V

Diversity Core Items / Name of Directors	Gender	Nationality	With Employee Status	Age				Independent Director Tenure			Business Judgment Competency	Accounting and Financial Analysis Competency	Business Management Competency	Crisis Management Competency	Industry Knowledge	International Market Insights	Leadership Skills	Decision-making Skills	Law	ESG Expertise
				Below 30	…	61-70	71-80	Less than 3 years	3-9 years	More than 9 years										
LIN, HUN-CHER	Male	R.O.C.					V				V		V	V		V	V	V	V	
CHEN, SHUH	Male	R.O.C.				V		V			V	V	V	V		V	V	V	V	V
HUANG, CHUNG-HUI	Male	R.O.C.				V			V		V	V		V		V		V	V	
CHANG, TIEN-SHENG	Male	R.O.C.				V			V		V		V	V	V	V		V		V

The 13th Board of Directors consists of 8 seats (including 3 seats of independent directors), each with a 3-year tenure of office which may be re-elected. All the members of the Board of Directors are nationals. The composition of the Board of Directors includes 37.5% of independent directors and 12.5% of directors with employee status; the age distribution of members is 25% below the age of 30, 37.5% aged 61-70 and 37.5% aged 71-80. In response to the promotion of ESG, the Board of Directors has made 50% of its members with ESG expertise. In consideration of gender equality and rejuvenation in the composition of the Board of Directors, the Company has made 25% of the directors female and 25% of directors under 30 years old, actively implementing the policy of diversity. The members of Board of Directors are distinguished people from both the industry and academia: Director LEE, KUNG-WEN and Director LIN, CHON-CHEN have extensive industry experience; Director LAUREN-JACQUELINE PAN has expertise in investment analysis; Director KRISTEN-JULIA PAN has expertise in marketing and design; Director LIN, HUN-CHER actively promotes automatic production; Independent Director CHEN, SHUH has extensive industry experience to assist the company in promoting ESG; Independent Director HUANG, CHUNG-HUI is qualified with a CPA license and has extensive experience in practice; Independent Director CHANG, TIEN-SHENG was formerly the Science and Technology Advisor of the Department of Industrial Technology at Ministry of Economic Affairs, specializing in technology and patents. The directors of diverse backgrounds actively participate in the board of directors' meetings, creating maximum value for the Company.

(2) Independence of the Board of Directors: The Board of Directors of the Company sets 8 seats of directors according to the scale of operations and the requirement of development, of which 3 seats are independent directors. The number of independent directors accounts for 37.5% of the total number of directors. None of the independent director has served more than 3 terms. For the independence status of independent directors, please refer to the Directors' Information (2) on p.17~18 of this annual report. Except for Director LAUREN-JACQUELINE PAN and Director KRISTEN-JULIA PAN, who are relatives within second degree of kinship, there are no spouses or relatives within second degree of kinship among the directors.

(III) Information of the Directors, President, Vice President, Associate Vice President, and Managers of Each Division and Branch Office

April 7, 2024

Job Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouses and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 3)
					No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relationship	
President	R.O.C.	HSU, JUNG-MIN	Male	January 1, 2017	0	0%	0	0%	0	0%	Graduate Studies in Technology Management (Doctoral Program), National Taiwan University of Science and Technology; Master, Business Administration, National Taiwan University; Master, Architecture, Tamkang University; Bachelor, Civil and Construction Engineering, National Taiwan University of Science and Technology; Chief Operating Officer, Globe Union Industrial Co., Ltd.; Chief Operating Officer, Airmate Electrical (Shenzhen) Co., Ltd.; Business Manager, IBM Taiwan Corporation	Representative of Juristic Person Director, Jiangxi O-TA Precision Technology Co., Ltd.; President, Jiangxi O-TA Precision Technology Co., Ltd..	None	None	None	None
Technology Division Vice President	R.O.C.	WANG, SHIH-CHEN	Female	July 1, 2019	0	0%	0	0%	0	0%	Department of Chemical Engineering, Cheng Shiu University; Manager, Quality Management, Da-Cheng Precision Casting Co., Ltd.; Manager, Quality Management, Da-Yu Precision Casting Co., Ltd.; Factory Manager and Vice President, Qilitian Golf Products (Shenzhen) Co., Ltd.; President, Jiangxi O-TA Precision Technology Co., Ltd. Vice President, President's Office, O-TA Precision Technology Co., Ltd.	None	Associate Vice President	WANG, SHIH-LAN	Sister	None
VGT Composite Material Sales Division Vice President	R.O.C.	CHEN, WEN-HSIANG	Male	April 1, 2020	0	0%	0	0%	0	0%	Ph.D., Engineering Science and Ocean Engineering, National Taiwan University; Master, Engineering Science and Ocean Engineering, National Taiwan University; Vice President, Chin Shang Industrial Co., Ltd.; Researcher and Technology Advisor, Material & Chemical Science, Industrial Technology	Representative of Juristic Person Director, VGT Composite Technology (Huizhou) Co., Ltd.; President, VGT Composite Technology (Huizhou) Co., Ltd.	None	None	None	None

<table>
<tr><th rowspan="2">Job Title (Note 1)</th><th rowspan="2">Na-tional-ity</th><th rowspan="2">Name</th><th rowspan="2">Gen-der</th><th rowspan="2">Date of appoint-ment to position</th><th colspan="2">Shares held</th><th colspan="2">Shares held by spouses and mi-nor children</th><th colspan="2">Shares held through nomi-nees</th><th rowspan="2">Principal work experience and academic qualifications (Note 2)</th><th rowspan="2">Positions concurrently held in other companies at present</th><th colspan="3">Other managerial officer(s) with which the person has a relation-ship of spouse or relative within the second degree</th><th rowspan="2">Note (Note 3)</th></tr>
<tr><th>No. of Shares</th><th>Share-holding ratio</th><th>No. of Shares</th><th>Share-holding ratio</th><th>No. of Shares</th><th>Share-holding ratio</th><th>Job title</th><th>Name</th><th>Rela-tion-ship</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Research Institute; Assistant Profes-sor, Tungnan University;
Associate Professor, National Kaohsiung Marine University;
Manager, Material & Chemical Science, Industrial Technology Re-search Institute</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Finance Division Associate Vice President (Concurrently serving as Head of Accounting, Finance, and Corporate Gov-ernance)</td><td>R.O.C.</td><td>LEE, CHUNG-MU</td><td>Male</td><td>Septem-ber 1, 2017</td><td>10,000</td><td>0.01%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Bachelor, Accounting, Tamkang University
Manager, Auditing Division, UHY L&C Company, CPAs;
Manager, Management Division, O-TA Precision Industry Co., Ltd.</td><td>Representative of Juristic Person Director, Harvest Fair Interna-tional Limited; Supervisor, Jiangxi O-TA Precision Technol-ogy Co., Ltd.; Supervisor, VGT Composite Technology (Hui-zhou) Co., Ltd.</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Jiangxi Overseas Sales Division Special Assistant to President's Office</td><td>R.O.C.</td><td>CHUNG, CHIN-FENG</td><td>Male</td><td>January 2, 2018</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Bachelor, Mechanical Engineering, Nanya Institute of Technology;
Manager, Engineering Division, Bai-Na Plastic (Dongguan) Co., Ltd.;
Manager, Manufacturing Division I, Jabil Green Point Tianjin Plastics Co., Ltd.;
Vice Manager, MMI Sales Division, Ichia Electronics (Suzhou) Co., Ltd.;
Manager, Management Division and Professional Factory Division, Globe Union Industrial Co., Ltd.</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>President’s Office and Management Division Associate Vice President</td><td>R.O.C.</td><td>CHIEN, MEI-E</td><td>Fe-male</td><td>June 1, 2021</td><td>8,000</td><td>0.01%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Diploma in International Business, Yung Ta Institute of Technology & Commerce;
Clerk, Production Management Division, Mei Zhi Mei Co., Ltd.;
Manager, Production Management Division, Qilitian Golf Products (Shenzhen) Co., Ltd.;
Manager, Production and Sales Division and Supply Chain Manage-ment Center, O-TA Precision Industry Co., Ltd.</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Sales Division I Associate Vice President</td><td>R.O.C.</td><td>WU, JOU-YING</td><td>Fe-male</td><td>June 1, 2021</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>0</td><td>0%</td><td>Diploma in Japanese, Bunka Institute Of Language (Japan);
Secretary, Chi Sheng Co., Ltd.;
Assistant Manager, Sales Division,</td><td>None</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
</table>

Job Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouses and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note (Note 3)
					No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job title	Name	Relationship	
											Charng Yaw Business Co., Ltd.; Manager, Sales Division I, O-TA Precision Industry Co., Ltd.					
Sales Division II Associate Vice President	R.O.C.	WANG, SHIH-LAN	Female	June 1, 2021	5,000	0.01%	0	0%	0	0%	Bachelor, German Language and Culture, Fu Jen Catholic University; Secretary to President, Jemmytex International Co., Ltd.; Floor Manager, Evergeen Department Co., Ltd.; Secretary to President, Audio & Electrical Supplies Ltd.; Sales clerk, Behavior Tech Computer Co., Ltd.; Manager, Sales Division II, O-TA Precision Industry Co., Ltd.	None	Vice President	WANG, SHIH-CHEN	Sister	None
Jiangxi Overseas Sales Division Associate Vice President	R.O.C.	FEI,YU-JEN	Male	November 11, 2022	5,129	0.01%	0	0%	0	0%	Master, Mechanical Engineering, National Pingtung University of Science and Technology; Quality Assurance Officer (before military service), Yi Shin Co., Ltd.; Lieutenant (discharge), Aviation and Special Forces Command (R.O.C. Army); Factory Manager, Jiangxi O-TA Precision Technology Co., Ltd.; Manager, Jiangxi Overseas Sales Division, O-TA Precision Industry Co., Ltd.	None	None	None	None	None
Supply Chain Integration Division Associate Vice President	R.O.C.	CHUNG, CHENG-YI	Male	November 11, 2022	10,080	0.01%	0	0%	0	0%	Master, Business Administration, National Pingtung University of Science and Technology; Management Associate (Specialist), Production Management Division, Feu Jang Enterprise Co., Ltd.; Head of Production Management Unit, O-TA Precision Industry Co., Ltd.; Manager, President's Office, O-TA Precision Industry Co., Ltd.; Manager, Purchasing Unit, O-TA Precision Industry Co., Ltd.	None	None	None	None	None

Note 1: Information of the President, Vice President, Associate Vice President, Managers of each division and branch office, and anyone whose position is equivalent to the President, Vice President or Associate Vice President, regardless of the title, shall be disclosed.

Note 2: Experience relatny equivalent person (the highest level manager) and the Chairman are the same person, spouses or relatives within one degree of kinship, the reasons, reasonableness, necessity, and measures (such as increasing the number of seats of independent directors and having more than half of the directors who are not also employees or managerial officer, etc.) should be specified.

III. Remuneration paid to Directors, President, and Vice President

If any of the circumstances listed below applies to the Company, it shall individually disclose the names and remuneration items paid to each director and supervisor. Otherwise, it may opt either to disclose aggregate remuneration information:

1. The Company posted an after-tax deficit in the parent company only financial reports or individual financial reports in any of the three most recent fiscal years. This requirement, however, shall not apply if the Company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: None.
2. The Company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors: None.
3. The Company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month: None.
4. The total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT$15 million: None.
5. The Company is ranked within the lowest two tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the Company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the Company shall be excluded from evaluation: None.
6. The average annual salary of the full-time non-management employees of the Company is less than NT$500,000 in the most recent fiscal year: None.
7. The Company had an increase of 10 percent or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding fiscal year:None.
8. The Company had a decline in after-tax net income reaching 10 percent and exceeding NT$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching 10 percent or more and exceeding NT$100,000:None.

(I) Remuneration of Directors and Independent Directors

December 31, 2023 ; Unit: NT$ thousands

Job title	Name (Note 1)	Remuneration of Directors								Sum of A+B+C+D and ratio to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Base compensation (A) (Note 2)		Retirement pay and pension (B)		Director profit-sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 6)						
		The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company		All consolidated entities (Note 7)		The Company	All consolidated entities (Note 7)	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Directors	LEE, KUNG-WEN LIN, CHON-CHEN Nan Feng Xin Co., Ltd. Representative: LAUREN-JACQUELINE PAN Nan Feng Xin Co., Ltd. Representative: KRISTEN-JULIA PAN LIN, HUN-CHER	2, 947	2, 947	0	0	7, 985	7, 985	387	387	11, 319 2. 78%	11, 319 2. 78%	0	0	0	0	0	0	0	0	11, 319 2. 78%	11, 319 2. 78%	None
Independent Directors	CHEN, SHUH HUANG, CHUNG-HUI CHANG, TIEN-SHENG	1, 890	1, 890	0	0	789	789	240	240	2, 919 0. 72%	2, 919 0. 72%	0	0	0	0	0	0	0	0	2, 919 0. 72%	2, 919 0. 72%	None

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid:
   In accordance with Article 21 of the Company's Articles of Incorporation, the Remuneration Committee shall consider the extent of each director's participation in the Company's operations, the value of his or her contributions and the performance evaluation, and recommend a reasonable and fair amount of remuneration with reference to the industry standards, and submit the resolutions of remuneration to the Board of Directors for approval.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Range of Remunerations for the President and Vice Presidents

Range of remunerations paid to each of the Company's directors	Name of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
Under NT$1,000,000	Director: Nan Feng Hsing Co., Ltd. Representatives: Lauren-Jacqueline Pan; Kristen-Julia Pan Independent Directors: HUANG, CHUNG-HUI; CHANG, TIEN-SHENG; CHEN SHUH	Director: Nan Feng Hsing Co., Ltd. Representatives: Lauren-Jacqueline Pan; Kristen-Julia Pan Independent Directors: HUANG, CHUNG-HUI; CHANG, TIEN-SHENG; CHEN SHUH	Director: Nan Feng Hsing Co., Ltd. Representatives: Lauren-Jacqueline Pan; Kristen-Julia Pan Independent Directors: HUANG, CHUNG-HUI; CHANG, TIEN-SHENG; CHEN SHUH	Director: Nan Feng Hsing Co., Ltd. Representatives: Lauren-Jacqueline Pan; Kristen-Julia Pan Independent Directors: HUANG, CHUNG-HUI; CHANG, TIEN-SHENG; CHEN SHUH
NT$1,000,000 (included) ~ NT$2,000,000 (excluded)	Directors: LIN, HUN-CHER	Directors: LIN, HUN-CHER	Directors: LIN, HUN-CHER	Directors: LIN, HUN-CHER
NT$2,000,000 (included) ~ NT$3,500,000 (excluded)	Directors: LIN, CHON-CHEN	Directors: LIN, CHON-CHEN	Directors: LIN, CHON-CHEN	Directors: LIN, CHON-CHEN
NT$3,500,000 (included) ~ NT$5,000,000 (excluded)				
NT$5,000,000 (included) ~ NT$10,000,000 (excluded)	Director: LEE, KUNG-WEN	Director: LEE, KUNG-WEN	Director: LEE, KUNG-WEN	Director: LEE, KUNG-WEN
NT$10,000,000 (included) ~ NT$15,000,000 (excluded)				
NT$15,000,000 (included) ~ NT$30,000,000 (excluded)				
NT$30,000,000 (included) ~ NT$50,000,000 (excluded)				
NT$50,000,000 (included) ~ NT$100,000,000 (excluded)				
Over NT$100,000,000				
Total	8 directors	8 directors	8 directors	8 directors

Note 1: The names of directors should be listed separately (and the names of the institutional shareholder and its representative should be listed separately). The payment for each director should be disclosed in aggregate amount by listing the directors and independent directors separately. If a director is also the President or Vice President, he/she shall fill in this table and the table (III) below.

Note 2: Refers to the compensation of directors in the most recent year (including directors' salaries, salary allowance, severance pay, various bonuses and incentive payments, etc.).

Note 3: Fill in the amount of directors' remuneration approved by the Board of Directors for the most recent year, with the amount rounded to the nearest thousand dollars.

Note 4: Refers to the related expenses of the directors for the most recent year (including travel expenses, special expenses, various allowances, or in-kind payment such as housing, vehicles, etc.) When housing, vehicles and other transportation means or personal expenses are provided, the nature and the cost of the assets provided should be disclosed. The rental, the fuel cost and other payment of actual amount or the amount based on fair market value should be disclosed. If a driver is provided, please include a note disclosing the amount of compensation paid for the driver by the Company. The relevant compensation shall not be counted as directors' remuneration.

Note 5: Refers to the salaries, salary allowance, severance pay, bonuses, incentive payments, travel expenses, special expenses, various allowance and in-kind payments, such as housing and vehicles, received in the most recent year by a director who is also an employee (including the president, vice presidents, other managerial officer and employees). When housing, vehicles and other transportation means or personal expenses are provided, the nature and the cost of the assets provided should be disclosed. The rental, the fuel cost and other payment of actual amount or the amount based on fair market value should be disclosed. If a driver is provided, please include a note disclosing the amount of compensation paid for the driver by the Company. The relevant compensation shall not be counted as directors' remuneration. Salary expenses recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee share options, restricted stock awards, and cash-settled share-based payment transactions, should also be included in the computation of remuneration.

Note 6: For the amount of employee compensation (including shares and cash) received by a director who is also an employee (including the president, vice president, other managerial officer and employees) in the most recent year, the distribution of employee compensation as approved by the Board of irectors in the most recent year should be disclosed. If it is not possible to estimate the amount, the proposed distribution of compensation for this year shall be calculated in proportion to the actual distribution of compensation last year.

Note 7: The total amount of remuneration paid to the Company's directors by all companies involved in the consolidated financial statement (including the Company) should be disclosed.

Note 8: The total amount of remuneration paid by the Company to each director is disclosed in the name of the director at the remuneration range to which the director belongs.

Note 9: The total amount of remuneration paid to the Company's directors by all companies involved in the consolidated financial statement (including the Company) should be disclosed in the name of the director at the remuneration range to which the director belongs.

Note 10: Net income after tax refers to the net income after tax reported in the individual financial statement of the most recent year NT$406,520 thousand.

Note 11: a. Please clearly disclose in this column the amount of remuneration received by the directors of the Company from businesses other than subsidiaries or from the parent company (if none of the above applies, please fill in "none").

b. If a director of the Company receives remuneration from the invested businesses other than subsidiaries or the parent company, the remuneration received by the director of the Company from the invested businesses other than subsidiaries or the parent company should be disclosed in Column I of the table of remuneration range, and the title of the column should be changed to "Parent Company and All Invested Businesses".

c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business-related expenses received by the directors of the Company in their capacity as directors, supervisors or managerial officer of the invested businesses other than subsidiaries or the parent companies.

The remuneration disclosed in this table is different from the income defined under the Income Tax Act. The purpose of this table is for information disclosure rather than for tax purposes.

(II) Remuneration Paid to the President and Vice Presidents

December 31, 2023 ; Unit: NT$ thousands

Job title	Name (Note 1)	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company	All consolidated entities (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All consolidated entities (Note 5)	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	HSU, JUNG-MIN	6,695	6,695	412	412	571	571	2,712	0	2,712	0	10,390 2.56%	10,390 2.56%	None
Vice President	WANG, SHIH-CHEN													
Vice President	CHEN, WEN-HSIANG													

Note: This is the retirement allowance accrued in accordance with the law, hence there is no actual payment of retirement allowance.

*Regardless of the title, any position equivalent to that of a president or vice president (e.g., president, chief executive officer, director, etc.) should be disclosed.

Range of Remunerations for the Management Team

Ranges of remuneration paid to each of the Company's presidents and vice presidents	Names of President(s) and Vice President(s)	
	The Company (Note 6)	All consolidated entities (Note 7)
Under NT$1,000,000		
NT$1,000,000 (included) ~ NT$2,000,000 (excluded)		
NT$2,000,000 (included) ~ NT$3,500,000 (excluded)	WANG, SHIH-CHEN; CHEN, WEN-HSIANG	WANG, SHIH-CHEN; CHEN, WEN-HSIANG
NT$3,500,000 (included) ~ NT$5,000,000 (excluded)	HSU, JUNG-MIN	HSU, JUNG-MIN
NT$5,000,000 (included) ~ NT$10,000,000 (excluded)		
NT$10,000,000 (included) ~ NT$15,000,000 (excluded)		
NT$15,000,000 (included) ~ NT$30,000,000 (excluded)		
NT$30,000,000 (included) ~ NT$50,000,000 (excluded)		
NT$50,000,000 (included) ~ NT$100,000,000 (excluded)		
Over NT$100,000,000		
Total	3	3

Note 1: The names of presidents and vice presidents should be listed separately. The payment for each president and vice president should be disclosed in an aggregate amount. If a director is also the president or vice president, this table and table (I) above should be disclosed.

Note 2: Refers to the salaries, salary allowance, severance pay received by the presidents or vice presidents in the most recent year.

Note 3: Refers to the bonuses, incentive payments, travel expenses, special expenses, various allowance and in-kind payments, such as housing and vehicles, received in the most recent year by the presidents and vice presidents. When housing, vehicles and other transportation means or personal expenses are provided, the nature and the cost of the assets provided should be disclosed. The rental, the fuel cost and other payment of actual amount or the amount based on fair market value should be disclosed. If a driver is provided, please include a note disclosing the amount of compensation paid for the driver by the Company. The relevant compensation shall not be counted as directors' remuneration. Salary expenses recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee share options, restricted stock awards, and cash-settled share-based payment transactions, should also be included in the computation of remuneration.

Note 4: For the amount of employee compensation (including shares and cash) received by a president or a vice president in the most recent year, the distribution of employee compensation as approved by the Board of Directors in the most recent year should be disclosed. If it is not possible to estimate the amount, the proposed distribution of compensation for this year shall be calculated in proportion to the actual distribution of compensation last year, and please fill in table (III) below.

Note 5: The total amount of remuneration paid to the Company's presidents and vice presidents by all companies involved in the consolidated financial statement (including the Company) should be disclosed.

Note 6: The total amount of remuneration paid by the Company to each president and vice president is disclosed in the name of each president and vice president at the remuneration range to which the president and vice president belongs.

Note 7: The total amount of remuneration paid to the Company's directors by all companies involved in the consolidated financial statement (including the Company) should be disclosed in the name of each president and vice president at the remuneration range to which the president and vice president belongs.

Note 8: Net income after tax refers to the net income after tax reported in the individual financial statement of the most recent year.

Note 9: a. Please clearly disclose in this column the amount of remuneration received by the presidents and vice presidents of the Company from businesses other than subsidiaries or from the parent company (if none of the above applies, please fill in "none").

b. If a president and a vice president of the Company receive remuneration from the invested businesses other than subsidiaries or the parent company, the remuneration received by the president and vice president of the Company from the invested businesses other than subsidiaries or the parent company should be disclosed in Column E of the table of remuneration range, and the title of the column should be changed to "Parent Company and All Invested Businesses".

c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business-related expenses received by the presidents and vice presidents of the Company in their capacity as directors, supervisors or managerial officer of the invested businesses other than subsidiaries or the parent companies.

The remuneration disclosed in this table is different from the income defined under the Income Tax Act. The purpose of this table is for information disclosure rather than for tax purposes.

(III) Employee Profit Sharing Granted to the Management Team

December 31, 2023 ; Unit: NT$ thousands

	Jon title	Name	Amount in stock	Amount in cash (Note 1)	Total	As a % of net profit
Management Team	President	HSU, JUNG-MIN	0	7,496	7,496	1.84%
	Vice President	WANG, SHIH-CHEN				
	Vice President	CHEN, WEN-HSIANG				
	Associate Vice President	LEE, CHUNG-MU				
	Special Assistant to President's Office	CHUNG, CHIN-FENG				
	Associate Vice President	CHIEN, MEI-E				
	Associate Vice President	WU, JOU-YING				
	Associate Vice President	WANG, SHIH-LAN				
	Associate Vice President	FEI, YU-JEN				
	Associate Vice President	CHUNG, CHENG-YI				

Note 1: The amount of remuneration granted to employees has been resolved by the Board of Directors on March 15, 2024 and has not been paid as of the publication of this annual report. The amount of remuneration is presented as proposed.

(IV) Analysis of the proportion of the total remuneration of directors, supervisors, presidents and vice presidents of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the past two fiscal years, and illustration of the policy, standards and portfolios for remuneration payments, the procedures for setting remuneration, and the correlations with business performance and future risks.

1. Analysis of the proportion in the past two years

December 31, 2023 ; Unit: NT$ thousands ; %

Years	2023				2022			
Title	Total Compensation (Note 1)		The Percentage of Compensation to Net Income After Tax (%) (Note 2)		Total Compensation		The Percentage of Compensation to Net Income After Tax (%) (Note 2)	
	The Company	All companies involved in financial statement (Note 5)	The Company	All companies involved in financial statement (Note 5)	The Company	All companies involved in financial statement (Note 5)	The Company	All companies involved in financial statement (Note 5)
Director	11,230	11,230	2.76	2.76	32,616	32,616	1.82	1.82
Independent Director	3,008	3,008	0.74	0.74	5,196	5,196	0.29	0.29
Presidents and Vice Presidents	10,390	10,390	2.56	2.56	17,165	17,165	0.96	0.96
Total	24,628	24,628	6.06	6.06	54,977	54,977	3.07	3.07

Note 1: The amount of remuneration granted to directors and employees has been resolved by the Board of Directors on March 15, 2024 and has not been paid as of the publication of this annual report. The amount of remuneration is presented as proposed.
Note 2: Calculation is based on the net income after tax reported in the individual financial statements for 2022 and 2023.

The decrease in remuneration for 2023 from 2022 was mainly due to the fact that customers were affected by the recession in 2023 and thus customers to adjust their distribution strategy on the market due to the over-high inventory level, resulting in the significantly decreased order volume. Consequently, the overall profit declined significantly. Pursuant to Article 25 of the Articles of Incorporation, the distributable amount for the 6.5% of employees' remuneration and no more than 1.5% of directors' remuneration are also declined, which is reasonable.

2. The Policies, Standards and Portfolios for Payment of Remuneration, Procedures for Setting Remuneration, and Correlations with Business Performance and Future Risks.
   (1) The Company has established a Remuneration Committee to evaluate the policies and systems of the compensation for directors and managerial officers of the Company as a whole from a professional and objective perspective.
   (2) The remuneration for the directors is granted in accordance with Articles 21 and 25 of the Company's Articles of Incorporation. The remuneration for the directors is decided based on reasonable compensation in consideration of the performance evaluation and procedures of the Board of Directors, and was approved by the Board of Directors upon the recommendation of the Remuneration Committee and submitted to the shareholders' meeting for approval. In accordance with the Company's "Performance Evaluation of Board of Directors", the remuneration for individual directors are decided based on the individual directors' performance evaluations. The evaluation contains six major aspects, including familiarity with the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, directors' professionalism and continuing education, and internal control.
   (3) The appointment, removal and remuneration of the Company's managerial officers, including the Presidents and Vice Presidents, shall be submitted to the Board of Directors for approval in accordance with the Company's regulations. In accordance with the Company's "Policies and Procedures of Remuneration for the Managerial Officer", the managerial officers shall be paid for salary allowances, performance bonuses, and employee compensation other than their basic salaries according to their job levels. The managerial officer's performance evaluation and remuneration shall be based on the industry standards, considering the results of the individual performance evaluation, time spent, responsibilities, achievement of personal goals, performance in other positions, the compensation granted by the Company to the same level of position in recent years, as well as the reasonableness of the relationship between personal performance, Company's business performance and future risks which is assessed by the achievement of short-term and long-term business goals and the Company's financial position.
   (4) The amount of remuneration for directors and the management team, including the presidents and vice presidents, is closely related to the Company's business performance.

IV. The State of the Company's Implementation of Corporate Governance

(I) The State of Operations of the Board of Directors

The Board of Directors held 6 (A) meetings in 2023; the attendance status of directors is as follow:

Title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Chairman	LEE, KUNG-WEN	6	0	100%	
Vice Chairman	LIN, CHON-CHEN	5	1	83%	
Representative of Juristic Person Director	LAUREN-JACQUELINE PAN	0	5	0%	

Title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Representative of Juristic Person Director	KRISTEN-JULIA PAN	0	6	0%	
Director	LIN, HUN-CHER	6	0	100%	
Independent Director	CHEN, SHUH	5	1	83%	
Independent Director	HUANG, CHUNG-HUI	6	0	100%	
Independent Director	CHANG, TIEN-SHENG	6	0	100%	

Note 1: For the director who is a juristic person, the names of its shareholders and its representative shall be disclosed.

Other matters to be recorded:

I. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motions, all independent directors' opinions and the company's response should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Board Meetings	Contents of Motions	Matters referred to in Article 14-3 of the Securities and Exchange Act	Independent Directors' Opinions	Company's Response	Resolutions
The 4th Meeting of the 13th Session March 7, 2023	2022 consolidated financial statements and parent company only financial statements	V	None	Not Applicable	Unanimous consent of all present directors has been obtained.
	Appointment of CPAs and the fees for them	V	None	Not Applicable	
	The distribution of remuneration to employees and directors for 2022	V	None	Not Applicable	
	The Company's 2022 statement of internal control System	V	None	Not Applicable	
The 5th Meeting of the 13th Session April 11, 2023	The sales transaction between the Company and the related party, TAGA CO., LTD.	V	None	Not Applicable	Except for the Vice Chairman, Lin, Chon-Chen, recused himself as required by laws without participating discussions and voting, the rest of the present directors (proxies included) unanimously approved the resolution as proposed.
	Amendment to the internal control system	V	None	Not Applicable	Unanimous consent of all present directors has been obtained.
The 6th Meeting of the 13th Session May 9, 2023	Amendment to the internal control system	V	None	Not Applicable	Unanimous consent of all present directors has been obtained.
The 7th Meeting of the 13th Session May 24, 2023	The Company's distribution for remuneration to independent directors for 2022	V	None	Not Applicable	Except for Independent Director, Huang, Chung-Hui (including independent Director Chen, Shuh by proxy), and Independent Director, Chang, Tien-Sheng, who recused themselves as required by laws from discussion and voting, all other directors present
	The payment for distribution of remuneration to independent directors for 2022	V	None	Not Applicable	

Board Meetings	Contents of Motions	Matters referred to in Article 14-3 of the Securities and Exchange Act	Independent Directors' Opinions	Company's Response	Resolutions
					(including proxies) unanimously approved as proposed.
	The payment for distribution of remuneration to directors for 2022	V	None	Not Applicable	Except for those meetings in which directors are not able to participate due to the prevention of conflict of interests, the rest of the present directors unanimously approved the resolution.
The 8rd Meeting of the 13th Session August 8, 2023	Amendment to the internal control system	V	None	Not Applicable	Unanimous consent of all present directors has been obtained.
The 9rd Meeting of the 13th Session November 9, 2023	Amendment to the internal control system	V	None	Not Applicable	Unanimous consent of all present directors has been obtained.

(II) Other matters apart from the aforementioned where an independent director has a dissenting opinion or qualified opinion: None.

II. If there are directors' avoidance of motions due to conflicts of interest, the directors' names, contents of the motion, and voting results should be specified:

Dates of Board Meetings	Session	Names of directors, contents of motion, causes for avoidance and directors' participation in voting
April 11, 2023	The 5th Meeting of the 13th Session	1.Names of Directors: LIN, CHON-CHEN
		2. Contents of motion: The sales transaction between the Company and the related party, TAGA CO., LTD.
		3. Causes for avoidance: The person-in-charge of the said company is a relative within 2nd degree of kinship.
		4. Participation in voting: Recused as required by laws from discussion and voting.
May 24, 2023	The 7th Meeting of the 13th Session	1.Names of Directors: HUANG, CHUNG-HUI; CHEN, SHUH (represented by HUANG, CHUNG-HUI); CHANG, TIEN-SHENG
		2. Contents of motion: The Company's distribution for remuneration to independent directors for 2022.
		3. Causes for avoidance: Being the independent director of the Company.
		4. Participation in voting: Abstained from the discussion and the voting for remuneration proposal.
May 24, 2023	The 7th Meeting of the 13th Session	1.Names of Directors: HUANG, CHUNG-HUI; CHEN, SHUH (represented by HUANG, CHUNG-HUI); CHANG, TIEN-SHENG
		2. Contents of motion: The payment for distribution of remuneration to independent directors for 2022.
		3. Causes for avoidance: Being the independent director of the Company.
		4. Participation in voting: Abstained from the discussion and the voting for remuneration proposal.
May 24, 2023	The 7th Meeting of the 13th Session	1.Names of Directors: LEE, KUNG-WEN; LIN, CHON-CHEN; LIN, HUN-CHER; LAUREN-JACQUELINE PAN(represented by LEE, KUNG-WEN); KRISTEN-JULIA PAN(represented by LIN, CHON-CHEN)
		2. Contents of motion: The payment for distribution of remuneration to directors for 2022.
		3. Causes for avoidance: Being the director of the Company.
		4. Participation in voting: Abstained from the discussion and the voting for remuneration proposal.

III. Listing companies should disclose the information of evaluation cycles, periods, scope, method and content of self-evaluation (or peer-evaluation) of the Board of Directors, and complete the execution status of self- evaluation of the Board of Directors.

Evaluation Cycles	Evaluation Periods	Evaluation Scope	Evaluation Method	Evaluation Content	Implementation
Annually	January 1, 2023 ~ December 31, 2023	1. Board of Directors 2. Individual Board Members 3. Audit Committee 4. Remuneration Committee 5. Sustainable Development Committee	Self-evaluation of the board members	(I) The criteria for evaluating the performance of the board of directors: 1. Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. (II) The criteria for evaluating the performance of the board members: 1. Alignment of the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control. (III) The criteria for evaluating the performance of the Audit Committee: 1. Participation in the operation of the Company; 2. Awareness of the duties of the committee; 3. Improvement of quality of decisions made by the committee; 4. Makeup of the committee and election of its members; and 5. Internal control. (IV) The criteria for evaluating the performance of the Remuneration Committee: 1. Participation in the operation of the Company; 2. Awareness of the duties of the committee; 3. Improvement of quality of decisions made by the committee; and 4. Makeup of the committee and election of its members. (V) The criteria for evaluating the performance of the Sustainable Development Committee: 1. Participation in the operation of the Company; 2. Awareness of the duties of the committee; 3. Improvement of quality of decisions made by the committee; and 4. Makeup of the committee and election of its members.	The Company has completed the performance evaluation of the Board of Directors, board members, Audit Committee, Renumeration Committee and Sustainable Development Committee for 2023 in January 2024 and proposed the evaluation to the meeting of the Board of Directors on March 15, 2024. Evaluation results are as follows: (I) Evaluation of the board of directors: Excellent (II) Evaluation of the board members: Excellent (III) Evaluation of the Audit Committee: Excellent (IV) Evaluation of the Remuneration Committee: Excellent (V) Evaluation of the Sustainable Development Committee: Excellent

IV. Measures taken to strengthen the functionality of the board (e.g. to set up the Audit Committee, enhance the information transparency, etc.):

(I) In addition to providing the directors with relevant regulations, the Company reports the current status of the Company's business to the directors during the board meeting, and provides the directors with relevant information and designated personnel for inspection.

(II) The Company has established the Performance Evaluation of Board of Directors, and has implemented the performance evaluation for the board of directors, individual board members and functional committee since 2019.

(III) To maintain transparent in operation and protect the rights of shareholders, the Company proactively discloses the resolutions made by the board of directors and other relevant information on the Market Observation Post System and the Company's website.

(IV) To practice corporate social responsibility and promote economic, environmental and social improvements to achieve the goal of sustainable development, the Company established the Sustainable Development Committee on May 26, 2022.

(V) In consideration of gender equality, rejuvenation and succession of directors, the Company has made its board of directors composed of 25% female directors and 25% under the age of 30, actively promoting the diversity policy.

V. The attendance status of independent directors in each board meeting up to the date of printing of this annual report:

(I) Attendance status of independent directors in each board meeting

1. Attendance status of independent directors in each board meeting for the year of 2023 (Total: 6 board meetings):

✓Attendance in person ; ☆: Attendance by proxy

	Attendance Status					
Name	1st meeting	2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting
CHEN, SHUH	✓	✓	✓	☆	✓	✓
HUANG, CHUNG-HUI	✓	✓	✓	✓	✓	✓
CHANG, TIEN-SHENG	✓	✓	✓	✓	✓	✓

2. Attendance status of independent directors in each board meeting for the year of 2024 up to the publication of this annual report (Total: 1 board meeting):

✓: Attendance in person; ☆: Attendance by proxy

Name	Attendance Status
	1st meeting
CHEN, SHUH	✓
HUANG, CHUNG-HUI	✓
CHANG, TIEN-SHENG	✓

(II) The State of Operations of the Audit Committee

The Audit Committee held 4 (A)meetings in 2023; the attendance status of independent directors is as follow:

Title	Name	Attendance (B)	Number of Proxy Attendance	Actual Attendance Rate (%) (B/A)	Note
Independent Director	CHEN, SHUH	4	0	100%	
Independent Director	HUANG, CHUNG-HUI	4	0	100%	
Independent Director	CHANG, TIEN-SHENG	4	0	100%	

Other matters to be recorded:

I. If the Audit Committee operates in any of the following circumstances, the date and session of the Audit

Committee meeting, the content of motion, the independent directors' opinions expressing objections, reservations or major suggestions, the resolution of Audit Committee, and the company's response to the opinion of the Audit Committee should be specified:

(I) Items listed in Article 14-5 of Securities and Exchange Act:

Audit Committee	Contents of Motions	Items listed in Article 14-5 of Securities and Exchange Act	Independent directors' opinions expressing objections, reservations or major suggestions	Resolutions	Company's response to the opinion of the Audit Committee
The 3rd Meeting of the 2nd Session March 7, 2023	2022 consolidated financial statements and parent company only financial statements	V	None	All present members of the committee unanimously approved the resolution.	Submitted to the 4th meeting of the 13th Board of Directors for approval and carried out in accordance with the resolution of the Board of Directors.
	The appointment of CPAs and the fees for them	V	None		
	The Company's 2022 statement of internal control system	V	None		
	Amendment to the internal control system	V	None		
The 4th Meeting of the 2nd Session May 9, 2023	Q1, 2023 consolidated financial statements	V	None	All present members of the committee unanimously approved the resolution.	Submitted to the 6th meeting of the 13th Board of Directors for approval and carried out in accordance with the resolution of the Board of Directors.
	Amendment to the internal control system	V	None		
The 5th Meeting of the 2nd Session August 8, 2023	Q2, 2023 consolidated financial statements	V	None	All present members of the committee unanimously approved the resolution.	Submitted to the 8th meeting of the 13th Board of Directors for approval and carried out in accordance with the resolution of the Board of Directors.
	Amendment to the internal control system	V	None		
The 6th Meeting of the 2nd Session November 9, 2023	Q3, 2023 consolidated financial statements	V	None	All present members of the committee unanimously approved the resolution.	Submitted to the 9th meeting of the 13th Board of Directors for approval and carried out in accordance with the resolution of the Board of Directors.
	Amendment to the internal control system	V	None		

(II) Resolutions passed by two-thirds of all Directors but without approval of the Audit Committee except for the preceding item: None

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

III. The communication channels between the independent directors, internal auditor officer, and CPAs (the material matters, methods and results of communication regarding the financial and business status of the Company should be included).

Date	Communication methods	Communication parties	Matters	Results
March 7, 2023	Audit Committee	1. Internal auditor officer of the Company 2. Accounting	1. 2022 Consolidated Financial Statements and Individual Financial Statement	All present members of the committee unanimously approved the resolution after consultation with the chairman

Date	Communication methods	Communication parties	Matters	Results
		officer of the Company 3. CPAs of the Company	2. The evaluation of the independence and Qualification of CPAs 3.The list of non-assurance Services to be provided by Ernst & Young, Taiwan and its affiliates in 2023 4.Approving the appointment of CPAs and the fees for them 5. The proposal to inject capital to Jiangxi O-TA Precision Technology Co., Ltd., a subsidiary wholly owned by O-TA GOLF GROUP CO., LTD, which is a subsidiary wholly owned by the Company, and to invest the capital in full 6. The funding plan of overseas groups 7. The 2022 earnings distribution of the Company. 8. The 2022 cash dividend distribution. 9. Amendment to the internal control system 10.The proposal on the Company's business report	of the committee. The resolution will be proposed to the 4th meeting of the 13th Board of Directors for approval.
May 9, 2023	Audit Committee		1. Q1, 2023 consolidated financial statements 2. Amendment to the Company's "Rules Governing Financial and Business Matters Between the Company and the Related Parties" 3. Amendment to the internal control system	All present members of the committee unanimously approved the resolution after consultation with the chairman of the committee. The resolution will be proposed to the 6th meeting of the 13th Board of Directors for approval.
August 8, 2023	Audit Committee		1. Q2, 2023 consolidated financial statements 2. Amendment to the internal control system	All present members of the committee unanimously approved the resolution after consultation with the chairman of the committee. The resolution will be proposed to the 8th meeting of the 13th Board of Directors for approval.
November 9, 2023	Audit Committee		1. Q3, 2023 consolidated financial statements 2. Proposal of the 2024 annual audit plan 3. Amendment to the internal control system	All present members of the committee unanimously approved the resolution after consultation with the chairman of the committee. The resolution will be proposed to the 9th meeting of the 13th Board of Directors for approval.

IV. Audit Committee annual major matters are as follows:

1. Amendment to the internal control system.
2. Assessment of the effectiveness of the internal control system.
3. Establishment or amendment to the procedures for the process of significant financial and business

operations, such as the Operational Procedures for Acquisition and Disposal of Assets, Procedures for Derivative Transactions, Operational Procedures for Loaning of Funds, and Operational Procedures for Endorsements and Guarantees.

4. Matters involving the directors' own interests.
5. Material asset or derivative transactions.
6. Material cases of the loaning of funds to others and the endorsement or guarantees.
7. The offering, issuing or private placement of marketable equity securities.
8. Appointment, dismissal or remuneration of CPA.
9. Appointment and removal of the finance, accounting or internal auditor officers.
10. Review and discussion on the financial statements.

(III) The State of the Company's Implementation of Corporate Governance, any Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Rreason for any such Variance

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on Corporate Governance Best Practice Principles for TWSE/TPEx Listed companies?	V		The Company has established a "Corporate Governance Best Practice Principles" in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclosed the code on the Company's website and the Market Observation Post System.	No Material Difference
II. Shareholding Structure & Shareholders' Rights (I) Dose the Company have internal operating procedure for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(I) The Company has set up a spokesperson and a deputy spokesperson to process the shareholders' suggestions, doubts, disputes and litigations, and has appointed a legal counselor to assist when necessary.	No Material Difference
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(II) The Company discloses changes in the shareholdings of insiders (directors, managerial officers, shareholders holding more than 10% of the total shares and those shareholders' relatives within second degree of kinship) on a monthly basis on the Market Observation Post System, and requests the shareholder service agency to assist in effectively keeping track of the list of list of the Company's major shareholders and the ultimate owners.	No Material Difference
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(III) The Company has formulated "Procedures for the Management of Related Party Transactions" and the monitoring systems for its subsidiaries; and discloses information on related parties in accordance with regulations.	No Material Difference
(IV) Has the Company established internal rules prohibitinginsider trading of securities based on undisclosed information?	V		(IV) The Company has formulated the "Procedures for the Management and Prevention of Insiders Trading" and "Procedures for Handling Material Inside Information" to prohibit relevant personnel and insiders from trading marketable securities by using undisclosed information in the market.	No Material Difference
III. Composition and Responsibilities of the Board of Directors (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(I) The Company has established "Corporate Governance Best Practice Principles" to ensure diversity of the Board of Directors, including but not limited to the followings two aspects: 1. Conditions and values: gender, age, nationality and culture, etc. 2. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience, etc. The Company	No Material Difference

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			implements the diversified policy. For the Board of Directors, the Company has set 8 seats of directors according to its scale of operation and the requirement of development, of which 3 are independent directors, accounting for 37.5% of the total number of directors. 12.5% of the total number of directors are directors with employee status. None of the independent directors has served more than three terms. In response to the promotion of ESG, the Company aims to have 25% of directors with ESG expertise and has reached 50% so far. In consideration of gender equality and rejuvenation in the composition of the Board of Directors, the Company has planned to have 25% of female directors and 25% of directors under 30 years old in the Board of Directors, and has achieved this goal at the 13th session of the Board of Directors. The directors are experts with professional backgrounds including industry, finance, accounting, academia, law and management, with sufficient experience in corporate governance and industrial technology. Members of the Board of Directors actively attend the board meetings, achieving a 71% personal attendance rate in 2023, to monitor the implementation of the business plan. The Company's diversified policy of board members and the implementation of diversified policy are disclosed on the Company's website. Please refer to Diversity of the Board of Directors on p.18~19 of this annual report for our diversified policy of board members.	
(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) In addition to the establishment of the Remuneration Committee and the Audit Committee in accordance with the laws, the Company has set the Sustainable Development Committee on May 26, 2022 to promote the implementation of sustainable development and sustainable management in order to strengthen the corporate governance, implement environmental protection and fulfill social responsibility. For the composition, responsibilities and implementation of the Sustainable Development Committee, please refer to p.47 of this annual report.	No Material Difference
(III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as	V		(III) The Board of Directors has approved the "Performance Evaluation of Board of Directors" on May 11, 2018, which stipulates that the Board of Directors should conduct performance evaluation for the Board of Directors, the board members, and functional committees at least once a year. The self-evaluation is conducted by means of questionnaires and	No Material Difference

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
reference in determining salary/compensation for individual directors and their nomination and additional office terms?			evaluated based on the statistical results. The results of self-evaluation will be proposed to the Board of Directors and used as a reference for review and improvement. The performance evaluation resolved by the Board of Directors will be used as a reference for the selection or nomination of directors (including independent directors), and the performance evaluation of individual director will be considered to determine each director's remuneration in the future. The items for the performance evaluation of the Board of Directors include the following five aspects: 1.Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects: 1. Alignment of the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control. The items for the self-evaluation of the members of the Audit Committee include the following five aspects: 1. Participation in the operation of the Company; 2. Awareness of the duties of the committee; 3. Improvement of quality of decisions made by the committee; 4. Makeup of the committee and election of its members and 5. Internal control. The items for the self-evaluation of the members of the Remuneration Committee include the following four aspects: 1. Participation in the operation of the Company; 2. Awareness of the duties of a member of the committee; 3. Improvement of quality of decisions made by the committee; and 4. Makeup of the committee and election of its members. The items for the self-evaluation of the members of the Sustainable Development Committee include the following four aspects: 1. Participation in the operation of the Company; 2. Awareness of the duties of a member of the committee; 3. Improvement of quality of decisions made by the committee; and 4. Makeup of the committee and	

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
(IV)Does the Company regularly evaluate the independence of CPAs?	V		election of its members. The Company has completed the 2023 performance evaluation for the Board of Directors, the board members, the Audit Committee, the Remuneration Committee and the Sustainable Development Committee in January 2024. The evaluation results were generally excellent and were reported to the Board of Directors on March 15, 2024 and submitted to the Remuneration Committee for reference. (IV)The Company has established the "Reviewing Policies for the Appointment of Certified Public Accountants" and regularly evaluates the independence, qualification and professionalism of the certified public accountants on an annual basis. The Company obtains the "Statement of Independence" from the certified public accountants and confirms that the certified public accountants have no business relationship related to financial interests with the Company except for the auditing fees of the audit and tax engagement. In addition, the audit quality indicators (AQIs) provided by the attesting accounting firm are obtained and included in the appointment (re-appointment) evaluation for the attesting CPA. The assessment of CPAs for 2023 and 2024 was submitted to the Audit Committee meeting and the Board of Directors meeting dated March 7, 2023 and March 15, 2024, which reviewed and approved the results of assessment of the independence and suitability of attesting CPAs.	No Material Difference
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company has appointed the Chief Financial Officer as the Head of Corporate Governance from January 1, 2023, and the Corporate Governance Project Team is responsible for corporate governance related matters with duties as follows: (I) Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law; (II) Preparation of minutes of the board of directors meetings and shareholders meetings; (III) Assistance in onboarding and continuing education of the directors; (IV) Provision of information required for performance of duties by the directors; (V) Assistance in the directors' compliance of law; and (VI) Other matters described or established in the Articles of Incorporation or under contract.	No Material Difference

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		(I) The Company has set a spokesperson and the delegated persons in charge of various business functions to establish a smooth communication channel and to protect the legal rights of each stakeholder. (II) The Company has built a "Stakeholder Zone" on its website and disclosed the contact telephone number and email address for the spokesperson and delegated person of each Sales Division. Stakeholders (including but not limited to shareholders, employees, customers, and suppliers) can communicate with each other via phone or email when necessary. The Company also handles important CSR issues which are concerned by stakeholders appropriately to respect and protect the stakeholders' rights and interests. (III) Stakeholders can make proper use of the "Corporate Governance Zone" on the Company's website and the "Market Observation Post System" to learn about the Company's related information. (IV) Please refer to Note 2 of the Appendix on p.44 of this annual report for more information on the stakeholders' rights.	No Material Difference
VI. Has the Company appointed a professional shareholder service agent to handle matters related to its shareholder meetings?	V		The Company appointed "KGI Securities Co., Ltd. Transfer Agency Department" as shareholder service agency to deal with shareholder affairs.	No Material Difference
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(I) The company has set a corporate website and regularly discloses the updates on both financial standings and the status of corporate governance. (Website: https://www.o-ta.com.tw/)	No Material Difference
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(II) The Company has appointed a spokesperson and deputy spokesperson(s) to communicate with the public, and has made good use of the Market Observation Post System for disclosure so that the shareholders and stakeholders can fully understand the Company's financial standings, business conditions and the implementation of corporate governance. The presentation slides in both English and Chinese for Investor Conference are available on the Market Observation Post System and the Company's website for reference.	No Material Difference
(III) Does the Company publish and report its annual financial report within 2 months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as ts operating statements for each month before the specified	V		(III) The Q1, Q2 and Q3 financial statements and the business results for each month are announced and reported in advance to the prescribed deadline. The Company will make efforts to do the same for the annual financial statements.	No Material Difference

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
deadlines?				
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(I) Employee rights: In accordance with government regulations and the Company's personnel management policies, the Company provides employees with fundamental labor conditions, including the working hours mechanism and a well leave policy, a stable and safe working environment, and regular medical examination and a comprehensive retirement plan in addition to basic employee benefits such as labor insurance, health insurance and pension contributions. (II) Employee wellness: The Company has formulated the "Employee Appeal Management Policy", "Proposal Management Policy" and "Consultation and Communication Procedures" to receive and deal with employees' suggestions, and to make the problems reported by employees visible in order to convey them to the top management of the Company to improve and solve the problems. (III) Investor relations: The Company's objective is to protect the interests of its shareholders. In addition to the "Procedures for Handling Material Inside Information", the Company makes immediate and simultaneous disclosure of material information on the Market Observation Post System and the Company's website (please refer to "O-TA's website - Investor Section - Corporate Governance Information" (https://www.o-ta.com.tw/) for the Company's policies). In addition, the Company lists its email address and contact telephone number on its website in order to establish a smooth communication channel between investors and the Company. (IV) Supplier relations: The Company continues to promote ISO 9001, implement quality management and quality assurance policies, maintain good relationships with the suppliers, comply with relevant regulations in environmental protection, security and health related issues, contribute to corporate social responsibility, and perform regular evaluations for its suppliers on an annual basis. (V) Rights of stakeholders: The Company has formulated the "Corporate Governance Best Practice Principles" and maintains smooth communication channels with its stakeholders and protects their legitimate rights and interests in accordance with the code. In addition, a "Stakeholder Zone" is set up on the Company's website. (VI) For the Continuing Education of Directors in 2023, please refer to Note 1 on p.44 of this annual report and the "Market Observation Post	No Material Difference

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			System - Corporate Governance Information". (VII) Risk management policies and risk evaluation measures: The Company has established various regulations and internal control systems in accordance with the law and performed risk management and risk assessment, which is audited by internal audit division on both regular and random basis. (VIII) Implementation of customer relations policies: The company has established the procedures for handling the customers' appeal and conducted customer satisfaction surveys to properly deal with customers' complaints and regularly evaluate customers' satisfaction in order to provide desirable products and services for customers. (IX) Purchasing insurance for directors: The Company has purchased liability insurance for directors and managerial officers in terms of their liabilities under the law for their performance of business, and reported the details of insurance to the Board of Directors. (X) Status of internal auditors obtaining relevant licenses: The internal auditor officer of the Company obtains the license of Certified Internal Auditors.	

IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.

Measures adopted by the Company to improve the items listed in the 10th corporate governance evaluation result and the improvement plans for items yet to be improved are as follows:

(I) Items improved: According to the corporate governance review result for the most recent year, major items improved by the Company are as follows:

1. Disclose the English annual report and meeting minutes (1.11).
2. Disclose the English annual financial report (3.5).
3. Disclose the amount of annual greenhouse gas emissions, water consumption and total weight of waste for the past two years (4.11).

(II) Priority items to be improved and the improvement measures: In response to the amendment of the corporate governance review, the Company's priority enhancements are as follows:

1. Establish risk management policies and procedures approved by the Board of Directors.
2. Disclose the interim financial report in English.
3. Simultaneous release of material information in English.
4. Disclose the links between the remuneration of executives and ESG-related performance evaluation.

(III) The Company will continue to evaluate the feasibility of future improvements for those indicators in which no points have been scored.

Evaluation Item	Corporate Governance			Variance from "The Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	

Note 1: Status of Continuing Education of Directors in 2023

Title	Name	Training Hours	Course	Sponsoring Organization
Independent Director	CHEN, SHUH	3 hrs	Corporate Governance Lecture - Today and Tomorrow of Industry with AI - Impacts of Chat GPT and Corporate Response	Taiwan Academy of Banking and Finance
		3 hrs	2023 Compliance Promotional Seminar of Insider Equity Trading	Securities and Futures Institute
Independent Director	HUANG, CHUNG-HUI	3 hrs	New Heights of Corporate Governance - Establishment of Ethical Enterprise Management	Taiwan Corporate Governance Association
		3 hrs	Business Risk Management and Corporate Governance of Enterprises	Taiwan Corporate Governance Association
Independent Director	CHANG, TIEN-SHENG	3 hrs	Seminar for Directors, Supervisors (including Independent Directors) and Corporate Governance Officer - Sustainable Supply Chain and Circular Economy	Securities and Futures Institute
		3 hrs	Establish ESG Sustainability Strategy to Improve Competitiveness	Accounting Research and Development Foundation

Note 2: Stakeholders

Stakeholders	Key Concerns	Communication Channels, Frequency and Responses	2023 Communication Performance with Stakeholders
Shareholders/ Investors	1. Business performance 2. Business integrity 3. Legal compliance with environmental protection	Monthly: Revenue results. Quarterly: Financial reports. Annually: Annual reports and shareholders' meetings. Non-scheduled: Seminars from investment institutions and responses to investors or media's questions via phone calls. Contact window: Please refer to the "Stakeholder Zone" on the Company's website.	1. On March 17, 2023, the Company was invited to participate in the investor conference organized by MasterLink Securities, to explain the Company's current product status and future development plans. 2. The spokesperson and the deputy spokesperson responded to questions from shareholders from time to time.
Clients	1. Technology services 2. Clients' privacy 3. Production management 4. Climate change	Non-scheduled: Video conference call, visits to clients, and on-site audits by clients at the factory. Annually: Client satisfaction survey Contact window: Please refer to the "Stakeholder Zone" on the Company's website.	1. Client satisfaction survey was conducted and the overall average satisfaction score was 8.48 out of 10. 2. Visits to clients and on-site audits by clients at the factory.
Employees	1. Relations of labor and employment 2. Human rights evaluation 3. Training and education	Non-scheduled: Internal company website, special line & email for sexual harassment appeal, and labor union/ employee welfare committee. Quarterly: Labor management conference. Contact window: Please refer to the "Stakeholder Zone" on the Company's website.	1. Conducted courses related to "Ethical Corporate Management" and "Internal Control System". 2. Conducted annual health screening for 2,131 employees.
Suppliers	1. Occupational health and safety 2. Legal compliance with environmental protection 3. Clients' privacy	Non-scheduled: On-site audits at suppliers' factory and communication with purchasing staffs via telephone or e-mail. Annually: Assessment of suppliers (including environmental protection, safety and health management, performance, etc.). Contact window: Please refer to the "Stakeholder Zone" on the Company's website.	77% of the collaborated suppliers have signed the "Integrity Pledges".
Government authorities	1. Wastewater and waste 2. Occupational health and safety 3. Relations of labor and employment	Non-scheduled: Communication through government documents and participation in seminars and meetings held by the competent authorities. Monthly: Announcement of the necessary information on the Market Observation Post System. Contact window: Please refer to the "Stakeholder Zone" on the Company's website.	Participated in the seminars and meetings held by the competent authorities.

(IV) Information on the Composition, Duties and Operation of the Remuneration Committee:

The Company has established a Remuneration Committee on December 27, 2011. The committee is operated in accordance with the Remuneration Committee Charter. The function of this committee is to evaluate the remuneration policies and systems for the Company's directors and managerial officers from a professional and objective perspective, and to propose suggestions to the Board of Directors for reference in decision-making.

1. Information on the Members of the Remuneration Committee

April 7, 2024

Title	Criteria / Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Where the Member Concurrently Serves as a Member in the Remuneration Committee
Independent Director Convener	CHANG, TIEN-SHENG	Please refer to p.18 of this annual report for more information.	Please refer to p.18 of this annual report for more information.	0
Independent Director	HUANG, CHUNG-HUI			3
Independent Director	CHEN, SHUH			1

2. Information of the Remuneration Committee Operation

(1) The Company has a Remuneration Committee composed of three members.

(2) Term of the current Committee: From May 26, 2022 to May 25, 2025. The Company convened 3 (A) Remuneration Committee meetings in 2023 with the following attendance:

Title	Name	Number of Actual Attendance (B)	Number of Proxy Attendance	Actual Attendance Rate (%) (B/A)	Note
Convener	CHANG, TIEN-SHENG	3	0	100%	
Committee Member	HUANG, CHUNG-HUI	3	0	100%	
Committee Member	CHEN, SHUH	3	0	100%	

Other matters to be recorded:

I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions givenby of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

3. The session, contents of proposals, major resolutions and the responses to all members' opinions of the Remuneration Committee in the most recent year:

Remuneration Committee	Proposal and Follow-up	Resolutions	The Company's Handling of the Opinions of the Remuneration Committee
The 2nd Meeting of the 5th Session January 12, 2023	1. Discussion on the 2022 year-end bonus for the executives	All present members of the committee unanimously approved the resolution after consultation with the chairman of committee.	Submitted to the 4th meeting of the 13th Board of Directors for approval and carried

Remuneration Committee	Proposal and Follow-up	Resolutions	The Company's Handling of the Opinions of the Remuneration Committee
The 3rd Meeting of the 5th Session March 6, 2023	1. Discussion on the Company's 2022 remuneration for directors and employees.	Directors' remuneration to be paid at 1.5%, and the 6.5% as the employees' remuneration; pending the board's resolution.	out in accordance with the resolution of the Board of Directors.
	2. Discussion of the Company's proposal of "2022 standards for executive remuneration distribution, and the proportion of incentives to outstanding employees"	1. Due to the inconsistency between the title and content of the proposal, the proposal was withdrawn after the Chairman consulted all the members present. 2. Regarding the definition of outstanding employees to receive the Chairman's reward with 50% reservation, the human resources unit was requested to consider the entirety.	
The 4th Meeting of the 5th Session May 23, 2023	1. Discussion on the Company's the payment for distribution of remuneration to directors for 2022.	All present members of the committee unanimously approved the resolution after consultation with the chairman of committee.	Submitted to the 7th meeting of the 13th Board of Directors for approval and carried out in accordance with the resolution of the Board of Directors.
	2. Discussion on the Company's the payment for distribution of remuneration to executives for 2022.		

(V) Information on the Composition, Duties and Operation of the Sustainable Development Committee

To practice corporate social responsibility and promote economic, environmental and social improvements to achieve the goal of sustainable development, the Company established the Sustainable Development Committee under the Board of Directors on May 26, 2022 in accordance with Article 14 of the Company's Articles of Incorporation and Article 27 of the Corporate Governance Best Practice Principles.

1. Information on the Members of the Sustainable Development Committee

April 7, 2024

Title	Criteria / Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Where the Member Concurrently Serves as a Member in the Sustainable Development Committee
Independent Director Convener	CHEN, SHUH	Please refer to p.18 of this annual report for more information.	Please refer to p.18 of this annual report for more information.	2
Independent Director	HUANG, CHUNG-HUI			0
Independent Director	CHANG, TIEN-SHENG			0

2. Information of the Sustainable Development Committee Operation

(1) The Company has a Sustainable Development Committee composed of three members.

(2) The Company and its subsidiaries have set up a number of executive teams under the Sustainable Development Committee to implement related tasks, and the Presidents of the Company and its subsidiaries will report to the Committee on the progress of related work.

(3) Term of the current Committee: From May 26, 2022 to May 25, 2025. The Company convened 1 (A) Sustainable Development Committee meetings in 2023 with the following attendance:

Title	Name	Number of Actual Attendance (B)	Number of Proxy Attendance	Actual Attendance Rate (%)(B/A)	Note
Convener	CHEN, SHUH	1	0	100%	
Committee Member	HUANG, CHUNG-HUI	1	0	100%	
Committee Member	CHANG, TIEN-SHENG	1	0	100%	

3. The session, contents of proposals, major resolutions and the responses to all members' opinions of the Sustainable Development Committee in the most recent year:

Sustainable Development Committee	Proposal and Follow-up	Resolutions	The Company's Handling of the Opinions of the Sustainable Development Committee
The 2nd Meeting of the 1st Session April 11, 2023	1. Promotion of Project Organization by the Sustainable Development Committee	1. All present members of the committee unanimously approved the resolution after consultation with the chairman of committee.	Was proposed to the 5th meeting of the 13th Board of Directors for approval and carried out in accordance with the resolution of the Board of Directors.
	2. The Company's Check on Greenhouse Gas and Its Verification Schedule Plan	2. Except for the recommendations, all present members of the committee unanimously approved the resolution after consultation with the chairman of the committee.	

(VI) Promotion of Sustainable Development:

Promotion of Sustainable Development and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Company established the Sustainable Development Committee under the Board of Directors on May 26, 2022. The Company and its subsidiaries have set up a number of executive teams under the Sustainable Development Committee to implement related tasks, and the Presidents of the Company and its subsidiaries will report to the Committee on the progress of related work. The duties of this committee include: amendment to the policies and systems related to the Company's sustainable development, review on the Company's objective of sustainable development and the implementation plans or related management guidelines, review on the implementation and effectiveness of the Company's sustainable development operation, and the regular report to the Board of Directors. The latest report to the Board of Directors was on April 11, 2023. For the composition, responsibilities and implementation of the Sustainable Development Committee, please refer to p.47 of this annual report. The board of directors supervises the setting and implementation of sustainability-related goals, listens to reports on a regular basis, and gives relevant advices and guidance based on the content of the reports.	No Material Difference
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		The company pursues a sustainable business environment and is committed to implementing management measures in the aspects of environmental protection (E, environment), social responsibility (S, social) and corporate governance (G, governance) to fulfill its corporate social responsibility, aiming to become the most innovative company for daily use products and sports equipment which creates the greatest value and best service for clients, employees, shareholders and the public. In accordance with the materiality principle, the Company has implemented procedures for risk assessment and corresponding	No Material Difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			measures on ESG sustainability management issues related to the Company's operations in order to fulfill its corporate social responsibility. (I) Environmental Protection 1. Environmental protection is our manifested duty. The Company will commit itself to pollution prevention and continuous improvement in support of the global environmental campaign. For many a year the Company has been promoting measures to conserve energy and reduce carbon emissions and waste, to raise employees' environmental awareness, and to improve the efficiency of resources consumption. 2. To implement green R&D and green production, the Company conducts source management at the R&D end while making improvements throughout the whole process, aiming to move its R&D and whole process towards the ideal of "reduction, recycling, and alternatives," to save energy, reduce carbon emissions, and minimize pollution. 3. The Company will continue to develop inorganic green processes to reduce the pollution made by organic chemicals, focusing on environmental friendliness to achieve energy saving and carbon reduction. 4. Environmental advocacy by reducing energy consumption and carbon emissions through living a green life at the personal level: Love for the Earth by means of a lifestyle that features low carbon emission, a more vegetarian diet, energy conservation, plastic and waste reduction. 5. The Company will work and communicate with related groups on environmental issues. (II) Product Responsibility 1. The Company pursues an environment facilitating sustainable operations and produces exquisite daily necessities and sporting equipment. All our products meet the regulatory requirements, including the environmental and safety requirements on suppliers. 2. The Company has formulated its "Regulations for	

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			Assessment of Suppliers' Safety Management," by which suppliers are regularly assessed for their product safety and environmental safety, so as to ensure their compliance with the laws and regulations pertaining to environmental protection and safety. 3. The Company implements an ESG-based sustainable management framework, under which raw materials are locally sourced and suppliers are encouraged to engage in environmental practices and provide a carbon footprint for their products, thereby gradually building a green supply chain. 4. The Company continues to innovate and develop revolutionary new products and green products, to create unique and irreplaceable deep-level competitiveness. (III) Labor and Employment Relations 1. The Company is committed to employee care by providing a friendly workplace, and salary and welfare package superior to what is required by law. 2. Recruitment is based on the human capital needs of each department to look for outstanding talents meeting O-TA's core values. 3. The Company values talent retention, understands the reason for employees' resignation through an exit interview, gathers relevant information, and analyzes the information for a future remedy plan. 4. The Company stimulates employees with a sound reward and bonus system, to share operational achievements with them. In addition, salary is adjusted depending on the macroeconomic conditions, to take care of employees so as to exempt them from economic worries. Salary was adjusted for the past three years. In addition, the Articles of Incorporation stipulated that 6.5% of an annual profit, if any, be allocated as employee compensation and a monthly pension contribution equal to 13% of an employee's salary be provided as required by the Labor Standards Act. In this sense, the Company's welfare measures are quite comprehensive.	

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			5. The Company follows the Regulations for Labor Health Protection to launch the various employee care and health promotion activities, so that employees can strike a work-life balance and remain healthy. (IV) Anti-corruption The Company implements anti-corruption measures by formulating its "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," internal control system, authorization system, and division of competency functions along with internal audit operation, self-assessment of internal control, and provision of a channel for whistle-blowing on unethical conduct. (V) Clients' Privacy The Company keeps commercial secrets strictly confidential, bans inquiry about or gathering of suppliers' or customers' intellectual property like trade secrets, trademark, patent, and works, and prohibits confidence to any person. In addition, the Company has initiated an information security risk protection mechanism to protect trade secrets. (VI) Social Economic Regulations and Corporate Governance Compliance 1. By following the Regulations Governing Trade between the Taiwan Area and the Mainland Area and international standards, the Company ensures its business operations and environmental protection and complies with the code of ethics. 2. The Company has formulated its "Codes of Ethics for Employees" to provide a framework of ethical conduct for employees to follow. 3. With a sound corporate governance mechanism, internal audit system, information security management measures, and a system that monitors industrial and regulatory changes, the Company is able to circumvent the impact of operating risks	
III. Environmental Issues (I) Has the Company set an environmental management system	V		(I) According to the Company's industry features and	No Material Difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
designed to industry characteristics?			production positions, the Company focuses the improvements on the working environment of production factories, such as increasing ventilation and exhaust facilities, and conducting pre-employment/in-service/post-employment medical examinations for employees in specific positions to avoid the risk of occupational hazards. For other related environmental management policies, please refer to the information of environmental expenditure on p.123~127 of this annual report.	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(II) The Company is committed to improving the efficiency of the utilization of various resources and continues to facilitate "electronic process". By utilizing the document management system, the Company makes the standardized documents fully available online, resulting in a decreasing amount of paper used for standardized documents. The Company also incorporates the concept of environmental protection into its product design; for related policies, please refer to the information of environmental expenditure on p.123~127 of this annual report.	No Material Difference
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(III) As a manufacturing company, the Company has utilized recycling materials to make a more efficient use of resources, in response to the climate change. The Company also reduces water consumption and adopts more efficient transportation methods as the corresponding measures for reducing its operating costs.	No Material Difference
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(IV) The Company has been actively controlling its water consumption and the production of waste in recent years. By executing the water-saving policy and installing a wastewater treatment plant at the Jiangxi O-TA factory with the water reuse facilities added in 2019. Comparing to 2021, the overall water consumption in 2022 increased by approximately 21,133 tons, and the overall water consumption in 2023 decreased by 55,178 tons from 2022. The Company promotes energy-saving and carbon-reducing measures by implementing the energy-efficient management policy in offices, factories and public areas. With the use of energy-efficient lighting, paperless electronic	No Material Difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>process in offices, energy-efficient equipment with regular power cuts and the switching off of lights during lunch break, the Company has reduced the waste on energy.
The Company’s ESG information for 2022 is disclosed in the following table:
<table>
<tr><td rowspan="4">Greenhouse gas emissions (including only the statistics on annual electricity consumption of the parent company)</td><td>Direct GHG emissions (scope 1) (in tons of CO2e)</td><td>-</td></tr>
<tr><td>Indirect emissions from energy consumption (scope 2) (in tons of CO2e)</td><td>345.20</td></tr>
<tr><td>Indirect emissions from other sources (scope 3) (in tons of CO2e)</td><td>-</td></tr>
<tr><td>GHG emissions intensity (tons of CO2e per capita)</td><td>2.03</td></tr>
<tr><td rowspan="2">Water resources management (including only the statistics on annual water consumption in cubic meters of the parent company)</td><td>Water consumption (metric tons)</td><td>366.74</td></tr>
<tr><td>Water consumption intensity (metric tons per capita)</td><td>2.16</td></tr>
<tr><td rowspan="4">Waste management (including only the statistics on the annual waste volume declared by the parent company [general domestic waste])</td><td>Hazardous waste (metric tons)</td><td>0.00</td></tr>
<tr><td>Non-hazardous waste (metric tons)</td><td>9.60</td></tr>
<tr><td>Total waste (hazardous + non-hazardous) (metric tons)</td><td>9.60</td></tr>
<tr><td>Waste generation intensity (metric tons per capita)</td><td>0.06</td></tr>
</table>
The Company’s ESG information for 2023 is disclosed in</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>the following table:
<table>
<tr><td rowspan="4">Greenhouse gas emissions (including only the statistics on annual electricity consumption of the parent company)</td><td>Direct GHG emissions (scope 1) (in tons of CO2e)</td><td>-</td></tr>
<tr><td>Indirect emissions from energy consumption (scope 2) (in tons of CO2e)</td><td>257.10</td></tr>
<tr><td>Indirect emissions from other sources (scope 3) (in tons of CO2e)</td><td>-</td></tr>
<tr><td>GHG emissions intensity (tons of CO2e per capita)</td><td>1.52</td></tr>
<tr><td rowspan="2">Water resources management (including only the statistics on annual water consumption in cubic meters of the parent company)</td><td>Water consumption (metric tons)</td><td>367.78</td></tr>
<tr><td>Water consumption intensity (metric tons per capita)</td><td>2.17</td></tr>
<tr><td rowspan="4">Waste management (including only the statistics on the annual waste volume declared by the parent company [general domestic waste])</td><td>Hazardous waste (metric tons)</td><td>0.4</td></tr>
<tr><td>Non-hazardous waste (metric tons)</td><td>10.56</td></tr>
<tr><td>Total waste (hazardous + non-hazardous) (metric tons)</td><td>10.96</td></tr>
<tr><td>Waste generation intensity (metric tons per capita)</td><td>0.06</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>(I) The Company complies with the labor regulations of the government and the local authorities, and is dedicated to protecting employees’ rights and providing employees’ with the maximum rights and benefits. The Company has</td><td>No Material Difference</td></tr>
</table>

Evaluation Item	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description	
			established various regulations and procedures as the basis of the Company’s standards. The Company carries out the appointment and remuneration of employees in accordance with the Company's “Policies for the Recruitment of Employees”, “Policies for the Appointment and Transfer of Employees”, "Policies for Attendance Management" and "Policies for the Retirement of Employees" to protect the legitimate rights and interests of employees.	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(II) 1. The Company established the “Working Rules” in accordance with the “Labor Standards Act” and the “Employee Welfare Committee” in accordance with the “Employee Welfare Fund Act”, and established the “Organizational Regulations on the Employee Welfare Committee” to implement reasonable employee welfare measures. 2. The Company has established the “Policies for Performance Evaluation” to implement employees’ performance management through the performance evaluation system. Through performance management, the Company integrates the overall objectives of the Company and the individual occupational objectives of employees for subsequent employee training and development. 3. The Company's Articles of Incorporation stipulate that if the Company makes profits for the year, 6.5% of those profits should be appropriated as employee remuneration. 4. The Company is dedicated to providing a friendly working environment for the employees. As of the publication of this annual report, the number of female employees accounted for 49% of the total number of employees, and the number of female employees in senior management positions accounted for 42% of the total number of senior managers.	No Material Difference
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(III) 1.The Company provides a safe and healthy working environment for employees and is committed to reducing employees’ exposure to hazards in order to prevent occupational hazards. 2. The Company provides safety training for new	No Material Difference

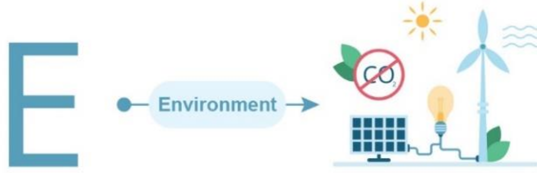
Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			employees or occasional safety-related training for all employees to enhance the professional knowledge of occupational health and safety. 3. The Company regularly monitors the working environment in each year to ensure that the working environment meets the regulatory requirements. 4. The Company requests doctors and nurses to provide the on-site employees' health service programs to assist in preventing occupational hazards and protecting the physical and mental health of employees. 5. The Company provides the employees with annual medical examinations and the protective equipment that is necessary for protection in the workplace. Please refer to 5. on p.125 of this annual report for more information. 6. There was no fire incident in the Company in 2023. 7. The Company is committed to prevention measures, including conducting improvements to fire pipelines, listing and labeling of hazardous materials, emergency evacuation drills and self-defense fire drills, fire declarations, and public safety declarations for buildings. 8. In accordance with occupational health and safety related laws and regulations, the Company has stipulated the "Working Rules of Occupational Safety and Health," "Occupational Safety and Health Management Regulations," "Emergency Preparation and Response Procedures," "Fire Protection Plan and Procedures," "Procedures for Monitoring Operating Environment of Labors," among other things.	
(IV) Has the Company established effective career development training programs for employees?	V		(IV) The company has a comprehensive training system, including orientation training, on-the-job training (training for job skills, etc.) and the excellence-learning training, which can meet the requirements at each stage of training. The company has planned every year to send some employees to participate in excellence-learning training so as to enhance the employees' comprehensive ability. The Company has also established subsidy-related policies for the on-the-job training, such as the "Incentive Policies for	No Material Difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
			Foreign Language Proficiency Certification", to encourage employees to have advanced study and improve their working skills.	
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(V) The marketing and labeling of the Company's products and services are conducted in accordance with relevant regulations and international standards. (The company has obtained ISO9001:2015 International Quality Assurance Certification)	No Material Difference
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(VI) The Company has established "Supplier Safety Management Assessment" for the management of suppliers, which is led by O-TA's Supply Chain Integration Division and assisted by Purchasing Division of Jiangxi O-TA in the management affairs. Annual assessments are conducted on the product safety, environmental safety and occupational safety management systems of major suppliers to ensure that the suppliers comply with regulations relevant to environmental protection and safety, and are qualified to be included in the list of qualified suppliers. Most of the local and overseas suppliers of the Company are long-term partners with the Company. If there is any possible negative impact on the environment, labor conditions, human rights and society, the Company may terminate or discharge the contract. The 2023 Supplier Safety Management Assessment was conducted based on the ranking of the suppliers' accounts from the highest amount to the lowest amount. 10 suppliers are selected from the top suppliers in order of the amount of accounts and the assessment for selected suppliers has been completed.	No Material Difference
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The Company has built a "ESG Sustainability" section on the Company's website and will continue to disclose information related to sustainable development in the future.	The Company will implement corporate governance according to the practical requirements or the legal regulations.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: None.				

VII. Other important information to facilitate better understanding of the company’s promotion of sustainable development:

O-TA pursues a sustainable operating environment, operates steadily and is trusted and recognized by brand customers. The Company has a Sustainable Development Committee in place, being committed to the management of issues such as sustainable environment, social welfare, corporate governance, and product responsibility among other aspects, to implement the Company's ESG sustainability activities better.

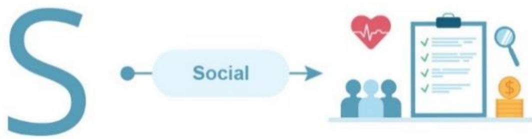
(I) E_Environment Protection



1. Green R&D and production, with the R&D and entire process shifting towards “reduction, recycling, and substitution,” to save energy, reduce carbon emissions, and minimize pollution.
   (1) In accordance with the Waste Disposal Act, the Company has commissioned legal operators to remove waste, and obtains permits to engage legal treatment plants for disposal. Meanwhile, the Company issued documents to prove that waste has been disposed of in accordance with the law.
   (2) By implementing the recycling of waste and the classification of recycled materials at the plants, the Company has reduced the amount of waste produced.
2. Green R&D and production, with the R&D and entire process shifting towards “reduction, recycling, and substitution,” to save energy, reduce carbon emissions, and minimize pollution.
3. The carbon inventory has been studied in 2023, examining the source and total amount of carbon emissions from the organization and products, to make improvements and innovations in each link, seeking to strengthen corporate competitiveness and completing the energy transition.
4. The green energy photovoltaic parking lot (photovoltaic power station) in O-TA was completed and commissioned in July 2023, and using the green power also helps the employee benefits: the Company well takes the advantages of the land to invest the green energy power generation, to generate the power to be consumed in-house; the green energy certificates are also applied; on December 26, 2023, the Company received the approval report of inspection (Report No.: A180230100762). In February 2024, the Company has successfully obtained the first batch of 11 REC_ renewable energy certificates (green energy certificate) (1000 degrees/1REC) from the National Renewable Energy Certificate Center of the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, while improving employee benefits and taking care of them.

5. Energy-saving management, by using energy-saving lights, digitization for paperless office, power and energy-saving equipment, and no light-on during lunch breaks to save energy.

(II) S_Social responsibility



1. Promote positive culture(caring, sharing, gratefulness, and blessings) and managing the business with artistic aesthetics.
   (1) Endeavor to promote positive culture: Promotion of the culture of care, sharing, gratefulness, and blessings, in the hope to promote sustainable development.
   (2) The Company’s chairman in charge uses artistic and aesthetics philosophies, hoping that society is full of harmony and love
   (3) For many years, we have been active in giving back to the society. "Taking form the society and giving back to the society," as the fulfillment of corporate social responsibility, the Company gives back to the society sparing no effort, such as long-term sponsorship to various art and cultural performance and artists’ creation, sponsorships of children music tournament, provision of scholarships to excellent college students and to employees and their kids; sponsorship

to sports games; sponsorships of golf tournament and the golf training at the entry level; donations and scholarships to feed back the government and local groups from time to time; collaborations with colleges for “industry-academia collaboration” and “strategic alliances,” such as the donation of O-TA lab to National Pingtung University of Science and Technology, among other things. Established the Cultural Creativity and Aesthetic Center to share artistic creations and performances.

(4) The company creates a friendly and artistic workplace by setting up a cultural creativity and aesthetic center, where art works are exhibited and performance given, and where renowned artistic groups are invited to stage a concert during business hours. In this way, employees are engulfed in a literary and artistic working environment and thus are able to develop innovative, high-quality, and high-added-value products.

(5) The Company encourages innovation in that it provides millions of dollars of rewards to encourage proposals of innovation. The products developed over the past years are an integration of advanced technology and functions dotted with aesthetic and artistic elements, enabling consumers to enjoy sports and leisure, in addition to an arts feast, while playing golf or riding a bike. In addition, ***VOLANDO,*** a privately-owned exquisite bicycle brand, enables users to make friends and lead a slow life, and is an embodiment of environmental protection and sharing economy. This way, users can experience the cultural and aesthetic values while realizing and recognizing their own value.

2. Friendly and happy workplace: the Company's management values health promotion. The vision and business philosophy both emphasize the ESG sustainable development. The Company invest in the resource promoting employees’ health, including equipment and funds, to encourage exercise in daily life. There are multiple sports clubs to promote health and enjoy health, the health activation label was awarded in December 2023; the Company has the employees’ Family Day and various family-friendly measures; care are given during the pandemic; stress relief courses are organized to enable employees to balance life and work.

(1) The Company provides on-site health services in accordance with the "Regulations for Labor Health Protection." Regular health checkups are held every year, and the items thereof are better than the laws and regulations. The Company also conducts various employee care and health promotion activities to have the employees to have the balance among work, physical, mental and spiritual.

(2) The Company also give the employees the preferred self-funded health checkups and discounts for employees' families to have checkups in hospitals. We take care of our employees, and hope to expand the benefits for family members.

(3) In order to encourage employees to establish voluntary sports clubs, the Company provides relevant subsidies and venues. Sports clubs formed by employees are entitled to use the venues provided by the Company after work hours.

(4) The Company has established and provided employees with sports venues, hoping to encourage everyone to develop the habit of regular exercise, to achieve the purpose of physical fitness and healthy life. For example: yoga classroom with wooden floor, exclusive badminton courts, or riding bicycles at the Cultural Creativity and Aesthetic Center.

(5) The Company has a number of health promotion measures in place and emphasizes work-life balance. It hopes to encourage enterprises to promote the construction of a friendly workplace and to balance the pressures from employees' work and life. Currently, the voluntarily clubs include badminton, yoga, aerobic cycling, boxing, calligraphy

and golf, among other sports and stress-relieving clubs. In the future, there will be more sports activities to encourage everyone to exercise and relieve stress! Exercise is good for the body and mind, promotes communication among employees, and creates harmony in the organization.

(6) Other than encouraging employees to join clubs to make exercise life part of their daily routine, the Company also communicates health promotion-related contents at executives' meetings!

(7) There is high-quality audio equipment for concerts, and various health seminars and stress-relieving courses are also held, seeking to make everyone healthy physically and mentally, and work happily!

(8) Aside from being filled with a mood of cultural creativity, aesthetics, and arts, O-TA's Cultural Creativity and Aesthetic Center is also a health-promoting and assuring premises. The Company set up the Smart Health Station and the mPHR Cloud at the Cultural Creativity and Aesthetic Center, to manage personal health through the use of apps and a cloud platform. In doing so, the Company aims to build O-TA as a smart and healthy workplace reminiscent of cultural creativity, aesthetics, and arts that enables employees to manage their own physical, mental, and spiritual health in a smart way. The employees can take time off from work to take a walk or exercise at the Cultural Creativity and Aesthetic Center. They can also admire the collection of works of art and cultivate their souls. After exercising, the Smart Health Station may be applied to understand how effective the exercise is, and grasp the health result for smart health management.

(9) Visiting guests can also enjoy their health. They can use the Company's smart nursing station, and the mPHR Cloud, to check their own health with a single measurement.

(10) The Company has installed the better-than-regulation automatic external defibrillator (AED), to ensure health, happiness, and safety at workplace, so that employees enjoy their health and peace of mind!

(11) The Company abides by the government's pandemic control regulations and measures, and cares about and values the health and safety of all employees; the Company further urges all employees to abide by the pandemic control measures to contain the pandemic. Correct pandemic control measures are a guarantee of full health. The Company also communicates the objective of building up community immunity to employees and encourages them to do so, typically by recommending those qualified for vaccination to be vaccinated against the COVID-19 virus as soon as possible so as to develop immunity. As a means of encouragement, the Company offers those to be vaccinated paid leave that is superior to the legal requirement during the pandemic. When an employee is confirmed to contract the virus, the Company offers "pandemic battlefield care" by giving them a carefully-prepared pandemic control supply kit, to comfort and care for them, wishing them a good health soon.

(12) The "Green Weight Loss Health Competition" was held with good results. It encourages employees to reduce carbon and love the planet, improve their health, while becoming an ESG sustainable enterprise with personal carbon reduction to environmental reduction, by creating the daily ESG of employees, to invest their health towards sustainability.

(13) Promoting golf, and family-friendly and low-carbon activities, such as: O-TA Cup Golf Fun Competition, and activities of O-TA Family Day combining with the Earth Day.

(14) Promote prevention from smoking hazard in the workplace and advocate the Company's anti-smoking measures: The Company is smoking free venue, and has established the "Measures for Tobacco Hazard Prevention and Management" while clearly displaying non-smoking signs at all entrances. The Company encourages employees to quit smoking, and continues to promote smoking cessation measures.

(15) The Company has organizations such as welfare committees and labor unions where employees can voice their opinions on workplace health promotion and participate in decision-making. For instance, on February 7, 2023, the meeting material mentioned the blood donation event.

(16) The Company pursues sustainable operations, attaches importance to employee care and benefits, and strives to build a friendly and happy workplace, so that employees can work without worries and strike a work-life balance. In doing so, the Company hopes to create a win-win situation, to retain exceptional employees, improve overall capability, and boost the Company’s competitiveness. Various types of employee care measures provided by the Company are superior to the legal requirements. For many years, the Company has allowed employees to work flexible hours and provided them with a more generous leave system. The types of leave provided by the Company that are superior to legal requirements include special business leave, special sick leave, and paid leave for vaccination. In addition, the Company surpasses the legal threshold by offering a half-day official leave to employees for them to attend their children's school affairs. Eligible employees are those with a child at the level of elementary school, junior high school, or senior high school. This is to fulfil the rights of parents to participate in the education of their child, and to facilitate good communication between parents and teachers. (effective from March 2022)

(17) The Company held the O-TA Cup Photo Contest, inviting colleagues to see the truth, goodness and beauty of the people and things in O-TA!

(18) It is everyone's responsibility to promote ESG! The Company attaches great importance to ESG sustainability, and has established "paid volunteer leave" that is better than laws to encourage employees to serve as sustainability volunteers: social participation (government-sponsored public welfare activities) + charity + green environmental sustainability, seeking to be able to incorporate ESG into employees' daily lives!

3. **Local sustainability**: promotion of golf, sponsorship of base-level schools, green consumption, local procurement rate of more than 70%, or 80% for local employees in Jiangxi Province.

(1) Sustainability for the local: e.g., sponsorship for small farmers, preferential purchase of locally-sourced products, etc. The Company supports small local farmers, organic farming, natural farming, and environmental endeavors, to pursue an environment ideal for sustainable operations and safeguard the land’s sustainable value.

(2) For many a year the Company has been promoting golf to the grassroots, e.g., sponsorships for Kenting Elementary School, Lai-Yi Elementary School, Tuku Elementary School, among other schools, and strategic alliance and industry-academia collaboration programs with National Pingtung University, aiming to share resources, increase benefits, and achieve the common good for all interested parties. By leveraging the advantages of National Pingtung University, the Company launched a smart golf training program, hoping to achieve synergy between talent cultivation and competitiveness. The Company also hopes to jointly fulfill the objectives of sustainable management, innovation of the golf industry, talent cultivation, technological integration, social responsibility, local engagement, and sustainable

development.

(3) Green consumption: procurement of sustainable & food-safe local green products, fruits and vegetables with inferior appearance, and environmental awareness promotion.

4. **Green lifestyle**: The Company advocates for love for the Earth by urging employees to reduce energy consumption and carbon emissions through leading a green lifestyle that features low carbon emissions, a vegetarian diet, energy conservation, and plastic and waste reduction. The Company further launches a green life points card program, encouraging employees to earn points by leading a green lifestyle, typically by purchasing green products that are sustainable and safe to eat from manufacturers certified with a green mark. The Company promotes energy-saving and carbon-reducing measures by implementing the energy-efficient management policy in offices, factories and public areas. With the use of energy-efficient lighting, paperless e-business in offices, energy-efficient equipment with regular power cuts and the switching off of lights during lunch break, the Company has reduced the waste of energy.
5. The Company's Chairman provides scholarships for the schooling of employees' children, in addition to a big red envelope for childbirth to stimulate employees' willingness to have a baby, thereby improving, or, at least, reducing the decline in, the fertility rate.
6. The Company has been actively contributing to the local community by donating to the government and local organizations over the years and cooperating with colleges to carry out "Industry-academia Cooperation", such as the cooperation with National Pingtung University of Science and Technology to establish an O-TA research laboratory and donation of exquisite bikes to give back to the local.
7. The Company's 2023 annual sponsorship or charity events:

Items	Event Overview	Items Sponsored by the Company
Donation to Huashan Social Welfare Foundation for the expenditures of local elders in Neipu of Pingtung.	Taiwan has become an aging society. Given so, Huashan takes care of the 3D elders (i.e., elders with dementia and disability and without dependence) by earmarking the donation to the elders in Neipu of Pingtung.	Funds: NT$100,000
Donation to the Taiwan Indigenous Peoples Association	Donation to the Taiwan Indigenous Peoples Association	Fund: NT$ 30,000
Donate to the Tuku Elementary School Golf Association Fund	By providing sponsorships, the Company supports remote schools and professional coaches in promoting the sports and cultivating talents.	Fund: NT$ 50,000
Donate to the Lai-Yi Elementary School Golf Association Fund	By providing sponsorships, the Company supports remote schools and professional coaches in promoting the sports and cultivating talents.	Fund: NT$ 50,000
Donate to the Kenting Elementary School Golf Association Fund	The Company promotes golf at the grassroots level by sponsoring the golf activities of Kenting Elementary School in 2023: The Company sponsored a golf course curriculum in March 2006 for the first time; currently the golf course curriculum has become the school-based curriculum of Kenting Elementary School. By providing sponsorships again, the Company supports remote schools and professional coaches in promoting the sports and cultivating talents.	Fund: NT$ 100,000
Participation in the benefit event organized by Anue	The Company has been participating in the benefit event organized by Anue since 2020. In 2023, the Company participated in Anue's benefit project -2023 charity projects: " Post-Pandemic Reunion to Welcome the Dawn of Happiness" is a thematic event subject to care for disadvantaged groups in rural areas, by focusing on cares to elderly living alone in rural areas, physically and mentally challenged, and disadvantaged schoolchildren. The donations were made to Yilan AGAPE Child Care Association, Hualien County Elderly and Family Care Association, Nantou County Troublesome Little Angle Association, and Taitung County Holy Cross Mary Teresa Welfare Foundation.	NT$63,000 inclusive of taxes and publication fee.

Items	Event Overview	Items Sponsored by the Company
Promotion of local sustainability by means of industry-academia collaboration: The Company enters into a contract with National Pingtung University to launch industry-academia collaboration projects and form a strategic alliance.	By continuing to sign a contract with National Pingtung University to launch industry-academia collaboration projects, Player Improvement in the Smart Golf Simulation Training Field, the Company sponsors National Pingtung University's project, namely, "Golf Talents Cultivation using Smart Golf Simulated Training Premises," in the hope to cultivate more golf talents and put them on international competition events.	*Funds: NT$200,000 * Golf equipment: 3 sets(NT$12,000 including golf bag)
Donation of exquisite bikes to local government agencies or schools to give back to the local.	Output tax of the 8 donated mountain bikes: National Sun Yat-sen University - five bicycles were donated (NT$166,605); Taipei City Hongdao Junior High School - three bicycles were donated (NT$ 142,101).	*Donation of 8 bikes (worth NT$308,706)

(III) G_Governance

1. O-TA's operations are stable, in good health, and its customer service is in place! The Company was established in 1988 as a blue-chip TPEx-listed company (Code: 8924), with stable operations, and trust and recognition by brand customers!
2. The Company has a Sustainable Development Committee (sustainable environment, social welfare, corporate governance, and product responsibility).
3. With the core value of offering "natural, eco-friendly, safe and healthy" products, the Company continues to develop, produce and promote the products of lead-free stainless steel faucets, which are made in compliance with the Water Efficiency Label and the National CNS 8499 TYPE 304 food-grade stainless steel standards.
4. The employees of the Company are treated with equal job opportunities regardless of gender, religion or political beliefs. The Company provides a good working environment to ensure that the employees are free from discrimination and harassment.
5. In accordance with the "Gender Equality in Employment Act" and the "Regulations for Implementing Unpaid Parental Leave for Raising Children", the Company is committed to the prohibition of gender discrimination, the prevention of sexual harassment, and the promotion of workplace equality. The Company has established the complete internal management procedures, such as the policies for the management of employees' leave, resignation, unpaid leave and involuntary termination, the management of employees' appeal (specifying the procedures for handling appeals of sexual harassment), and the management of nursing rooms. The Company has set up friendly nursing rooms for employees.
6. Starting from precision casting, with design and (manufacturing) service as the pillars, O-TA is a "design and manufacturing service industry" company, having the core manufacturing technologies of metal precision casting and the strength of cultural, creative, and aesthetic design, strong R&D strength, excellent product quality, and well-rounded customer services! The Company is customer-oriented, and serves various customers, provides "exclusive" services with "one-stop shopping;" collaborates with customers to design, to continuously create added value for products and create an irreplaceable position in the market!

Evaluation Item	Implementation Status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	

7. The Company was listed on TPEx (8924) in 2000, and rated A+ in the 2014 Information Disclosure Evaluation of TWSE/TPEx Listed Companies. O-TA is one of the Top 100 Brands in Taiwan, "Excellent Innovative Enterprises," and "2006Top 100 Growth Companies." It is a specific demonstration of the soft power of "sports technology and cultural creativity." Today, O-TA is the invisible champion 2.0. in Taiwan.
8. O-TA is an important supplier to world-renowned golf and bicycle brands, and plays a pivotal role in the global supply chain! The golf products are mainly exported to the U.S. and Japan, to serve world-renowned brand customers. The investee subsidiary, VGT (previously INDA) launched into bicycle OEM, and produces the great tool for championship of the top-tier customers (carbon bike), which is the most light-weighted bicycle. The in-house high-end bicycle brand ***VOLANDO*** and the new craftsmanship and aesthetics brand - **ALLTAS** (high-end stainless steel faucet series)" demonstrate the value energy of innovative design. High-end golf equipment and bicycle products won the awards again and again_ For ten years in row, the high-end bicycle, ***Volando***, has been recognized by Taiwan Excellence with 17 bicycles!

Note 1: With regard to "Implementation Status", if the "Yes" column is checked, please specify the policies, strategies, measures and the implementation status. If the "No" column is checked, please specify the status and reasons for the differences in the column of "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons", and specify the future plans for the implementation of relevant policies, strategies and measures. However, for Items 1 and 2, the TWSE/TPEx listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: Materiality principle refers to the environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

(VII) Climate-Related Information of the Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	In response to the potential crisis of climate change, the Company strengthens the adaption to climate resilience, reduces the possible impact of disasters, and continues to promote the reduction of greenhouse gas emissions. The Company has the "Sustainable Development Committee" in place under the board of directors. The board of directors supervises the implementation of sustainable development, reduces the risk of climate change, and catch the opportunities for corporate development to achieve the goal of sustainable development. The committee consists of three members, who shall be appointed by resolution of the board of directors. More than half of the committee members shall be independent directors. The Company and its subsidiaries have established several implementation teams as necessary to cooperate with the Sustainable Development Committee in promoting related tasks. Each team is lead by the officer of each function, and the president reports to the committee on the progress of related work. The responsibilities of the Sustainable Development Committee include reviewing the implementation and effects of the Company's sustainable development, and reporting to the board of directors on a regular basis. The most recent report was made to the Board of Directors on April 11, 2023.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Please refer to the description below.
3. Describe the financial impact of extreme weather events and transformative actions.	
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Global climate risk trends are understood through meetings, education and training, and the relevant departments assess the climate change risks and opportunities in the operations. In response to climate risks and opportunities with high risks and high impacts, we compile responding strategies for climate management. In order to effectively manage climate risks and opportunities, we continue monitor the climate risks that have an impact on the Company's operations, including international regulations and extreme weather events.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be describe.	Not Applicable.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Not Applicable.

Item	Implementation status
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not Applicable.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Not Applicable.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Not Applicable.

Description: The Company identifies the possible climate risks and opportunities on the business, strategy and finance, as well as the action plan of transformation as follows:

(1) Climate risk

No.	Type of risk	Contents of risks	Timing of possible impact	Description of business impacts	Potential financial impact	Potential impact scope	Responding strategies
1	Transition risk – regulatory policy	Government's green energy Policy	Short-term	The power tariff in Taiwan continue to rise, which calls for the expansion of renewable energies.	Increase in operating expenses Increase in investment costs	The Company	Installation of additional solar panels to supply the Company's own power consumption, and obtain a green power certificate.
2	Transition risk – market	Low-carbon products Increased demand	Mid-term	Customers have switched to products with lower carbon emissions, and the demand for low-carbon raw materials and services has increased, with high demand for little quantity.	Increase in operating costs Increase of procurement cost Decrease in operating revenue	The Company, upstream suppliers and downstream customers	Promote low-carbon green energy products, change the recycling rules in innovative ways with the cooperation of suppliers, and establish the circular use of materials.
3	Transition risk – technology	Low-carbon technology Transformation	Mid-term	Restricted by domestic and foreign regulations, the need for research and development of low-carbon technologies and materials is more urgent.	Increase in operating costs Increase in the R&D expenses	The Company, upstream suppliers and downstream customers	Development of low-cost new processes, new materials, and new technologies.
4	Transition risk – market	Difficulties in the industry	Long-term	Shift to leisure activities that are not affected by outdoor weather.	Decrease in operating revenue	The Company, upstream suppliers and downstream customers	Promote indoor golf-playing, such as with AI technology.

No.	Type of risk	Contents of risks	Timing of possible impact	Description of business impacts	Potential financial impact	Potential impact scope	Responding strategies
5	Transition risk – regulatory policy	Policies and regulations related to collection fees differently by areas	Long-term	1. The EU's Carbon Border Adjustment Mechanism (CBAM) is expected to be implemented in 2027 officially. In the future, the expansion of the scope of regulated products cannot be ruled out, which will affect the shipment of the Company's products. 2. Two major measures for carbon reduction in China, carbon tax collection and carbon emissions trading, are expected to be implemented more widely in the future.	Increase in operating costs	The Company and downstream customers	Promote low-carbon green energy production and purchase green energy certificates.
6	Physical risks	Extreme climate (heavy rainfall/flooding)	Short-term	Increased frequency and severity of heavy rainfalls, floods, and other extreme weather events in China, and thus the raw materials or products cannot be produced or delivered normally, which in turns affect the operations.	Increase in operating costs Increased transportation and dispatch costs	The Company, upstream suppliers and downstream customers	Shorten the distribution method and adjust the production process, to ensure deliveries to customers.
7	Physical risks	Extreme climate (heavy rainfall/flooding)	Short-term	Large-scale typhoons and heavy rains, frequent extreme rainfalls, flooding, and other natural disasters will affect the attendance of employees, and increase the risk of traffic safety when commuting. It may also lead to flooding that damages the plant equipment.	Operations affected Increase in disaster losses Increase in occupational safety and health costs	The Company and downstream customers	Amendments and additions to regulations governing emergency response to minimize losses.
8	Physical risks	Extreme climate (Extremely hot/cold; droughts/floods)	Short-term	Extreme changes in climate patterns increase the risk of power shortages and affect production. Under the circumstance of global warming, the temperature rise will increase the load on the Company's air-conditioning and increase the electricity bill. The uneven rainfall period will be more extreme, where more rainy seasons lead to flooding, and dry seasons lead to water shortages.	Increase in operating costs	The Company	Building green-energy buildings and improving water resource efficiency.

(2) Climate Opportunities

No.	Type of opportunity	Details of opportunity	Timing of possible impact	Description of impacts on operations	Potential financial impact	Potential impact scope	Responding strategies
1	Opportunity - energy source	Use of low-carbon technologies	Mid-term	Customers are also subject to environmental regulations, so the compliant products and manufacturing processes will ensure a certain level of protection for orders.	Increase in operating revenue	The Company, upstream suppliers and downstream customers	Jointly developing raw materials of low-carbon and green energy with suppliers.
2	Opportunity - products and services	Developing low-energy-consumption products through R&D and innovation	Mid-term	3. Actively improve product processes to enhance customer satisfaction and achieve carbon reduction goals. Meanwhile, increase the utilization rate of recycled materials to achieve the benefits of shortened production process and reducing waste generated during the production process. 4. Market demands for environment-friendly products have increased, and the innovate and develop low-energy-consumption/low carbon emission products are researched.	Return on investment in low-carbon technologies	The Company, upstream suppliers and downstream customers	Continuing to strive for process improvement, promotion of green process, and development of low-carbon products.
3	Opportunity - resilience	Retirement of equipment	Mid-term	Installation of carbon reduction equipment to pursue the low-carbon production in response to regulatory and initiative restrictions.	Decrease in operating costs	The Company	Continuing to replace outdated equipment.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.
1. Not applicable to the Company in accordance with the schedule set out in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies. 2. The Company is a company with paid-in capital of less than NT$5 billion. The parent company shall conduct the greenhouse gas inventory at stage 3, and a consolidated subsidiaries shall conduct the greenhouse gas inventory at stage 4.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
Not applicable to the Company in accordance with the schedule set out in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
Not applicable to the Company in accordance with the schedule set out in Article 10, Paragraph 2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

(VIII) The State of the Company's Performance in the Area of Ethical Corporate Management and the Company's Measures:

Ethical Corporate Management and Variance from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the Reason for any Such Variance

Evaluation Item	Implementation Status (Note)			Variance from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have an Ethical Corporate Management Best Practice Principles approved by the Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Codes of Ethics for Directors and Managerial Officers" to specifically regulate the matters of which all employees, including directors and managerial officers, should take notice in their conduct of business.	No Material Difference
(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(II) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the "Codes of Ethics for Directors and Managerial Officers" and has enhanced the precautionary measures through the announcement and reporting of material information and related party transactions details, etc. The Company has also formulated the "Codes of Ethics for Employees" and the "Working Rules" as regulatory guidelines for the penalty mechanism for employees who seek to obtain improper interests by concealing information in an opportunistic manner. The Company also encourages internal and external personnel to report the unethical conduct in order to implement the ethical corporate management and to protect the legal rights and interests of the whistleblowers and the parties involved in unethical conduct.	No Material Difference
(III) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" and has provided educational training for its employees to ensure that the employees fully understand the relevant regulations and the punitive measures. (In 2023, the Company organized courses on "Ethical Corporate Management" and "Internal Control System", with a total of 184 attendees and a total of 177.58 hours.)	No Material Difference
II. Ethical Management Practice				
(I) Does the Company assess the ethics records of those it has	V		(I) The Company has established the "Ethical Corporate	No Material Difference

Evaluation Item	Implementation Status (Note)			Variance from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
business relationships with and include ethical conduct related clauses in the business contracts?			Management Best Practice Principles" and conducts its business activities in a fair and transparent manner in accordance with the policy to avoid making transactions with parties involved in the unethical conduct. The contracts signed between the Company and its agencies, suppliers, clients or other business counterparties contain provisions for compliance with the Ethical Corporate Management Best Practice Principles and for termination of the contracts at the time when the business counterparties are involved in unethical conduct.	
(II) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The Company has set up the Human Resource Unit, the Auditing Office and the Legal Affairs Unit under the R&D Division as parties responsible for the planning and implementation of the Ethical Corporate Management Best Practice Principles. The Auditing Office reports to the Board of Directors on a regular basis. The implementation status of the most recent period was reported at the Board of Directors meeting dated November 9, 2023.	No Material Difference
(III) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(III) The Company has established the "Ethical Corporate Management Best Practice Principles" to prevent conflicts of interest and provides appropriate communication channels (e.g., the telephone numbers and e-mail addresses listed on the "Stakeholder" section of the Company's website). In addition, a system designed for the directors' avoidance of motions in conflict of interest is provided in the Company's "Rules of Procedure for Board of Directors Meetings". A director who has an interest with himself/herself or the juristic person he/she represents in the motions of the board meeting should clarify the important details of his/her stakes at the board meeting. If such case has a harmful impact on the Company's interests, the director should not join the discussion or voting and should not act as a proxy to exercise the voting rights on behalf of other directors.	No Material Difference
(IV) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of	V		(IV) The Company has set up an effective accounting standard, internal control standard and other related standards. The establishment and amendment of these standards are	No Material Difference

Evaluation Item	Implementation Status (Note)			Variance from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description	
unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?			proposed to the Board of Directors for approval. The Company also set up an Auditing Office and appointed certified public accountants to perform audits for the Company on a regular basis. Non-scheduled project audits will be conducted according to the requirements.	
(V) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	V		(V) In addition to promoting the concept of ethical corporate management in meetings from time to time, the Company provides courses related to ethical corporate management in the training of new recruited employees in order to implement the concept.	No Material Difference
III. Implementation of Complaint Procedures (I) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(I) The Company has a smooth whistle-blowing channel and has set a designated unit to handle related matters in accordance with the legal regulations.	No Material Difference
(II) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(II) The Company has the responsibility to keep information of the whistleblower confidential.	No Material Difference
(III) Has the Company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(III) The Company protects whistleblowers from any penalty or punishment due to their report of complaints.	No Material Difference
IV.Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed the relevant information of "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"on the Company's website and the Market Observation Post System.	No Material Difference
V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has formulated the " Ethical Corporate Management Best Practice Principles" and disclosed relevant information on the Company's website. The Company's operations on ethical corporate management are consistent with the policy.				
VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): None.				

Note: For the column of "Implementation Status", regardless of whether the column "Yes" or "No" is checked, the implementation status should be described in the columns of Description.

(IX) If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

For the corporate governance regulations established by the Company, please refer to the Investor Section / Corporate Governance Information webpage on the Company's website (https://www.o-ta.com.tw/).

(X) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance may also be disclosed: None.

(XI) The section on the state of implementation of the Company's internal control system shall furnish the following:

1. Statement on Internal Control System

O-TA Precision Industry Co., Ltd.

Statement on Internal Control System

Date: March 15, 2024

Based on the findings of the self-assessment, the Company states the following with regard to its internal control system during the fiscal year 2023.

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aiming at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes remedial actions as soon as a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2024, where none of the eight attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

O-TA Precision Industry Co., Ltd.

Chairman: LEE, KUNG-WEN

President: HSU, JUNG-MIN

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(XII) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XIII) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. Important Resolutions Made by the Shareholders' Meeting

Date	Important Resolutions	Implementation Status
May 24, 2023	1. Approved the 2022 business report and financial statements	Approved by voting.
	2. Approved the 2022 earnings distribution	The Company's earnings for 2022 have been fully distributed. The ex-dividend date was set for May 30, 2023 and the cash dividends were paid on June 2, 2023 with the distribution of NT$12.85 per share.

2. Importation Resolutions Made by the Board of Directors' Meeting

Date	Important Resolutions
March 7, 2023	1. Approved the 2022 consolidated financial statements and parent company only financial statements. 2. Approved the evaluation of the independence and qualification of CPAs. 3. Approved the list of non-assurance services to be provided by Ernst & Young, Taiwan and its affiliates in 2023. 4. Approved the appointment of CPAs and the fees for them. 5. Approved the proposal to inject capital to Jiangxi O-TA Precision Technology Co., Ltd., a subsidiary wholly owned by O-TA GOLF GROUP CO., LTD, which is a subsidiary wholly owned by the Company, and to invest the capital in full. 6. Approved the funding plan of overseas groups. 7. Approved the 2022 earnings distribution of the Company. 8. Approved the 2022 cash dividend distribution. 9. Approved the distribution of remuneration to employees and directors for 2022. 10. Approved the proposal on the standard for distributing remuneration to employees and directors. 11. Approved the resolution to distribute remuneration to the Company's managerial officers of 2021. 12. Approved the resolution to make salary adjustment for 2023. 13. Approved the resolution to distribute year-end bonus to the Company's managerial officers of 2022. 14. Approved the resolution on the remuneration of the Company's new managerial officers. 15. Approved the Company's 2022 Statement of Internal Control System. 16. Approved the proposal on the convening of the 2023 Annual General Meeting, and the rights of shareholders to submit a proposal. 17. Approved the amendment to the Company's "Rules of Procedure for Board of Directors Meetings". 18. Approved the amendment to the Company's "Procedures for Handling Material Inside Information". 19. Approved the amendment to the Company's "Corporate Governance Best Practice Principles". 20. Approved the amendment to the Company's "Sustainable Development Best Practice Principles". 21. Approved the amendment to the Company's "Standard Operating Procedures for Addressing Directors' Requirements".

Date	Important Resolutions
	22. Approved the proposal on the Company's Business Report.
April 11, 2023	1. Approved the amendments to and renaming the Company's "Rules Governing Financial and Business Matters Between the Company and Its Related Parties". 2. Approved the sales transaction between the Company and the related party, TAGA CO., LTD. 3. Approved the bank credit line proposal. 4. Approved the amendment to the internal control system. 5. Approved promotion of Project Organization by the Sustainable Development Committee. 6. Approved the Company's check on greenhouse gas and its verification schedule plan. 7. Approved the relation matters of the second plant at Jiangxi O-TA Precision Technology Co., Ltd.
May 9, 2023	1. Approved the Q1, 2023 consolidated financial statements. 2. Approved the amendment to the Company's "Rules Governing Financial and Business Matters Between the Company and Its Related Parties". 3. Approved the amendment to the internal control system.
May 24, 2023	1. Approved the payment for distribution of remuneration to employees for 2022. 2. Approved the distribution of remuneration to independent directors for 2022. 3. Approved the payment for distribution of remuneration to independent directors for 2022. 4. Approved the payment for distribution of remuneration to directors for 2022.
August 8, 2023	1. Approved the Q2, 2023 consolidated financial statements. 2. Approved the amendment to the internal control system.
November 9, 2023	1. Approved the Q3, 2023 consolidated financial statements. 2. Approved the 2024 audit plan. 3. Approved the amendment to the internal control system.
March 15, 2024	1. Approved the 2023 consolidated financial statements and parent company only financial statements. 2. Approved the evaluation of the independence and qualification of CPAs. 3. Approved the list of non-assurance services to be provided by Ernst & Young, Taiwan and its affiliates in 2024. 4. Approved the appointment of CPAs. 5. Approved the funding plan of overseas groups. 6. Approved bank credit line proposal. 7. Approved the 2023 cash dividend distribution. 8. Approved the distribution of remuneration to employees and directors for 2023. 9. Approved the 2023 earnings distribution of the Company. 10. Approved the proposal on the standard for distributing remuneration to employees. 11. Approved the resolution to distribute year-end bonus to the Company's managers of 2023. 12. Approved the proposal of adjustment to the salary structure for the Company's managerial officers. 13. Approved the proposal of the ratification of the Company's salary structure adjustment. 14. Approved the Company's 2023 Statement of Internal Control System. 15. Approved the proposal on the convening of the 2024 Annual General Meeting, and the rights of shareholders to submit a proposal. 16. Approved the amendment to the Company's "Rules of Procedure for Board of Directors Meetings". 17. Approved the amendment to the Company's "Audit Committee Charter". 18. Approved the amendment to the Company's "Corporate Governance Best Practice Principles". 19. Approved the proposal on the Company's Business Report.

(XIV) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, president, and officers of accounting, finance, internal audit, corporate governance and R&D: None.

V. Information on the Professional Fees of the Attesting CPAs (External Auditors)

Unit: NT$ thousands

<table>
<tr><th>Name of Accounting Firm</th><th>Name of CPAs</th><th>Period covered by the CPA audit</th><th>Audit Fee</th><th>Non-audit Fees</th><th>Total</th><th>Note</th></tr>
<tr><td rowspan="3">Ernst & Young, Taiwan</td><td>CHEN, CHENG-CHU</td><td>2023/01/01~2023/12/31</td><td rowspan="2">2,600</td><td rowspan="2">300</td><td rowspan="2">2,900</td><td rowspan="2"></td></tr>
<tr><td>LEE, FANG-WEN</td><td>2023/01/01~2023/12/31</td></tr>
<tr><td>WU, WEN-PIN</td><td>2023/1/1~2023/12/31</td><td>-</td><td>400</td><td>400</td><td></td></tr>
</table>

1. The Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.
3. Non-audit fees: tax audit fee NT$300 thousand, and transfer pricing & master file documentation fee NT$400 thousand.

VI. Where the Company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm, the Name and Position of the Person, and the Period During Which the Position Was Held, Shall Be Disclosed: None.

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests of a Director, Managerial Officer, or Shareholder with a Stake of More Than 10 Percent

(I) Change in Shareholding of Directors, Managerial Officers and Major Shareholders

Unit: Shares

Title	Name	2023		As of March 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	LEE, KUNG-WEN	0	0	0	0
Vice Chairman	LIN, CHON-CHEN	(219,000)	0	0	0
Director	LIN, HUN-CHER	0	0	0	0
Juristic Person Director	Nan Feng Xin Co., Ltd.	0	0	0	0
Representative	Lauren-Jacqueline Pan	0	0	0	0
Representative	Kristen-Julia Pan	0	0	0	0
Independent Director	HUANG, CHUNG-HUI	0	0	0	0
Independent Director	CHANG, TIEN-SHENG	0	0	0	0
Independent Director	CHEN, SHUH	0	0	0	0
President	HSU, JUNG-MIN	0	0	0	0
Vice President	WANG, SHIH-CHEN	0	0	0	0
Vice President	CHEN, WEN-HSIANG	0	0	0	0
Associate Vice President	LEE, CHUNG-MU	0	0	0	0
Associate Vice President	WANG, SHIH-LAN	0	0	0	0
Associate Vice President	CHIEN, MEI-E	0	0	0	0
Associate Vice President	WU, JOU-YING	0	0	0	0
Associate Vice President	FEI, YU-JEN	0	0	0	0
Associate Vice President	CHUNG, CHENG-YI	0	0	0	0
Jiangxi Overseas Sales Division Special Assistant to President's Office	CHUNG, CHIN-FENG	0	0	0	0

Note 1: Shareholders who hold more than 10% of the total shares of the Company should be indicated as major shareholders and listed separately.

(II) Information on Equity Transfer: Not applicable.

(III) Information on Equity Pledge: Not applicable.

VIII. Relationship Information, if Among the Company's 10 Largest Shareholders Any One is a Related Party or a Relative within the Second Degree of Kinship of Another

April 7, 2024

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree, His/ Her/Its Title (or Name) and Relationship		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	-
Nan Feng Xin Co., Ltd.	7,650,386	9.13%	0	0%	0	0%	None	None	-
Chairman PAN, SY-LIAN	554,612	0.66%	0	0%	0	0%	LEE, KUNG-WEN PAN, PI-CHEN	Relatives-in-law Siblings	-
LEE, KUNG-WEN	7,272,408	8.68%	2,657,560	3.17%	0	0%	PAN, PI-CHEN PAN, SY-LIAN	Spouse Relatives-in-law	-
PAN, PI-CHEN	2,657,560	3.17%	7,272,408	8.68%	0	0%	LEE, KUNG-WEN PAN, SY-LIAN	Spouse Siblings	-
LIN, HUN-CHER	2,266,088	2.70%	51,564	0.06%	0	0%	LIN, HUI-CHIN LIN, HUNG-CHUN	Siblings Sibling	-
LIN, HUNG-CHUN	2,123,000	2.53%	131,000	0.16%	0	0%	LIN, HUI-CHIN LIN, HUN-CHER	Siblings Sibling	-
Dian Chiang Chia Investment Co. Ltd.	1,230,000	1.47%	0	0%	0	0%	None	None	-
LIN, HUI-CHIN	1,113,118	1.33%	0	0%	0	0%	LIN, HUN-CHER LIN, HUNG-CHUN	Siblings Siblings	-
Standard Chartered Custody Cambria Emerging Shareholder Yield ETF	964,000	1.15%	0	0%	0	0%	None	None	-
CHEN, JING-SONG	749,000	0.89%	Note	-	Note	-	None	None	-
Qing Sheng Investment Co., Ltd.	706,358	0.84%	0	0%	0	0%	None	None	-

Note: Mr. CHEN, JING-SONG didn’t provide related information for the Company, so the Company couldn’t disclose the information.

IX. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2023; Unit: shares; %

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
British Virgin Islands O-TA Golf Group Co., Ltd.	50,000	100%	-	-	50,000	100%
Hong Kong Harvest Fair International Limited	-	-	10,000	100%	10,000	100%
Jiangxi O-TA Precision Technology Co., Ltd.	-	-	-	100%	-	100%
VGT Composite Technology (Huizhou) Co., Ltd.	-	-	-	100%	-	100%

Note 1: Invested by the Company using the equity method.

Four. Capital Overview

I. Capital and Shares

(I) Source of Capital Stock

1. Formation of Capital

Unit: NT$; shares

Month, Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Other
July, 1988	10	6,850,000	68,500,000	6,850,000	68,500,000	Establishment by cash	None	Omit-ted
June, 1993	10	13,400,000	134,000,000	13,400,000	134,000,000	Capital increase of NT$65,500 thousand from debt to equity	None	Omit-ted
December, 1996	10	16,400,000	164,000,000	16,400,000	164,000,000	Capital increase of NT$30,000 thousand through cash	None	Omit-ted
December, 1997	10	18,204,000	182,040,000	18,204,000	182,040,000	Capital increase of NT$18,040 thousand through capitalization of capital surplus	None	Note 1
March, 1998	10	27,470,000	274,700,000	27,470,000	274,700,000	Capital increase of NT$30,000 thousand through cash; and Capital increase of NT$62,660 thousand through capitalization of earnings	None	Note 2
June, 1999	10	39,600,000	396,000,000	39,600,000	396,000,000	Capital increase of NT$105,760 thousand through capitalization of earnings; and Capital increase of NT$15,540 thousand through capitalization of earnings and capital surplus	None	Note 3
May, 2000	10	53,460,000	534,600,000	53,460,000	534,600,000	Capital increase of NT$138,600 thousand through capitalization of earnings	None	Note 4
June, 2001	10	100,000,000	1,000,000,000	61,689,970	616,899,700	Capital increase of NT$77,784 thousand through capitalization of earnings; and Capital increase of NT$4,516 thousand through capitalization of capital surplus	None	Note 5
August, 2002	10	100,000,000	1,000,000,000	74,516,343	745,163,430	Capital increase of NT$123,380 thousand through capitalization of earnings; and Capital increase of NT$4,884 thousand through the transferring of employees' bonus	None	Note 6
January, 2003	10	100,000,000	1,000,000,000	74,671,620	746,716,200	Capital increase of NT$1,553 thousand converted from convertible bonds	None	Note 7
March, 2003	10	100,000,000	1,000,000,000	74,674,725	746,747,250	Capital increase of NT$31 thousand converted from convertible bonds	None	Note 8
Septem-ber, 2003	10	100,000,000	1,000,000,000	82,795,601	827,956,010	Capital increase of NT$74,674,720 through capitalization of earnings; and Capital increase of NT$6,534,040	None	Note 9

Month, Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Other
						through the transferring of employees' bonus		
October, 2003	10	100,000,000	1,000,000,000	82,883,939	828,839,390	Capital increase of NT$883,380 converted from convertible bonds	None	Note 10
January, 2004	10	100,000,000	1,000,000,000	84,094,183	840,941,830	Capital increase of NT$12,102 thousand converted from convertible bonds	None	Note 11
April, 2004	10	100,000,000	1,000,000,000	85,315,020	853,150,200	Capital increase of NT$12,208 thousand converted from convertible bonds	None	Note 12
August, 2004	10	102,702,798	1,027,027,980	90,380,599	903,805,990	Capital increase of NT$50,655,790 through capitalization of earnings (including NT$7,998,280 through the transferring of employees' bonus)	None	Note 13
November, 2004	10	102,702,798	1,027,027,980	92,145,714	921,457,140	Capital increase of NT$17,651,150 converted from convertible bonds	None	Note 14
January, 2005	10	102,702,798	1,027,027,980	92,458,821	924,588,210	Capital increase of NT$3,131,070 converted from convertible bonds	None	Note 15
March, 2005	10	102,702,798	1,027,027,980	92,632,982	926,329,820	Capital increase of NT$1,741,610 converted from convertible bonds	None	Note 16
July, 2005	10	112,952,631	1,129,526,310	103,107,859	1,031,078,590	Capital increase of NT$56,083,990 through capitalization of earnings (including NT$9,669,650 through the transferring of employees' bonus); Capital increase of NT$46,414,340 through capitalization of capital surplus; and Capital increase of NT$2,250,440 converted from convertible bonds	None	Note 17
December, 2005	10	112,952,631	1,129,526,310	103,281,064	1,032,810,640	Capital increase of NT$1,732,050 converted from convertible bonds	None	Note 18
January, 2006	10	112,952,631	1,129,526,310	103,828,384	1,038,283,840	Capital increase of NT$5,473,200 converted from convertible bonds	None	Note 19
March, 2006	10	112,952,631	1,129,526,310	103,830,693	1,038,306,930	Capital increase of NT$23,090 converted from convertible bonds	None	Note 20
July, 2006	10	124,655,216	1,246,552,160	115,554,063	1,155,540,630	Capital increase of NT$65,110,500 through capitalization of earnings (including NT$13,195,150 through the transferring of employees' bonus); Capital increase of NT$51,915,350 through capitalization of capital surplus; and Capital increase of NT$207,850 converted from convertible bonds	None	Note 21
October, 2006	10	124,655,216	1,246,552,160	117,355,189	1,173,551,890	Capital increase of NT$18,011,260 converted from convertible bonds	None	Note 22
March, 2007	10	124,655,216	1,246,552,160	118,065,416	1,180,654,160	Capital increase of NT$7,102,270 converted from convertible bonds	None	Note 23

Month, Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Other
July, 2007	10	124,655,216	1,246,552,160	120,734,186	1,207,341,860	Capital increase of NT$20,784,430 thousand through capitalization of earnings (including NT$14,881,160 through the transferring of employees' bonus); and Capital increase of NT$5,903,270 through capitalization of capital surplus	None	Note 24
July, 2008	10	140,000,000	1,400,000,000	123,463,282	1,234,632,820	Capital increase of NT$21,254,250 through capitalization of earnings (including NT$15,217,540 through the transferring of employees' bonus); and Capital increase of NT$6,036,710 through capitalization of capital surplus	None	Note 25
November, 2008	10	140,000,000	1,400,000,000	121,263,282	1,212,632,820	Capital reduction of NT$22,000,000 by repurchasing treasury stock	None	Note 26
July, 2018	10	140,000,000	1,400,000,000	83,800,000	838,000,000	Capital reduction of NT$374,632,820 by returning cash to shareholders	None	Note 27

Note 1: The capital increase was approved by the Ministry of Economic Affairs (MOEA) by Letter Jing-(86)-Shang-Zi No.124432 dated December 11, 1997.
Note 2: The capital increase was approved by the Ministry of Finance (MOF) by Letter (87)Tai-Cai-Jheng(1) No.28244 dated March 24, 1998.
Note 3: The capital increase was approved by the MOF by Letter (88)Tai-Cai-Jheng(1) No.56520 dated June 22, 1999.
Note 4: The capital increase was approved by the MOF by Letter (89)Tai-Cai-Jheng(1) No.46978 dated May 31, 2000.
Note 5: The capital increase was approved by the MOF by Letter (90)Tai-Cai-Jheng(1) No.138545 dated June 27, 2001.
Note 6: The capital increase was approved by the MOF by Letter Tai-Cai-Jheng(I) No.0910133426 dated June 20, 2002.
Note 7: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09201031150 dated January 30, 2003.
Note 8: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09201090180 dated March 26, 2003.
Note 9: The capital increase was approved by the MOF by Letter Tai-Cai-Jheng(I) No.0920136548 dated August 13, 2003.
Note 10: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09201292780 dated October 21, 2003.
Note 11: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09301003310 dated January 9, 2004.
Note 12: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09301052330 dated April 1, 2004.
Note 13: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09301138980 dated August 13, 2004.
Note 14: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09301211720 dated November 5, 2004.
Note 15: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09401006050 dated January 18, 2005.
Note 16: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09401040870 dated March 28, 2005.
Note 17: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09401134720 dated July 19, 2005.
Note 18: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09401235830 dated December 1, 2005.
Note 19: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09501007820 dated January 16, 2006.
Note 20: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09501052850 dated March 27, 2006.
Note 21: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09501157060 dated July 24, 2006.
Note 22: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09501232850 dated October 17, 2006.
Note 23: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09601053210 dated March 22, 2007.
Note 24: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09601153680 dated July 9, 2007.
Note 25: The capital increase was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09701181290 dated July 22, 2008.
Note 26: The capital reduction was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.09701301130 dated November 25, 2008.
Note 27: The capital reduction was approved by the MOEA by Letter Jing-Shou-Shang-Zi No.10701076030 dated July 20, 2018.

2. Type of Shares

April 7, 2024; Unit: shares

Type of Shares	Authorized Capital			Note
	Outstanding Shares (Note)	Unissued Shares	Total	
Common Shares	83,800,000	56,200,000	140,000,000	

Note: refer to the listed stock.

3. Information for Shelf Registration: Not applicable.

(II) Shareholders Structure

April 7, 2024; Unit: shares

Shareholders Structure / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Foreign Individuals	Total
No. of Shareholders	-	1	95	17,091	78	17,265
No. of Shares Held	-	200,000	13,128,024	66,579,999	3,891,977	83,800,000
Shareholding ratio (%)	-	0.24%	15.66%	79.46%	4.64%	100.00%

(III) Diffusion of Ownership

1. Common Shares

April 7, 2024

Class of Shareholding	Number of Shareholders	Total Shares Held	Percentage of Shareholding (%)
1 to 999	5,948	1,241,830	1.48
1,000 to 5,000	9,567	18,255,070	21.78
5,001 to 10,000	976	7,530,597	8.99
10,001 to 15,000	261	3,348,171	4.00
15,001 to 20,000	157	2,912,175	3.48
20,001 to 30,000	137	3,400,126	4.06
30,001 to 40,000	69	2,474,015	2.95
40,001 to 50,000	32	1,492,434	1.78
50,001 to 100,000	54	3,959,782	4.73
100,001 to 200,000	36	5,121,930	6.11
200,001 to 400,000	9	2,463,930	2.94
400,001 to 600,000	8	4,176,964	4.98
600,001 to 800,000	3	2,146,416	2.56
800,001 to 1,000,000	1	964,000	1.15
Over 1,000,001	7	24,312,560	29.01
Total	17,265	83,800,000	100.00%

2. Preferred Shares: The Company has not issued preferred shares.

(IV) List of Major Shareholders (with shareholding of 5% or more, or the top 10 shareholders)

April 7, 2024

Shares / Names of major shareholders	Shareholding (shares)	Shareholding (%)
Nan Feng Xin Co., Ltd.	7,650,386	9.13%
LEE, KUNG-WEN	7,272,408	8.68%
PAN, PI-CHEN	2,657,560	3.17%
LIN, HUN-CHER	2,266,088	2.70%
LIN, HUNG-CHUN	2,123,000	2.53%
Dian Chiang Chia Investment Co. Ltd.	1,230,000	1.47%
LIN, HUI-CHIN	1,113,118	1.33%
Standard Chartered Custody Cambria Emerging Shareholder Yield ETF	964,000	1.15%
CHEN, JING-SONG	749,000	0.89%
Qing Sheng Investment Co., Ltd.	706,358	0.84%

(V) Share Price, Net Worth Per Share, Earnings Per Share, and Dividends Per Share

Unit: NT$

Item		Fiscal Year	2023	2022	Current Year, as of March 31, 2024 (Note 5)
Market Price Per Share	Highest		139.5	155	93.5
	Lowest		83.4	90.7	88.1
	Average		112.63	129.79	90.72
Net Worth Per Share	Before Distribution		45.64	53.94	—
	After Distribution		(Note 1)	41.09	—
Earnings Per Share	Weighted Average Shares (1,000 shares)		83,800	83,800	83,800
	Earnings Per Share		4.85	21.4	—
Dividends Per Share	Cash Dividends		4.3	12.85	—
	Stock Dividends	Dividends from retained earnings	—	—	—
		Dividends from capital reserve	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price/Earnings Ratio (Note 2)		23.22	6.06	—
	Price/Dividend Ratio (Note 3)		26.19	10.10	—
	Cash Dividend Yield (Note 4)		3.82%	9.90%	—

*If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: The proposal of earning distribution for 2023 has been approved by the Board of Directors on March 15, 2024, but has not yet gained approval at the Shareholders' Meeting.

Note 2: Price/Earnings Ratio = average closing price per share for the year / earnings per share.

Note 3: Price/Dividend Ratio = average closing price per share for the year / cash dividends per share.

Note 4: Cash Dividend Yield = cash dividend per share / average closing price per share for the year.

Note 5: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy Stipulated in the Articles of Incorporation

In accordance with Article 26, Paragraph 5 of the Company's Articles of Incorporation, the Company's operations continue to develop steadily, considering the Company's future capital needs and the shareholders' demand for cash inflow, when the Company distributes the dividends as described in the preceding paragraph (Article 26, Paragraph 4 of the Articles of Incorporation), the dividends may be distributed in cash or in shares. However, the percentage of cash dividends shall not be less than 50% of the total dividends of the year.

With the approval by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, the Company will report to the Shareholders' Meeting regarding the proposal that all or part of the distributable dividends shall be paid in cash.

The annual dividend rate is expected to be no less than 50% for the next three years.

2. Proposed Distribution of Cash Dividends at the Shareholders' Meeting

(1) The Company pursues a sustainable business environment and strives to become the most innovative company for daily use products and sports equipment, creating the maximum value and best services for clients, employees, shareholders and the public. Therefore, the Company adopts a balancing dividend policy, taking into account the Company's future business growth and demands for capital, to improve its financial structure and to protect the interests of shareholders for their long-term investment.

(2) The Company proposed to distribute cash dividends of NT$4.3 per share, with a total of NT$360,340,000, from the distributable earnings for 2023 to the shareholders recorded in the register of shareholders on the ex-dividend date in proportion to their shareholdings.

O-TA Precision Industry Co., Ltd.

Earnings Distribution Chart
For the Year of 2023

Unit: NT$

Description	Amount
Undistributed earnings, at the beginning of the period	1,338,276,789
Add: Net income after tax	406,520,169
Less: 2023 Gains (losses) on remeasurement of defined benefit plans after tax	(447,479)
10% legal reserve	(40,607,269)
Distributable earnings	1,703,742,210
Distributed items:	
Cash dividends for common shares (NT$4.3 per share)	(360,340,000)
Undistributed earnings, at the end of the period	1,343,402,210

Chairman: LEE, KUNG-WEN President: HSU, JUNG-MIN Accounting Officer: LEE, CHUNG-MU

3. Expected Significant Changes in Dividend Policy: Not applicable.

(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) Employees' and Directors' Remuneration

1. The Percentages or Ranges with respect to Employee and Directors Remuneration, as set forth in the Company's Articles of Incorporation:

   According to Article 25 of the Company's Articles of Incorporation, the Company shall distribute at least 6.5% of distributable profit of the current year, if any, as remuneration to employees for each profitable fiscal year, and the appropriated amount of remuneration to directors should not be more than 1.5% of the annual profit. However, in case of the accumulated losses, certain profits shall first be reserved to cover them.

   The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, decide the way of distribution for employees' remuneration and the proportion of profits distributed as directors' remuneration for the fiscal year, and report to the shareholders' meeting for such distribution.

   The remuneration for directors is recommended by the Remuneration Committee and proposed to the Board of Directors for approval.

   The Company's profitable fiscal year, as mentioned in the first paragraph, refers to the year with profits calculated based on the net income before tax and the distribution of employees' and directors' remuneration for the year.

2. The Basis for Estimating the Amount of Employees and Directors' Remuneration, for Calculating the Number of Shares to Be Distributed as Employee Remuneration, and the Accounting Treatment of the Discrepancy, if any, Between the Actual Distributed and the Estimated Figure, for the Current Period:

   In accordance with the aforementioned Articles of Incorporation, the Company estimates to distribute NT$38,020 thousand as employees' remuneration and NT$8,773 thousand as directors' and supervisors' remuneration for 2023. If the actual amount of distributed remuneration resolved at the shareholders' meeting in the following year is different from the estimated amount, the difference amount will be recorded as profit or loss in the year of resolution. If the Board of Directors resolves to distribute employee compensation through stock, the number of stock distributed is calculated based on the closing price of the day before the Board of Directors' meeting.

3. Distribution of Remuneration Approved by the Board of Directors for 2023:

   (1) Proposed amount of employees' and directors' remuneration distributed in cash:

Unit: NT$ thousands

Proposed Distributed Items	Distributed Amount
Employees' Remuneration	38,020
Directors' Remuneration	8,773

Difference between the actual distributed amount and the amount recognized in 2023 of the aforementioned employees' and directors' remuneration: None.

   (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports

or individual financial reports for the current period and total employee remuneration: Not applicable for the Company since the employees' remuneration is distributed in cash.

4. Actual Distribution of Remuneration for Employees, Directors and Supervisors for 2022:

Unit: NT$ thousands

Proposed Distributed Items	Distributed Amount
Employees' Remuneration	141,149
Directors' Remuneration	32,573

Difference between the actual distributed amount and the amount recognized in 2022 of the aforementioned employees' and directors' remuneration: None.

(IX) Repurchases of Treasury Stock For the Most Recent Fiscal Year and Up to the Publication of this Annual Report: None.

II. Issuance of Corporate Bonds

(I) Unretired bonds and unissued bonds for which an issue is currently under preparation: None.

(II) Issued exchangeable corporate bonds: None.

(III) Common corporate bonds raised and issued by the shelf registration method: None.

(IV) Issued corporate bonds with warrants: None.

(V) Any private placement of corporate bonds during the 3 most recent fiscal years: None.

III. Preferred Shares: None.

IV. Global Depositary Receipts: None.

V. Employee Share Subscription Warrants: None.

VI. Issuance of New Restricted Employee Shares: None.

VII. Status of Mergers, Acquisitions and Divisions: None.

VIII. Implementation of the Company's Capital Allocation Plans

Up to the publication of this annual report, the Company has no uncompleted issuance plan or completed plan with unrealized benefit within the latest three years.

Five. Overview of Business Operations

I. Description of the Business

O-TA PRECISION INDUSTRY CO., LTD. is an important supplier to world-renowned golf and bicycle brands, and plays a pivotal role in the global supply chain. Established in 1988, and starting from precision casting, O-TA has the core manufacturing technologies of metal precision casting and the strength of cultural, creative, and aesthetic design, strong R&D strength, excellent product quality, and well-rounded customer services. With design and (manufacturing) service as the pillars, the Company is a "design and manufacturing service industry company and customer-oriented, serves various customers, provides "exclusive" services with "one-stop shopping;" collaborates with customers to design, to continuously create added value for products and create an irreplaceable position in the market! The golf products are mainly exported to the U.S. and Japanese market and serve world-renowned brands, e.g. PXG and Titleist in the U.S., Bridgestone, Majesty, Mizuno, YAMAHA, Mitsubishi in Japan. Since 2003, we expanded the application of golf precision technologies and composite material technologies to the field of high-end carbon fiber bicycles. The investee subsidiary, VGT (previously INDA) launched into bicycle OEM, and produces the great tool for championship of the top-tier customers (carbon bike), which is the most light-weighted bicycle. Just in several years, it has won the favor of many world-renowned bicycle brands, such as EU: WILIER, ORBEA, DE ROSA, DT-SWISS; JP&US: BRIDGESTONE, FELT, IBIS, etc. The in-house high-end bicycle brand ***VOLANDO*** and the new craftsmanship and aesthetics brand - **ALLTAS** (high-end stainless steel faucet series)" demonstrate the value energy of innovative design. O-TA is one of the top 100 brands in Taiwan, and has won many honors such as Excellent Innovative Enterprise, Excellence Award, German Red Dot Design Award, etc., demonstrating the soft power of "sports technology and cultural creativity." The Commonwealth Magazine recently reported that O-TA is the invisible champion 2.0. in Taiwan.

(I) Business Scope

1. Major Lines of Business of the Company

(1) The manufacturing, contract processing, assembly and sales of golf club heads and those work-in-process products.

(2) The manufacturing, processing and sales of casting art sculptures (with stainless steel and copper).

(3) The import and export trading of the aforementioned products.

(4) Wholesale and Retail sale of Bicycle and Component Parts Thereof. (provides bicycle-related products, sales and leasing services)

(5) Premium stainless steel faucets and the wholesale and retail business of their accessories.

2. Relative Weight of Each Line of Business

In 2023, the Company is mainly engaged in the research and development, production, manufacturing, and processing golf club heads, shafts, golf equipment and other accessories, and the sales of complete bikes and their parts.

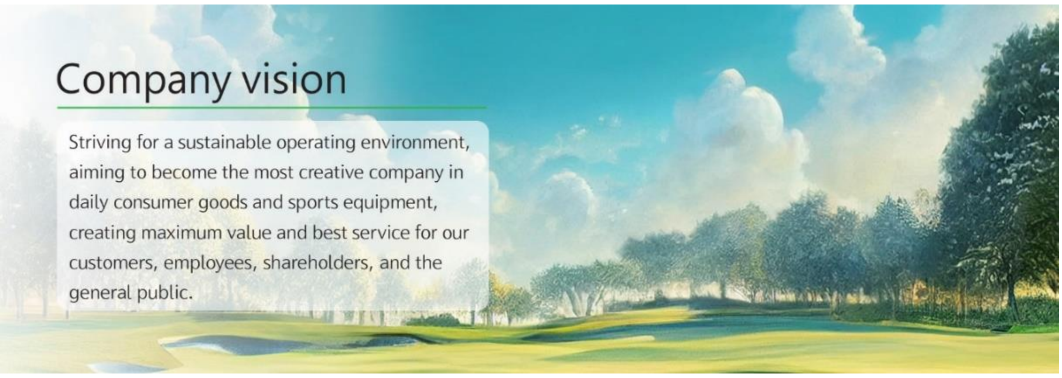
Item	2023 Sales Mix
Iron head	46.26%
Metal wood	25.67%
Assembly (shipment of golf equipment)	8.01%
Golf club	6.50%
Bicycle	10.16%
Other	3.40%
Total	100.00%

3. Current Products and Services Provided by the Company

The company is not merely a manufacturer but also a design and manufacturing service provider which is customer-oriented and provides customers with exclusive "One-stop Shopping" services.

Main products provided by the Company are as follows:

(1) Casting or forged Metal Woods made of stainless steel, titanium alloy, or composite materials.
(2) Casting or forged Iron Heads made of stainless steel, titanium alloy, or composite materials.
(3) CNC Putters, or the casting or forged Putters made of stainless steel, titanium alloy, or composite materials.
(4) Golf Shaft
(5) Assembly: the assembly services for golf club heads.
(6) Sales of complete bikes and frame sets of the Company's bicycle brand and bicycle rental services.
(7) Innovative design and casting art sculpture.
(8) Premium stainless steel faucet products.



Based on O-TA's vision of "pursuing a sustainable business environment and becoming the most innovative company for daily use products and sports equipment in order to create maximum value and the best services for customers, employees, shareholders and the public", O-TA has been strengthening its capabilities through research and development and replacing tradition with innovation. O-TA not only continuously refines its materials used and its craftsmanship, but also integrates the cultural and artistic aesthetic energy into its product design, creates its own product style and builds its unique competitive advantages. With 30 years of craftsmanship in GOLF, the Company has made the operating results:

1. In terms of **GOLF**, the Company continues to make innovations and has possessed the soft powers of "**sports technology and cultural creativity**" and "cultural innovation and aesthetic design", which have demonstrated the results and won the customers. With the success in winning awards for consecutive years, O-TA has proved itself to be a company not only in the manufacturing industry, but also in the "design, manufacturing and service industry".

※ In 2011, the Company received the "Outstanding Enterprise Innovation Award" in the 1st National Industrial Innovation Award.

※ At the end of 2012, the Company launched the "Super lightweight golf club- **AE-1/AE-2**", demonstrating its strong capability in "cultural innovation and aesthetic design".

※ At the end of 2013, the Company creatively launched the classic "Bamboo Weaving" putter, which amazed the judges to achieve the Taiwan Excellence Award. The innovative "Bamboo Weaving Putter" is made of "Taiwan Makino Bamboo" with a special weaving method and color interlacing that surpasses the limitations of manufacturing traditional golf equipment and fascinates people so much.

※ O-TA's design team was recognized by the Red Dot Design Awards in Germany in 2013, 2015, 2017, 2018 and 2021.

2. *VOLANDO* is the achievement of O-TA applying its renowned and sophisticated craftmanship in the golf industry to the making of premium carbon fiber bicycles.

In 2003, O-TA entered into the bicycle OEM industry through its reinvested subsidiary Inda Composite Technology Company and manufactured carbon bikes for its clients. In just a few years, the Company has won the attention of many renowned bicycle brands worldwide. Encouraged by many parties, O-TA realized the dream of creating its own brand "***VOLANDO*** Carbon-Fiber Bicycle" with the design concept of creative aesthetics in August 2009. Despite being a new brand, the well designed premium carbon fiber bicycles of this brand immediately emerged as a major player in the market. Since the establishment of the brand, ***VOLANDO*** has continued to refine itself and gradually take root in the market. The brand's strong design capability has been deeply recognized and awarded for consecutive years. Since the brand was founded, 17 bikes have been recognized with Taiwan Excellence Award in 10 years.

*Premium Frame Set designated for collection: The Taiwan Premium Road Bike ARLEX and Taiwan Premium Road Bike Frame Set were designated by National Science and Technology Museum for collection.

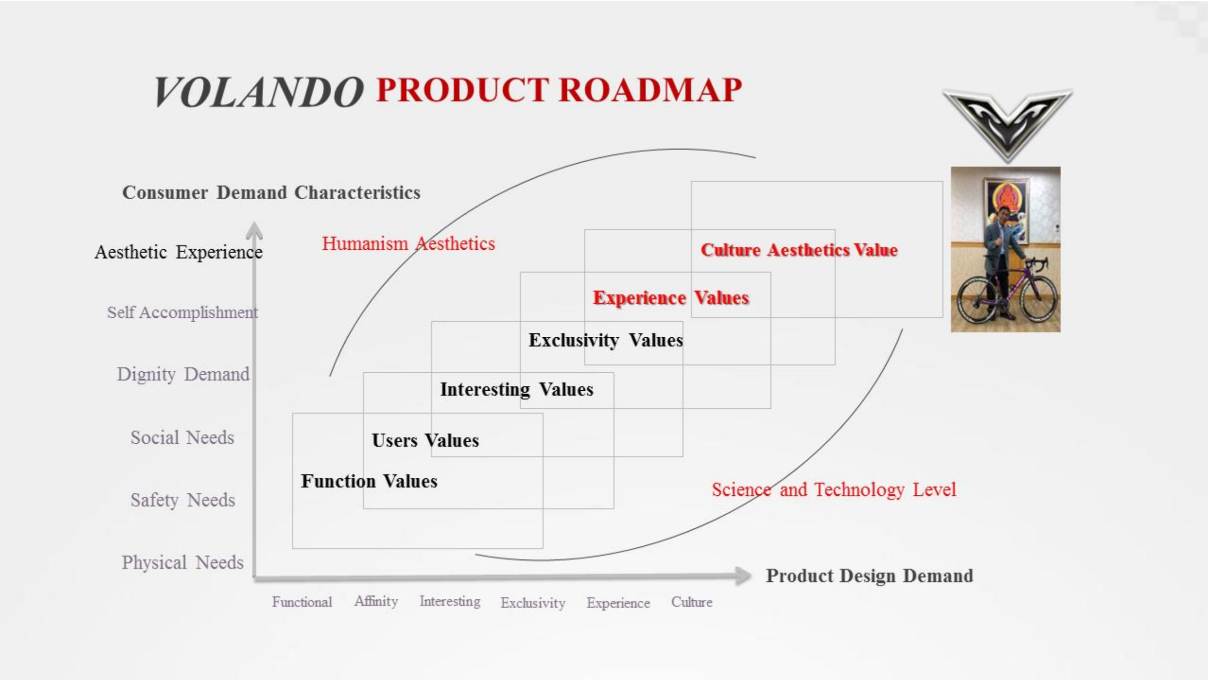
*Other award records: The ***VOLANDO*** bike "Charming Snow" has won the 2013 Golden Pin Design Award and 2014 China Red Star Design Award. V1 TEAM has won the silver medal in 2015 Design For Asia Awards. (Design For Asia **Awards，DFA**)

【*VOLANDO - Brand Story*】

VOLANDO's brand spirit "**Luxury Freedom**" is taken from the Italian "fly, surf" for those who are busy but eager for to be able to realize their self-worth and enjoy a moment of pleasant happiness.

VOLANDO is not only a bike, but also a fine art for collection. It serves not only as a means of transportation, but also as elegant wings that can take you to the land of your dreams. While you enjoy the relaxing and joyful ride of ***VOLANDO***, the brand is also caring for the earth and environmental protection. **For its luxury, safety, comfortableness and distinguished taste, *VOLANDO* is the best choice for everyone to trust. It is also the best approach to realize one's self-worth.**

***VOLANDO* specializes in the research and development of carbon fiber technology, using its exquisite craftsmanship and top-quality materials to form a partnership with each person that matches his or her vision. *VOLANDO* creates the most beautiful lifetime memories with you and allows you to travel freely in life.**



VOLANDO is made of high-tech nano-carbon fiber by O-TA to form a lightweight and fashionable shape, with the use of the same grade of graphite fiber as aerospace components which is 30% higher in specific stiffness than traditional carbon fiber! This high-performance composite material has many advantages, such as high specific stiffness, high degree of design freedom, corrosion resistance, shock absorption, fatigue resistance, etc., demonstrating both performance and fashion!

Product development process - conforms with fluid dynamics and ergonomics to provide the best structural performance and product quality for customer as a commitment.

Carbon Fiber Technology	*VOLANDO*'s Advantages in Frame Set
Using the same grade of graphite fiber as the aerospace components used in the A380 and the Boeing 787 .	With high temperature resistance, wear resistance and high tensile strength, the frame sets are able to withstand the pressure from different directions, increasing safety for a more secure ride.
High stiffness, high degree of design freedom, corrosion resistance, shock absorption, and fatigue resistance.	**With good elongation**, the frame can be made into a streamlined shape to improve the aesthetic look of product. With corrosion resistance and fatigue resistance, the product can resist the influence of environmental factors, making the product's useful life longer; the frame set has the ability of strong shock absorption, which can reduce vibrations while riding on the road and make the customer more comfortable!

Carbon Fiber Technology	*VOLANDO*'s Advantages in Frame Set
Graphite fibers of the most advanced "46 tons HS40 High Modulus" and "60 tons E60 Super High Modulus" in Japan, with newly developed nanoscale resin base material.	With the high modulus/strength graphite fiber, the frame's wall can be made thinner with less deformation and less weight, allowing customers to experience a lighter carbon fiber bike!
30% higher in specific stiffness than the traditional carbon fiber frame set.	Specific stiffness = stiffness/density. Product with high specific stiffness means that it can withstand more pressure and be made into thinner pipe to achieve the purpose of **light weight**.

【*VOLANDO*'s Attentive Services】

1. Rental service: ***VOLANDO*** Rental provides the rent-to-own services, and emphasizes three major claims: including "**Safety and Reassurance**", "**Experience in All Types of Bike**" and "**Enjoyment with Low Burden**" which allow you to enjoy a high-value riding experience. With the concept of "enjoyment no longer begins with ownership", ***VOLANDO*** provides comprehensive bicycle rental services for each rider to enjoy the high value-added riding experience of ***VOLANDO***. Moreover, ***VOLANDO*** provides related services including from parts assembly, bike repair, bike delivery, bike packing, roadside assistance to other personalized needs, VOLANDO provides services to handle all these matters for you.
2. Recommendation and Consultation for Cycling Event: ***VOLANDO*** is glad to serve riders for the assistance in domestic cycling events, race challenges, event registration and recommendations on cycling routes. ***VOLANDO*** fascinates riders with its high-quality activities, making them enjoy fun and leave beautiful and unique memories in their cycling travel.
3. Event support: From maintenance mechanics, event supplies, supply vehicles and bike delivery, ***VOLANDO*** provides a wide range of services for riders.

Let's go on a cycling tour!

Whenever you start, *VOLANDO* will be your backup!

VOLANDO give you the best service!



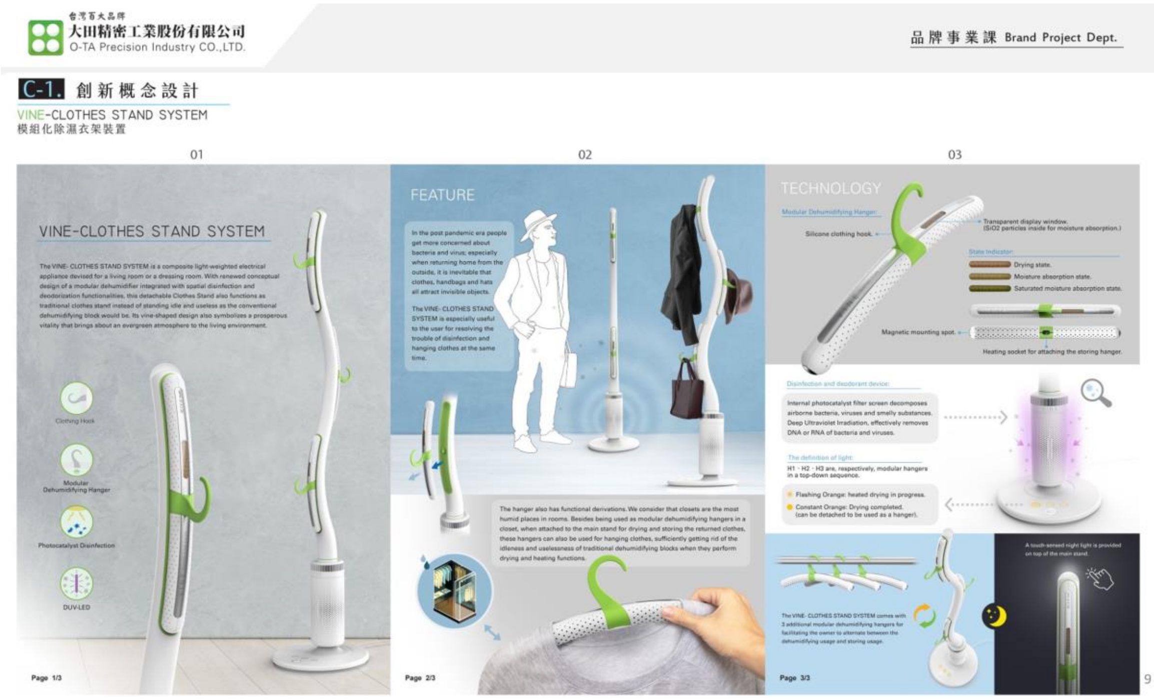


VOLANDO provides you with the rental service of top-quality carbon fiber bikes, allowing you to choose high-quality accessories and ride a premium carbon fiber bike at an affordable price.

*O-TA's ***VOLANDO*** hopes to provide the greatest support to the Chinese Taipei Cycling Association. Over the years (2012, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022), ***VOLANDO*** has been the title sponsor to support the **Chinese Taipei Cycling Association**. ***VOLANDO*** invites you to cheer for the Taiwan Freeride National Team!

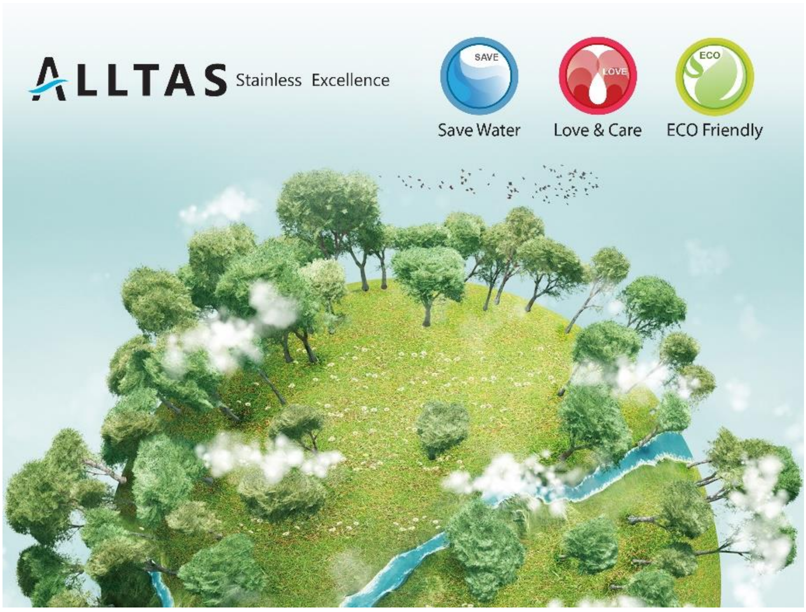

【Innovative Design Service】

The Company's innovative design team provides quality design services and has been recognized by the German Red Dot Design Award for many years, deeply cultivating the soft power of O-TA.



Design Concept: Reverse Basin System

【ALLTAS Stainless Steel Faucets Premium Series】



In 2015, the Company proudly launched the innovative aesthetic craftmanship brand - **"ALLTAS Stainless Steel Faucet Premium Series", with a concern for taking good care of the water safety and environmental protection. The Company is the first brand in Taiwan to pass with a score of 100% the Mandatory Inspection in the Drinking Water Faucet Commodities conducted by the Bureau of Standards, Metrology and Inspection, MOEA.** The Company views "**Nature, Environmental Protection, Safety and Health**" as the brand's core value, emphasizing "Top Quality, Innovative Design, Health Inheritance, Sustainable Management and Top Reliable Choice". Having the designs made by designers awarded with German Red Dot Design Award, the technology patents and the environmentally friendly food grade 304 stainless steel base materials, the Company demonstrates its concentrated attention to brand management. **ALLTAS** insists on the use food grade 304 stainless steel on all our products. It is remarkable for its durability, corrosion resistance, temperature resistance, oxidation resistance and sanitary, and it is lead-free and non-toxic. Throughout the whole production process, the Company does not use the plating process in order to be environmental friendly - a way of **environmental protection** with no pollution produced. It is in line with the high-standard requirements worldwide for environmental protection, safety and sustainability. **This is our responsibility to the environment and a concept of green environmental protection.**

4. Newly Planning Products and Services for Development

(1) Golf products

The development projects are designed by three main core features of technology, including “process and structure”, “performance improvement” and “new material development”. The Company’s development goal is to provide customers and the market with high-quality golf equipment of superior performance and modern appearance while being eco-friendly and low carbon emission by combining automated manufacturing processes into production to reduce production costs and improve process yields, with the introduction of carbon reducing process. 。

A. The Company exploits the resources, and integrate the core technologies of structural designs and material develop, to continuously develop innovative, shock-absorbing products with the best “sense of strike”, “sound of strike” and “sense of control”, along with “physical performance” and “high-added value”, pursuing the lightweight golf equipment and competitive products exceeding the functional performance in the market.

B. Developing novel materials, innovative structures, processes, and technologies, including considering green energy and carbon reduction processes and upgrades for automation of production line equipment, to improve yields, reduce costs, and be friendly to the environment.

C. The Company is developing new customized materials for customers.

D. The Company is developing golf heads with low specific gravity and high-strength alloy or golf heads with low cost and high strength. Both types of golf heads will be forged or cast by various materials and assembled with tungsten, nickel, copper alloy and screws on the bottom.

E. Titanium alloys, iron alloys, composite materials and other products.

F. Development of the combination of heterogeneous materials applicable to golf heads.

G. High quality, high value-added golf clubs.

H. The Company provides not only the R&D services on the function, technology and materials of golf heads, but also the support for customers on development of external design. It also provides customers with the ideas of ID creativity and aesthetic culture.

I. The Company continues to provide customers with “customized design” and “manufacturing services”, including “collaborative design”, “performance simulation” and “cost reduction”.

(2) Bike and Merchandise

A. Carbon-fiber made, lightweight, distinctive, high-quality, high value-added “Premium” frame sets and complete bikes.

B. Customer-oriented, custom-designed frame sets and complete bikes.

C. Bike merchandise.

D. **Rental service**: carbon fiber bikes, accessories, rentals.

E. ***VOLANDO***’s attentive convenience services:

- ✓ Bike-related Services: From parts assembly, bike repair, bike delivery, bike packing, roadside assistance to other personalized needs, ***VOLANDO*** provides services to handle all these matters for you.
- ✓ Recommendation and Consultation for Cycling Event: ***VOLANDO*** is glad to serve riders for the assistance in domestic cycling events, race challenges, event registration and recommendations on cycling routes.
- ✓ Event support: From maintenance mechanics, event supplies, supply vehicles to bike delivery, ***VOLANDO*** provides a wide range of services for riders.

(3) Stainless Steel Faucets Premium Products

(4) Innovative Design and Casting Artwork

(II) Industry Overview

Health issues provide endless business opportunities! In recent years health issues have become increasingly valued, opening up immense business opportunities to the sports and leisure industry. Aside from international sports events, e.g., the Olympics, Asian Games, tennis events, golf events, and the NBA, which generate massive output, cycling and jogging fever have spread all over the world in recent years, piling up leisure sports population and unlocking the potential of business opportunities. According to a research of Plunkett Research, an international survey institution, the global sports industry already topped US$2 trillion well before 2020 when the pandemic broke out, indicating the popularity of sports worldwide. The COVID-19 pandemic has shaped the development of global economy and changed the life pattern worldwide. With the advent of a post-pandemic era, indoor exercise will drive up the demand for outdoor activities, e.g., golf (the USA) and cycling (the Europe). Both golf and cycling are sports that are relatively safe and healthy and pandemic-preventive. Regarding the pandemic has scaled up the golf market, and the stickiness of new players to the sports has become robust, facilitating market development of COVID-19, however, the reduction of consumption caused by the global economic recession, changes in the supply and demand of the sporting goods market, and customers' inventory adjustment are the focuses of the industry at present, including the impact of climate factors on demand and terminal retail sales.

1. Current Status and Development of the Golf Industry

(1) Current Status and Development of the Golf Industry

The sport of golf originated in Europe and is a long-established sport that is prevalent in the US, Japan and Europe. So far, golf is a mature and growing industry and has been prevalent in North America, Japan and Europe.

In the global competitive market, Taiwan's golf industry plays an indispensable role in golf equipment supply chain. More than 80% of golf club output are covered by Taiwanese manufacturers on OEM/ODM basis, with production sites located in Taiwan, which is now the most important base to provide golf equipment worldwide. Most well-known brand names in the golf industry worldwide have contracted with Taiwanese manufacturers, which can be viewed as the top manufactures for golf equipment around the globe.

Golf club heads are the highest value-added component, with the most complicated technology required, during the manufacturing process of golf equipment. Its manufacturing flow is mainly divided into two segments. The front-end process is technology-intensive, requiring precision casting or forging capabilities, while the back-end process is labor-intensive, needed to be equipped by trained and skilled workers. The design of golf club heads, regardless of material, structure and external design, must strictly comply with the golf rules and undergo the challenges resulted from the limitations in innovative design and technology. Such kinds of challenges are in favor of Taiwanese manufacturers, due to decades of manufacturing experience they have accumulated. These Taiwanese manufacturers also own adequate capital, rich skilled manpower, advanced manufacturing technologies, excellent design capacities, long experience in golf head manufacturing and excellent management system. With the excellent product quality, coupled with the rich experience in supply chain management and the satisfactory delivery time for customers, Taiwan has become the largest supply base for golf club heads in the world. Moreover, since a complete supply chain system is required for the process of design, development, production and sales, and the capabilities of technology and development of Taiwanese manufacturers have been long recognized by the major brands, the Taiwanese manufacturers and major brands have established an inseparable long-term partnership, creating barriers for new competitors to enter the market.

Due to the business model which profitability is determined by how close and long-term the manufacturers work with their clients, the manufacturers in the industry have been moving towards the provision of manufacturing services, rather than just simply receiving orders, manufacturing, and delivering goods as in previous time. The collaborative development or collaborative design with customers, as well as the research and development of new process technologies, new materials, new structures, and new styles have become indispensable in the golf industry. Facing the trend of complex design and manufacturing for golf equipment, the major brands are also actively seeking a supply chain system that can make collaborate design and cooperation together in order to co-exist in the market. The golf equipment market has been stable and mature, and the Taiwanese golf manufacturers have mastered the keys to success: customer relationships, R&D capabilities, and economies of scale, resulting in its achievement of indispensable role.

The COVID-19 pandemic in 2020 has brought about a period of prosperity to the golf industry, changing the life pattern as it subsided. The change in composition of players of golf, a type of safe and healthy outdoor sport, has brought a turning point for the industry, boosting the demand. According to data of The R&A and Sport Motivation Scale (SMS), golf has gained popularity worldwide since 2016 in that the number of golfers worldwide has increased from 61 million to 66.6 million, among whom the increase in younger population and women are the most notable; this is conductive to the development of the industry. As the world is gradually removing its pandemic control restrictions, diversified leisure options, inventory adjustment, and economic growth inhibited by inflation will become the three major issues that still bring some challenges to the golf club head OEM industry in the future. In the future, the golf industry will return to its pre-pandemic pattern, which features alternate peak-seasons and off-seasons and seasonal marketing. Fortunately, since the golf industry has scaled up compared to its pre-pandemic level, the market potential in the future is still expected.

(2) Relationship between the Upstream, Midstream and Downstream Sectors in the Golf Industry

Upstream Industry	Steel refining industry, metal manufacturing industry, carbon fiber fabricating industry (including suppliers of various materials)
Midstream Industry	Manufacturing industry for golf heads, golf clubs and golf equipment (including various production process such as precision casting, forging, injection molding, composite molding, machining, grinding, coating, assembling, club making, etc.))
Down-stream Industry	Major brand names for golf equipment For example: AKIRA, Bridgestone, Callaway, Cleveland, Cobra Puma, Dunlop, HONMA, KASCO, Majesty, Maruman, Mizuno, Ping, PXG, S-Yard, Taylor Made, Titleist, Tour Edge, TSURUYA, Wilson, YAMAHA, Yokohama, etc.

(3) Golf Product Development Trends and Competition

The golf club heads could be divided into three categories: Metal wood, Iron head and Putter.

A. Metal Wood

The 1-wood ("Driver") is used to launch the ball. Its goal is to get the ball as far as possible towards the green with a nice sound. In order to broaden the sweet spot, the driver is designed to be bigger and more lightweight. As is known, titanium is stronger, stiffer and lighter than other metals. Therefore, the driver with a titanium club head, with a higher CT rate, a nicer sound and an improved sweet spot, enables a golfer to hit the ball faster, farther, and straighter. Drivers with titanium club heads have become the mainstream product in the market, and some of these drivers have added with new composite materials. As for the "Fairway" wood, stainless steel is its mainstream material. In terms of the development of metal woods, the composite metal woods with the combination of heterogeneous materials has recently become a trend due to its best effects of creation and counterweight, and also because of its characteristics of customized elasticity and multiple combinations for the best performance. New materials, new structures, and new styles are used to refine the sense of strike and sound of the golf head, creating the best sense, sound, accuracy, and sense of control. Golf equipment designed with physical functions, customized features and light weight is still an important development trend in the future.

More features in terms of the "sense of control" have been put into driver products, such as "adjustable shaft", "adjustable weight", "adjustable angle" and "aerodynamics". Meanwhile, golf equipment also emphasizes the “aesthetic creativity” of “sound” and “beauty”. Therefore, the exterior colors used for products are also moving towards bold and lively, with three-dimensional painting and three-dimensional shapes. The design of the golf head is also moving towards a more fashionable, high-end design in order to attract more customers and encourage customers’ willingness to try new golf clubs.

B. Iron Head

The irons are mainly focused on enabling ball to travel much straighter and accurately after contact. Its major material is stainless steel and its appearance is oriented to both beauty and control, targeting a high rebound, high speed and a precise hitting distance. Therefore features such as advanced metal materials, new joint structures, composite materials, vibration absorption and wear resistance, are major development trends now when designing irons.

C. Putter

The putter is used on the green to roll the ball into the hole, so it is important to control the direction and distance to stably and accurately hit the ball. In terms of external shape, although there is still no general standard, the beauty of the shape and the center of gravity are the main concerns in terms of design and function. How to keep the striking surface from rotating while using the putter? In terms of manufacturing, precision casting is the main method, and the use of a CNC golf head can stabilize the center of gravity and maintain its uniformity. In terms of materials, the main focus has been on the combination of composite materials to achieve stability and good control while hitting ball.

With the gradual trend that people do not purchase metal woods and irons as a complete set, new products, especially the metal woods, have been released faster by the manufacturers in order to let customers enjoy the infinite charm of distance. However, brands will still make adjustments according to the economy. Making the products large, lightweight, customized (adjustable shaft, adjustable weight, adjustable angle, etc.), beautiful and user-friendly with high performance and better sound is the unchanging trend for development. Since golf club head is a highly designed product regulated by the rules of golf, the manufacturers must develop new products under the challenge of limits for various materials, structures and technologies. Hence, the manufacturers must attract customers’ attention by designing the unique features and rapidly changing the design of the golf head, resulting in the importance of computer-aided golf head design technology and golf swing simulation technology. In addition, the development of rapid product development technology and automated, technological and high-precision processes are also important factors in maintaining the industry's competitive edge.

2. Current Status and Development of the Bicycle Industry

(1) Current Status and Development of the Bicycle Industry

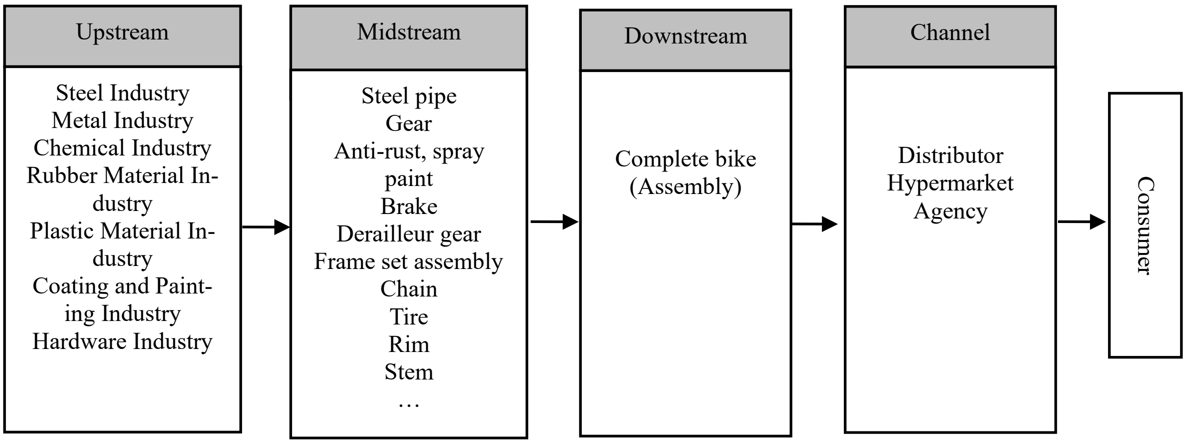
In order to maintain a safe social distance and avoid the risk of intensive contact on the public transportation during the pandemic, the sales of bicycles exploded in 2021 and 2022; however, after the lockdowns were lifted, the bicycle industry in 2023 encountered shipping jams at ports and repeated orders by distributors during the pandemic resulting in the bottleneck of over-high inventory level. The European and the U.S. markets are in the closeout process. In addition, the Russia-Ukraine war and inflationary factors have affected the spending power of European and American people. As a result, bicycle brands have slashed orders for new bicycles, impacting the performance of Taiwan's bicycle industry.

(2) Relationship between the Upstream, Midstream and Downstream Sectors in the Bicycle Industry

Taiwan's bicycle industry chain is led by the major manufacturers, which then drives the development of upstream, midstream and downstream manufacturers, resulting in horizontal and vertical collaborative relationships. Please refer to the following diagram for the main relationship of bicycle industry.

In the supply chain of the bicycle industry, the midstream industry, which purchases related raw materials and produces frame set systems, transmission systems, wheel systems, control systems, and other related parts, is the most complicated among all industries. Moreover, the downstream complete bike industry purchases components, produces and sells complete bikes through assembly lines. Therefore, there is a detailed division of labor and process in the bicycle industry, and each kind of parts has its own professional manufacturers. For the complete bike manufacturers, while some of them produce frame sets, most of the others purchase manufacturing parts from professional manufacturers for assembly.

Each bike needs to be assembled with more than 2,000 primary and secondary parts. The bicycle industry can be divided into the complete bike industry and the parts industry, and the scope of the industry covers metal, rubber, alloy and chemical industry, etc. Its technological development and market can drive the development of related basic industries and other industries in the surrounding areas.



(3) Bike Product Development Trends and Competition

Since its start in the 1950s, Taiwan's bicycle industry has been developing for 70 years. Developing from the early OEM business model, Taiwan's bicycle industry now has several well-known brands. For example, the bikes of Giant have been selling worldwide and the brand Giant has obtained the most market share in the global bicycle market; Merida is one of the top three complete bike manufacturers in the world, marketing with its own brand "MERIDA", joint-venture American brand "SPECIALIZED" and European brand "CENTURION". Merida mainly produces and sells middle and high-end bikes, being one of the prestigious leading brands for premium bicycles around the world.

The Company's ***VOLANDO*** sets "Premium Bike" as its core designed product in the market, with the distinction of “sports equipment implemented with art and culture”. In terms of quality, the Company provides carbon fiber frame sets that are in line with the standards set by three major international cycling races, along with a full set of parts from Japanese SHIMANO or Irish SRAM in order to assemble the bikes in a consistent manner. In terms of service function, the Company provides customized and complete after-sales services, striving to make buyers enjoy the most satisfying experience. With the concept of sharing economy, the Company shares ***VOLANDO***’s products with customers through the provision of high-priced premium rental services and various activities, allowing customers to enjoy cycling and experience a relaxed and enjoyable ride.

VOLANDO’s bikes series possess the quality assurance of Taiwan's premium products. So far, ***VOLANDO*** has launched top-quality carbon fiber road bikes, mountain bikes and racing bikes.

VGT Composite Technology (Huizhou) Co., Ltd., a subsidiary 100% invested by the Company, is a high-end bike OEM with customers of renowned brands located in Europe, America and Japan, such as EU:WILIER, ORBEA, DE ROSA, DT-SWISS, JP&US:BRIDGESTONE, FELT, IBIS, etc.

3. Current Status and Development of the Water Hardware Industry

(1) Current Status and Development of the Water Hardware Industry

According to a report from the Industry & Technology Intelligence Service (ITIS), countries around the world have successively executed free trade agreements under the trends of regional economic integration. For the plumbing hardware industry, USA remains the world’s largest importer of plumbing hardware and therefore wields substantial influence over the export of the global plumbing hardware industry. From the perspective of global trade strategy, mainland China is the world’s largest manufacturer of bathroom hardware; its exports of plumbing hardware constitute 20% of the world’s total exports of plumbing hardware and it produces nearly 35% of the world’s plumbing accessories. In recent years, China’s plumbing hardware industry grew in tandem with its pace of construction to satisfy its urbanization needs, making its domestic market extremely potential. China’s import of plumbing hardware ranks second in the world every year.

Taiwan’s plumbing hardware industry supplies more than 50% of the world’s faucets, making Taiwan renowned as the “faucet kingdom.” The annual output value is estimated to be at least NT$60 billion, of which 40% comes from cupper faucets, 20% from zinc faucets, 5% from aluminum faucets, 2% from stainless steel faucets, and the rest from ceramic faucets. As the regulations for drinking water take effect successively, the plumbing hardware industry will boost its use of stainless steel in order to meet the world’s demanding requirements of “Eco-friendliness, safety, health, and sustainability”. Taiwan’s plumbing hardware industry is mainly engaged in the export business. Since there are no universal laws as of now and certification standards among the various countries, a massive amount of time and costs are required for product certification and testing, erecting a steep entry barrier for plumbing hardware manufacturers. Therefore, it is hoped that relevant government agencies will assist domestic companies in seeking international certification and meeting the regulatory certification requirements of the various countries, thereby enabling Taiwan’s plumbing hardware industry to win orders on the volatile international market and boost its competitiveness.

(2) Relationship between the Upstream, Midstream and Downstream Sectors in the Water Hardware Industry

Upstream Industry	Steel refining industry, metal manufacturing industry, plastic material manufacturing industry (manufacturers of mandrel, rod, parts package, etc.), rubber material (water-seal and oil-seal manufacturers).
Midstream Industry	Water hardware industry, valves assembly (including various production process such as precision casting, forging, machining, grinding, coating, etc.))
Downstream Industry	Hotels, trading companies, agency, building materials firms, hardware chain stores, household goods chain stores, construction companies, electrical and plumbing stores, etc.

(3) Water Hardware Product Development Trends and Competition

Faucets are the most widely used appliance at home, especially in the kitchen and bathroom, and are therefore indispensable to consumers of the general public for washing, cooking, face cleansing, brushing, and cleaning. Although faucets don't look it, they are essential to drinking water safety and people's health. Inferior faucets with excessive lead content wield immense adverse impacts.

Due to the competition from manufacturers in mainland China, traditional plumbing hardware has become abundant in volume and is increasingly cheaper. Taiwan's plumbing hardware industry, thanks to its solid foundation of good quality as always, has aptly responded by actively expanding its product portfolio, adding functional, artistic, and ornamental elements, and providing a wide range of after-sale services. This not only brings the industry to life, but also delivers more diverse development possibilities while completing the supply chain. Judging from the rising unit price of exported Taiwanese faucets in recent years, the industry is gradually transitioning towards high added-value and high unit prices.

The essentials to plumbing hardware innovation are the requirements of energy- and water-efficiency, assurance and reliability, high quality, zero-contamination, long lifespan, resistance to wear and tear, lead-free, resistance to bacteria, and pleasant visual appeal. In addition, advancing electronic application technologies have increased the volume of digital control products and sensor-controlled products (smart temperature control), making it more convenient to apply plumbing hardware.

Developing to date, the water hardware industry has focused on the important issues of water safety, energy saving and the regulation issues of heavy metal contained in products. With the successive implementation of relevant drinking water regulations, the water hardware industry will significantly increase the use of stainless steel materials into its products after the regulations come into effect, which will better meet the global high standards for "environmental protection, safety, health and sustainability".

With 30 years of experience in manufacturing high-grade stainless steel golf club heads and the top-notch casting technology of "one-piece molding without welding", O-TA has actively grasped the business opportunities in water hardware industry and established its innovative aesthetic craftmanship brand "**ALLTAS**". With the spirit of "Safe Water, Toxic Free", **ALLTAS** insists on using food-grade 304 stainless steel, which is lead-free, non-toxic and complies with the requirements set by the Bureau of Standards, Metrology and Inspection, MOEA for drinking health. **ALLTAS** was the first brand in Taiwan to submit its faucets products to the Bureau of Standards for testing. **ALLTAS** has recently obtained certificates for 13 relevant products. Since the products' specifications are much higher than the qualified standards, **ALLTAS** was the first brand in Taiwan to pass with 100% the Mandatory Inspection in the Drinking Water Faucet Commodities conducted by the Bureau of Standards, Metrology and Inspection, MOEA. Before that, **ALLTAS** has also been awarded the Water Efficiency Label and recognized by several U.S. UPC certifications, and has obtained many patents for the direct drinking faucet products. **ALLTAS** hopes to build a non-toxic environment for heathy water usage and for the general public to have a choice in "nature, environmental protection, safety and health", making itself a role model for the water hardware industry.

(III) Technology and R&D Overview

1. R&D expenses and percentage of R&D expenses to net sales for the most recent year and the current year as of March 31, 2024

Unit: NT$ thousands; %

Item / Year	2023	March 31, 2024
R&D Expense	25,900	5,528
Net Sales	4,367,641	1,002,741
Percentage	0.59%	0.55%

Note: The amount for current year as of March 31, 2024 is the Company's self-assessed amount.

2. 2023 R&D Results

The 2023 R&D results are as follows:

(1)New material technologies and mass production results for golf club heads: high-strength titanium alloy plates, high-strength titanium-based casting materials, high-strength iron-based plates, high-strength iron-based casting materials, variable hardness casting materials, development of high-strength with low density materials, and continuous development of other high-strength plates, etc.

(2)New structure, new design of golf club heads and mass production results: the golf head structure design and manufacturing method with composite materials, the combination structure of heterogeneous materials, the application and production method, and the high-performance golf head structure design, etc.

(3)Development and mass production of golf club heads simulation analysis system technology: high rebound, high MOI structure, weight margin design, audio enhancement, weight distribution, aerodynamics, etc.

(4)Patents: 9 patents were granted in 2023 (as of March 31, 2024), including Taiwan invention patents for "Golf club head manufacturing method including filler material," "Striking surface of golf club head, machining tool thereof, machining method thereof," "Golf club head," "Golf club head with carbon fiber striking panel," "Golf club head with carbon fiber striking panel," "Composition alloy of golf iron head and manufacturing method same," and "High strength nickel chromium molybdenum steel and manufacturing method the same;" China invention patents for "Composition alloy of golf iron head and manufacturing method thereof;" the U.S. invention patents for "Composite golf club head and method for manufacturing the same." A total of 13 patent applications are under review including Taiwan and China invention patents for "Golf club head with carbon fiber striking panel," "Carbon fiber golf club head," " Golf club head," "Golf club head containing carbon fiber striking components," "Multi-piece golf club head manufacturing method," and "High strength and low density titanium alloy sheets and their manufacturing methods," along with China invention patents for "Golf club head manufacturing method including filler material."

3. Future R&D Plans

The Company will continue to refine the golf club heads with R&D and innovation, and process capabilities to meet markets' and customers' expectations for products and services.

(1)The Company will focus on the advanced development and application of composite materials, and the combination of heterogeneous materials and appearance design, to achieve functional performance that exceeds expectations.

(2)The Company will continue to develop complex designs for golf club heads in order to enhance the functional and acoustic performance of golf club heads to provide innovative experience for consumers.

(3)The Company will continue to develop Manufacturing process with green energy and low-carbon to reduce the pollution made by organic chemicals, focusing on environmental friendliness to achieve energy saving and carbon reduction.

(4)The Company will continue to trace the market trends and launch products that meet the market requirements and exceed customers' expectations in order to enhance the Company's competitiveness.

(5)The Company will continue to enhance the CAE computer simulation analysis technology in order to improve the design capability and provide customers with solutions to the development of golf head.

(6)The Company optimizes and upgrades automated production line to stabilize quality of manufacturing, improve production efficiency and reduce the operating costs.

In respect of intellectual property management, the Company's plans are as follows:

- Intellectual property management policy: to actively conduct research and development in order to keep innovation ability and strengthen competitive advantages; to emphasize the acquisition of intellectual property rights in order to protect the R&D results; to respect the intellectual property rights of third parties (including customers and suppliers) by never infringing their rights and keep their information confidential in order to ensure sustainable management.
- Implementation of intellectual property management: the Company implements the established policies and measures in accordance with the established policies and measures, and regularly reports to the Board of Directors. The reports were reported to the Board of Directors on November 1, 2022 and November 9, 2023 for the Board of Directors for the recent two years.
- Intellectual property management measure

(1) Patent

i. Patent Review Conference: Conduct internal review for each patent proposal, including the search on international patents and review of patent conditions, to ensuring the feasibility of the patent proposal.

ii. Regular monitoring for patent: Obtain the latest information on patents of the industry to keep up with market development trends.

iii. Construction of patent map: List the relevant patents by technology to understand the current status of the industry.

iv. Regular maintenance review: Review the production status of the approved patented products and their relevance to marketing results in order to evaluate the necessity of annual maintenance.

v. Regular sharing on patents: Stimulate the design ideas of R&D staff and enhance their sensitivity of patentable concepts through the sharing of patent inventors.

vi. Patent reward system: In order to encourage employees to increase thinking on their work, the Company holds the spirit of improvement and proposes improvement plans to rationalize the operation process, increase efficiency and reduce costs. It also promotes innovation and R&D ideas to ensure the legitimate ownership of intellectual property, to implement the R&D results, and to enhance the Company's competitiveness and technological image.

(2) Trademark

i. Layout of brand market: The Company focuses its plan for layout on the locations of design, development, production, manufacturing and sales activities, resulting in a market layout that has covered Asia and Europe.

ii. Regular maintenance review: The examination conference will review the use of registered trademarks to evaluate the necessity of continuous maintenance. Meanwhile, it will observe the corporate planning and development for the future and conduct search on new trademark and application for trademark registration.

(3) Copyright

The Company has signed copyright agreements with its employees that govern the ownership of work done during their employment period, and these agreements do not cease to be effective upon termination of employees' employment in the Company.

(4) Trade Secrets

The Company has signed confidentiality agreements with its employees, including provisions that regulate the obligations for employees to return the Company's property and not to disclose the Company's information or any Company's secret upon termination of their employment.

(5) Information Safety Management

All computer devices should be logged on by employee's personal accounts and passwords. Moreover, the network connections, data access and storage, and instant messaging software are all restricted by authorized license in order to prevent leakage of company information.

(IV) Long-term and Short-term Business Development Plans

1. Short-term Development Plans:

(1) Being lean and innovative, the Company continuously provides customers with collaborative, tailor-made, high value-added design and manufacturing services.

(2) The Company operates in a differentiated manner; take orders strategically; and seek customized orders with high-margins.

(3) Maintain stable operations for key customers, create new customer sources, and promote business growth.

(4) The Company continuously increases production-sale integration capability and pre-production preparation capability for the entire process, and strive for satisfying customers in terms of quality, delivery schedule, costs and services.

(5) The Company continuously perfect the supply chain system, improve supplier compliance management capability, and forge a strong partnership, so as to prosper together.

(6) Efforts are made towards low-carbon and intelligent development, with the gradual promotion of green production, including supply chain green manufacturing.

(7) The Company deepens and implements the market-oriented technological blueprint, to actively advance and deepen the key self-reliant core technological capabilities and the automation degree.

(8) The Company is committed to the talent sustainability, cultivation of key talents, stabilization of human capital of the production lines, and advancing the swift and flexibility of the capability to be responsive and collaborative.

(9) The Company continuously promotes ESG-based sustainable management and implements energy-saving and carbon reduction, as well as shifts towards to the whole process by means of reduction, recycling, and substitution as improvements, and for the innovative breakthroughs of technologies and new workmanship; practice green research and development, green production, and green life; and fulfill corporate social responsibilities.

2. Long-term Development Goals

(1) The company pursues a sustainable business environment and implements management measures in the aspects of environmental protection (E, environment), social responsibility (S, social) and corporate governance (G, governance) to fulfill its corporate social responsibility, aiming to become the most innovative company for daily use products and sports equipment which creates the greatest value and best service for clients, employees, shareholders and the public.

(2) Upholding the ideal of "Integrity and Practicality; R&D and Innovation; Sustainable Development; and Serving the People," the Company effectively consolidates and streamlines its operational processes and seeks innovation and breakthrough, so as to achieve a management synergy in terms of quality, delivery date, cost, service, and innovation, thereby creating irreplaceable, great competitiveness.

(3) Aiming to build itself as a "design and manufacturing service" that is customer-oriented and provides customers with design and manufacturing services like "collaborative design" and "performance simulation" and of "high added value" and "customization." In addition, aided by its all-process production capability, lean operating process management, and application and development of automatic technologies, the Company will deliver breaking and competitive innovation and R&D results to share with customers, to gain stable revenue in the long term.

II. Analysis of the Market, Production and Marketing Situation

(I) Market Analysis

1. Major Products and Sales by Geographic Region

The Company's main products are golf club heads and golf equipment, and the main regions for sales are as follows:

Unit: NT$ thousands; %

Region \ Year		2023		2022	
		Sales Amount	%	Sales Amount	%
Export	Asia	1, 421, 097	32. 54%	2,346,800	30.48%
	America	2, 219, 277	50. 81%	4,361,564	56.64%
	Europe	526, 148	12. 05%	731,337	9.50%
	Other	56, 514	1. 29%	91,778	1.19%
	Subtotal	4, 223, 036	96. 69%	7,531,479	97.81%
Domestic		144, 605	3. 31%	168,843	2.19%
Total		4, 367, 641	100. 00%	7,700,322	100.00%

Note: The column "Other" includes material sales revenue and processing sales revenue.

2. Major Competitors and Market Share

(1) Golf Market

Although the golf market has been at a mature stage, almost 80% of the global OEM orders are taken by Taiwanese manufacturers. Moreover, since most of the Taiwanese OEM manufacturers have strategic alliances with major international brands, those manufacturers are able to receive orders without risk. At present, the top four manufacturers for golf club heads in Taiwan are Fusheng, Advanced, O-TA and Dynamic, with a common layout pattern which is to receive orders in Taiwan and complete mass production in China, Vietnam or other regions, while Dynamic has moved its production plant in China back to Taiwan.

In 2023, the Company has shipped 3.15 million golf club heads and golf equipment for sales. The estimated market share for the Company is 5 % (based on a rough estimate of 66 million units sold worldwide per year). Additionally, the estimated total market share of the four manufacturers, including O-TA, Fusheng, Advanced and Dynamic, is over 80%.

(2) Bicycle Market

Nowadays, among the top three bike manufacturers in Taiwan, Giant and Merida have switched their production strategies to OBM in order to market their own brands to the domestic bike manufacturers; while Ideal is still using OEM as its main strategy.

VGT Composite Technology (Huizhou) Co., Ltd. (100% invested by Inda Composite Technology) is a bike manufacturer with customers of renowned brands located in Europe, America and Japan. The Company's ***VOLANDO*** sets "Premium Bike" as its core designed product in the market, with the distinction of "sports equipment implemented with art and culture". By integrating the "Taiwanese elements" into the painting design, ***VOLANDO*** has been recognized by Taiwan Excellence Awards for many years. In terms of quality, the Company provides carbon fiber frame sets that are in line with the standards set by three major international cycling races, along with a full set of parts from Japanese SHIMANO or Irish SRAM in order to assemble the bikes in a consistent manner. In terms of service function, the Company provides customized and complete after-sales services, striving to make buyers enjoy the most satisfying experience. With the concept of sharing economy, the Company shares ***VOLANDO***'s products with customers through the provision of high-priced premium rental services and various activities, allowing customers to enjoy cycling and experience a relaxed and enjoyable ride. ***VOLANDO*** is committed to the provision of comprehensive service. It fascinates riders with its high-quality activities, making them enjoy fun and leave beautiful and unique memories in their cycling travel.

(3) Water Hardware Market

The annual output value of Taiwan's plumbing hardware industry has broken NT$60 billion, most were derived from exports. When breaking the amount down by material used, 40% came from copper products, 20% from zinc products, 5% from aluminum products, 2% from stainless steel products, and the rest from ceramic products. As the regulations for drinking water take effect successively, the plumbing hardware industry will boost its use of stainless steel in order to meet the world's demanding requirements of "Eco-friendliness, safety, health, and sustainability".

With 30 years of experience in manufacturing high-grade stainless steel golf club heads and the top-notch casting technology of "one-piece molding without welding", O-TA has actively grasped the business opportunities in water hardware industry and established its innovative aesthetic craftmanship brand "**ALLTAS**", which is at present in a initial developing stage.

3. Future Industry Supply & Demand and Growth

(1) Future Industry Supply & Demand and Growth of the Golf Market

At present, the global golf market is mainly dominated by the United States, Japan and Europe, with a total of market demand accounting for more than 90% of the entire market. While the future supply and demand and the growth of the golf market - new markets and new demand - should not be underestimated, especially the growth of emerging golf markets such as China, Korea and India and the growth of women and youth playing golf.

The golf industry boosted against the tide of the COVID-19 pandemic. Phil Anderson, chief development officer at the R&A, said, "Golf is in full-scale popularization. We have seen soaring participation in sports worldwide, especially during the pandemic over the past two years when people found out that outdoor sports could be safer and give more health benefits."

As pandemic restrictions were gradually lifted, the consumption market recovered exponentially. As a result, outdoor activities allowing the keeping of social distance has become a popular option. Golfing is seen as safe and healthy outdoor activities, and it gives a sense as if one were abroad. Golfers structure changed (e.g., featuring younger and more women golfers), but the number grew against the wind. All golf tournaments were resumed successively, spurring demand. During the COVID-19 pandemic, the golf consumption market in the USA, Japan, and the Europe skyrocketed, driving down the inventory level of golf distributors in the downstream while cutting time to market of new products launched by brand owners, causing the demand for all products to surpass the supply.

The growth of the golf industry during the pandemic was mainly attributable to the demand for outdoor sports as a result of the pandemic, which in turn increased the number of both golfers and golf outings and caused brand owners to actively replenish their inventory, do marketing, and prepare for the Olympic Games. In the post-COVID-19 era, the golf market has scaled up and the stickiness of new golfers to the sports has become robust; this will facilitate the development of the golf market, despite the steady increase in the demand for golf club replacement. Golfers' preference to custom, differentiated, light, selective golf clubs remains unchanged, which will fuel another wave of demand. However, the reduction of consumption caused by the global economic recession, changes in the supply and demand of the sporting goods market, and customers' inventory adjustment are the focuses of the industry at present, including the impact of climate factors on demand and terminal retail sales.

●Supply Side:

Taiwan has become the base of leading golf suppliers in the world and its position will be even more important in the future.

The brands in the golf market hold the concept that "the powerful are always powerful", continuing to do contract manufacturing (ODM/OEM) by using their brand image and purchase high-quality and competitively priced products from various places around the world. Moreover, with their strong financial resources, they launch promotions, create new market channels, enhance their service to consumer to strengthen their loyalty to the brand. Since Taiwan has more than 30 years of history in the manufacturing of golf equipment, and has a wealth of production experience, technology and a complete system of relevant industries, Taiwan has become the top choice for the golf brands in United States and Japan to cooperate with. Currently, the major golf manufacturers have completed the integration of resources by setting Taiwan as the R&D and management center and China or

Vietnam as the production base. Taiwan's major manufacturers, such as O-TA, Fusheng and Advanced, have moved the production center to the Mainland China or Vietnam. Despite the influence of U.S. major manufacturers in continuing to release its OEM and purchase orders to companies located in Far East Asia, Taiwan remains an important base for the supply of global golf equipment and a major center for international brands to purchase golf products, playing a crucial role in the global market.

The Company operates at a stable stage and serves a diversity of customers. It is also highly flexible with strong R&D and manufacturing capabilities, excellent production technology, high product quality, perfect customer service and good customer relationship. Since both software and hardware equipment of the Company are well recognized by the customers, the Company has become one of the major partners of international brands.

Over the years, the Company has collaborated with the clients to design and develop high-quality and high value-added products that have been well recognized by the clients, who have long relied on O-TA to produce their products. The golf equipment produced by O-TA has continuously been recognized by magazine awards and won gold medals, proving itself the best tool for players to win the championship. Moreover, the Company's products represent the fruits of close collaboration between O-TA and its clients.

●Demand Side:

A. The global golf market is dominated by the United States, Japan and Europe, while the population of golfers in emerging markets (especially mainland China, where the State Council has classified golf as a leisure sports) and the female market are also growing.

B. Aging society and the increasing population of senior golfers.

C. Return of golf to the Olympics spurs demand: Golf returned to the Olympics for 2016 and was officially reinstated as an Olympic sport, stimulating the global golf industry. It is expected that an emerging wave of demand will come from the teenagers, who remain the major consumers of low-price golf equipment. This is the market that brand giants are set to tap into, so the OEM business is expected to boom in tandem.

D. Demand fueled by golf tournaments: Stimulated by Tiger Woods's recent win of the Masters Tournament championship, the demand for golf boomed, injecting significant driving forces into golf and the golf industry.

E. With the popularity of golf sport and the increasing population of female golfers, the demand in golf market will continue to grow.

   As golf gains a rapid access to consumers with ordinary income, golfing has thrived in the USA and Japan, and the number of golfers and female golfers in Asia and other regions has also gradually increased, a reason why demand is picking up. Many brand giants have launched pink golf equipment, signifying the importance they attach to the market aimed at female golfers

F. Products which are customized, differentiated and made light-weight with less quantity but multiple varieties can better meet consumers' needs:

   Customers have developed the habit of making a repeat purchase of a golf club every 1~1.5 years. Novel technology that allows interchange of golf club heads, shafts, and grips, and the use of composite materials or new materials increase consumers willingness to buy and shorten the purchase cycle.

The life cycle of golf clubs has been shortened. The introduction of new golf clubs often represents a further breakthrough in its materials, structures, technology, controllability and striking distance. With the new strategies continuously launched by the manufacturers, consumers have focused more on the sense of accomplishment in golf swinging and been more willing to switch golf clubs according to the trend. In addition, due to the increase in national income of each country and the rising awareness of sports and leisure activity, consumers apparently tend to buy more golf equipment while the same type or different types of products and brands are launched, showing a trend of repetitive consumption.

G. Golf has become a sport for the general public and the cash prize awarded for a golf game is extremely rewarding, which has made the sport game more attractive and raised the awareness of the overall sport activities, especially in the rapidly developing countries.

H. Driven by the COVID-19 pandemic, the demand for golfing has soared. Because golfing allows players to keep at a social distance and is thus a safe and healthy outdoor activity, it has become a popular option that can keep the pandemic at bay. Therefore, golfers as a whole have become younger, and the consumption market has boomed. The advent of a post-COVID-19 era has scaled up the golf market, and the stickiness of new players to the sports has become robust, facilitating the development of the golf market. However, the reduction of consumption caused by the global economic recession, changes in the supply and demand of the sporting goods market, and customers' inventory adjustment are the focuses of the industry at present, including the impact of climate factors on demand and terminal retail sales.

(2) Future Industry Supply & Demand and Growth of the Bicycle Industry

●Supply Side:

At present, China, Taiwan and India are the three major production bases for bicycles in the world. The positioning of these three major producing countries in the bicycle industry is quite different. For Chinese manufacturers, in addition to supplying products to meet domestic demand, they export products to countries worldwide. For Indian manufacturers, they mainly sell products in the domestic market, while Taiwanese manufacturers focus on exporting products to overseas markets.

●Demand Side:

The awareness of environmental protection, energy conservation, carbon reduction and leisure has promoted the trend of cycling in Taiwan. Bicycle riding has become a lifestyle, and nowadays bikes are no longer commuting tools. With the influence of the global trend “cycling for a fun life”, bicycles have become a representation of the new generation’s values, such as environmental protection, energy saving and pursuit of health, since the use of bicycle is fuel-saving and space-saving without pollution and noise. As the economy grows, there is trend showing that people are willing to collect high-end bikes (premium bikes) or possess more than one bike individually according to their needs of various functions. The bike-sharing economy has also become a great business opportunity.

Cycling is an outdoor activity that allows people to maintain social distance to protect safety and health. It has become a popular activity for people to enjoy in the post-pandemic era, and the demand in the European and American bicycle market has been increasing substantially. However, after the lockdowns were lifted, the bicycle industry in 2023 encountered shipping jams at ports and repeated orders by distributors during the pandemic resulting in the bottleneck of over-high inventory level. The European and the U.S. markets are in the closeout process. In addition, the Russia-Ukraine war and inflationary factors have affected the spending power of European and American people. As a result, bicycle brands have slashed orders for new bicycles, impacting the performance of Taiwan's bicycle industry. For 2024, the capacity of bicycle industry is “under adjustment,” and the inventory adjustment is expected to continue.

(3) Future Industry Supply & Demand and Growth of the Stainless Steel Faucet Market

● Supply Side:

Taiwan’s water hardware industry is highly export-oriented. The major competitors are in China, Vietnam and Southern European countries.

● Demand Side:

Recently, Taiwan’s water and hardware industry has started to value the importance of the green revolution. In order to make their products more competitive in the international market, relevant manufacturers have made efforts to transform their business and make more high value-added products. Traditional industries have gradually regarded green production as the main direction for industrial development and industrial upgrading. With the rising awareness of environmental protection, the issues such as how to effectively reduce the waste of water resources, how to improve the efficiency in the use of water resources, and how to reduce the negative impact on the environment and human bodies have been gradually valued by consumers. Therefore, the green-design products which are made of non-heavy metal and made in pursuit of energy-saving, water-saving, fashionable external design, health and environmental protection have been gradually gaining attention in the market.

4. Competitive Niche, Business Development Advantages, Disadvantages and Countermeasures

The Company started its business as a precision casting manufacturer with core craftsmanship in metal precision casting and strong cultural and aesthetic design capabilities. The Company continues to make innovations and provides design (manufacturing) services from OEM → ODM → IDM → Branding. In respect of its golf business, while the Company’s production capacity is not ranked at the top of the industry, it has been able to attract major international brands and continuously receive orders from those brands. With continuous efforts on making innovative and high-value added products, the Company has achieved an irreplaceable position in the market!

(1) Advantages

A. The Company has set customer-specific teams to provide dedicated services for customers from the business of development and design, order taking to mass production and shipment. Following the trend of “the powerful are always powerful”, the Company cooperates with major brand customers to increase their market share. The Company not only provides R&D services on the function, technology and materials of golf heads, but also supports customers’ development projects in terms of external design, hoping to improve its business growth along with the business development of major customers.

In addition, in order to show the soft power of Taiwanese industry, the Company has put into practice the concept of "combining sports technology with culture and creativity". The innovative products designed by the Company have been recognized by the Taiwan Excellence Award and favored by the customers.

O-TA's design team was recognized by the Red Dot Design Awards in Germany in 2013, 2015, 2017, 2018 and 2021.

B. The Company is stable and customer-oriented, providing customers with exclusive "One-stop Shopping" services. It serves a diversity of customers with high flexibility and provides a complete product line from the production of golf heads and golf clubs to the assembly of golf equipment, satisfying the customers' diverse demand for "One-stop Shopping". In terms of OEM/ODM/IDM collaboration, the Company also maintains long-term and good relationship with renowned international brands, such as BRIDGESTONE, MAJESTY, MIZUNO, PXG, TITLEIST, TOUREDGE, YAMAHA, etc.

C. The Company continues to hold all kinds of lean management programs internally and implement management to deepen its competitiveness.

Jiangxi O-TA, the Company's golf production base, has stable workforce and a complete supply chain system. The introduction of process automation has significantly improved its efficiency and yield in production and built a long-term competitive advantage. In the future, the Company will continue to improve its process capability through intelligent automation and concentrate more on cost management and technology management, making the overall operations more effective in order to demonstrate better business performance.

D. With strong R&D capability, advanced production technology, patent protection and a complete R&D system, the Company has possessed the core technology and shares its distinguished R&D results with customers immediately. Currently, the Company sets Taiwan as the R&D center and China as the mass production base. The hardware and software equipment developed in Taiwan or the hardware facilities used in China have all been positively recognized by customers. The customers have long relied on O-TA to produce their products. The golf equipment produced by O-TA has continuously been recognized by magazine awards and won the gold medals, proving itself the best tool for players to win the championship. Moreover, the Company's products represent the fruits of close collaboration between O-TA and its clients.

E. The Company has an excellent R&D team who successfully shortened the research and development time by using CAD, CAM, high-precision CNC processing machines, and automated equipment. Moreover, the Company has a strong team of production, process and technology which specializes in sample development and the introduction of mass production. With good collaboration among all the team members, the Company is able to provide customers with immediate R&D results that meet their needs.

F. The Company has established a good and complete supply chain system around the production base. It also has good ability in supply chain management and maintains perfect and specific collaborative relationship with each supplier in the supply chain system. As the Company expects to create mutual benefits with its strategic partners, each supplier also supports the company faithfully.

G. The Company has been granted SGS UKAS ISO-9001 International Quality Management System certification. The quality of the Company's products is excellent and well recognized by major international brands.

H. The awareness of environmental protection, energy saving, carbon reduction and leisure has promoted the trend of cycling in Taiwan. The Company created its own bicycle brand mainly to demonstrate its capability (carbon fiber technology) and creativity (application of aesthetic creativity from golf equipment to bicycle products).The Company positions ***VOLANDO***, a privately-own bike brand, as a top-notch exquisite carbon fiber bike brand in the market. As "a fusion of arts and culture, "the brand has been recognized with multiple Taiwan Excellence Awards. In terms of quality, a carbon fiber bike frame, which is parallel to the frame used for The Tour, the Giro, and the Road World Cycling, is fitted with top-notch components, giving a sense of coordination to an assembled bike. By offering customized and complete after-sale services, the Company strives to satisfy customers. O-TA provides prime services (including rental services) to riders of its ***VOLANDO*** bikes; services in this regard include prime, professional lead-out service and custom service, attracting riders with qualify activity content and building a close relationship with them.

I. The Company's innovative aesthetic craftmanship brand **ALLTAS** holds the spirit of "Safe Water, Toxic Free" and views "Nature, Environmental Protection, Safety and Health" as the brand's core value, emphasizing "Top Quality, Innovative Design, Health Inheritance, Sustainable Management and Top Reliable Choice". **ALLTAS** has designs made by designers awarded with German Red Dot Design Award. It also possesses technology patents and the environmentally friendly food grade 304 stainless steel base materials, which is non-toxic and lead-free. The Company does not use the plating process in order to be environmental friendly - a way of environmental protection with no pollution produced. Based on the vision of taking good care of water safety and convenience for the public, the Company operates its brand and business with passionately. In response to the requirements set by the Bureau of Standards, Metrology and Inspection, MOEA for drinking health, **ALLTAS** was the first brand in Taiwan to submit its faucets products to the Bureau of Standards for testing, and the first brand to obtain certificates for 13 relevant products. Since the products' specifications are much higher than the qualified standards, **ALLTAS** was the first brand in Taiwan to pass with 100% the Mandatory Inspection in the Drinking Water Faucet Commodities conducted by the Bureau of Standards, Metrology and Inspection, MOEA. Before that, **ALLTAS** has also been awarded the Water Efficiency Label and recognized by several U.S. UPC certifications, and has obtained many patents for the direct drinking faucet products. **ALLTAS** hopes to build a non-toxic environment for heathy water usage, making itself a role model for the water hardware industry.

J. VGT Composite Technology (Huizhou) Co., Ltd. ("VGT"), a subsidiary 100% invested by the Company, is a bike manufacturer with customers of renowned brands located in Europe, America and Japan, such as EU：WILIER, ORBEA, DE ROSA, DT-SWISS, JP & US BRIDGESTONE, PODIUM, IBIS, etc. With the technology developed by Inda Composite Technology Company ("Inda"), the Company has the core technique of using VGT composite material. In addition to the innovative research and development of new EPUS process technology, the Company also continues to improve the process and has been highly recognized by the customers. The development of technology from Inda to VGT has demonstrated O-TA's strong manufacturing and R&D capabilities in the composite material business. Additionally, the newly developed EPUS process has become VGT's unique core competitiveness for its long-term development. The subsidiaries are able to grow their business with the development of electric bicycles as well as insulating composite materials, composite accessories, industrial grading rings and AV composite materials used in the automotive and aviation industries.

(2) Disadvantages

A. Due to the increase of labor costs, the Company has no cost advantage for the products produced in Taiwan. The Company's operating costs in China have also been increasing over years.

The golf club head manufacturing industry is a labor-intensive industry that relies heavily on manpower since the processing at the end of the manufacturing process is complicated and not easily automated. With the increasing labor costs in Taiwan, the industry is having difficulty in cost reduction and experiencing declining competitiveness. The Company has also faced the problem of rising operating costs for its production activities in China in recent years.

Countermeasures:

By setting Taiwan as the operation and R&D management center and China as the mass production management base, the Company integrates operational functions and utilizes the advantages of both regions to seek the most advantageous division of labor in the value chain. The Company also actively holds lean management programs, implements management mechanism, utilizes key technologies and develops automation solutions, improving its process capabilities through rationalization, automation, technology, and labor saving.

At the same time, the Company is dedicated to providing employees with educational training. The Company has carried out a series of measures to stabilize the workforce and cultivate employee growth, seeking to stabilize the production process, improve production quality and efficiency and make efficient use of human resources to reduce the overall operation costs.

Jiangxi O-TA, the Company's golf production base, has a stable workforce and a complete supply chain system. The introduction of process automation has significantly improved its efficiency and yield in production and built a long-term competitive advantage.

B. In recent years, China has experienced labor shortages, inflating labor costs, and tightening ESG regulatory grip.

Countermeasures:

Labor supply in O-TA's Jiangxi Plant, a golf manufacturing base, is quite stable, and the plant has access to a complete supply chain. The benefits that come from O-TA's efforts in smart automation and cost and technology management enable it to cope with issues leading to rising production costs, e.g., labor shortages, soaring labor costs, and plant-originated environmental contamination. The automatic processes introduced include automatic dipping, automatic cutting, automatic gate grinding, automatic wielding, automatic grinding, automatic coating, and so on, greatly improving the benefits and yield and building a long-term competitive advantage. In the future, O-TA will continue to "enhance the automation level and expand technological capability," so as to make the overall operations more efficient to gain greater operational achievements and benefits.

C. Rising proportion of demand for customization makes it harder to establish a safety stock.

Since the Company mainly takes orders from international giants for OEM and ODM services, some materials and material suppliers of certain products are designated by clients, making it harder to establish a safety stock.

Countermeasures:

The Company has a department which is dedicated to supply chain management, and puts in place a teamwork mechanism, enabling the Company to fully grasp market changes. In addition, the Company always keeps close contact with clients to keep abreast of the status of orders, and enhance its production-sale coordination to align inventory with orders. Besides, the Company has been maintaining a good relationship with raw material suppliers for a long time, to gain a preferential assess to raw materials in case of a supply crisis.

D. Exchange rate changes increase the exchange risk:

90% of the Company's golf club heads are exported, and materials purchased are paid often in a foreign currency. Therefore, any significant change in the exchange rate of USD, CNY, or JPY will impact the Company's revenue, costs, and profits to a certain extent.

Countermeasures:

The Company will use proper foreign exchange tools to hedge its exchange risk, or negotiate with clients for a limit of quotation variation that reflects the effects of exchange rate changes. The Company will also keep close contact with banks to gather exchange rate information and grasp the exchange rate running trends

E. The economic climate has affected the golf market and the golf industry fluctuates more significantly in the low and peak seasons.

Golf has been affected by the fluctuating economic climate, which will influence the overall sports and leisure industry and also have great impacts on the golf industry. This will result in a change of consumers' willingness to switch to new golf clubs. Major customers will also make adjustments in response to the global economic situation and economic recovery.

Countermeasures:

Depending on the economic climate, the Company will provide the most appropriate development and design proposals to the customers in a timely manner and launch new plans in line with the customers' strategies. During an unstable economic situation, the Company will adjust its organizational structure through lean management programs to meet the customers' diverse needs on time.

Over a long period, the Company has placed considerable value on R&D and innovation and has collaborated with the clients for design and development. A number of development projects are currently in progress.

F. Golf Industry: The population of golfers may be affected by online games and virtual reality; the time for playing golf may be affected by climate change (e.g., longer winters in the U.S.).

Countermeasures:

The Company continues to make innovations and provide high-quality, high value-added products and services to attract the markets. The Company pursues a sustainable business environment and expects to become the most innovative company for daily use products and sports equipment, creating maximum value and the best services for customers, employees, shareholders and the social public.

G. Tariff barrier erected by the China-US trade war

Countermeasures:

The Company will be client-oriented and establish a long-term, indispensable partnership with brand clients, typically by providing them with collaborative, tailor-made, and high value-added design and manufacturing services, including performance simulation services.

By setting Taiwan as the operation and R&D management center and China as the mass production management base, O-TA integrates operational functions and utilizes the advantages of both regions to seek the most advantageous division of labor in the value chain. The Company also actively holds lean management programs, implements management mechanism, utilizes key technologies and develops automation solutions, improving its process capabilities through rationalization, automation, technology, and labor saving. At the same time, the Company is dedicated to providing employees with educational training. The Company has carried out a series of measures to stabilize the workforce and cultivate employee growth, seeking to stabilize the production process, improve production quality and efficiency and make efficient use of human resources to reduce the overall operation costs. Currently, Jiangxi O-TA, the Company’s golf production base, has a stable workforce and a complete supply chain system. The introduction of process automation has significantly improved its efficiency and yield in production and built a long-term competitive advantage. It will leverage the management synergy to reduce the influence of impacts

H. The bicycle brand ***VOLANDO*** is not yet well known by the public:

Countermeasures:

The Company has expanded the application of its excellent carbon fiber technology to bicycle products, and the quality of the frame sets produced by the Company is in line with that of the world’s major manufacturers. The design of bikes also shows the rich culture of Taiwan. With an outstanding bicycle management team, the Company has set up a complete bike operation system and is actively raising brand awareness, enhancing brand image and focusing on relationship marketing to increase sales. Since its launch, ***VOLANDO*** bikes has been recognized with multiple Taiwan Excellence Awards. A total of 17 ***VOLANDO*** models were recognized with the Taiwan Excellence Award, in addition to the Golden Pin Design Award, Red Star Design Award, and Asia Design Award - Silver. The Company believes that such achievements should create an unique branding effect.

VOLANDO bikes come with personalized services, in addition to the service of rental of high-unit-price exquisite carbon fiber bikes, a type of service that is an embodiment of the “sharing economy” ideal. This allows riders to enjoy the exquisite ***VOLANDO*** bikes and for the Company to accumulate branding experience. Courting the favor from riders by placing them on the ***VOLANDO*** bikes might be the best way to spur demand and thereby expand sales. ***VOLANDO***

fascinates riders with its high-quality activities, leaving them beautiful and unique memories from their adventures

I. The brand **ALLTAS** (stainless steel premium series) is still at the initial developing stage and is not yet well known by the public:

Countermeasures:

With the core casting technology, the Company develops water hardware products made of 304 stainless steel materials and achieves differential marketing with its premium products. The Company views “Nature, Environmental Protection, Safety and Health" as the brand’s core value, emphasizing “Top Quality, Innovative Design, Health Inheritance, Sustainable Management and Top Reliable Choice”. **ALLTAS** has designs made by designers awarded with the German Red Dot Design Award. It also possesses technology patents and the environmentally friendly food grade 304 stainless steel base materials. Based on the vision of taking good care of water safety and convenience for the public, the Company operates its brand and business with full heart.

With the spirit of “Safe Water, Toxic Free”, **ALLTAS** insists on using food-grade 304 stainless steel, which is lead-free, non-toxic and complies with the requirements set by the Bureau of Standards, Metrology and Inspection, MOEA for drinking health. **ALLTAS** was the first brand in Taiwan to submit its faucets products to the Bureau of Standards for testing. **ALLTAS** has recently obtained certificates for 13 relevant products. Since the products’ specifications are much higher than the qualified standards, **ALLTAS** was the first brand in Taiwan to pass with 100% the Mandatory Inspection in the Drinking Water Faucet Commodities conducted by the Bureau of Standards, Metrology and Inspection, MOEA. Before that, **ALLTAS** has also been awarded the Water Efficiency Label and recognized by several U.S. UPC certifications, and has obtained many patents for the direct drinking faucet products. **ALLTAS** hopes to build a non-toxic environment for heathy water usage and for the general public to have a choice in “nature, environmental protection, safety and health”, making itself a role model for the water hardware industry.

J. Supply chain challenges resulting from the "War and Inflation Risks".

Countermeasures:

The Company has established a close communication management system with the customers and integrated local supply chain resources, making a complete supply chain system around the production plants. The Company has adopted lean management in the plants to improve yield and efficiency for production in order to reduce any impact.

(II) Usage and Manufacturing Processes for the Company’s Main Products

1. Usage of Main Products

(1) Golf club heads and golf shafts, as the most important parts of the golf equipment, have a significant impact on the performance of the golf equipment.

(2) Frame sets are the key component parts of bikes.

(3) Stainless steel faucets are an important components of water hardware.

2. Manufacturing Process

(1) Casting Product

Molding/Tooling → Wax Injection → Wax Fix → Wax Treeing → Slurry Dipping → Dewaxing → Casting → Cutting → Heat Treatment → AC Inspection → Trimming → (pushing, welding of composite material or in-blowing, laminating of carbon fiber material) → Machining → Grinding → Painting → Golf Head Finished Product for Packing (or shipping after assembly)

(2) Forged Product

Molding/Tooling → Die Making → (external purchase of die) → Die Inspection → Trimming → Die Assembly → (pushing, welding of composite material or in-blowing, laminating of carbon fiber material) → Machining → Grinding → Painting → Golf Head Finished Product for Packing (or shipping after assembly)

(3) Golf Shaft

Cutting → Rolling → Machining and Polishing → Tube Inspection → Painting → Printing → Golf Shaft Finished Product for Shipping or Assembly

(4) Frame Set and Complete Bike

Customer's Demand → Customization and Assembly (frame set assembly, wheel assembly, main assembly and customized painting) → Frame Set and Complete Bike for Shipping

(5) Stainless Steel Faucet

CAD → CAM → Tooling → Wax Injection → Wax Treeing → Slurry Dipping → Dewaxing → Casting → Shell Removal → Cutting → Heat Treatment → CNC Machining → External-Purchase Parts Inspection → Ultrasonic Cleaning → Grinding → Laser Cutting → Faucet Assembly → Water and Air Testing → Exterior Inspection → Packing and Shipping

(III) Supply Situation for the Company's Major Raw Materials

Currently, the supply of main materials is stable and the quality of supply is good. The status of suppliers are as below:

1. Stainless steel ingot: The materials are mainly provided by domestic suppliers, while some are purchased from overseas suppliers. The status of supply is good. In addition to maintaining the original supply chain system, the Company is also looking for new suppliers with good quality for the purchase.
2. AC (as cast): The materials are mainly provided by overseas suppliers, while some are purchased from domestic suppliers. The status of supply is good at present. Due to the fluctuation on raw material prices, the Company will take measures to stabilize the prices through negotiation with suppliers while necessary.
3. Die: The materials are mainly provided by overseas suppliers, while some are purchased from domestic suppliers. The status of supply is good at present.
4. Carbon fiber: The materials are mainly provided by overseas suppliers, and the status of supply is good. In addition to maintaining the original supply chain system, the Company is also looking for new suppliers with good quality for the purchase.
5. Bicycle parts: The supply source varies based on customized demand. The parts are mainly provided by domestic suppliers and some are purchased from overseas suppliers. The status of supply is good.

(IV) Any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the two most recent years, the amounts bought from (sold to) each and the percentage of total procurement (sales) accounted for by each.

1. Key Suppliers in the Past Two Years

Unit: NT$ thousands

	2023 (Note 3)				2022				2024, up to the first quarter			
Items	Name	Amount	Percentage of Total Net Purchases (%)	Relation-ship with the Issuer	Name	Amount	Percentage of Total Net Purchases (%)	Relation-ship with the Issuer	Name	Amount	Percentage of Total Net Purchases, up to the First Quarter (%)	Relationship with the Issuer
1	FUTAI	124,664	9.74	None	MCC	244,758	10.14	None	(Note 2)			
2	Other	1,155,063	90.26		Other	2,169,437	89.86					
	Net Purchases	1,279,727	100.00		Net Purchases	2,414,195	100.00					

Note 1: For the supplier whose purchase amounts are more than 10% of total net purchases, its name, purchase amounts and percentages of total net purchases in the last two years should be listed, except for those suppliers whose names are prohibited from disclosure as provided in the signed contracts or those who are individuals and not the related parties of the Company, which may be represented by codes.

Note 2: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

Note 3: The purchase amount in 2023 decreased, mainly due to the decrease in orders.

2. Key Customers in the Past Two Years

Unit: NT$ thousands

	2023 (Note 3)				2022				2024, up to the first quarter			
Items	Name	Amount	Percentage of Total Net Sales (%)	Relation-ship with the Issuer	Name	Amount	Percentage of Total Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Total Net Sales, up to the First Quarter (%)	Relation-ship with the Issuer
1	C company	1,205,968	27.61	None	C company	3,255,257	42.27	None	(Note 2)			
2	A company	1,005,295	23.02	None	A company	1,302,998	16.92	None				
3	B company	634,530	14.53	None	B company	881,017	11.44	None				
	Others	1,521,848	34.84		Others	2,261,050	29.37					
	Net Sales	4,367,641	100.00		Net Sales	7,700,322	100.00					

Note 1: For the customer whose sales amounts are more than 10% of total net sales, its name, purchase amounts and percentages of total net sales in the last two years should be listed, except for those customers whose names are prohibited from disclosure as provided in the signed contracts or those who are individuals and not the related parties of the Company, which may be represented by codes.

Note 2: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

Note 3: The decrease in sales in 2023 was due to the change in sales strategy resulted from the customer's high inventory level as they have been impacted by the economic recession, by which they refrained from launching new products - which could have meant a big order - but intended to destock existing inventory instead.

(V) Production Volume of Main Products in the Most Recent Two Years

Unit: NT$ thousands; %

Year / Output / Main Products	2023			2022		
	Production Capacity (Note)	Production Volume	Production Value	Production Capacity (Note)	Production Volume	Production Value
Iron head	3,000,000	2,327,062	1,734,334	3,500,000	3,459,791	2,291,577
Metal wood	1,000,000	536,913	929,782	1,200,000	1,177,646	1,739,095
Assembly (golf equipment)	300,000	227,063	319,526	300,000	237,652	256,131
Golf club	1,000,000	660,390	214,402	2,000,000	2,260,875	522,405
Bicycle	100,000	83,016	303,850	100,000	95,421	328,155
Other	50,000	2,348	4,365	50,000	6,538	8,836
Total	5,450,000	3,836,792	3,506,529	7,150,000	7,237,923	5,146,199

Note: 1. Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

Note 2. Metal wood production line can be adjusted to produce iron head products.

(VI) Sales Volume of Main Products in the Most Recent Two Years

Unit: NT$ thousands; %

Years / Sales / Main Products	2023				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Iron head	430	500	2,408,477	2,019,787	445	775	3,734,228	3,324,499
Metal wood	1,180	3,559	573,154	1,117,746	1,676	4,789	1,343,322	2,656,683
Golf club assembly	70	256	206,524	349,667	361	1,208	248,543	320,043
Golf club	3,404	1,461	884,050	282,228	37,323	12,805	2,436,885	670,201
Bicycle	7	390	85,212	443,570	605	1,482	89,443	440,307
Other (Note)	51	809	-	147,668	6,248	13,812	-	253,718
Total	5,142	6,975	4,157,417	4,360,666	46,658	34,871	7,852,421	7,665,451

Note: "Other" includes sales of water hardwares and materials.

III. Employees

(I) Employee Information in the Most Recent Two Years, Up to March 31, 2024

Items / Year		2023	2022	Current Year, as of March 31, 2024
Number of Employees	Management Staff	809	908	822
	R&D Staff	68	68	67
	Operation Staff	1,563	1,953	1,378
	Total	2,440	2,929	2,267
Average Age		36.49	35.11	36.01
Average Years of Service		5.08	3.51	5.62
Education distribution percentage (%)	Ph.D.	2	2	2
	Master	31	30	31
	Bachelor	321	343	342
	High School	672	2,339	605
	Below High School	1,414	215	1,287

IV. Disbursements for Environmental Protection

(I) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

(II) Countermeasures:

1. Information on Environmental Protection Measures

(1) Improvement Plans

The Company's main products are golf heads and golf clubs. Since the Company's plant in Pingtung and Jiangxi O-TA have obtained ISO9001 certifications in 1997 and 2015, respectively, no significant environmental pollutions and environmental issues will be caused during the manufacturing process. The Company has long been committed to environmental protection and waste reduction. In order to keep up with the environmental conditions, the Company not only provides regular health and safety training for employees but also enhances employees' flexibility to deal with various situations, educating them to keep a clean environment and regularly maintain the equipment for pollution prevention.

The main environmental improvement measures of the Company are as follows:

(A) Water pollution prevention and control measures: In order to strengthen environmental protection measures and fulfill corporate responsibility, the Company's plant in Pingtung is equipped with wastewater sedimentation and treatment facilities, which discharges the clean wastewater to the sewage treatment plant in the Neipu Industrial Park in compliance with the regulations. Jiangxi O-TA is also equipped with a wastewater treatment station, which can treat wastewater through sedimentation and air flotation in order to discharge clean wastewater that meets the regulatory standards to the municipal pipe systems.

(B) Air pollution prevention and control measures: The Company's Pingtung plant has obtained the Permit for Operation of Stationary Pollution Sources (Pingtung Government Huan-Kong-Cao-Zheng-Zi No.T0423-06) on October 12, 2022. Jiangxi O-TA uses equipment such as water film dust collectors and spraying paint machines with water curtains to treat the exhaust gas generated during production before emission.

(C) Waste management measures: The Company's Pingtung plant entrusts a legitimate waste treatment company which was recognized by the environmental protection authorities to clean up the waste produced by the Company. In order to keep track of the flow of waste, Pursuant to the Waste Disposal Act, the Company has the disposal operator and the treatment plant to jointly issue a three-copy document to certify that waste has been properly disposed of to prevent environmental pollution and violation of relevant laws and regulations. Jiangxi O-Ta recycles its scrap materials in the factory; for the waste that cannot be handled, it will be entrusted to qualified disposal companies, which can clean up and recycle the industrial waste in a legal manner.

(2) Estimated Expenditures on Environmental Protection for the Next Three Years

Items \ Year	2024	2025	2026
Amount	NT$ 13,406 Thousand	NT$ 9,104 Thousand	NT$ 9,964 Thousand
Purchase plan of pollution prevention equipment and its expenditure	1. Inspection on water, noise, air and waste. 2. According to the regulatory situation, the requirements for waste disposal are more strin-gent. Waste treatment facilities need to be improved and up-graded.3. Improvement to the waste treatment facilities. 4. Renovation of the dust and gas collection equipment, to integrate 114 exhaust gas discharge outlets of dust and gas collection equipment into 19 discharge outlets. 5. The hazardous waste IoT device is connected to the Hazardous Waste Supervision Platform of Jiangxi Province. 6. Report preparation of the comprehensive treatment solutions for one enterprise and one policy (VOCs).	1. Inspection on water, noise, air and waste. 2. According to the regulatory situation, the requirements for waste disposal are more stringent. Waste treatment facilities need to be improved and upgraded. 3. Improvement to the waste treatment facilities.	1. Inspection on water, noise, air and waste. 2. According to the regulatory situation, the requirements for waste disposal are more stringent. Waste treatment facilities need to be improved and upgraded. 3. Improvement to the waste treatment facilities.
Expected improvement status	1. Enhance the treatment of wastewater, waste gas and waste produced in the plant. 2. Reduce the amount of waste produced. 3. Comply with legal requirements and reduce negative impact on the environment. 4. Compliance with laws and regulations and the requirements of environmental impact assessment replies. 5. The key hazardous waste supervision units are required to connect to the Hazardous Waste Supervision Platform of Jiangxi Province. 6. The key units of VOCs emission are required to formulate a comprehensive treatment solution under "one enterprise and one policy."	1. Enhance the treatment of wastewater, waste gas and waste produced in the plant. 2. Reduce the amount of waste produced. 3. Comply with legal requirements and reduce negative impact on the environment.	1. Enhance the treatment of wastewater, waste gas and waste produced in the plant. 2. Reduce the amount of waste produced. 3. Comply with legal requirements and reduce negative impact on the environment.

(3) Impacts After Improvement

Currently, there is no significant contamination condition caused by the Company and hence the impact on the Company's earnings, competitive position and capital expenditures is expected to be small.

2. Conditions for which No Countermeasures Were Taken

(1) Reasons for No Countermeasures

Since other pollution sources have less impact on the Company, the Company has tried to avoid those impacts by enhancing employees' training, wearing PPE and conducting regular maintenance and cleaning.

(2) Pollution Status

The contamination caused by other pollution sources has less impact on the Company.

(3) Possible Loss and Compensation

The possibility of having loss and compensation is very small for the Company.

3. Environmental Policy

Environmental protection is our manifested duty. The Company will commit itself to pollution prevention and continuous improvement in support of the global environmental campaign. Below are the particulars of the

Company's environmental policy:

(1) Compliance with the government's environmental regulations and other applicable regulations.

(2) Provision of awareness sessions to employees to raise their environmental awareness.

(3) Tightening the control of environmental pollution sources, e.g., wastewater, waste gas, waste, and noise, making improvement, and giving attention to pollution prevention work.

(4) Moving its R&D and whole process towards the ideal of "reduction, recycling, and alternatives," to save energy, reduce carbon emissions, and minimize pollution.

(5) By implementing the recycling of waste and the classification of recycled materials at the plants, the Company has reduced the amount of waste produced.

(6) The Company will work and communicate with related groups on environmental issues.

(7) Commitment to continuous improvement to ensure sustainable operations.

4. Safety and Health Policy

The Company is committed to providing and maintaining a workplace that complies with safety and health regulations and promotes the safety and health of employees, creating a safe and comfortable working environment. The Company's safety and health policy is as below:

(1) Dedicated to meet the safety and health regulations and relevant requirements.

(2) Continuously improve and reduce the occurrence of injuries to ensure that the losses resulted from hazards can be controlled through a sound management system.

(3) Provide relevant training resources to enhance the safety awareness of employees.

(4) Carry out activities for the promotion of employees' health in accordance with Regulations of the Labor Health Protection, and guide employees to develop regular exercise habits to live a healthy life.

5. Implementation Status of Employee Safety Protection Measures in the Workplace

(1) Specific measures for security and health management

A. Risk assessment and countermeasures

Each division conducts risk assessments and implements controls for unacceptable risks and violations of regulations. To prevent major public safety incidents, such as fire and explosion prevention, the company has established procedural documents and management plans. The responsible divisions supervise and implement the management measures. In terms of occupational safety and health management, strict adherence to relevant laws and regulations is maintained to ensure the safety of employees and other personnel in the workplace. Jiangxi O-TA formulates ESH management plan and designs risk control measures and submits the implementation results to ESH meeting for review.

B. Health care and management

By adhering to the Regulations of the Labor Health Protection, and to the Labor Law of the People's Republic of China applicable to the subsidiary Jiangxi O-TA, the Company and Jiangxi O-TA offer a regular health check-up, including chest X-rays, blood pressure, urine, blood, etc., to employees undertaking a general job or a job with specific hazards before, during, and after they have taken their job. Special check-up items including hearing impairment, lung functioning, and so on, are provided to employees in a post exposed to the risks of specific health hazards, e.g., high temperature, noise, organic solvents, and so on. Employees will then be classified their special check-up results for management purpose. The Company commissions a qualified hospital to carry out a health check-up for employees every year. With the consent of the employees, a number of physical health examination items better than the regulatory requirements are added.

The Company requests doctors and nurses to provide the on-site employees' health service programs to assist in preventing occupational hazards and protecting the physical and mental health of employees. Professional medical staff will give health instruction and education to employees, care for them, and track their health condition. In 2023, the professional medical staff assisted the Company to launch the "Healthy Workplace Certification" program, and participated in the application for Badge of Accredited Healthy Workplace - Healthy Activation Label , as well as the four major plans, namely, “Maternity Health Protection Plan,” “Workplace Violation Prevention: Plan to Prevent Illegal Infringement during Performing of Duties,” “Human Factors Engineering_Human Factors Hazard Prevention Plan,” and "Overwork Prevention: Abnormal Workload-induced Disease Prevention Plan" in order to improve employees' physical and mental functions and health. The occupational health nurses at the factory also have an interview to interact with employees and provide health-promoting activities to employees. The nurses further offer health consultation、the promotion of screening for metabolic syndrome and five types of cancer, and the advice on smoking cessation, weight loss, and exercise based on employees' individual condition, so that they understand their physical strength conditions. The Company has also formulated smoke hazard prevention measures, and posted up posters to explain the health risk caused by continuous smoking, hoping to help them develop a regular exercise habit to achieve the aim of fitness and a healthy life. To encourage employees to voluntarily set up sports clubs, the Company provides them with subsidies.

O-TA regards employees' health as its most valuable assets. To care for employees' health, the Company set up the Smart Health Station and the mPHR Cloud at the Cultural Creativity and Aesthetic Center, to manage personal health through the use of apps and a cloud platform. In doing so, the Company aims to build O-TA as a smart and healthy workplace reminiscent of cultural creativity, aesthetics, and arts that enables employees to manage their own physical, mental, and spiritual health in a smart way. Visitors can also monitor their health through a single measurement. In addition, the Company has also installed an automatic external defibrillator (AED), to ensure health, happiness, and safety at workplace.

The Company cares about the physical and mental health of employees, and mitigates the pressure from work and life. Employees are encouraged to exercise, with health promotion_green weight loss and fat loss health competitions held, and work-life balance and stress relieving courses and health seminars are also held, from healthy diet for health to anti-aging and weight training.

At least one Family Day event is held every year to appreciate employees and their families, as well as increase the family members' recognition of the Company, to retain the talents alternatively. The Company also takes the change to console employees for their hard work during the period, seeking to build up employee morale and solidarity. Meanwhile, the Company also expressed its emphasis on ESG through the events.

(2) Implementation of safety and security control

A. The Company and its subsidiary Jiangxi O-TA have implemented special operation controls for elevated operation, fire operation and radiant operation and performed general operation controls for general operations in accordance with the Occupational Safety and Health Act and the assessments results on safety and health risk. Therefore, each division and all employees can follow these measures in their operations.

B. Prevent the occurrence of occupational hazards, implement automatic inspection and enhance safety and health training.

C. Strengthen machine maintenance and add devices that provide extra layer of workplace protection.

(III) In accordance with the provisions of law, for those who should apply for a pollution facility installation permit or waste discharge permit, pay for pollution control fees, or establish the exclusive unit or personnel in charge of environmental protection, the circumstances of application, payment or establishment should be specified:

1. Exclusive personnel: For the current operations of the Pingtung plant, the Company has set exclusive personnel for the prevention of air and waste pollution.

Item	Description
Exclusive personnel for the prevention of air pollution	Permit of Huan-Shu-Xun-Zheng-Zi No.FB100207
Exclusive personnel for the prevention of waste pollution	Grade B: 1 staff Exclusive personnel in the plant - Permit of Huan-Shu-Xun-Zheng-Zi (2019) No.HB301049

2. Permit

Item	Description
Air Pollution Source Installation and Operating Permit	Permit of Pingtung Government Huan-Kong-Cao-Zheng-Zi No.T0423-06
Waste Disposal Permit	Approved Permit of No.T08207210001
Wastewater Discharge Permit	Permit of Pu-Fu-Zi No.1117150963

V. Labor Relations

(I) Welfare Measures for Employees

Since its establishment, the Company has attached great importance to employee welfare and work safety and set up the Employee Welfare Committee on September 22, 1989 in accordance with the law, to deal with various welfare measures. The Company holds regular committee meetings to coordinate activities for implementation of employee welfare, allowing employees to share the corporate business profits. The implementation status of employee welfare measures are as follows:

1. Corporate welfare measures

(1) Set up the performance bonus, year-end bonus and employee remuneration system to reward the employees.

(2) Provide annual health screening for employees. In 2023, the actual number of employees undergoing health screening was 2,131.

(3) Provide employees with fitness and sports venues and equipment (badminton court, aerobics classroom, spinning bike, etc.).

(4) Formulate a retirement system that is superior to the system regulated by law.

(5) Group insurance, labor insurance, national health insurance and labor retirement contributions are insured for employees in accordance with the regulations.

(6) Subsidies for further education and abundant collection of books to help employees acquire more knowledge.

(7) Reward employees for creative proposals: In order to encourage employees to increase thinking on their

work, the Company holds the spirit of improvement and proposes improvement plans to rationalize the operation process, increase efficiency and reduce costs. It also promotes innovation and R&D ideas and rewards employees based on the value of their proposals.

(8) Lectures, public welfare and music activities (health seminars, public welfare road running, etc.).

(9) The employees are insured with the group accident insurance better than regulations, and the insurance premium is paid by the Company.

(10) Paid leaves are granted with better-than-law conditions (attending children's school events, or volunteer leave).

2. Employee welfare committee's welfare measures

The Employee Welfare Committee set by the Company has promoted a diversified welfare system as below:

(1) Subsidies for marriage, childbirth, funeral and hazards.

(2) Subsidies for domestic and overseas company tour and internal group activities.

(3) Festival bonus and birthday bonus.

(4) Scholarships for employees and their children.

(5) Other related employee welfare activities.

(II) Career Development and Training for Employees and the Implementation Status

In response to the future development of enterprise and to encourage employees to have lifelong learning, professional skills and high quality and efficiency on work, the Company has formulated policy and procedures for employee training. Employees can participate in various educational training voluntarily or by appointment of their supervisors according to business needs. The Company also provides subsidies for further education. Detailed information is shown as below:

1. Orientation for new employees

(1) General training: New employees are guided to familiarize the corporate history, management rules, safety and health rules and the concept of quality assurance.

(2) Professional training: New employees are guided to obtain professional knowledge and familiarize operating procedures before they officially starts to work.

2. On-the-job training and further education

(1) The Company conducts a survey to know the demand of each unit for employee training annually, making training plans and schedule according to actual needs.

(2) The Company provides employees with professional skills training and second expertise training (OJT) every year according to their actual needs.

(3) The Company's employees may participate in external training, visits, seminars and exhibitions voluntarily or by appointment of their supervisors depending on the business needs.

(4) The Company offers subsidies for employees to have short to long term study outside the factory. If they achieve excellent scores, the Employee Welfare Committee will provide a fixed amount of scholarship each year for encouragement.

3. In 2023, the actual training hours was 17,585.46 hours, with expenses approximating NT$1,150 thousand.

Type of Training	Total Hours	Number of Participants
Professional Skills Training (OJT)	1,630.00	1,039

Professional Skills Training (Overseas)	1,140.10	241
General Knowledge and Management Training (Common Training)	13,921.00	6,149
Orientation for New Employees	894.36	269

(III) Retirement System and its Implementation Status

1. The Company and certain subsidiaries have formulated the retirement and pension policies, which belong to defined contribution plans, according to the R.O.C. Labor Pension Act. According to the articles, the amount appropriated by employer monthly to labor pension shall not be less than 6% of the worker's monthly wage. The Company and certain subsidiaries have formulated the retirement and pension policies according to the articles and appropriates 6% of the employee's monthly wage to his/her personal pension fund account each month.
2. Harvest Fair, the Company's subsidiary, pays the mandatory provident fund in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance of Hong Kong.
3. In accordance with the regulations in China, the Company's subsidiaries Jiangxi O-TA and VGT appropriate a certain percentage of employees' wage to the pension insurance fund, which is paid to the relevant government authorities and saved in a separate account for each employee.
4. The Consolidated Company recognized a defined contribution plan expense of NT$76,804 thousand for the year of 2023.
5. The Company has formulated the retirement policies, which belongs to defined benefit plans, according to the R.O.C. Labor Standards Act. According to the retirement policy, the employee's pension is calculated based on the length of service and the average wage for the six months prior to retirement. Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45.
6. The Company appropriates 13% of the total monthly wages of each employee as labor pension reserve funds according to the provisions of Labor Standards Act, allowing the Labor Pension Fund Supervisory Committee to manage and deposit such amount in a designated account in Bank of Taiwan. Before the end of each year, if the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company is required to make up the difference in one appropriation before the end of March the following year. Since April 27, 2004, the Company has been making a monthly pension provision of 4% of the total salaries paid to the directors who are also managers, which was approved by the National Taxation Bureau of the Southern Area (MOF) with the approved letter Chao-Zhou-Yi-Zi No.0930009057 dated April 27, 2004.
7. The Company's monthly appropriated labor pension reserve funds under the Labor Standards Act is managed by the Labor Pension Fund Supervisory Committee, and therefore the Company does not have the right to engage in the use of the pension reserve funds.

(IV) Sound Wage and Compensation System

The Company's employee compensation and reward system is designed to recognize individual effort, encourage innovative ideas, encourage outstanding performance and promote teamwork. The Company provides various incentive bonuses, patents, and proposal systems to reward employees for excellent performance. The Company determines the amount of bonuses based on corporate internal rules, employees' performance and achievement of organizational goals. The Company is dedicated to providing a sound and high-quality welfare measures to take care of all employees.

(V) Employee Communication

The Company pays attention to labor-management relations and holds regular labor-management meetings in order to promote labor-management cooperation and improve work efficiency. With departmental meetings and face-to-face meetings, employees are able to share opinions with colleagues, which shall enhance internal communication and strengthen employees' engagement for the company.

(VI) Other Important Agreements: None.

(VII) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

(VIII) Whether there is a code of conduct or ethics for employees: The Company has established the "Codes of Ethics for Employees" to regulate the ethical conduct of all personnel of the Company. Please refer to the Company's website - Investor Section (https://www.o-ta.com.tw/) for more information on the code. The Company has also established "Working Rules" for employees, which has been approved by the Pingtung County Government.

VI. Cyber Security Management

(I) Cyber security risk management framework, cyber security policy, management plan and resources invested in cyber security management, etc.

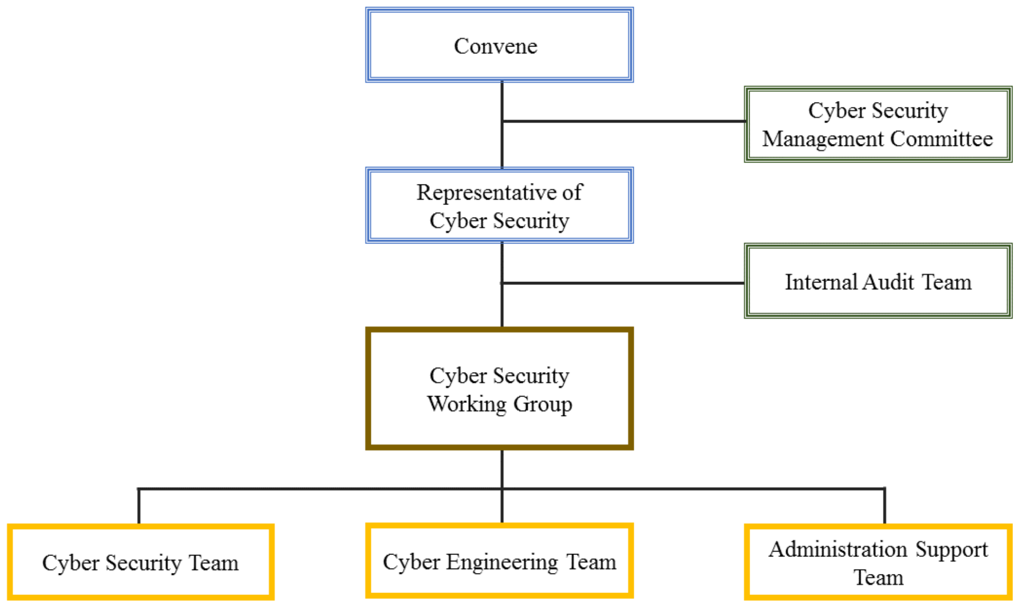
1. Cyber security risk management framework

(1) Cyber Security Management Committee

O-TA has set up the Cyber Security Management Committee under the relevant information divisions, which is responsible for the formulation and implementation of cyber security policy, and performs risk management and audit for cyber security compliance. The head of the Cyber Security Management Committee reports the security management effectiveness, cyber security-related issues and trends to the Company.

In order to implement the cyber security strategy set by the Cyber Security Management Committee and ensure internal compliance with cyber security-related standards, procedures and regulations, the chairman of the committee assigns the person in charge of information technology as the representative of cyber security and the heads of each division as members of the committee. The chairman calls the meeting while necessary to review and resolve the plans and policies of cyber security and information protection, and to effectively implement the cyber security management measures.

(2) O-TA's Cyber Security Management Committee Structure

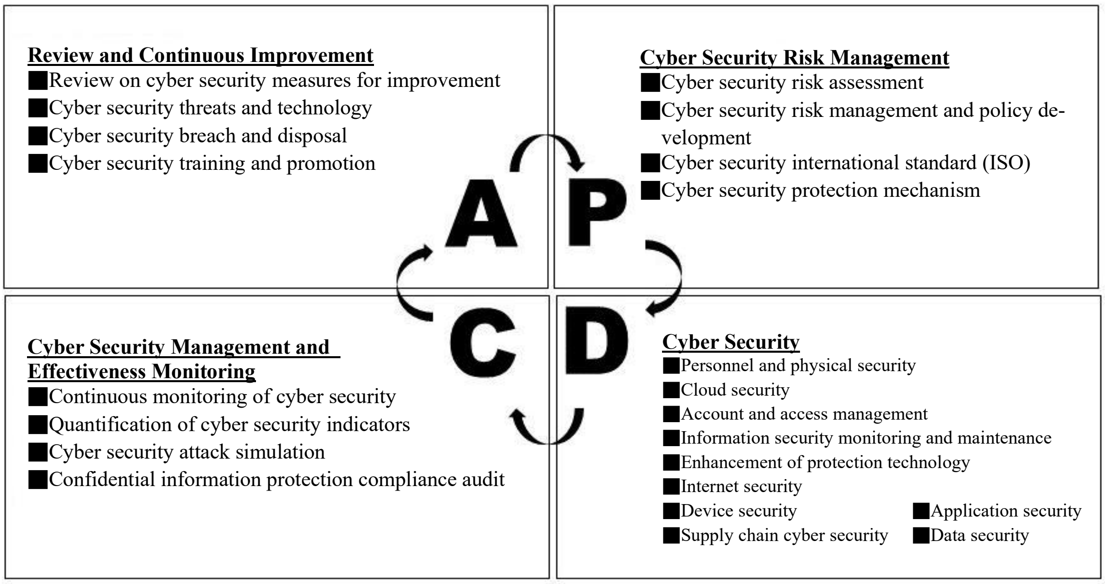


2. Cyber Security Policy

(1) Cyber Security Management Strategy and Structure

In order to effectively implement the cyber security management, O-TA Precision Industry Co., Ltd. holds weekly meetings to respond to cyber security issues through the information divisions of its Taiwan plants and overseas subsidiaries, and adjusts the cyber security policies and information protection measures in a timely manner according to the plan-do-check-act (PDCA) management cycle. In the “Planning Phase”, the Company focuses on cyber security risk management, seeking ways to reduce corporate cyber security threats from the system, technical and procedural aspects, providing high-standard information protection services that meet customers’ demand. In the “Doing Phase”, the Company has built multi-layer cyber security protection mechanism, continuously introducing new cyber security defense technologies. The Company also internalizes cyber security control mechanisms in the daily operation processes, such as the maintenance for software and hardware equipment, the cyber security management for supply chain, and systematically monitors cyber security to maintain the confidentiality, completeness and availability of important assets. In the “Checking Phase”, the Company actively monitors the effectiveness of cyber security management and conducts measurement and quantitative analysis of cyber security indicators based on the checking results. In the “Acting Phase”, the Company implements supervision and auditing measures to ensure the effectiveness of cyber security policies based on its continuous review for improvement. Through occasional review, educational training, measures and promotion of cyber security, the Company strives to ensure that the important confidential corporate information will not be leaked.

(2) Cyber Security Management Strategy and Continuous Improvement Structure



(3) Management Plan

A. Multi-layer Cyber Security Protection

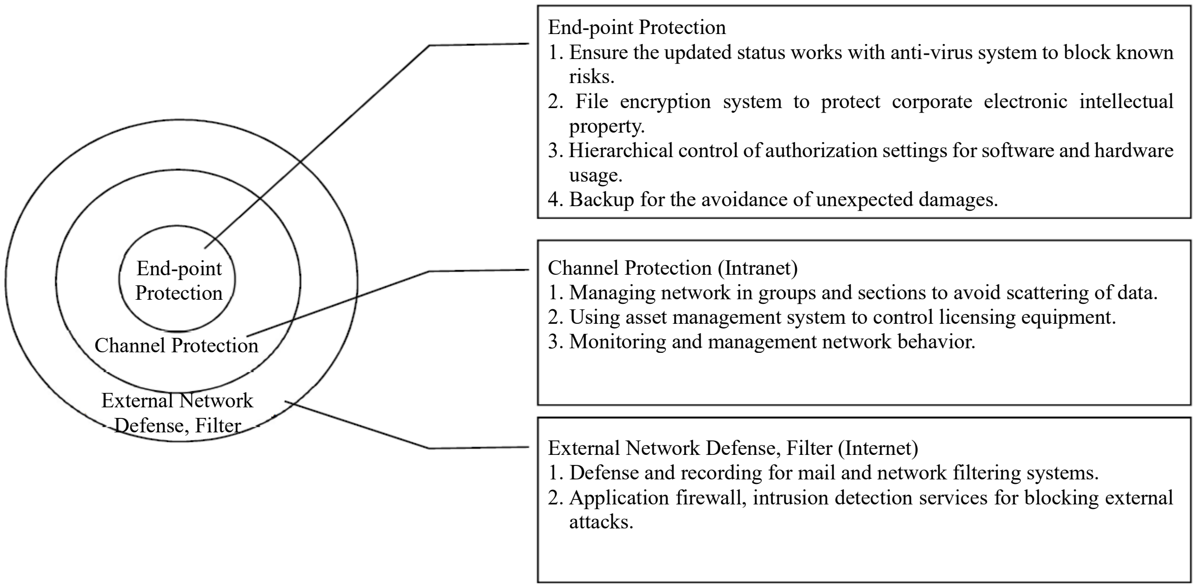
End-point Protection Layer	● The machines with malicious software are prevented from entering the Company's system through the disconnection of the network at the Company's plant and virus scanning for the machines. ● End-point anti-virus measures to prevent the malicious software. ● Mailing control. ● Encrypted control and effective tracking of planning documents and data. ● Using information protection tools, data classification, account and password systems to protect data.
Channel Protection Layer	● Making an application security test and self-testing schedule. ● Continuously strengthening the application security control mechanism.
External Network Defense, Filter Layer	● Introducing advanced technology to perform computer scans and system and software updates. ● Enhancing network firewall and network control to prevent computer viruses from spreading across machines and factories.

B. Review and Continuous Improvement

Training and Promotion	● Assigning the cyber security personnel to actively attend cyber security training courses. ● Enhancing employees' vigilance against to email social engineering attacks and conducting detection for the defense of phishing email. ● Holding cyber security training for employees to raise employees' awareness of cyber security.

C. Monitoring of Cyber Security Effectiveness

Assessment of Cyber Security	● Consulting external experts and vendors for assistance in providing latest knowledge and advanced product testing. ● Continuously collecting threat information and conducting risk analysis to further strengthen cyber security management system.



(4) Resources Invested in Cyber Security Safety Management

The Company has formulated "Cyber Security Management Policy" and execute the work plan in accordance with the legal compliance and the actual situation to improve the protection, such as building a SOC operation security center, application firewalls, malicious mail filtering system, employee Internet protection, operating system update, anti-virus software, electronic data storage platform, etc. O-TA Precision Industry Co., Ltd. understands that cyber security plays a significant role in the operation of enterprise since it requires continuous improvement, and it is recognized by all employees. In addition to researching the latest technologies, the Company has recently introduced the application firewalls, network cyber security services and enhanced spam filtering systems to prevent the new and advanced cyber attacks; the Company also actively builds solutions to protect its assets and those of the customers and suppliers.

(5) Cyber Security Safety Risks and Management Measures

O-TA has established complete cyber security measures related to network and computer. However, there is no guarantee that its computer systems that control or maintain critical corporate functions such as manufacturing, operations and accounting are completely free from cyber attacks from any third party systems. These cyber attacks are used to illegally hack into the Company's internal network system to disrupt the Company's operations and harm the Company's reputation. In the event of a serious cyber attack, the computer system might lose important Company's data and the production might be suspended. O-TA ensures the appropriateness and effectiveness of its cyber security policy and procedures through its continuous review and evaluation on the policy. However, the Company cannot guarantee that it could be free from risks and attacks caused by the cyber security threats. Cyber attacks may also attempt to steal the Company's business information.

Management measures:

A. In addition to the construction of highly usable system functions for the major systems and key data, the Company also carries out server partition management and data backup mechanism to maintain the Company's operation without interruption.

B. Key information systems are protected and managed by designated teams and personnel.

C. Annual audits on the compliance requirements regarding business secrets, government regulations, production orders, information systems, etc. The Company is able to adjust its systems and controls to keep pace with the times and to meet the requirements and business demand. The current information systems are continuously audited and improved to reduce the impact on operations and, when risks occur, to recover the business quickly, reduce customer losses and maintain the Company's operations.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.: The Company has not experienced any major cyber attack incidents that impacted the Company's operations in 2023 and 2024 up to the publication of this annual report.

VII. Important Contracts

Nature of Contract	Party	Contract Dates	Content	Restrictions
Technical Cooperation	Department of Mechanical Engineering, National Pingtung University of Science and Technology	Since 1999	Establishment of O-TA Research Laboratory to conduct academic and application research on golf-related products. Contracts are signed depending on the research projects.	None
Equipment Engineering Cooperation	MST-SOLAR LTD.	December 27, 2022 (Statement of cooperation) April 24, 2023 (Formal contract)	Green energy parking lot and solar panel installation.	None

VIII. Other Matters: Key Performance Indicators (KPI)

Operational (Daily) Management Indicators	Performance Indicators	
	Standard Value	Actual Value
	2023 Average Value	2023 Average Value
1. CAD/CAM Delivery Achievement Rate	100%	100%
2. CAD/CAM Quality Achievement Rate	100%	99%
3. Sample Delivery Achievement Rate	100%	99%
4. Delivery Achievement Rate (Customer Delivery) - By Batch	100%	84%
5. Scrap Rate	Less than 2%	2.05%

Six. Financial Status Overview

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years

(I) O-TA Group

1. Consolidated Condensed Balance Sheet - IFRSs

Unit: NT$ thousands

Item / Year		Financial Information for the Most Recent 5 Years					Financial Information for the Current Year, up to March 31, 2024
		2023	2022	2021	2020	2019 (Note 3)	
Current Assets		4,075,083	5,353,318	4,711,785	3,175,677	2,779,386	(Note 1)
Property, Plant and Equipment		823,393	685,859	609,238	514,183	510,491	
Intangible Assets		38,194	40,786	42,250	44,313	2,716	
Other Assets		281,393	248,477	355,796	238,733	387,511	
Total Assets		5,218,063	6,328,440	5,719,069	3,972,906	3,680,104	
Current Liability	Before Distribution	1,170,491	1,542,862	1,723,243	1,210,174	986,763	
	After Distribution (Note 2)	1,530,831	2,619,692	2,871,303	1,629,174	1,305,203	
Non-current Liability		222,752	265,185	298,359	200,706	250,669	
Total Liabilities	Before Distribution	1,393,243	1,808,047	2,021,602	1,410,880	1,237,432	
	After Distribution (Note 2)	1,753,583	2,884,877	3,169,662	1,829,880	1,555,872	
Equity Attributable to Owners of the Parent Company		3,824,820	4,520,393	3,697,467	2,471,040	2,280,116	
Share Capital		838,000	838,000	838,000	838,000	838,000	
Capital Surplus		101,239	101,239	101,239	101,239	101,239	
Retained Earnings	Before Distribution	2,866,097	3,536,854	2,880,005	1,612,774	1,386,285	
	After Distribution (Note 2)	2,505,757	2,460,024	1,731,945	1,193,774	1,067,845	
Other Equity Interest		19,484	44,300	(121,777)	(80,973)	(45,408)	
Treasury Stock		—	—	—	—	—	
Non-controlling Interest		—	—	—	90,986	162,556	
Total Equity	Before Distribution	3,824,820	4,520,393	3,697,467	2,562,026	2,442,672	
	After Distribution (Note 2)	3,464,480	3,443,563	2,549,407	2,143,026	2,124,232	

Note 1: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

Note 2: The figures for 2023 after distribution are based on the resolutions of the Board of Directors dated March 15, 2024.

Note 3: The Company's indirectly invested company, Inda Composite Technology (Shenzhen) Co., Ltd., has obtained a notice of enterprise deregistration on December 31, 2020. Its parent company, INDA NANO INDUSTRIAL CORP., is resolved to be liquidated and dissolved after the resolution made in the shareholders' meeting on February 5, 2021. Therefore, the relevant financial amount for 2019 is reclassified to the account of profit or loss from discontinued operations after tax.

2. Consolidated Condensed Statement of Comprehensive Income - IFRSs

Unit: NT$ thousands

Item \ Years	Financial Information for the Most Recent 5 Years					Financial Information for the Current Year, up to March 31, 2024
	2023	2022	2021	2020	2019 (Note 2)	
Operating Revenues	4,367,641	7,700,322	7,880,132	3,933,116	3,558,392	(Note 1)
Gross Profit	724,088	2,220,926	2,487,575	1,023,709	825,488	
Operating Income	382,272	1,778,489	1,998,032	682,329	487,413	
Non-operating Income and Expenses	160,314	219,311	(15,276)	(528)	31,655	
Profit Before Income Tax	542,586	1,997,800	1,982,756	681,801	519,068	
Net income for the period from continuing operations	406,520	1,793,142	1,690,175	614,171	487,334	
Loss from discontinued operations	—	—	(3,718)	(136,363)	(849)	
Net income (loss) for the period	406,520	1,793,142	1,686,457	477,808	486,485	
Other comprehensive income (loss) for the period (net of Income Tax)	(25,263)	177,844	(42,852)	(40,014)	(88,330)	
Total comprehensive income for the period	381,257	1,970,986	1,643,605	437,794	398,155	
Net income attributable to owners of parent	406,520	1,793,142	1,688,279	544,626	486,984	
Net income (loss) attributable to non-controlling interests	—	—	(1,822)	(66,818)	(499)	
Total comprehensive income attributable to owners of parent	381,257	1,970,986	1,645,427	509,364	402,175	
Total comprehensive income attributable to non-controlling interests	—	—	(1,822)	(71,570)	(4,020)	
Earnings Per Share	4.85	21.40	20.15	6.50	5.81	

Note 1: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

Note 2: The Company's indirectly invested company, Inda Composite Technology (Shenzhen) Co., Ltd., has obtained a notice of enterprise deregistration on December 31, 2020. Its parent company, INDA NANO INDUSTRIAL CORP., is resolved to be liquidated and dissolved after the resolution made in the shareholders' meeting on February 5, 2021. Therefore, the relevant financial amount for 2019 is reclassified to the account of profit or loss from discontinued operations after tax.

(II) O-TA Company

1. Condensed Balance Sheet - IFRSs

Unit: NT$ thousands

Items \ Year		Financial Information for the Most Recent 5 Years					Financial Information for the Current Year, up to March 31, 2024
		2023	2022	2021	2020	2019	
Current Assets		2,385,570	2,357,445	2,920,892	1,487,209	1,252,723	(Note 1)
Property, Plant and Equipment		111,085	104,322	107,678	112,272	117,562	
Intangible Assets		3,569	3,367	3,196	2,920	2,651	
Other Assets		4,792,934	4,846,416	3,632,709	2,368,872	2,082,575	
Total Assets		7,293,158	7,311,550	6,664,475	3,971,273	3,455,511	
Current liability	Before Distribution	3,298,114	2,572,282	2,731,882	1,395,852	1,068,983	
	After Distribution (Note 2)	3,658,454	3,649,112	3,879,942	1,814,852	1,387,423	
Non-current Liability		170,224	218,875	235,126	104,381	106,412	
Total Liabilities	Before Distribution	3,468,338	2,791,157	2,967,008	1,500,233	1,175,395	
	After Distribution (Note 2)	3,828,678	3,867,987	4,115,068	1,919,233	1,493,835	
Share Capital		838,000	838,000	838,000	838,000	838,000	
Capital Surplus		101,239	101,239	101,239	101,239	101,239	
Retained Earnings	Before Distribution	2,866,097	3,536,854	2,880,005	1,612,774	1,386,285	
	After Distribution (Note 2)	2,505,757	2,460,024	1,731,945	1,193,774	1,067,845	
Other Equity Interest		19,484	44,300	(121,777)	(80,973)	(45,408)	
Treasury Stock		–	–	–	–	–	
Non-controlling Interest		–	–	–	–	–	
Total Equity	Before Distribution	3,824,820	4,520,393	3,697,467	2,471,040	2,280,116	
	After Distribution (Note 2)	3,464,480	3,443,563	2,549,407	2,052,040	1,961,676	

Note 1: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

Note 2: The figures for 2023 after distribution are based on the resolutions of the Board of Directors dated March 15, 2024.

2. Condensed Statement of Comprehensive Income - IFRSs

Unit: NT$ thousands

Item \ Years	Financial Information for the Most Recent 5 Years					Financial Information for the Current Year, up to March 31, 2024
	2023	2022	2021	2020	2019	
Operating Revenues	3,844,976	7,192,045	7,487,415	3,636,646	3,484,575	(Note 1)
Gross Profit	649,467	1,135,804	1,100,228	468,520	308,918	
Operating Profit	498,767	905,281	811,324	280,552	133,211	
Non-operating Income and Expenses	39,369	1,092,519	1,168,277	330,751	384,295	
Net income (loss) before tax	538,136	1,997,800	1,979,601	611,303	517,506	
Net income (loss) from continuing operations	406,520	1,793,142	1,688,279	544,626	486,984	
Loss from discontinued operations	—	—	—	—	—	
Net income (loss) for the period	406.520	1,793,142	1,688,279	544,626	486,984	
Other comprehensive income (net amount after tax)	(25,263)	177,844	(42,852)	(35,262)	(84,809)	
Total comprehensive income	381,257	1,970,986	1,645,427	509,364	402,175	
Net income (loss) attributable to shareholders of the parent	406,520	1,793,142	1,688,279	544,626	486,984	
Net income attributable to non-controlling Interest	—	—	—	—	—	
Comprehensive income attributable to shareholders of the parent	381,257	1,970,986	1,645,427	509,364	402,175	
Comprehensive income attributable to non-controlling Interest	—	—	—	—	—	
Earnings Per Share	4.85	21.40	20.15	6.50	5.81	

Note 1: Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

(III) CPAs and Their Opinions for Most Recent 5-Years

Year	Name of CPA Firm	Name of CPA	Auditor's Opinion	Note
2023	Ernst & Young, Taiwan	Chen, Cheng-Chu; Lee, Fang-Wen	Unqualified opinion	—
2022	Ernst & Young, Taiwan	Chen, Cheng-Chu; Lee, Fang-Wen	Unqualified opinion	Other Matters paragraph- The financial statements for the previous period were audited by other CPAs
2021	Wisdom Professional Certified Public Accountants	Ko, Tsung-Li; Chen, Wen-Ta	Unqualified opinion	—
2020	Wisdom Professional Certified Public Accountants	Ko, Tsung-Li; Tseng, Yoou-Tsair	Unqualified opinion	—
2019	Wisdom Professional Certified Public Accountants	Ko, Tsung-Li; Tseng, Yoou-Tsair	Unqualified opinion	—

II. Financial Analyses for the Past 5 Fiscal Years

(I) O-TA Group - IFRSs

Item (Note 3) \ Year		Financial Analysis for the Most Recent 5 Years 2023	2022	2021	2020	2019	Current Year, up to March 31, 2024
Financial Structure (%)	Debt to assets ratio	26.70	28.57	35.35	35.51	33.62	(Note 1)
	Ratio of long-term capital to property, plant and equipment	491.57	697.75	655.87	537.31	527.60	
Solvency (%)	Current ratio	348.15	346.97	273.43	262.41	281.67	
	Quick ratio	288.74	286.44	211.95	210.93	227.59	
	Times interest earned	49.50	230.24	220.87	54.00	38.97	
Operating Perfor-mance	Accounts receivable turnover (times)	4.19	5.26	6.92	5.59	7.13	
	Average collection days	87	69	53	65	51	
	Inventory turnover (times)	4.74	5.84	6.89	5.54	6.21	
	Accounts payable turnover (times)	11.51	12.58	13.90	12.60	16.94	
	Average days in sales	77	63	53	66	59	
	Property, plant and equipment turnover (times)	5.79	11.89	14.03	7.71	8.03	
	Total asset turnover (times)	0.76	1.28	1.63	1.03	1.15	
Profita bility	Return on total assets (%)	7.20	29.88	34.95	12.70	14.61	
	Return on equity (%)	9.74	43.64	53.88	19.09	21.14	
	Ratio of income before tax to paid-in capital (%) (Note 7)	64.75	238.40	236.16	65.09	61.88	
	Net profit margin (%)	9.31	23.29	21.40	12.09	12.41	
	Earnings per share (NT$)	4.85	21.40	20.15	6.50	5.81	
Cash Flow	Cash flow ratio (%)	93.74	137.18	70.85	53.56	53.61	
	Cash flow adequacy ratio (%)	123.03	132.06	103.83	89.87	72.98	
	Cash reinvestment ratio (%)	0.45	18.47	18.58	11.13	13.95	
Leverage	Operating leverage	4.72	2.13	1.88	3.07	3.53	
	Financial leverage	1.03	1.00	1.00	1.02	1.03	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

(1) Ratio of long-term capital to property, plant and equip-ment: due to the recession this year, customers' inventory level is relatively high. To close out the inventory, their market distribution strategies were adjusted. The number of orders has dropped sharply, the revenue has declined, and the profit has decreased significantly, resulting in a decrease in total equity, and thus the ratio.

(2) Times interest earned, return on total assets, return on equity, ratio of income before tax to paid-in capital, net profit margin, earnings per share, operating leverage: due to the recession this year, customers' inventory level is relatively high. To close out the inventory, their market distribution strategies were adjusted. The number of orders has dropped sharply, the revenue has declined; given the sharp decline in sales, the utilization rate of factories was not at full capacity, resulting in an increase in fixed unit costs.
The decrease in sales and the increase in cost resulted in a significant decrease in profits and a decline in profitability ratios.

(3) Accounts receivable turnover (times) and average collection days: mainly because the revenue in Q4 2023 was lower than that in the Q4 of 2022, and the average collection period of the Company is about two to three months, resulting in a significant decrease in accounts receivable at the end of the period and thus affecting ratio.

(4) Average days in sales: mainly due to the sharp decrease in order volume, the sharp decline in revenue, the cost of sales also decreased; and the low visibility of subsequent orders, no inventory was prepared in advance, resulting in a decrease in inventory at the end of the period.

(5) Property, plant and equipment turnover (times) and total asset turnover (times) : due to the recession this year, customers' inventory level is relatively high. To close out the inventory, their market distribution strategies were adjusted. The number of orders has dropped sharply, the revenue has declined significantly, and thus the related ratios were affected.

(6) Cash flow ratio, and cash reinvestment ratio: mainly due to the decrease in net cash inflow from operating activities and decrease in current

liabilities.

a. Decrease in net cash inflow from operating activities: due to the sharp decrease in the customer orders, the revenue declined and the profit significant decreased.

b. Decrease in current liabilities: The order volume decreased, and thus the production materials and outsourced processing decreased, resulting in a decrease in the amount of payables at the end of the period; as the profits decreased, the remunerations to employees, directors and supervisors provided based on the net profit before tax also decreased significantly.

Note 1: The consolidated financial statements listed above have been audited and certified by CPAs. Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

(II) O-TA Company – IFRSs

Item (Note 3) / Year		Financial Analysis for the Most Recent 5 Years 2023	2022	2021	2020	2019	Current Year, up to March 31, 2024
Financial Structure (%)	Debt to assets ratio	47.56	38.17	44.52	37.78	34.02	(Note 2)
	Ratio of long-term capital to property, plant and equipment	3,596.38	4,542.92	3,652.18	2,293.91	2,030.02	
Solvency (%)	Current ratio	72.33	91.65	106.92	106.54	117.19	
	Quick ratio	71.71	90.93	105.90	104.28	113.43	
	Times interest earned	72.42	432.02	538.79	160.15	140.04	
Operating Performance	Accounts receivable turnover (times)	4.36	5.44	7.34	6.17	8.26	
	Average collection days	84	67	50	59	44	
	Inventory turnover (times)	1,091.74	2,421.04	688.31	170.36	162.83	
	Accounts payable turnover (times)	1.51	3.55	5.19	5.62	6.72	
	Average days in sales	0	0	1	2	2	
	Property, plant and equipment turnover (times)	35.70	67.85	68.08	31.65	28.83	
	Total asset turnover (times)	0.53	1.03	1.41	0.98	1.07	
Profitability	Return on total assets (%)	5.65	25.72	31.80	14.75	15.05	
	Return on equity (%)	9.74	43.64	54.74	22.93	22.87	
	Ratio of income before tax to paid-in capital(%) (Note 7)	64.22	238.40	236.23	72.95	61.75	
	Net profit margin (%)	10.57	24.93	22.55	14.98	13.98	
	Earnings per share (NT$)	4.85	21.40	20.15	6.50	5.81	
Cash Flow	Cash flow ratio (%)	53.97	30.23	44.63	20.99	-1.22	
	Cash flow adequacy ratio (%)	130.81	105.42	170.77	104.24	107.05	
	Cash reinvestment ratio (%)	17.05	-7.62	19.76	-0.95	-4.56	
Leverage	Operating leverage	38.34	7.76	8.96	12.58	25.44	
	Financial leverage	1.08	1.01	1.00	1.01	1.03	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

(1) Debt to asset ratio, current ratio, quick ratio, payables turnover (times): mainly due to the considerations of the Group's overall fund utilization, the payments due to subsidiaries which are related parties were delayed, and the amount of payables to related parties in the period increased significantly.

(2) Ratio of long-term capital to property, plant and equipment, time interest earned, property, plant and equipment turnover (times), total asset turnover (times), return on total assets, return on equity, ratio of income before tax to paid-in capital, net profit margin, earnings per share, and operating leverage: due to the recession this year, customers' inventory level is relatively high. To close out the inventory, their market distribution strategies were adjusted. The number of orders has dropped sharply, the revenue has declined significantly, and thus the related ratios were affected.

(3) Average collection days: mainly because the revenue in Q4 2023 was lower than that in the Q4 of 2022, and the average collection period of the Company is about two to three months, resulting in a significant decrease in accounts receivable at the end of the period and thus affecting ratio.

(4) Inventory turnover (times): mainly due to the recession this year, the sharp decrease in order volume, the sharp decline in revenue, and thus the cost of sales also decreased significantly.

(5) Cash flow ratio, cash flow adequacy ratio , and cash reinvestment ratio: mainly due to the significant increase in net cash flow from

operating activities.

a. Due to the decrease in orders, the profit of the subsidiary accounted for under the equity method decreased significantly.

b. Considering the Group's overall fund utilization, the payments due to the related party, Harvest Fair International Limited, were delayed, and the amount of payables to related parties in the period increased significantly.

Note 2: The consolidated financial statements listed above have been audited and certified by CPAs. Up to March 31, 2024, the publication of this annual report, the financial statements for the first quarter of 2024 have not been reviewed by the auditors.

Note 3: Formula

1. Financial Structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liability.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses
3. Operating Performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash Flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash investment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6)
   (2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

III. Audit Committee's Report for the Most Recent Year's Financial Statement

O-TA Precision Industry Co., Ltd.
Audit Committee's Review Report

The board of directors has prepared the Company's 2023 business report, financial statements (including the consolidated financial statements), and proposal for earnings distribution. CHEN, CHENG-CHU CPA and LEE, FANG-WEN CPA of Ernst & Young Taiwan audited the Company's financial statements and has issued an audit report.

The foregoing business report, financial statements (including the consolidated financial statements), and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the audit committee members. According to Article 219 of the Company Act,

We hereby submit this report.

To

O-TA Precision Industry Co., Ltd. 2024 General Shareholders' Meeting

Chairman of the Audit Committee: HUANG, CHUNG-HUI

March 15, 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 footnotes or attached appendices

Independent Auditors' Report

To O-TA Precision Industry Co., Ltd.:

Auditor's Opinion

We have audited the consolidated balance sheet of O-TA PRECISION INDUSTRY CO., LTD. and its subsidiaries (collectively the "Group" hereinafter) as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statement of changes in equity, and consolidated 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 said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations that were approved and promulgated by the Financial Supervisory Commission (FSC), and thus presented fairly, in all material aspects, the consolidated financial position of The Group as of December 31, 2023 and 2022, and the consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the section titled "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" in 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. Based on our audits, 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 Group's 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. As a result, we do not provide a separate opinion on these matters.

Allowance for accounts receivable

The net value of consolidated accounts receivable of the Group as of December 31, 2023, which was NT$682,574 thousand, accounted for 13% of the Group's total assets, and was therefore material to the Group’s Consolidated Financial Statements. Since the allowance for accounts receivable is estimated at the life-time ECL and the measurement of ECL involves judgment, analysis, and estimation, we decided to identify it as the key audit matter.

Our audit procedures included, without being limited to, assessing the reasonability of the policy of provision of allowance formulated by the management; understanding and testing the effectiveness of internal control for accounts receivable formulated by the management; sampling accounts receivable, verifying the authenticity of samples by inquiring from the parities from which the accounts receivable were due, and assessing accounts receivable as a whole collected after the balance sheet date; sampling and testing the accuracy of the age of the samples; and assessing the reasonability of changes in the age of accounts and recalculating the roll rate and loss rate and assessing the appropriateness of ECL rate. We also considered the appropriateness of accounts receivable impairment loss disclosed in Notes (IV), (V), and (VI) to the Consolidated Financial Statements of the Group.

Inventories valuation

The net inventories of the Group as of December 31, 2023 was NT$648,317 thousand, accounting for 12% of total consolidated assets, a percentage considered material to the Consolidated Financial Statements. Most of the Group’s finished products and products in process are highly custom products, so the net realizable value for slow-moving or obsolete inventories involves significant judgements made by the management. Hence, we decided to identify inventory valuation as the key audit matter.

Our audit procedures included, without being limited to, understanding and testing the effectiveness of internal control system formulated by the management for inventories, including inventories cost carried over; assessing the management’s stock-taking plan by observing stock-taking procedures at a significant inventories location to ensure the quantity and state of inventories; sampling the inventory aging analysis table to check whether the age ranges were presented appropriately and analyzing whether the changes among each range is reasonable; assessing the percentage of provision of the losses on price decline and obsolescence; and calculating the allowance for inventories obsolescence loss anew by applying the obsolescence provision rate applicable to each inventories age range. We also considered the appropriateness of inventories disclosed in Notes (IV), (V), and (VI) to the Consolidated Financial Statements of the Group.

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

The management was responsible for fairly presenting these Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations that were approved and promulgated by the Financial Supervisory Commission, and for maintaining the necessary internal control related to the preparation of these Consolidated Financial Statements to ensure that these Consolidated Financial Statements were free of material misstatements, whether due to fraud or errors.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists in the Consolidated Financial Statements. Misstatements can arise from fraud or error. Misstatements 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 auditing standards generally accepted in 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 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 contents of, and the notes to, the Consolidated Financial Statements, and whether the Consolidated Financial Statements fairly present the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the Group for the year ended December 31, 2023 and are, therefore, the key audit matters. We describe these matters in our 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.

Others

The Parent Company Only Financial Statements for 2023 and 2022 of the Company were audited by other CPAs, who then issued an independent auditors' report containing an unqualified opinion for reference.

Ernst & Young, Taiwan
Official letter of the competent authority granting approval of certified public accountants to audit and attest to the financial reports of public companies:
Jin-Guan-Zheng-Liu-Zi No.0970038990
Jin-Guan-Zheng-Shen-Zi No.1010045851

CHEN, CHENG-CHU

CPA:

LEE, FANG-WEN

March 15, 2024

O-TA Precision Industry Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

Unit: NT$ thousand

	Assets		December 31, 2023		December 31, 2022	
Code	Account	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	(IV)/(VI).1	$2,655,575	51	$2,976,304	47
1170	Net accounts receivable	(IV)/(VI).3&12	656,574	13	1,395,170	22
1180	Accounts receivables - related parties, net	(IV)/(VI).3&12/(VII)	26,000	-	8,149	-
1200	Other receivables		40,973	1	39,264	1
1210	Other receivables - related parties	(VII)	-	-	1	-
130x	Inventories	(IV)/(VI).4	648,317	12	888,312	14
1410	Prepayments		47,144	1	45,618	1
1470	Other current assets		500	-	500	-
11xx	Total current assets		4,075,083	78	5,353,318	85
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	(IV)/(VI).2	94,648	2	86,998	1
1600	Property, plants and equipment	(IV)/(VI).5	823,393	16	685,859	11
1755	Right-of-use assets	(IV)/(VI).13	147,285	3	128,058	2
1780	Intangible Assets	(IV)/(VI).6	38,194	1	40,786	1
1840	Deferred tax assets	(IV)	21,114	-	26,322	-
1900	Other Non-current Assets		18,346	-	7,099	-
15xx	Total non-current assets		1,142,980	22	975,122	15
1xxx	Total assets		$5,218,063	100	$6,328,440	100

	Liabilities and Equity		December 31, 2023		December 31, 2022	
Code	Account	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	(IV)/(VI).7	$450,000	9	$440,000	7
2150	Notes payable		75	-	107	-
2170	Accounts payable		243,667	5	389,065	6
2180	Accounts payable - related parties	(VII)	7	-	167	-
2200	Other payables	(VI).8	339,492	6	563,602	9
2230	Current tax liabilities	(IV)	85,962	2	112,386	2
2280	Lease liabilities - current	(IV)/(VI).13	48,220	1	28,694	1
2300	Other current liabilities		3,068	-	8,841	-
21xx	Total current liabilities		1,170,491	23	1,542,862	25
	Non-current liabilities					
2570	Deferred tax liabilities	(IV)	161,334	3	209,111	3
2580	Lease liabilities - non-current	(IV)/(VI).13	52,119	1	46,090	1
2640	Net defined benefit liabilities - non-current	(IV)/(VI).9	8,866	-	9,764	-
2670	Other non-current liabilities		433	-	220	-
25xx	Total non-current liabilities		222,752	4	265,185	4
2xxx	Total liabilities		1,393,243	27	1,808,047	29
	Equity attributable to shareholders of parent	(IV)/(VI).10				
3100	Share capital					
3110	Ordinary share capital		838,000	16	838,000	13
3200	Capital surplus		101,239	2	101,239	2
3300	Retained earnings					
3310	Legal reserve		1,121,747	21	941,256	14
3320	Special reserve		-	-	121,777	2
3350	Undistributed earnings		1,744,350	34	2,473,821	39
	Total retained earnings		2,866,097	55	3,536,854	55
3400	Other equity interests		19,484	-	44,300	1
31xx	Total equity attributable to shareholders of parent		3,824,820	73	4,520,393	71
3xxx	Total equity		3,824,820	73	4,520,393	71
	Total liabilities and equity		$5,218,063	100	$6,328,440	100

(See the Notes to the Consolidated Financial Statements for details)

Chairman: LEE, KUNG-WEN Manager: HSU, JUNG-MIN Accounting officer: LEE, CHUNG-MU

O-TA Precision Industry Co., Ltd. and Its Subsidiaries

Consolidated Statement of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code	Account	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	(IV)/(VI).11/(VII)	$4,367,641	100	$7,700,322	100
5000	Operating costs	(IV)/(VI).4&14/(VII)	(3,643,553)	(83)	(5,479,396)	(71)
5900	Gross profit		724,088	17	2,220,926	29
6000	Operating expenses	(IV)/(VI).14				
6100	Selling expense		(76,103)	(2)	(111,204)	(2)
6200	Administrative expense		(237,957)	(5)	(298,314)	(4)
6300	Research and development expenses		(25,900)	(1)	(32,454)	-
6450	Expected credit impairment losses	(IV)/(VI).12	(1,856)	-	(465)	-
	Total operating expenses		(341,816)	(8)	(442,437)	(6)
6900	Operating income		382,272	9	1,778,489	23
7000	Non-operating income and expenses	(IV)/(VI).15				
7100	Interest income		113,391	2	32,760	-
7010	Other income		15,373	-	62,204	1
7020	Other gains and losses		42,738	1	133,062	2
7050	Financial costs		(11,188)	-	(8,715)	-
	Total non-operating income and expenses		160,314	3	219,311	3
7900	Net income before tax		542,586	12	1,997,800	26
7950	Income tax expense	(IV)/(VI).17	(136,066)	(3)	(204,658)	(3)
8000	Net income from continuing operations		406,520	9	1,793,142	23
8200	Net income		406,520	9	1,793,142	23
8300	Other comprehensive income	(VI).16&17				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans		(559)	-	14,709	-
8349	Income tax related to items not reclassified		112	-	(2,942)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on the translation of the financial statements of foreign operations		(30,936)	(1)	182,038	3
8367	Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income		7,650	-	(19,951)	-
8399	Income tax related to items that might be reclassified		(1,530)	-	3,990	-
	Other comprehensive income (net of tax)		(25,263)	(1)	177,844	3
8500	Total comprehensive income		$381,257	8	$1,970,986	26
8600	Net income attributable to:					
8610	Owners of the parent company		$406,520	9	$1,793,142	23
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company		$381,257	8	$1,970,986	26
	Earnings per share (NT$)	(VI).18				
9750	Basic earnings per share		$4.85		$21.40	
9850	Diluted earnings per share		$4.83		$21.10	

(See the Notes to the Consolidated Financial Statements for details)

Chairman: LEE, KUNG-WEN Manager: HSU, JUNG-MIN Accounting officer: LEE, CHUNG-MU

O-TA Precision Industry Co., Ltd. and Its Subsidiaries

Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to shareholders of parent								
				Retained earnings			Other equity items			
	Item	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising on the translation of the financial statements of foreign operations	Unrealized losses on financial assets at fair value through other comprehensive income	Total	Total equity
Code		3100	3200	3310	3320	3350	3410	3420	31xx	3XXX
A1	Balance on January 1, 2022	$838,000	$101,239	$772,633	$80,973	$2,026,399	($84,261)	($37,516)	$3,697,467	$3,697,467
	Appropriation and distribution of 2021 earnings									
B1	Legal reserve provided	-	-	168,623	-	(168,623)	-	-	-	-
B3	Special reserve provided	-	-	-	40,804	(40,804)	-	-	-	-
B5	Cash dividends from ordinary shares	-	-	-	-	(1,148,060)	-	-	(1,148,060)	(1,148,060)
D1	Net income for the year ended December 31, 2022	-	-	-	-	1,793,142	-	-	1,793,142	1,793,142
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	11,767	182,038	(15,961)	177,844	177,844
D5	Total comprehensive income	-	-	-	-	1,804,909	182,038	(15,961)	1,970,986	1,970,986
Z1	Balance on December 31, 2022	$838,000	$101,239	$941,256	$121,777	$2,473,821	$97,777	($53,477)	$4,520,393	$4,520,393
A1	Balance on January 1, 2023	$838,000	$101,239	$941,256	$121,777	$2,473,821	$97,777	($53,477)	$4,520,393	$4,520,393
	Appropriation and distribution of 2023 earnings									
B1	Legal reserve provided	-	-	180,491	-	(180,491)	-	-	-	-
B5	Cash dividends from ordinary shares	-	-	-	-	(1,076,830)	-	-	(1,076,830)	(1,076,830)
B17	Reversal of special reserves	-	-	-	(121,777)	121,777	-	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	406,520	-	-	406,520	406,520
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(447)	(30,936)	6,120	(25,263)	(25,263)
D5	Total comprehensive income	-	-	-	-	406,073	(30,936)	6,120	381,257	381,257
Z1	Balance on December 31, 2023	$838,000	$101,239	$1,121,747	$-	$1,744,350	$66,841	($47,357)	$3,824,820	$3,824,820

(See the Notes to the Consolidated Financial Statements for details)

Chairman: LEE, KUNG-WEN Manager: HSU, JUNG-MIN Accounting officer: LEE, CHUNG-MU

O-TA Precision Industry Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flow

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023	2022
		Amount	Amount
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	542,586	1,997,800
A20000	Adjustments:		
A20010	Income/expenses items:		
A20100	Depreciation expense	166,420	158,563
A20200	Amortization cost	2,603	2,587
A20300	Expected credit impairment losses (gains)	1,856	465
A20900	Interest expenses	11,188	8,715
A21200	Interest income	(113,391)	(32,760)
A22500	(Gain) loss on disposal and scrapping of property, plant and equipment	(337)	1,514
A24100	Unrealized foreign currency exchange loss	12,982	19,821
A29900	Other items	(113)	—
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Notes receivable	—	52
A31150	Accounts receivable	721,373	82,209
A31160	Accounts receivables - related parties	(18,136)	27,248
A31180	Other receivables	4,411	28,442
A31190	Other receivables - related parties	1	9
A31200	Inventories	239,850	209,662
A31230	Prepayments	3,663	29,159
A32130	Notes payable	(32)	(45)
A32150	Accounts payable	(145,360)	(125,733)
A32160	Accounts payable - related parties	(160)	(435)
A32180	Other payables	(217,777)	(98,101)
A32230	Other current liabilities	(5,773)	7,338
A32240	Net defined benefit liabilities	(1,457)	(8,093)
A33000	Cash inflow from operations	1,204,397	2,308,417
A33100	Interest received	107,100	31,928
A33300	Interest paid	(7,704)	(4,413)
A33500	Income tax paid	(206,518)	(219,411)
AAAA	Net cash inflow from operating activities	1,097,275	2,116,521
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plants and equipment	(270,857)	(183,952)
B02800	Disposal of property, plants and equipment	1,435	1,288
B04500	Acquisition of intangible assets	(597)	(543)
B06700	Increase in other non-current assets	(14,498)	—
B06800	Decrease in other non-current assets	—	53,608
BBBB	Net cash outflow from investing activities	(284,517)	(129,599)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term borrowings	10,000	10,000
C04020	Lease principal repaid	(49,872)	(49,565)
C04300	Increase in other non-current liabilities	213	—
C04400	Decrease in other non-current liabilities	—	(21)
C04500	Cash dividends paid out	(1,076,830)	(1,148,060)
CCCC	Net cash outflow from financing activities	(1,116,489)	(1,187,646)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(16,998)	106,475
EEEE	Increase (decrease) in cash and cash equivalents during this period	(320,729)	905,751
E00100	Cash and cash equivalents at the beginning of the year	2,976,304	2,070,553
E00200	Cash and cash equivalents at the end of the year	$2,655,575	$2,976,304

(See the Notes to the Consolidated Financial Statements for details)

Chairman: LEE, KUNG-WEN Manager: HSU, JUNG-MIN Accounting officer: LEE, CHUNG-MU

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(I) Company History

O-TA Precision Industry Co., Ltd. (hereinafter referred to as "the Company") was incorporated in 1988, mainly engaging in the manufacturing, processing (outsourced by other businesses), assembly, and sales of golf club heads and semi-finished goods. The Company's stock was listed on Taipei Exchange for trading on February 09, 2000.

(II) Date and Procedure for Approval of Financial Statements

The 2023 and 2022 consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as "the Group") were approved for release by the Board of Directors on March 15, 2024.

(III) Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies due to the initial application of the IFRSs:

The Group has adopted the IFRSs that have been endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2023, and the initial application of the newly issued and amended standards and interpretations caused no material impact on the Group.

2. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Group:

No.	New/Revised/Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
2	Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
3	Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
4	Amendment to IAS 7 and IFRS 7 "Supplier Financing Arrangement"	January 1, 2024

(1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1 "Classification of Liabilities as Current or Non-current" was amended.

(2) Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

This is to make consistent application of standards by aligning with the Amendments to IFRS 16, which required of a seller-lessee to perform additional accounting treatment for a leaseback transaction.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Amendments to IAS 1 “Non-current Liabilities with Covenants”

The amendments facilitate the enterprises to provide information on long-term liability contracts. It is to clarify that the conditions with which an entity must comply within twelve months after the reporting period do not affect the classification of a liability into current or non-current at the end of the reporting period.

(4) Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangement”

In addition to adding the description of the supplier's financing arrangement, the amendments also added the relevant disclosure of the supplier's financing arrangement.

The Group evaluated the above new, revised, and amended standards and interpretations that are applicable to the fiscal years beginning on or after January 1, 2024, and determined that they did not cause any material impact on the Group.

3. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Group:

No.	New/Revised/Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined by the IASB
2	IFRS 17 Insurance Contracts	January 1, 2023
3	Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

If the above-mentioned standards or interpretations, issued by the IASB but not yet endorsed by the FSC, are adopted by the Group in the future periods, the items with potential impact on the Group's financial statements are as follows:

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments aim to address the inconsistency regarding the loss of control due to the investment in an affiliate or a joint venture through a subsidiary between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 28 stipulates that when non-monetary assets are invested in exchange for the equity in an affiliate or a joint venture, the share of the resulting profit or loss shall be eliminated as the treatment method adopted for downstream transactions. IFRS 10 stipulates that the total gain or loss upon loss of control over a subsidiary shall be recognized. The amendments restrict the above requirements of IAS 28: when assets that constitute a business as defined in IFRS 3 are sold or purchased, the total resulting gain or loss shall be recognized.

In the amendments, IFRS 10 was amended so that when an investor sells or invests in a subsidiary (affiliate or joint venture) that does not constitute a business as defined by IFRS 3, only the profit or loss arising therefrom within the scope not belonging to the investor shall be recognized.

(2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments explained the exchangeability and lack of exchangeability between currencies and the determination method of the exchange rate when the currency lacks exchangeability and added additional disclosure requirements when the currency lacks exchangeability. The amendments apply for the fiscal year beginning on or after January 1, 2025.

The Group is currently assessing the potential impact of the above-mentioned new, revised and amended standards or interpretations on its financial position and financial performance and will disclose the relevant impact when completing the assessment.

(IV) Summary of Significant Accounting Policies

1. Compliance statement

The Group’s Consolidated Financial Statements for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively the “IFRSs”) endorsed and issued into effect by the FSC.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments at fair value. The consolidated financial statements are presented in thousands of NT dollars (NTD), unless otherwise specified.

3. Overview of the Consolidation

Basis for preparation of consolidated financial statements

When the Company is exposed to variable returns from participation in the entity or has rights to said variable returns, and has the ability to affect such returns through its power over the entity, the Company controls the entity. In particular, the Company controls an investee only when it has the following three elements at the same time:

(1) Power over an investee (i.e., existing rights that give the current ability to direct the relevant activities);
(2) Exposed or rights to variable returns from its involvement with an investee; and
(3) Ability to use that power to affect its number of variable returns.

When the Company directly or indirectly holds less than a majority of an investee's voting rights or similar rights, the Company considers all relevant facts and situations to assess whether it has power over the investee, including:

(1) Contractual agreements with other holders of voting rights in the investee;
(2) Rights arising from other contractual agreements;
(3) Voting rights and potential voting rights.

When the facts and situations indicate that one or more of the three elements are changed, the Company reassesses whether it still have control over the investee.

Each subsidiary is included in the consolidated financial statements from the date of acquisition (i.e., the date when the Group gains control) till the date when the Group lost its control over the subsidiary. The accounting period and accounting policies of each subsidiary's financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized gains and losses arising from intra-group transactions and dividends were all eliminated.

Changes in the shareholding in a subsidiary are treated as an equity transaction if the control over the subsidiary is not lost.

Subsidiaries’ total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if it results in losses for non-controlling interests.

If the Company loses control over a subsidiary, then

(1) The subsidiary’s assets (including goodwill) and liabilities are de-recognized;
(2) The carrying amounts of all non-controlling interests are de-recognized;
(3) The fair value of the acquisition consideration is recognized;
(4) The fair value of any investment retained is recognized;
(5) Reclassify the amount of the item previously recognized by the parent company as other comprehensive income as profit or loss for the period or directly transfer it to retained earnings in accordance with other IFRSs;
(6) Recognize the difference generated in profit and loss for the period.

The entities in the consolidated financial statements are as follows:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

			Ownership (%)	
Investor	Name of subsidiary	Main business	2023.12.31	2022.12.31
The Company	O-TA Golf Group Co., Ltd.(O-TA BVI.)	Trading of golf club heads and investment business	100%	100%
O-TA BVI.	Harvest Fair International Limited	Trading of golf club heads and bicycle parts	100%	100%
O-TA BVI.	Jiangxi O-TA Precision Technology Ltd., Co.	Production and sales of golf club heads, shafts, equipment, and plumbing parts	100%	100%
O-TA BVI.	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Production of carbon fiber composite materials and bicycle parts	100%	100%

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NTD, the Company's functional currency. Each entity within the Group determines its own functional currency and measures its financial statements in the functional currency accordingly.

Transactions in currencies other than the entity’s functional currency (i.e. foreign currencies) are recognized at the exchange rates prevailing on the transaction dates. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate prevailing on that date. Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on that date when the fair value is measured. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rates prevailing on the initial transaction dates.

Except as stated below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss for the period in which they occur.

(1) Regarding foreign-currency borrowings incurred to acquire an eligible asset, if the resulting exchange difference is regarded as an adjustment to interest costs, it is part of the borrowing cost and is capitalized as the cost of the asset.

(2) Foreign-currency items to which IFRS 9 "Financial Instruments" applies are handled in accordance with the accounting policies for financial instruments.

(3) Regarding monetary items that form part of a reportable entity's net investment in foreign operations, exchange differences arising therefrom are initially recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed of.

When the gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange gain or loss is recognized in other comprehensive income. When the gain or loss on a non-monetary item is recognized in profit or loss, any exchange gain or loss is recognized in profit or loss.

5. Translation of Foreign-currency Financial Statements

When the consolidated financial statements were prepared, the assets and liabilities of the foreign operations were translated into NTD at the closing exchange rate on the balance sheet date. Income and expense items were translated at the average exchange rates for the period. Any exchange differences arising from translation were recognized in other comprehensive income. When the foreign operations were disposed of, the cumulative exchange differences were previously been recognized in other comprehensive income as an independent component under equity was reclassified from equity to profit or loss when the gains or losses on disposal were recognized. Regarding the partial disposal of a subsidiary with foreign operations (over which the control is lost) and the partial disposal of an equity in an affiliate or a joint arrangement with foreign operations, where the retained equity is a financial asset with foreign operations included, it is also treated as disposal.

Regarding the partial disposal of a subsidiary with foreign operations (over which the control is not lost), the cumulative exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operations in proportion and is not recognized in profit or loss. The partial disposal of an affiliate or a jointly controlled entity with foreign operations (over which the significant influence or joint control is not lost), when part of the disposal includes affiliates of foreign operating institutions or joint arrangements, the cumulative exchange difference is reclassified to profit or loss in proportion.

The Group's goodwill arising from the acquisition of a foreign operation and the adjustment to the fair value of the carrying amounts of its assets and liabilities are regarding as the foreign operation’s assets and liabilities and presented in its functional currency.

6. Criteria for classifying assets and liabilities into current and non-current

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

(1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed;
(2) Assets held primarily for the purpose of trading;
(3) Assets expected to be realized within 12 months after the reporting period;
(4) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle liabilities for at least 12 months after the reporting period.

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

(1) Liabilities expected to be settled in the normal operating cycle;
(2) Liabilities held primarily for the purpose of trading;
(3) Liabilities expected to be settled within 12 months after the reporting period;
(4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the reporting period. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

7. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term time deposits and investments that are highly liquid and readily convertible into a fixed amount of cash at any time with little risk of value changes.

8. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition; the transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except financial assets and financial liabilities classified as at fair value through profit or loss) are added to or subtracted from the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

The Group classifies financial assets as those subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the two bases below:

A. The business model for financial asset management
B. Contractual cash flow characteristics of financial assets

<u>Financial assets at amortized cost</u>

Financial assets that meet both of the following criteria are measured at amortized cost and are recognized in the balance sheet as notes or accounts receivable, financial assets at amortized cost, or other receivables:

A. The business model for financial asset management: Holding financial assets to collect contractual cash flows.

B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

Such financial assets (excluding those for hedging) are subsequently measured at the amortized cost [the amount measured upon initial recognition, less the principal repaid, plus or less the cumulative amortization of the differences between the initial amount and the due amount (the effective interest method adopted), with the allowance for losses adjusted]. The gain or loss is recognized in profit or loss upon de-recognition, through the amortization process, or when an impairment gain or loss is recognized.

Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:

A. In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
B. If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

<u>Financial assets measured at fair value through other comprehensive income</u>

Financial assets that meet both of the following criteria are measured at fair value through other comprehensive income and recognized in the balance sheet as financial assets at fair value through other comprehensive income:

A. The business model for financial asset management: Collection of contractual cash flows and sales of financial assets.
B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

The recognition of relevant gains and losses on such financial assets is specified below:

A. Before de-recognition or reclassification, except for impairment gains or losses and foreign currency exchange gains or losses that are recognized in profit or loss, such gains or losses are recognized in other comprehensive income.
B. Upon de-recognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:
   (a) In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;

(b) If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, regarding equity instruments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group, upon initial recognition, elects (irrevocably) to recognize the subsequent changes in the fair values thereof in other comprehensive income. The amount recognized in other comprehensive income must not be subsequently reclassified to profit or loss (when such equity instruments are disposed of, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings) and is recognized in the balance sheet as a financial asset at fair value through other comprehensive income. Investment dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets measured at fair value through profit or loss

Except for the above financial assets in alignment with specific criteria that are measured at amortized cost or fair value through other comprehensive income, financial assets are measured at fair value through profit or loss and recognized in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss. The gain or loss recognized in profit or loss includes any dividends or interest received due to the financial asset.

(2) Impairment of financial assets

The Group's investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost are recognized as expected credit losses with an allowance for losses provided. An allowance for losses on an investment in a debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income without reducing the carrying amount of the investment.

The Group measures expected credit losses in a way that reflects the following:

A. An unbiased, probability-weighted amount determined by evaluating each potential outcome
B. Time value of money
C. Reasonable and corroborative information related to past events, present conditions, and future economy forecasts (which can be accessed without an excessive cost or investment on the balance sheet date)

The methods of measuring an allowance for losses are specified below:

A. Measured at 12-month expected credit losses: Including financial assets with the credit risk not increasing significantly since the initial recognition or those with an estimated low credit risk on the balance sheet date. Also, it also includes an allowance for the lifetime expected credit losses during the prior reporting period, without meeting the indicator that the credit risk has significantly increased since the initial recognition on the balance sheet date of this period.
B. Measured at lifetime expected credit losses: Including financial assets with the credit risk increasing significantly since the initial recognition or credit-impaired financial assets purchased or created.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures an allowance for lifetime expected credit losses.
D. For leases receivable arising from transactions within the scope of IFRS 16, the Group measures an allowance for lifetime expected credit losses.

On each balance sheet date, the Group evaluates whether the credit risk of a financial instrument has increased significantly after the initial recognition by comparing the default risk of the financial instrument on the balance sheet date and the initial recognition date. See Note (XII) for information on credit risk.

(3) Derecognition of financial assets

The Group derecognizes a financial asset held in the case of any of the following circumstances:

A. The contractual rights to receive the cash flows from the financial asset have expired.
B. A financial asset is transferred with all the risks and rewards attached to the ownership of the asset substantially transferred to the counterparty.
C. All the risks and rewards attached to the ownership of the asset are neither substantially transferred nor retained, but the control over the asset is transferred.

When a financial asset as a whole is de-recognized, the difference between its carrying amount and the sum of the consideration received or receivable plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

<u>Classification of liabilities and equity</u>

Liabilities and equity instruments issued by the Group are classified as financial liabilities or equity as per the substance of the agreement and the definitions of financial liabilities and equity instruments.

Equity instrument

Equity instrument refers to any contract that demonstrates the Group's remaining interest in assets less all of its liabilities. Equity instruments issued by the Group are recognized at the acquisition prices, less the direct issuance cost.

Financial liabilities

Financial liabilities that fall within the scope of IFRS 9 are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

When satisfying one of the criteria below, it is classified as a liability held for trading:

A. The acquisition is mainly for short-term sale;
B. It is part of a portfolio of identifiable financial instruments that are managed on a consolidated basis upon initial recognition, with evidence showing that the portfolio has recently been used to make a short-term profit; or
C. Derivatives (excluding financial guarantee contracts or effective designated hedging instruments).

For contracts containing one or more embedded derivatives, an overall hybrid (combined) contract can be designated as a financial liability at fair value through profit or loss; when it is aligned with one of the factors below with more relevant information that can be provided, it is designated as a financial liability at fair value through profit or loss upon initial recognition:

A. The designation eliminates or considerably reduces the measurement or recognition inconsistency; or
B. The performance of a group of financial liabilities or a group of financial assets and financial liabilities is managed and measured at fair value in accordance with the written risk management or investment strategies, and the portfolio information provided to the management team within the Group is also measured at fair value.

Any gain or loss arising from remeasurement of such financial liabilities is recognized in profit or loss. The gain or loss recognized in profit or loss includes any interest paid for the financial liability.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest rate method after the initial recognition. When financial liabilities are de-recognized and amortized with the effective interest rate method, the relevant gains or losses and amortizations are recognized in profit or loss.

The amortized cost is calculated with the discount or premium and the transaction cost upon acquisition taken into account.

Derecognition of financial liabilities

When the obligations of financial liabilities are lifted, cancelled, or expire, the financial liabilities are derecognized.

When the Group exchanges debt instruments with materially different terms with a creditor or significantly changes all or part of the terms of the existing financial liabilities (financial difficulties or not), the initial liabilities are derecognized and new liabilities are recognized. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including the non-cash assets transferred or the liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can only be offset and presented in the balance sheet as a net amount when the recognized amount is legally entitled to be offset with an intension to be settled in a net amount or realize the asset and settle the liability at the same time.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(1) in the principal market for the asset or liability, or

(2) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market should be accessible for the Group to trade in.

The fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

10. Inventories

Inventories are valued at the lower of cost or net realizable value with an item-by-item comparison method.

Costs refer to the costs incurred in bringing inventories to a condition and location ready for sale or production.
Raw materials are valued at the actual purchase cost with a weighted average method.
Finished goods and works-in-process include direct raw materials, labor, and fixed manufacturing overhead apportioned based on normal production capacity, excluding the borrowing costs.

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required till completion in the ordinary course of business.

The provision of services is handled in accordance with IFRS 15 outside the scope of inventories.

11. Property, plant and equipment

Property, plants and equipment are accounted for on the basis of acquisition cost and recognized after accumulated depreciation and impairment are deducted. The above costs include the cost of dismantling or removing of property, plants and equipment and restoring the location, and necessary interest expenses arising from unfinished projects. Each component of property, plants and equipment is depreciated separately if it is significant. When a major component of property, plants and equipment needs to be replaced regularly, the Group regards it as an individual asset and recognizes it separately with a specific useful life and a depreciation method. The carrying amount of the replaced part should be derecognized in accordance with the requirement for derecognition under IAS 16 "Property, Plants and Equipment". If a major examination or repair cost meets the criteria for recognition, it is regarded as a replacement cost and recognized as part of the carrying amount of plants and equipment, while other repair and maintenance expenses are recognized in profit or loss.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Type of asset	Useful lives
Buildings	3–60 years
Machinery and equipment	3–10 years
Office equipment	2-6 years
Transportation equipment	3–5 years
Leasehold improvements	5–10 years
Other equipment	2–40 years

After the initial recognition of property, plants and equipment or any significant parts, if it is disposed of or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of property, plant and equipment are assessed at the end of each fiscal year. If the expected value is different from the previous estimate, the change is considered a change in accounting estimates.

12. Leases

The Group assesses whether or not an contract is (or includes) a lease contract on the inception of the contract . If an contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease contract. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

(1) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the lessee shall estimate the stand-alone price, maximising the use of observable information.

The Group as lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Group is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Group measures the lease liabilities at the commencement date based on the present value of the lease payments not yet paid on that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payment (including in-substance fixed payment) less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amount expected to be payable by the lessee under the residual value guarantee;
(4) the exercise price of purchase option if the lessee is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the inception date, the Group measures the lease liabilities at amortized cost, and increases the carrying amount of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the carrying amount of the lease liabilities.

On the inception date, the Group measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e. the cost model is applied to measure the right-of-use assets.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use assets reflects that the Group will exercise a purchase option, the Group shall depreciate the right-ofuse asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Group presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Group chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses over the lease term.

13. Intangible assets

Intangible assets that are acquired separately are initially measured at cost. The cost of intangible assets acquired through a business combination is the fair value at the acquisition date. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets that do not meet the recognition criteria shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into finite and indefinite useful life.

Intangible assets with a finite useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and method of intangible assets with finite useful life are reviewed at least at the end of each fiscal year. If the estimated useful life of an asset is different from the previous estimate, or the expected pattern of future economic benefit consumption has changed, the amortization method or period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but impairment tests are conducted to each asset or based on the level of cash-generating units each year. Intangible assets with indefinite useful lives are assessed in each period whether there are events and circumstances that continue to support that the asset’s useful life is still indefinite. If the useful life is changed from indefinite to finite, the application will be applied prospectively.

The profit or loss arising from the derecognition of an intangible asset is recognized as profit or loss.

The information on the Group’s accounting policy for intangible assets is summarized as follows:

	Patent
Useful lives	Finite (6–20 years)
Amortization method	Straight-line method
Internal generation or external acquisition	Internal generation and external acquisition

14. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Group tests the individual asset or the cash-generating unit to which the asset belongs. If the carrying amount of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of fair value or value in use.

At the end of each reporting period, the Group assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount is increased due to the change in the estimated service potential of the asset, the impairment amount is reversed. However, the reversed carrying amount shall not exceed that before recognizing impairment loss and after deducting depreciation or amortization.

The impairment loss and reversal amount of the continuing operations are recognized in profit or loss.

15. Recognition of revenue

The Group’s revenue from customer contracts is mainly from the sales of goods. The accounting treatments are specified below:

<u>Sales of goods</u>

The Group manufactures and sells products and recognizes revenue when the promised products are delivered to a customer and the customer obtains control over them (i.e., the customer’s ability to guide the use of the products and obtain almost all the remaining benefits of the products). Its main products are golf equipment, including the golf club heads. Revenue is recognized on the basis of the prices stated in the contracts, less estimated returns, discounts, and other similar discounts and allowances.

The credit period of the Group’s goods sold ranges from 30 to 90 days. Most of the contracts are recognized as accounts receivable when the control over the goods is transferred with an unconditional right to receive consideration. Such accounts receivable are usually short-term and do not contain significant financial components. A small number of contracts with goods transferred to customers still bear no unconditional right to receive consideration are recognized as contract assets, for which an allowance for impairment should be measured over the lifetime ECLs in accordance with IFRS 9.

16. Borrowing costs

Borrowing costs that can be directly attributable to the acquisition, construction, or production of qualified assets are capitalized as part of the costs of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in relation to borrowings.

17. Post-employment benefit plan

The pension plan for the Group's employees applies to all full-time employees. The employee pension fund is fully contributed to the Labor Pension Reserves Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Pension Reserves Committee, which is completely separate from the Company and domestic subsidiaries, so it is not included in the consolidated financial statements in the preceding paragraph. The pension plan for employees at overseas subsidiaries is handled in accordance with local laws and regulations.

For the defined contribution pension plan, the monthly pension payable rate of the Company shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized in current expenses; overseas subsidiaries make contributions at specified local rates and recognize them in current expenses.

The post-employment benefit plan that is a defined benefit plan is accounted for using the projected unit benefit method based on an actuarial report on the end date of the annual reporting period. The remeasurement of the net defined benefit liabilities (assets) includes any movements in the return on the plan asset and the effects of asset cap, less the amount of net interest included in the net defined benefit liabilities (assets) and actuarial gains and losses. The net defined benefit liability (asset) remeasurement is included in other comprehensive income when incurred and immediately recognized in the retained earnings. The service cost from the prior period is a change in the present value of the defined benefit obligation arising from a plan modification or a reduced plan and is recognized in expenses at the earlier of date of (1) or (2) below:

(1) When a plan modification or a reduced plan takes place; or
(2) When the Group recognizes relevant restructuring costs or severance benefits.

The net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by a discount rate, both of which are determined at the beginning of an annual reporting period. Then, any changes in the net defined benefit liability (asset) due to contributions and benefit payments during the period are considered.

18. Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

The current income tax liabilities (assets) related to the current and prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss.

A surtax of the profit-seeking enterprise income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved.

Deferred tax

The deferred tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the carrying amount on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred tax liabilities except for the following two items:

(1) The initial recognition of goodwill, or the initial recognition that does not arise from a business combination and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and corresponding taxable and deductible temporary differences did not generate at the time of the transaction conducted;
(2) The taxable temporary difference arising from the investment in subsidiaries, associates, and interests in joint ventures. Also, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future.

Except for the following two items, deductible temporary difference and deferred tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

(1) Relating to the deductible temporary differences generated from the initial recognition of assets or liabilities that do not arise from a business combination, does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and corresponding taxable and deductible temporary differences did not generate at the time of the transaction conducted;
(2) Relating to the deductible temporary differences arising from the investment in subsidiaries, associates, and interests in joint arrangements. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, 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 deferred tax assets shall reflect 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. If the deferred tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred tax assets are reexamined and recognized at the end of each reporting period.

Deferred tax assets and liabilities can be legally offset against each other only in the current period, and the deferred tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

According to the provisions of the temporary exception of "International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)," no deferred income tax assets and liabilities of Pillar 2 income tax shall be recognized, and relevant information shall not be disclosed.

(V) Significant Accounting Judgments, Estimations and Assumptions

When the consolidated financial statements are prepared by the Group, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosures of income, expenses, assets and liabilities, and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the carrying amounts of assets and liabilities in the next fiscal year. The explanations are given as follows:

(1) Fair values of financial instruments

When the fair values of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including the income approach (such as cash flow discount model) or market approach. The changes in the assumptions of said approaches will affect the fair value of the financial instruments reported. Please refer to Note (XII) for details.

(2) Inventories

The net realizable value of inventories is estimated based on the most reliable evidence of the expected realizable number of inventories available upon estimation by taking into accounting the fact that the inventory may be damaged or wholly or partially obsolete, or the selling price has dropped. Please refer to Note (VI) for details.

(3) Impairment of financial assets

An impairment occurs when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount thereof. The recoverable amount refers to the fair value, less the cost of disposal or the value in use, whichever is higher. The fair value, less the cost of disposal, is calculated at the price that can be received or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, an amount after the incremental costs directly attributable to the disposal of the asset or cash-generating unit are deducted. Value in use is calculated with a discounted cash flow model.

(4) Post-employment benefit plan

The defined benefit cost of the post-employment benefit plan and the present value of the defined benefit obligation depend on the actuarial valuation results. Actuarial valuation involves various assumptions, including discount rates and movements in expected salary increase or decrease.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(5) Income tax

The uncertainty of income tax exists in the interpretation of complex tax regulations and the amount and timing of future taxable income. Due to a wide range of international business relationships and the long-term and complexity of contracts, the differences between actual results and assumptions made, or changes in such assumptions in the future, may cause the booked income tax benefits and expenses to be adjusted in the future. The recognition of income tax is a reasonable estimation made according to the possible audit results of the local tax authorities of the countries in which the Group operates. The amount recognized is based on different factors, such as previous tax audit experience and the difference in tax law interpretation between the tax entity and the tax authority. The difference in interpretation may result in a variety of issues due to the local situation of the country where an individual enterprise of the Group operates.

The carryforwards of the taxable loss and income tax credit and deductible temporary differences are recognized as deferred tax assets within the range of probable future taxable income or taxable temporary differences. The amount of the deferred income tax assets to be recognized is estimated according to the possible timing and level of the future taxable income and taxable temporary difference, and also, the future tax planning strategy.

(6) Receivables - Estimation of loss allowance

The estimate of the Group's allowance loss on receivables is measured at the lifetime estimated credit loss. The credit loss shall be based on the present value of the difference between the contractual cash flows receivable according to the contract and the cash flows expected to be received. However, the discount impact of receivables is insignificant, and the credit loss is measured at the undiscounted difference. If the actual cash flow in the future is less than expected, a significant loss allowance may be incurred. Please refer to Note (VI).

(VI) Description of Significant Account Titles

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand and demand deposits	$707,971	$1,527,189
Time deposits	1,947,604	1,449,115
Total	$2,655,575	$2,976,304

2. Financial assets at fair value through other comprehensive income

	2023.12.31	2022.12.31
Debt instrument investments at fair value through other comprehensive income - non-current:		
Corporate bonds	$92,848	$85,198
Equity instrument investments at fair value through other comprehensive income - non-current:		
Unlisted stocks	1,800	1,800
Total	$94,648	$86,998

The Group did not provide financial assets at fair value through other comprehensive income as collateral.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

See Note (XII) for details of an allowance for losses on debt instrument investments measured at fair value through other comprehensive income.

3. Accounts receivables and accounts receivables - related parties

	2023.12.31	2022.12.31
Accounts receivable	$660,783	$1,397,582
Less: Allowance for losses	(4,209)	(2,412)
Subtotal	656,574	1,395,170
Accounts receivables - related parties	26,027	8,157
Less: Allowance for losses	(27)	(8)
Subtotal	26,000	8,149
Total	$682,574	$1,403,319

The Group did not receive collateral for the accounts receivable.

The Group’s credit period for clients usually ranges from 30 to 90 days. The total carrying amounts on December 31, 2023 and 2022 were NT$686,810 thousand and NT$1,405,739 thousand, respectively. See Note (VI).12 for the information on an allowance for losses for 2023 and 2022 and Note (XII) for the information on credit risk.

4.Inventories

	2023.12.31	2022.12.31
Raw materials	$137,538	$188,744
Supplies	64,574	103,189
Work in progress	261,753	394,724
Finished goods	184,452	201,655
Total	$648,317	$888,312

The Group's operating costs recognized in expenses for 2023 and 2022 amounted to NT$3,643,553 thousand and NT$5,479,396 thousand, respectively, including the inventory valuation losses recognized of NT$39,889 thousand and NT$7,129 thousand, respectively.

No collateral is provided for the above inventories.

5.Property, plant and equipment

	2023.12.31	2022.12.31
Property, plant and equipment for self-use	$823,393	$685,859

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Unfinished construction work	Total
Cost:									
2023.01.01	$65,877	$54,158	$726,417	$86,164	$15,359	$289,983	$74,843	$133	$1,312,934
Additions	－	8,645	45,208	2,627	1,788	10,484	20,258	181,847	270,857
Disposal	－	－	(2,164)	(292)	(1,911)	－	(11,438)	－	(15,805)
Transfer	－	－	－	－	－	136	－	(136)	－
Effects of movements in foreign exchange rates	－	－	(12,783)	(361)	(88)	(5,094)	(1,100)	(3,939)	(23,365)
2023.12.31	$65,877	$62,803	$756,678	$88,138	$15,148	$295,509	$82,563	$177,905	$1,544,621
2022.01.01	$65,877	$54,158	$576,282	$81,206	$15,621	$265,651	$71,949	$-	$1,130,744
Additions	－	－	147,863	4,791	1,011	20,477	9,677	133	183,952
Disposal	－	－	(5,854)	(86)	(1,350)	－	(7,670)	－	(14,960)
Transfer	－	－	－	－	－	－	－	－	－
Effects of movements in foreign exchange rates	－	－	8,126	253	77	3,855	887	－	13,198
2022.12.31	$65,877	$54,158	$726,417	$86,164	$15,359	$289,983	$74,843	$133	$1,312,934
Depreciation and impairment:									
2023.01.01	$-	($32,812)	($242,827)	($73,933)	($10,708)	($213,185)	($53,610)	$-	($627,075)
Depreciation	－	(1,122)	(71,078)	(4,412)	(1,791)	(25,846)	(15,003)	－	(119,252)
Disposal	－	－	1,236	284	1,750	－	11,437	－	14,707
Effects of movements in foreign exchange rates	－	－	5,187	286	73	4,107	739	－	10,392
2023.12.31	$-	($33,934)	($307,482)	($77,775)	($10,676)	($234,924)	($56,437)	$-	($721,228)
2022.01.01	$-	($31,914)	($184,430)	($67,724)	($9,812)	($182,661)	($44,965)	$-	($521,506)
Depreciation	－	(898)	(59,653)	(6,113)	(2,000)	(28,031)	(15,731)	－	(112,426)
Disposal	－	－	3,370	67	1,155	－	7,566	－	12,158
Effects of movements in foreign exchange rates	－	－	(2,114)	(163)	(51)	(2,493)	(480)	－	(5,301)
2022.12.31	$-	($32,812)	($242,827)	($73,933)	($10,708)	($213,185)	($53,610)	$-	($627,075)
Net carrying amount:									
2023.12.31	$65,877	$28,869	$449,196	$10,363	$4,472	$60,585	$26,126	$177,905	$823,393
2022.12.31	$65,877	$21,346	$483,590	$12,231	$4,651	$76,798	$21,233	$133	$685,859

The Group’s property, plants and equipment were not provided as collateral nor mortgaged.

6. Intangible assets

	Patent
Cost:	
2023.01.01	$50,834
Additions	597
Derecognition	(604)
Effects of movements in foreign exchange rates	(742)
2023.12.31	$50,085
2022.01.01	$50,088
Additions	543

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Patent
Derecognition	(427)
Effects of movements in foreign exchange rates	630
2022.12.31	$50,834
Amortization and impairment:	
2023.01.01	($10,048)
Amortization	(2,603)
Derecognition	604
Effects of movements in foreign exchange rates	221
2023.12.31	($11,827)
2022.01.01	($7,838)
Amortization	(2,587)
Derecognition	427
Effects of movements in foreign exchange rates	(50)
2022.12.31	($10,048)
Net carrying amount:	
2023.12.31	$38,194
2022.12.31	$40,786

The amortization amounts of intangible assets recognized are as follows:

	2023	2022
Operating costs	$2,208	$2,214
Operating expenses	$395	$373

7. Short-term borrowings

The details are as follows:

	2023.12.31	2022.12.31
Secured bank loans	$450,000	$440,000
Interest rate range		
Collateral	1.65%～1.66%	1.15%～1.75%
Due date	2024.01.26～2024.05.06	2023.01.05～2023.05.31

As of December 31, 2023 and 2022, the Group's short-term borrowings undrawn amounted to about NT$1,020,000 thousand and NT$900,000 thousand, respectively.

The secured bank loans is jointly guaranteed by the key management personnel. See Note (VII) for details of the guarantee provided.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

8. Other payables

	2023.12.31	2022.12.31
Processing fee payable	$144,368	$213,330
Salary payable	98,377	116,676
Employees' and directors' compensation payable	51,214	178,189
Others	45,533	55,407
Total	$339,492	$563,602

9. Post-employment benefit plan

<u>Defined contribution plans</u>

The Company has an employee retirement plan stipulated in accordance with the Labor Pension Act, which is a defined contribution plan. According to the articles, the amount appropriated by the Company monthly to labor pension shall not be less than 6% of the worker's monthly wage. The Company makes a monthly contribution equivalent to 6% of the employees' monthly salary to the personal pension account with the Bureau of Labor Insurance as per the Act.

Harvest Fair, the Company's subsidiary, pays the mandatory provident fund in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance of Hong Kong.

In accordance with the regulations in China, the Company's subsidiaries Jiangxi O-TA and VGT appropriate a certain percentage of employees' wage to the pension insurance fund, which is paid to the relevant government authorities and saved in a separate account for each employee.

The defined contribution plan expenses recognized by the Group for 2023 and 2022 were NT$76,804 thousand and NT$84,965 thousand, respectively.

<u>Defined benefit plan</u>

The Company has an employee pension plan stipulated in accordance with the Labor Standards Act, which is a defined benefit plan. The employee pension to be paid is counted based on the number of points accumulated based on the length of service and the average monthly salary when the retirement is approved. Two points are granted for each year of service for the first 15 years and one point for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution equal to 13% of the total salaries every month as a pension fund and deposit it in the account in the name of the Supervisory Committee of Labor Retirement Reserve with the Bank of Taiwan. In addition, the Company assess the balance in the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pensions calculated in the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to make up for the deficit by the end of March of the following year. Since April 27, 2004, the Company has been making a monthly contribution to the pension reserve equal to 4% of the total salaries paid to the directors who are also managers, which was approved by the National Taxation Bureau of the Southern Area (MOF) with the approved letter Chao-Zhou-Zi No.0930009057 dated April 27, 2004.

The Ministry of Labor allocates assets in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Investments using the pension fund are made by the ministry itself and an agency, to make strategic medium- and long-term investments in both active and passive manners. Considering the market, credit, liquidity, and other risks, the Ministry of Labor has set a risk limit for the fund and has control plans in place so that there is enough flexibility to achieve the target return without assuming excessive risks.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, the government shall make up for the difference after being approved by the competent authorities. The Company has no right to participate in managing and operating the fund, so the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. As of December 31, 2023, the Company plans to contribute NT$1,939 thousand for the defined benefit plan for the following year.

As of December 31, 2023 and 2022, the Company's defined benefit plan is expected to expire in 8 years and 9 years, respectively.

The costs of the defined benefit plan recognized in profit or loss are compiled in the table below:

	2023	2022
Service cost in this period	$384	$443
Net interest on net defined benefit liability	69	153
Total	$453	$596

The reconciliation of the present values of defined benefit obligations and the fair values of plan assets is as follows:

	2023.12.31	2022.12.31
Present values of defined benefit obligations	$90,196	$91,679
Fair values of plan assets	(81,330)	(81,915)
Other non-current liabilities - net defined benefit liabilities (assets)	$8,866	$9,764

Reconciliation of net defined benefit liability (asset):

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Present values of defined benefit obligations	Fair values of plan assets	Net defined benefit liabilities (assets)
2023.01.01	$91,679	($81,915)	$9,764
Service cost in this period	384	—	384
Interest expense (income)	1,180	(1,111)	69
Subtotal	93,243	(83,026)	10,217
Net defined benefit liabilities/Asset remeasurement:			
Actuarial gains or losses from changes in financial assumptions	628	—	628
Experience adjustment	530	—	530
Remeasurement of defined benefit assets	—	(598)	(598)
Subtotal	1,158	(598)	560
Benefits paid	(4,205)	4,205	—
Employer's contribution	—	(1,911)	(1,911)
2023.12.31	$90,196	($81,330)	$8,866

	Present values of defined benefit obligations	Fair values of plan assets	Net defined benefit liabilities (assets)
2022.01.01	$99,878	($67,312)	$32,566
Service cost in this period	443	—	443
Interest expense (income)	485	(332)	153
Subtotal	100,806	(67,644)	33,162
Net defined benefit liabilities/Asset remeasurement:			
Actuarial gains or losses from changes in financial assumptions	(6,615)	—	(6,615)
Experience adjustment	(2,512)	—	(2,512)
Remeasurement of defined benefit assets	—	(5,582)	(5,582)
Subtotal	(9,127)	(5,582)	(14,709)
Benefits paid	—	—	—
Employer's contribution	—	(8,689)	(8,689)
2022.12.31	$91,679	($81,915)	$9,764

The main assumptions below are adopted to determine the Group's defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.23%	1.29%
Expected salary increase	1.50%	1.50%

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Sensitivity analysis of each major actuarial assumption:

	2023		2022	
	Increase in defined benefit obligations	Decrease in defined benefit obligations	Increase in defined benefit obligations	Decrease in defined benefit obligations
0.5% increase in discount rate	—	$3,475	—	$3,811
0.5% decrease in discount rate	$3,681	—	$4,048	—
Expected salary increase by 0.5%	$3,598	—	$3,959	—
Expected salary decrease by 0.5%	—	$3,430	—	$3,764

The above sensitivity analysis was conducted on the assumption that other assumptions remain unchanged, and when a single actuarial assumption (such as the discount rate or expected salary increase) experienced a reasonably possible change, the possible impact on the determined benefit obligations was analyzed. As some actuarial assumptions are associated with each other, it is rare that only a single actuarial assumption experiences a change in practice, so there are limitations in this analysis.

The methods and assumptions adopted in this sensitivity analysis for this period are the same as those adopted in the prior period.

10. Equity

(1) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to NT$1,400,000 thousand, and the issued share capital NT$838,000 thousand, with a par value of NT$10 per share. The number of shares was 83,800 thousand at both dates. Each share is entitled to one vote and receive dividends.

(2) Capital surplus

	2023.12.31	2022.12.31
Additional paid-in capital	$88,865	$88,865
Others	12,374	12,374
Total	$101,239	$101,239

As per law, capital reserve shall not be used for any purpose except for making up for the Company’s losses. When the Company has no loss, a certain percentage of the income derived from the issuance of new shares at a premium and the income from endowments received by the company shall be applied to replenish the capital per year. The aforementioned capital reserve can be allocated in cash to shareholders in proportion to their shareholdings.

(3) Earnings distribution and dividend policy

As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, it shall distribute the earnings in the order specified below:

A. Paying taxes;
B. Offsetting a deficit;
C. Providing 10% of the remaining balance as a legal reserve;
D. Providing an amount for or reversing a special reserve in accordance with laws and regulations or the competent authority's instructions;
E. Any remaining profit, together with any undistributed retained earnings, adopted by the Board of Directors as the basis for making a distribution proposal, which shall then be reported to the shareholders' meeting.

If the above distribution of shareholder dividends is conducted in the form of cash, the Board of Directors is delegated to do so after it is approved by more than half of the directors present at a board meeting attended by at least two-thirds of all directors and report to the shareholders' meeting.

The Company's dividend distribution policy depends on factors of the Company's current and future investment environment, capital needs, domestic and international competition, and capital budgets, as well as shareholders' interest, dividend equalization, and the Company's long-term financial plan. The Board of Directors draws up a distribution proposal as per law and reports it to the shareholders' meeting per year. The Company provides no lower than 50% of the distributable earnings for shareholder dividends per year, with the priority given to cash dividends, and stock dividends may also be paid out. The total amount of cash dividends to be paid out shall not be lower than 50% of the total shareholder dividends to be paid out.

As per the Company Act, the Company shall set aside a legal reserve unless its total amount has reached the amount of the total paid-in capital. The legal reserve may be used to offset a deficit. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the paid-in capital may be used to distribute shares or cash to shareholders in proportion to their shareholdings.

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The net other equity of the Company on December 31, 2022 was positive. Therefore, the earnings appropriation and distribution proposal in 2022 fully reversed the recognized special reserve.

The Company's Board of Directors meeting and general shareholders' meetings on March 15, 2024 and May 24, 2023, respectively, resolved on the 2023 and 2022 earnings appropriation and distribution proposal and the dividends per share, respectively. The details are as follows:

	Earnings appropriation and distribution proposal		Dividends per share (NT$)	
	2023	2022	2023	2022
Legal reserve (Note)	$40,607	$180,491		
Special reserve reversed (Note)	—	($121,777)		
Cash dividends from ordinary shares	$360,340	$1,076,830	$4.3	$12.85

Note: The amounts of legal reserve and special reserve for 2023 are subject to approval by the annual shareholders’ meeting as a resolution on June 5, 2024.

Please refer to Note (VI).14 for the relevant information on the estimation basis and recognized amounts of employee remuneration and directors’ remuneration.

11.Operating revenue

	2023	2022
Revenue from customer contracts		
Revenue from product sales	$4,288,552	$7,632,423
Other operating revenue	79,089	67,899
Total	$4,367,641	$7,700,322

The Group's revenue from customer contracts for 2023 and 2022 is as follows:

(1) Breakdown of revenue

2023

	Golf equipment segment	Other segments	Total
Sales of goods	$3,843,818	$444,734	$4,288,552
Others	79,089	—	79,089
Total	$3,922,907	$444,734	$4,367,641
Timing of revenue recognition:			
At certain point in time	$3,922,907	$444,734	$4,367,641

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2022

	Golf equipment segment	Other segments	Total
Sales of goods	$7,177,209	$455,214	$7,632,423
Others	67,899	—	67,899
Total	$7,245,108	$455,214	$7,700,322
Timing of revenue recognition:			
At certain point in time	$7,245,108	$455,214	$7,700,322

(2) Transaction prices apportioned to unfulfilled performance obligations

None.

(3) Assets recognized from the costs of obtaining or fulfilling customer contracts

None.

12. Expected credit impairment

	2023	2022
Operating expenses - expected credit impairment losses (gains)		
Accounts receivable	$1,856	$465

See Note (XII) for information on credit risk.

The Group's receivables (including notes and accounts receivable) are measured at the lifetime expected credit losses. The details of an allowance for losses on December 31, 2023 and 2022 are as follows:

2023.12.31

	Not past due	Number of days past due				
	(Note)	Less than 90 days	91-180 days	181-360 days	361 days and more	Total
Gross carrying amount	$664,450	$15,835	$6,525	$-	$-	$686,810
Loss ratio	0.10%	10.00%	30.00%	—	—	
Lifetime expected credit losses	(695)	(1,583)	(1,958)	—	—	(4,236)
Subtotal	$663,755	$14,252	$4,567	$-	$-	$682,574
Carrying amount						$682,574

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2022.12.31

	Not past due (Note)	Number of days past due: Less than 90 days	91-180 days	181-360 days	361 days and more	Total
Gross carrying amount	$1,402,346	$178	$3,215	$-	$-	$1,405,739
Loss ratio	0.10%	16.53%	30.00%	—	—	
Lifetime expected credit losses	(1,426)	(29)	(965)	—	—	(2,420)
Subtotal	$1,400,920	$149	$2,250	$-	$-	$1,403,319
Carrying amount						$1,403,319

Note: The Group's all notes receivable are not overdue.

The movements in the allowances for losses on the Group's notes and accounts receivable for 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
2023.01.01	$-	$2,420
Increase in this period	—	1,856
Effects of movements in foreign exchange rates	—	(40)
2023.12.31	$-	$4,236
2022.01.01	$-	$1,854
Decrease in this period	—	465
Effects of movements in foreign exchange rates	—	101
2022.12.31	$-	$2,420

13. Leases

The Group as lessee

The Group has leased a number of different assets including property (land and buildings) and transportation equipment. The lease term under each contract ranges from 1 to 50 years.

The impact of leasing on the Group's financial position, financial performance, and cash flows is specified below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023.12.31	2022.12.31
Land	$51,515	$53,265
Buildings	95,465	74,770
Transportation equipment	305	23
Total	$147,285	$128,058

The Company acquired right-of-use assets in the amount of NT$75,816 thousand and NT$8,650 thousand during 2023 and 2022, respectively.

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$100,340	$74,784
Current	$48,220	$28,694
Non-current	52,119	46,090
Total	$100,339	$74,784

Please refer to Note (VI).15 “Financial costs” for the details of interest expenses for the Group's lease liabilities in 2023 and 2022; please refer to Note (XII).5 “Liquidity risk management” for the details of the maturity analysis of lease liabilities.

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2023	2022
Land	$1,464	$1,418
Buildings	45,422	44,437
Transportation equipment	282	282
Total	$47,168	$46,137

C. Lessee's income and expenses related to leasing activities

	2023	2022
Expenses of short-term leases	$156	$158
Expenses for leasing of low-value assets (excluding expenses for short-term leasing of low-value assets)	$-	$-

D. Lessee's cash outflows from leasing activities

The amounts of the Group’s cash outflows from leasing activities during 2023 and 2022 were NT$50,028 thousand and NT$49,723 thousand, respectively.

E. Other information on leasing activities

Option for lease extension and option for lease termination

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Group's partial property lease contracts include the option to extend the leases. When a lease term is determined, the non-cancellable period for the right to use the underlying asset covers the period, during which it is reasonably certain that the Group will exercise the option to extend the lease, and the period, during which it is reasonably certain that the Group will not exercise the option to terminate the lease. The use of such options maximizes the flexibility of managing such contracts. The option to extend the leases can only be exercised by the Group. When major events or material changes in the circumstances occur after the inception date (under the lessee's control and affecting if it is reasonably certain that the Group will exercise the options that were not included when the lease term was determined or will not exercise the options included when the lease term was determined), the Group reassesses the lease term.

14. Statement of employee benefits, depreciation, depletion, and amortization expenses by function is as follows:

By function / Items	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	$753,575	143,034	$896,609	$1,064,715	201,087	$1,265,802
Labor and health insurance costs	$36,459	12,183	$48,642	$40,208	11,298	$51,506
Pension costs	$69,726	7,531	$77,257	$77,883	7,678	$85,561
Directors' remuneration	$-	14,238	$14,238	$-	37,812	$37,812
Other employee benefit expenses	$45,471	9,933	$55,404	$62,336	12,426	$74,762
Depreciation expense	$143,858	22,562	$166,420	$136,171	22,392	$158,563
Amortization cost	$2,208	395	$2,603	$2,214	373	$2,587

According to the Articles of Incorporation, the Company shall provide 6.5％ of the profit, if any, for employees' remuneration and no higher than 1.5％ for directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, decide to pay out the employees remuneration in stock or cash and report to the shareholders' meeting for such distribution. Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

The Group provided no lower than 6.5% and no higher than 1.5% of the profit for 2023 and 2022 as employee remuneration and director's remuneration, respectively. Any difference between the estimated amounts and the amounts paid out by the resolution of the Board of Directors will be recognized in profit or loss for the following year. If the Board of Directors resolves to pay out employee remuneration in stock, the number of shares paid out is counted based on the closing price of the day before the board meeting.

The Company's Board of Directors, on March 15, 2024, resolved to pay out 2023 employee remuneration and directors' remuneration in cash in the amounts of NT$ 38,020 thousand and

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

NT$8,774 thousand, respectively. Such amounts are not significantly different from those recognized in expenses in the 2023 financial statements.

There is no significant difference between the amounts of the 2022 employee remuneration and director's remuneration paid out by the Company and the amounts recognized in expenses in the 2022 financial statements.

15. Non-operating income and expenses

(1) Interest income

	2023	2022
Financial assets at amortized cost	$113,391	$32,760

(2) Other income

	2023	2022
Other income - others	$15,373	$62,204

(3) Other gains and losses

	2023	2022
Gain (loss) on disposal of property, plants and equipment	$337	($1,514)
Net foreign currency exchange gain	42,409	134,984
Others	(8)	(408)
Total	$42,738	$133,062

(4) Financial costs

	2023	2022
Interest on bank loans	($7,529)	($4,633)
Interest on lease liabilities	(3,659)	(4,082)
Total	($11,188)	($8,715)

16. Components of other comprehensive income

The components of other comprehensive income for 2023 are as follows:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Arising during this period	Reclassification adjustments during this period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Actuarial gains or losses on defined benefits	($559)	$-	($559)	112	($447)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on the translation of the financial statements of foreign operations	(30,936)	—	(30,936)	—	(30,936)
Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income	7,650	—	7,650	(1,530)	6,120
Total	($23,845)	$-	($23,845)	($1,418)	($25,263)

The components of other comprehensive income for 2022 are as follows:

	Arising during this period	Reclassification adjustments during this period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Actuarial gains or losses on defined benefits	$14,709	$-	$14,709	($2,942)	$11,767
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on the translation of the financial statements of foreign operations	182,038	—	182,038	—	182,038
Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income	(19,951)	—	(19,951)	3,990	(15,961)
Total	$176,796	$-	$176,796	$1,048	$177,844

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

17. Income tax
(1) The main components of income tax expenses (benefits) are as follows:

Income tax recognized in profit or loss

	2023	2022
Current income tax expenses (benefits):		
Income tax payable for the current period	$180,206	$193,583
Income taxes for prior years adjusted into this period	9	—
Deferred tax expenses (benefits):		
Deferred tax expenses (benefits) related to the initial temporary differences and reversal of temporary differences	(44,149)	11,075
Income tax expense	$136,066	$204,658

Income tax recognized in other comprehensive income

	2023	2022
Deferred tax expenses (benefits):		
Remeasurement of defined benefit plans	($112)	$2,942
Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income	1,530	(3,990)
Income tax related to components of other comprehensive income	$1,418	($1,048)

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2023	2022
Net income before tax of the continuing operations	$542,586	$1,997,800
Income tax counted at the statutory income tax rate that applies to the parent company	$112,077	$399,560
Income tax effect of tax-free income	5,201	(211,071)
Income tax effect of non-deductible expenses on tax returns	—	22
Surtax on undistributed earnings	32,806	16,196
Income taxes for prior years adjusted into this period	9	—
Other income tax effects adjusted as per tax laws	(14,027)	(49)
Total income tax expense recognized in profit or loss	$136,066	$204,658

(3) Balance of deferred tax assets (liabilities) related to the items below:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effects of changes in foreign exchange rates	Ending balance
Temporary differences					
Inventory valuation losses	$8,744	($3,303)	$-	$-	$5,441
Share of profit or loss of subsidiaries recognized	(198,624)	44,714	—	—	(153,910)
Net defined benefit liabilities - non-current	1,282	(312)	112	—	1,082
Land value increment tax (Note)	(3,914)	—	—	—	(3,914)
Investment in debt instrument	6,619	—	(1,530)	—	5,089
Unused tax losses	9,619	—	—	(162)	9,457
Others	(6,515)	3,050	—	—	(3,465)
Deferred tax (expense) benefit		$44,149	($1,418)	($162)	
Deferred tax assets/liabilities, net	($182,789)				($140,220)
The information presented in the balance sheet is as follows:					
Deferred tax assets	$26,322				$21,114
Deferred tax liabilities	($209,111)				($161,334)

	2022				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effects of changes in foreign exchange rates	Ending balance
Temporary differences					
Inventory valuation losses	$10,630	($1,886)	$-	$-	$8,744
Share of profit or loss of subsidiaries recognized	(198,624)	—	—	—	(198,624)
Net defined benefit liabilities - non-current	5,862	(1,638)	(2,942)	—	1,282
Land value increment tax (Note)	(3,914)	—	—	—	(3,914)
Investment in debt instrument	2,629	—	3,990	—	6,619
Unused tax losses	9,481	—	—	138	9,619
Others	1,036	(7,551)	—	—	(6,515)

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

		2022			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effects of changes in foreign exchange rates	Ending balance
Deferred tax (expense) benefit		($11,075)	$1,048	$138	
Deferred tax assets/liabilities, net	($172,900)				($182,789)
The information presented in the balance sheet is as follows:					
Deferred tax assets	$29,638				$26,322
Deferred tax liabilities	($202,538)				($209,111)

Note: In accordance with the tax law of the Republic of China, income from land transactions made before January 1, 2016 is exempted for taxation, but at the time of transfer, where the present value for the transfer exceeds the initially stipulated land price or the value recorded for the prior transfer, a land value increment tax shall be levied on the amount in excess of the price/value, less all expenses paid by the landowner for land improvements, which falls within the scope of IAS 12 "Income Taxes". As of December 31, 2022 and 2021, as per the above regulations, the amount of the deferred tax - land value increment tax recognized is NT$3,914 thousand.

(4) Information on unrecognized deferred tax liabilities related to investments

As of December 31, 2023 and 2022, the Company and investees' taxable temporary differences related to, but had yet to be recognized as, deferred tax liabilities amounted to NT$759,034 thousand and NT$719,522 thousand, respectively.

(5) Income tax return filings and approval

As of December 31, 2023, the income tax return filings and approval by the Company and its subsidiaries are as follows:

	Income tax return filings and approval
The Company	The income tax returns filed were approved up to 2021.
Subsidiary - O-TA Golf Group Co., Ltd.	The income tax return for 2022 was filed.
Sub-subsidiary - Jiangxi O-TA Precision Technology Co., Ltd.	The income tax return for 2022 was filed.
Sub-subsidiary - Harvest Fair International Limited	The income tax return for 2022 was filed.
Sub-subsidiary - VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	The income tax return for 2022 was filed.

18. Earnings per share

The basic earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the parent company divided by the weighted average number of ordinary share outstanding in the current period.

The diluted earnings per share is calculated by with the net income attributable to the holders of the ordinary shares of the parent company (after being adjusted for the interest on convertible corporate bonds) divided by the weighted average number of ordinary shares outstanding in the current period plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares were converted into ordinary shares.

	2023	2022
(1) Basic earnings per share		
Attributable to holders of common stock of the parent company		
Net income	$406,520	$1,793,142
Weighted average number of ordinary shares for basic earnings per share (in thousands)	83,800	83,800
Basic earnings per share (NT$)	$4.85	$21.40

	2023	2022
(2) Diluted earnings per share		
Attributable to holders of common stock of the parent company		
Net income	$406,520	$1,793,142
Weighted average number of ordinary shares for basic earnings per share (in thousands)	83,800	83,800
Dilution effect:		
Employee remuneration - stock (in thousand shares)	422	1,201
Weighted average number of ordinary shares (in thousand shares) with the dilution effect adjusted	84,222	85,001
Diluted earnings per share (NT$)	$4.83	$21.10

There was no other transaction performed to cause significant changes to the outstanding ordinary shares or the potential ordinary shares after the reporting period and before the release of the financial statements.

(VII) Related Party Transactions

The related parties who engaged in transactions with the Group during the financial reporting period are as follows:

<u>Name of related party and relations</u>

Name of related party	Relations with the Group
TAGA CO.,LTD. (TAGA)	Other related parties
LEE, KUNG-WEN and others	The Group’s key manager

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Material transactions with related parties

1.Sales

	2023	2022
TAGA	$373,095	$307,633

The prices of the Group's sales to related parties are handled based on the general sales conditions, and the payment term is net 60 days after the end of each month.

2.Purchases

	2023	2022
TAGA	$1,846	$1,248

The Group's purchases of goods from related parties are handled based on normal purchase conditions, and the payment term is two months after acceptance.

3.Accounts receivables - related parties

	2023.12.31	2022.12.31
TAGA	$26,027	$8,157
Less: Allowance for losses	(27)	(8)
Net amount	$26,000	$8,149

4.Other receivables - related parties

	2023.12.31	2022.12.31
TAGA	$-	$1

5.Accounts payable - related parties

	2023.12.31	2022.12.31
TAGA	$7	$167

6.Remuneration to the Group’s key management personnel

	2023	2022
Short-term employee benefits	$36,844	$74,119

7.Others

(1) The freight and other expenses paid to other related parties during 2023 and 2022 were NT$3,631 thousand and NT$2,508 thousand, respectively, which were recognized in overhead.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(2) The income for transport services received from other related parties during 2023 and 2022 were NT$214 thousand and NT$152 thousand, respectively, which were recognized in other income.

(3) As of December 31, 2023, the Group issued a promissory note, jointly endorsed/guaranteed by LEE, KUNG-WEN, a related party, in the amount of NT$1,691,980 thousand for the purpose of applying for bank loan facilities and issuing commercial paper.

(VIII) Assets Pledged

The assets below provided by the Group as collateral:

	Carrying amount		
Item	2023.12.31	2022.12.31	Secured liabilities
Other current assets - other financial assets	$500	$500	Import tariffs

(IX) Material Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2023 and 2022, the information on important contracts signed by the Group for purchase of equipment and a renovation project was as follows:

	2023.12.31		2022.12.31	
Item	Contract amount	Outstanding amount	Contract amount	Outstanding amount
Equipment purchases	$19,679	$11,650	$4,768	$1,923
Renovation project	399,488	221,583	8,706	8,573
Total	$419,167	$233,233	$13,474	$10,496

(X) Losses Due to Material Disasters

None.

(XI) Material Subsequent Events

None.

(XII) Others

1. Types of financial instruments

Financial assets

	2023.12.31	2022.12.31
Financial assets at fair value through other comprehensive income	$94,648	$86,998

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023.12.31	2022.12.31
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	2,654,521	2,975,325
Accounts receivables (including related parties)	682,574	1,403,319
Other receivables (including related parties)	40,973	39,265
Other financial assets - current	500	500
Other non-current assets - guarantee deposits paid	10,317	4,254
Subtotal	3,388,885	4,422,663
Total	$3,483,533	$4,509,661

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at amortized cost:		
Short-term borrowings	$450,000	$440,000
Payables (including related parties)	583,241	952,941
Other non-current liabilities - guarantee deposits received	433	220
Total	$1,033,674	$1,393,161

2. Financial risk management objectives and policies

The Group's financial risk management objectives are mainly to manage market, credit, and liquidity risks related to operating activities. The Group identifies, measures, and manages the above risks as per the Group's policies and risk preferences.

The Group has established appropriate policies, procedures, and internal control system in accordance with applicable regulations on the above financial risk management; important financial activities should be reviewed by the Board of Directors in accordance with applicable regulations and the internal control system. During the implementation of the financial management activities, the Group should comply with the applicable regulations on financial risk management.

3. Market risk

The Group's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated; however, the sensitivity analysis of the following risks did not consider the interaction between relevant risks and variables.

Exchange rate risk

The Group's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Group's functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position. The exchange rate risk of some foreign currency payments is managed through forward exchange agreements. The above natural hedging effect and the management of exchange rate risk through forward exchange agreements do not meet the requirement of hedging accounting, so hedging accounting has not been adopted; also, the net investment in foreign operations is a strategic investment, so the Group has not adopted a hedging approach thereto.

The sensitivity analysis of the Group's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the impact of relevant foreign currency appreciation/depreciation on the Group's profit and loss and equity. The Group's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD and EUR. The sensitivity analysis information is as follows:

When the NTD appreciates/depreciates by 1% against the USD, the Group’s profit or loss for the year ended December 31, 2023 and 2022 would have decreased/increased by NT$18,976 thousand and NT$18,765 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's interest rate risk is mainly from debt instrument investments at floating rates and borrowings at fixed and floating rates.

The Group manages interest rate risk by maintaining an appropriate portfolio of instruments at fixed and floating interest rates. However, hedging accounting does not applied as it does not meet the criteria for hedging accounting.

The sensitivity analysis of the Group's interest rate risk was mainly focused on investments and borrowings at floating rates at the end date of the financial reporting period. With an assumption that such investments and borrowings are held for one fiscal year, when the interest rate increases/decreases by 0.1%, the Group's 2023 and 2022 profit or loss would have increased/decreased by NT$2,206 thousand and NT$2,536 thousand, respectively.

Equity price risk

The Group manages the equity price risk by diversifying investments and setting limits for single and entire equity securities investments. The information on the investment portfolio of equity securities should be regularly provided to the Group’s senior management, and the Board of Directors should review and approve all decisions about investments in equity securities.

4. Credit risk management

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Credit risk refers to the risk of financial loss arising from default by counterparties on contract obligations. The Group's credit risk arises from the operating activities (mainly from accounts and notes receivables) and financial activities (mainly from cash in banks and various financial instruments).

Each unit of the Group follows the credit risk policy, procedures, and control mechanism to manage credit risk. The credit risk assessment of all transaction counterperties is based on factors, such as each counterperty's financial position, ratings by credit rating agencies, historical trading experience from the past, current economic environment, and the Group's internal rating criteria. The Group also uses certain credit enhancement tools (such as advance sales receipts and insurance) at appropriate times to reduce specific counterperties' credit risk.

As of December 31, 2023 and 2022, the Group's accounts receivable from the top ten customers accounted for 96% and 97%, respectively, of the Group's total accounts receivable. The credit concentration risk arising from the remaining receivables is relatively insignificant.

The Group's Finance Division manages the credit risk from cash in bank and other financial instruments in accordance with the Group's policies. The Group's counterparties are determined by internal control procedures, such as banks with good credit, financial institutions with investment-grade ratings, corporate organizations, and government agencies, so there is no significant credit risk.

5. Liquidity risk management

The Group maintains financial flexibility through cash and cash equivalents, highly liquid securities, and bank borrowings. The table below summarizes the maturity of the payments contained in the remaining contracts of the Group's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest accrued. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2–3 years	4–5 years	5 years or more	Total
2023.12.31					
Borrowings	$451,217	—	—	—	$451,217
Payables	$583,063	—	—	—	$583,063
Lease liabilities	$51,589	47,444	14,068	—	$113,101
2022.12.31					
Borrowings	$441,622	—	—	—	$441,622
Payables	$952,588	—	—	—	$952,588
Lease liabilities	$31,067	27,842	29,842	—	$88,751

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
2023.01.01	$440,000	$74,784	$514,784
Cash flows	10,000	(49,872)	(39,872)
Non-cash changes	—	75,427	75,427
2023.12.31	$450,000	$100,339	$550,339

Information on reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Lease liabilities	Total liabilities from financing activities Total Liabilities
2022.01.01	$430,000	$109,682	$539,682
Cash flows	10,000	(49,565)	(39,565)
Non-cash changes	—	14,667	14,667
2022.12.31	$440,000	$74,784	$514,784

7. Fair values of financial instruments

(1) Valuation techniques and assumptions adopted to measure the fair values

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The methods and assumptions adopted by the Group to measure the fair values of its financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short maturity of such instruments.

B. The fair values of financial assets and financial liabilities that are traded in an active market with standard terms and conditions are determined with reference to the quoted market prices (such as publicly listed stocks and bonds).

C. The fair value of equity instruments without active market transactions (stocks of non-public companies) is estimated by using the market method based on the company's self-assessed statements, prices of market transactions of equity instruments of the same or comparable companies, and other relevant information (i.e., discounts for lack of marketability, price-earnings ratio of similar companies’ stocks, price-book ratio of similar companies’ stocks, and other inputs)

D. Regarding debt instrument investments without quoted prices in an active market, bank borrowings, and other non-current liabilities, the fair values are determined based on the counterparties’ quotes or valuation techniques. The valuation techniques are determined on the basis of discounted cash flow analysis; the assumptions about interest rates and discount rates are made with reference to on similar instruments (such as the Taipei

Exchange's yield curves for reference, the average quotes of Reuters commercial paper interest rates, and credit risks).

(2) Fair values of financial instruments at amortized cost

The carrying amounts of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(3) Information on the financial instrument fair value hierarchy

Please refer to Note (XII).8 for information on the Group's financial instrument fair value hierarchy.

8. Fair value hierarchy

(1) Fair value hierarchy definitions

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Information on hierarchy of fair value measurement

The Group does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

	2023.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through other comprehensive income				
Investments in unlisted companies' equity	$-	—	1,800	$1,800
Investments in offshore corporate bonds	$92,848	—	—	$92,848

	2022.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through other comprehensive income				
Investments in unlisted companies' equity	$-	—	1,800	$1,800
Investments in offshore corporate bonds	$85,198	—	—	$85,198

Transfer between level 1 and level 2 fair values

The Group's assets and liabilities at fair value on a recurring basis during 2023 and 2022 were not transferred between Level 1 and Level 2.

Details of changes in level 3 of the measured at fair value on a recurring basis

The Group's assets and liabilities at fair value on a recurring basis that belong to Level 3 fair value amounted to NT$1,800 thousand for both years ended December 31, 2023 and 2022; no changes occurred during the two periods.

9. Information on the foreign-currency-denominated assets and liabilities that have significant influence:

The Group's foreign-currency-denominated assets and liabilities that have significant influences are as follows:

Unit: In thousands of dollars

	2023.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$64,676	30.6550	$1,982,654
JPY	$7,266	0.2152	$1,564
HKD	$555	3.9259	$2,179
Financial liabilities			
Monetary items:			
USD	$2,774	30.6800	$85,101
JPY	$646	0.2152	$139
HKD	$1,056	3.6944	$3,900

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$65,845	30.6600	$2,018,794
JPY	$1,629	0.2320	$378
HKD	$2,514	3.9260	$9,869
Financial liabilities			
Monetary items:			
USD	$4,643	30.6600	$142,337
JPY	$4,881	0.2304	$1,124
HKD	$1,006	3.9260	$3,685

The above information is disclosed in the foreign currency carrying amount (already converted to the functional currency).

Due to the wide variety of functional currencies adopted by individual entities within the Group, it is impossible to disclose the exchange gains and losses on monetary financial assets and liabilities in each significant foreign currency. The Group's foreign currency exchange gains (losses) during the years ended December 31, 2023 and 2022 were $42,409 thousand and NT$134,984 thousand, respectively.

10. Capital management

The Group's capital management mainly aims to ensure and maintain high credit ratings and appropriate capital ratios to support corporate operations and maximize shareholders' equity. The Group manages and adjusts the capital structure based on the financial position and may maintain and adjust the capital structure by adjusting dividend payments, returning capital, or issuing new shares.

(XIII) Other Disclosures

1. Information on Significant Transactions

(1) Loans to others: Table 1.
(2) Endorsements/guarantees provided to others: None.
(3) Securities held at the end of the period: Table 2.
(4) Securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
(5) Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
(6) Disposal of real estate amounting to 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

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

20% of the paid-in capital: Table 3.

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
(9) Those who have direct or indirect significant influence or control over the investees (excluding investees in China): Table 5.
(10) Trading in derivative instruments: None.
(11) Others: The business relations between the parent company and its subsidiaries and among subsidiaries, and important intercompany transactions and amounts: Table 7.

2. Information on investments in China: Table 6.

3. Information on Major Shareholders: Table 8.

(XIV) Segment Information

1. For the purpose of management, the Group divided the operating segments by product and service into the two reportable operating segments below:

(1) Golf equipment segment: It is responsible for manufacturing, processing, and selling golf heads, shafts, and golf equipment.

(2) Other segments: They are responsible for manufacturing and selling bicycles and plumbing parts.

The management personnel monitor the operating performance of the business units they manage and decide how to allocate resources and evaluate the performance.

The performance of the segments is evaluated based on the pre-tax profit and loss. The accounting policies for the reportable segments are the same as those under “Summary of Significant Accounting Policies.” However, assets, liabilities, and income taxes in the consolidated financial statements are managed on a group basis and are not apportioned to the operating segments.

Transfer pricing between operating segments is similar to that of regular transactions with external third parties.

2023

	Golf equipment segment	Other segments	Reconciliation and write-off	Total
Revenue				
Revenue from external customers	$3,922,907	$444,734	$-	$4,367,641
Inter-segment revenue (Note)	—	415,711	(415,711)	—
Total revenue	$3,922,907	$860,445	($415,711)	$4,367,641
Segment profit or loss	$349,151	$57,369	$-	$406,520

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2022

	Golf equipment segment	Other segments	Reconciliation and write-off	Total
Revenue				
Revenue from external customers	$7,245,108	$455,214	$-	$7,700,322
Inter-segment revenue (Note)	—	397,295	(397,295)	—
Total revenue	$7,245,108	$852,509	($397,295)	$7,700,322
Segment profit or loss	$1,727,846	$65,296	$-	$1,793,142

Note: Inter-segment revenue was written off upon consolidation and presented under "Reconciliation and write-off".

2. Information by region

(1) Revenue from external customers:

	2023	2022
The Americas	$2,219,277	$4,361,564
Asia	1,565,702	2,515,643
Europe	526,148	731,337
Other countries	56,514	91,778
Total	$4,367,641	$7,700,322

(2) Non-current assets:

	2023.12.31	2022.12.31
Asia	$1,016,901	$857,548

3. Information on important customers

Where the Group's net sales to a single customer accounted for at least 10% of the consolidated net sales revenue for 2023 or 2022, the details are as follows:

	2023		2022	
Name of customer	Amount	%	Amount	%
Company A	$1,083,031	25%	$3,126,604	40%
Company B	474,462	11%	Not Applicable (Note)	Not Applicable
Company C	452,308	10%	Not Applicable (Note)	Not Applicable

Note: Revenue falls below 10% of the Group's total revenue.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 1
Loans to Others:

No.	Lender	Borrower	Account	Related party or not	Highest balance in the interim (Note 1)	Ending balance (Note 2)	Actual amount drawn down (Note 3)	Interest rate	Nature of loan (Note 4)	Amount of transaction	Reason for short-term financing	Allowance for losses	Collateral		Limit on loans to a single party (Note 5)	Limit on total loans to others (Note 5)
													Item	Value		
1	O-TA Golf Group Co., Ltd.	Harvest Fair International Limited	Other receivables - related parties	Y	$306,550	$306,550	$-	–	2	–	Business operations	–	–	–	$4,688,215	$4,688,215
1	O-TA Golf Group Co., Ltd.	Jiangxi O-TA Precision Technology Co., Ltd.	Other receivables - related parties	Y	$306,550	$306,550	$280,248	2%	2	–	Business operations	–	–	–	$4,688,215	$4,688,215
1	O-TA Golf Group Co., Ltd.	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Other receivables - related parties	Y	$30,655	$30,655	$-	–	2	–	Business operations	–	–	–	$4,688,215	$4,688,215
2	Harvest Fair International Limited	Jiangxi O-TA Precision Technology Co., Ltd.	Prepayments to suppliers - related parties	Y	$306,550	$306,550	$-	–	2	–	Business operations	–	–	–	$2,796,100	$2,796,100

Note 1: The amount was authorized and resolved by the Board of Directors on 25 February, 2020.

Note 2: The ending balance of the year is based on the credit line of loans.

Note 3: Was written off during the preparation of the consolidated financial statements.

Note 4: Due to the necessity of short-term financing.

Note 5: In accordance with the “Operational Procedures for Loaning of Funds” formulated by the subsidiaries O-TA BVI. and Harvest Fair on May 12, 2020, when a parent company directly or indirectly holds 100% of the voting shares of a foreign company, the total amount of financing and the amount of individual loans to be made shall not exceed five times the net worth of O-TA BVI. and Harvest Fair, respectively.

Table 2

Securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures):

Company	Type and name of securities	Relations with securities issuer	Account	End of the period				Note
				Number of	Carrying amount	Shareholding (%)	Fair value	
O-TA Precision Industry Co., Ltd.	Stock - Chichin Art Ceramics Company	–	Financial assets at fair value through other comprehensive income – non-current	174,000 shares	$1,800	6.00%	$1,800	–
O-TA Precision Industry Co., Ltd.	Bond - AT&T USD Corporate Bonds	–	Financial assets at fair value through other comprehensive income – non-current	–	$92,848	–	$92,848	–

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 3
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Buyer/Seller	Counterparty	Relations	Transaction				Circumstances and reasons for the differences of the transaction terms from the general ones		Notes and accounts receivable (payable)		Note
			Purchases/ Sales	Amount	Proportion to total sales (purchases)	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts	
O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	A sub-subsidiary wholly owned by the Company	Purchases	$3,164,290	65.06%	1 to 2 months after p	Products were purchased from the sub-subsidiary at a certain percentage of the resale price.	Same credit period	($2,591,299)	46.03%	(Note)
Harvest Fair International Limited	O-TA Precision Industry Co., Ltd.	The parent company of the company	Sales	$3,164,290	39.79%	1 to 2 months after s	Products were sold at a certain percentage of O-TA's resale price.	Same credit period	$2,591,299	44.35%	(Note)
Harvest Fair International Limited	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Its parent company is same as that of the Company.	Purchases	$415,711	8.55%	Within 1 month afte	Products were purchased from Pilot at 90% of the resale price.	No other similar transactions available for comparison	($53,365)	0.95%	(Note)
VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Harvest Fair International Limited	Its parent company is same as that of the Company.	Sales	$415,711	5.23%	Within 1 month afte	Products were sold at 90% of Harvest Fair's resale price.	No other similar transactions available for comparison	$53,365	0.91%	(Note)
O-TA Precision Industry Co., Ltd.	TAGA CO., LTD.	Its person in charge is a relative within the second degree of kinship of the Vice Chairman of the Company.	Sales	$350,996	8.04%	2 months after sales	Market price	Same credit period	$13,264	1.94%	—

Note: Was written off during the preparation of the consolidated financial statements.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 4

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Company under the account of receivables	Counterparty	Relations	Balance of receivables from related parties	Turnover (times)	Overdue receivables from related parties		Amount of receivables from related parties recovered after the balance sheet date	Allowance for losses
					Amount	Response method		
O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	A sub-subsidiary wholly owned by the Company	Other receivables $280,782	(Note)	–	–	109,562	–
Harvest Fair International Limited	O-TA Precision Industry Co., Ltd.	A sub-subsidiary wholly owned by the Company	Accounts receivable $2,591,299	1.5	–	–	714,078	–
Harvest Fair International Limited	Jiangxi O-TA Precision Technology Co., Ltd.	An affiliate of the company	Other receivables $214,829	(Note)	–	–	101,201	–
Jiangxi O-TA Precision Technology Co., Ltd.	Harvest Fair International Limited	An affiliate of the company	Accounts receivable $2,515,839	1.53	–	–	704,823	–

Note: It refers to the purchase of molds, raw materials, and operating expenses paid on behalf of subsidiaries that have not yet been recovered at the end of this period, and such amounts do not belong to sales, so the turnover cannot be calculated.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 5

Names, location, etc. of investees (excluding investees in China):

Investor	Investee	Location	Main business	Initial investment amount		Shareholding at the end of the period			Current profit or loss on investee	Investment income or loss recognized in this period	Note
				End of this period	End of last year	Number of shares	%	Carrying amount			
O-TA Precision Industry Co., Ltd.	O-TA Golf Group Co., Ltd. (O-TA BVI.)	British Virgin Islands	Engaging in the trading of golf club heads and investment business	$204,238	$204,238	50,000 shares	100%	$4,685,650	($25,399)	($26,005)	(Notes 1, 2, and 3)
O-TA BVI	Harvest Fair International Limited	Hong Kong	Engaging in the trading of golf club heads and bicycle spare parts	US$154,211	US$154,211	10,000 shares	100%	$559,220 (US$18,242,374)	$106,926 (US$3,432,284)	$106,926 (US$3,432,284)	(Note 3)

Note 1: The current profit or loss on its subsidiaries, Harvest Fair, Jiangxi O-TA, and VGT have all been included.

Note 2: Including unrealized inter-company gains and losses.

Note 3: Was written off during the preparation of the consolidated financial statements.

Notes to Consolidated Financial Statements of O-TA Precision Industry Co., Ltd. and Its Subsidiaries (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 6
The information on the investees in China is detailed below:

Investee	Main business	Paid-in capital	Investment method	Opening balance of cumulative investment remitted from Taiwan for this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Current profit or loss on investee	Ownership of direct or indirect investment (%)	Investment income or loss recognized in this period (Note 2)	Carrying amount of investment at the end of the period (Note 3)	Cumulative investment income repatriated as of the end of this period
					Outward remittance	Repatriation						
Jiangxi O-TA Precision Technology Co., Ltd. (Jiangxi O-TA)	Production and sales of golf club heads, shafts, equipment, and plumbing parts	US$20,000,000	(Note 1)	$45,383 (US$1,500,000)	–	–	$45,383 (US$1,500,000)	($223,567) (US$7,016,399)	100%	($223,567) (US$7,016,399)	$3,113,961 (US$101,580,850)	–
VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD. (VGT)	Manufacturing and management business of carbon fiber composite materials, bicycle spare parts and accessories, automobile parts and accessories, ice hockey supplies, and ice skating and skiing sporting goods.	US$3,000,000	(Note 1)	–	–	–	–	$58,778 (US$1,865,397)	100%	$58,778 (US$1,865,397)	$155,685 (US$5,078,616)	–

Ending balance of cumulative outward remittances for investment in China (Note 4)	Investment amount approved by Investment Commission, MOEA (Note 5)	Maximum investment amount stipulated the Investment Commission, MOEA
165,239 (US$5,300,000)	US$48,744,250	(Note 6)

Note 1: O-TA BVI was established through investment in a third region to invest in businesses in China.

Note 2: Calculated based on the financial statements of the investees reviewed by the Company's CPAs.

Note 3: O-TA Golf Group Co., Ltd. (O-TA BVI.) invests its self-owned fund of US$18,500,000 and US$3,000,000 in Jiangxi O-TA and VGT, respectively.

Note 4: It includes the investment in Qilitian Golf Articles (Shenzhen) Co., Ltd. (Qilitian) disposed in the amount of NT$119,856 thousand (US$ 3,800,000).

Note 5: The investment approved (including the Company's outward remittance from Taiwan and O-TA BVI.'s self-owned funds) through O-TA BVI.'s to invest in businesses in China indirectly, covering US$20,000,000 in Jiangxi O-TA (shareholding: 100%); US$3,000,000 in VGT (shareholding: 100%); US$ 25,744,250 in Qilitian, Santian Golf Products (Shenzhen) Limited Company, and INDA Composite Technology (Shenzhen) Co., Ltd., all of which have canceled the company registration with the equity sold, amounted to US$48,744,250.

Note 6: As the Company has obtained a certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs to confirm that our business falls within the scope of the operations of the headquarters, our investment is not subject to the upper limit specified in the Letter Jing-Shen Zi No. 09704604680 from the Ministry of Economic Affairs, dated August 29, 2008.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 7

Business relations between the parent and subsidiaries and significant transactions between them between January 1, 2023 and December 31, 2023

No. (Note 1)	Trader	Counterparty	Relations with trader (Note 2)	Transaction			
				Account	Amount	Transaction terms	Proportion to total consolidated revenue or total assets (Note 3)
0	O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	1	Other receivables - related parties	$280,782	It is the ending balance of receivables for the purchase of molds, raw materials, and semi-finished goods on behalf of a subsidiary, and the payment in the same amount is collected from Harvest Fair.	5.38%
0	O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	1	Accounts payable - related parties	$2,591,299	It is the ending balance of the payment for purchases that has not been made, and the payment, in principle, will be made in 1~2 months.	49.66%
0	O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	1	Purchases	$3,164,290	It was priced as per the contract agreed by both parties, and the purchases were made from Jiangxi O-TA through Harvest Fair, and Harvest Fair paid for the supplies to Jiangxi O-TA.	72.45%
1	O-TA BVI.	Jiangxi O-TA Precision Technology Co., Ltd.	1	Other receivables - related parties	$326,243	It is the ending balance of a loan receivable, and the principal and interest will be collected in a lump sum when it is due.	6.25%
2	Harvest Fair International Limited	O-TA Precision Industry Co., Ltd.	2	Sales revenue	$63,282	The price is calculated in accordance with the sale and purchase contract entered into between the Company, Harvest Fair and Jiangxi O-TA.	1.45%
2	Harvest Fair International Limited	Jiangxi O-TA Precision Technology Co., Ltd.	3	Other receivables - related parties	$214,829	It is the ending balance of receivables for the purchase of raw materials and semi-finished goods, and the payment will be collected depending on Jiangxi O-TA ’ s application of funds.	4.12%
2	Harvest Fair International Limited	Jiangxi O-TA Precision Technology Co., Ltd.	3	Accounts payable - related parties	$2,515,839	It is the ending balance of unpaid payment for supplies, and the payment will be made depending on Jiangxi O-TA’s application of funds.	48.21%
2	Harvest Fair International Limited	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	3	Accounts payable - related parties	$53,365	It is the ending balance of unpaid payment for supplies, and the payment will be made depending on VGT ’ s application of funds.	1.02%
2	Harvest Fair International Limited	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	3	Purchases	$415,711	Products were purchased from VGT at 95% of the resale price.	9.52%
3	Jiangxi O-TA Precision Technology Co., Ltd.	Harvest Fair International Limited	3	Sales revenue	$3,100,805	The price is set as per the contract agreed by both parties.	70.99%

Note 1: The information on business transactions between the parent and subsidiaries shall be indicated in the No. column. The number shall be filled in as follows:

(1) Enter 0 for parent company.

(2) Subsidiaries are numbered by company starting with the Arabic numeral 1 in order.

Note 2: The relations with the transaction counterparties are classified into three categories as follows; just indicate the category (if it is the same transaction between the parent company and a subsidiary or between subsidiaries, there is no need to disclose it repeatedly; e.g., if the parent company has already disclosed the transaction with a subsidiary company, the subsidiary does not need to disclose it again; if it is a subsidiary-to-subsidiary transaction, if one subsidiary has already disclosed it, the other one does not need to disclose it again):

(1) Parent to subsidiary.

(2) A subsidiary to parent.

(3) Between two subsidiaries.

Note 3: The transaction amount as a percentage of the total consolidated revenue or total assets shall be calculated as the ratio of the ending balance to the total consolidated assets if it is an asset or liability item, or as the ratio of the interim cumulative amount to the total consolidated revenue if it is a profit or loss item.

Table 8

Information on major shareholders:

Name of major shareholder	Shares	
	Number of shares held (share)	%
Nan Feng Xin Co., Ltd.	7,650,386	9.12%
LEE, KUNG-WEN	7,272,408	8.67%

V. A Parent Company Only Financial Statement for the Most Recent Fiscal Year, Certified by CPA

Independent Auditors' Report

To O-TA Precision Industry Co., Ltd.:

Auditor's Opinion

We have audited the parent company only balance sheet of O-TA PRECISION INDUSTRY CO., LTD. as of December 31, 2023 and 2022, the parent company only statements of comprehensive income, parent company only changes in equity, and parent company only cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the section titled "Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements" in our report. We are independent of O-TA PRECISION INDUSTRY CO., LTD. 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. Based on our audits, 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 O-TA PRECISION INDUSTRY CO., LTD.'s parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and in forming our opinion thereon. As a result, we do not provide a separate opinion on these matters.

<u>Allowance for accounts receivable</u>

The net value of accounts receivable as of December 31, 2023, which was NT$506,106 thousand, accounted for 7% of O-TA PRECISION INDUSTRY CO., LTD.'s total assets, and was therefore material to O-TA PRECISION INDUSTRY CO., LTD.'s Parent Company Only Financial Statements. Since the allowance for accounts receivable is estimated at the life-time ECL and the measurement of ECL involves judgment, analysis, and estimation, we decided to identify it as the key audit matter.

Our audit procedures included, without being limited to, assessing the reasonability of the policy of provision of allowance formulated by the management; understanding and testing the effectiveness of internal control for accounts receivable formulated by the management; sampling accounts receivable, verifying the authenticity of samples by inquiring from the parities from which the accounts receivable were due, and assessing accounts receivable as a whole collected after the balance sheet date; sampling and testing the accuracy of the age of the samples; and assessing the reasonability of changes in the age of accounts and recalculating the roll rate and loss rate and assessing the appropriateness of ECL rate. We also considered the appropriateness of accounts receivable impairment loss disclosed in Notes (IV), (V), and (VI) to the Parent Company Only Financial Statements of O-TA PRECISION INDUSTRY CO., LTD.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the Parent Company Only Financial Statements, management is responsible for assessing O-TA PRECISION INDUSTRY CO., LTD.'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 O-TA PRECISION INDUSTRY CO., LTD. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing O-TA PRECISION INDUSTRY CO., LTD.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in 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 Parent Company Only Financial

Statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the O-TA PRECISION INDUSTRY CO., LTD.'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 O-TA PRECISION INDUSTRY CO., LTD.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause O-TA PRECISION INDUSTRY CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of, and the notes to, the Parent Company Only Financial Statements, and whether the Parent Company Only Financial Statements fairly present the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within O-TA PRECISION INDUSTRY CO., LTD. to express an opinion on the Parent Company Only 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 Parent Company Only Financial Statements of O-TA PRECISION INDUSTRY CO., LTD. for the year ended December 31, 2023 and are, therefore, the key audit matters. We describe these matters in our 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.

Ernst & Young, Taiwan
Official letter of the competent authority granting approval of certified public accountants to audit and attest to the financial reports of public companies:
Jin-Guan-Zheng-Liu-Zi No.0970038990
Jin-Guan-Zheng-Shen-Zi No.1010045851

CHEN, CHENG-CHU

CPA:

LEE, FANG-WEN

March 15, 2024

O-TA Precision Industry Co., Ltd.

Parent Company-Only Balance Sheets

As of December 31, 2023 and 2022

Unit: NT$ thousand

Assets			December 31, 2023		December 31, 2022	
Code	Account	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	(IV)/(VI).1	$1,569,112	22	$870,950	12
1170	Net accounts receivable	(IV)/(VI).3&13	492,843	7	$1,249,945	17
1180	Accounts receivables - related parties, net	(IV)/(VI).3&13/(VII)	13,263	-	$6,229	-
1200	Other receivables		8,551	-	$6,398	-
1210	Other receivables - related parties	(VII)	280,782	4	$205,076	3
130x	Inventories	(IV)/(VI).4	3,021	-	$2,833	-
1410	Prepayments		17,498	-	$15,514	-
1470	Other current assets		500	-	500	-
11xx	Total current assets		2,385,570	33	2,357,445	32
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	(IV)/(VI).2	94,648	1	86,998	1
1550	Investment using the equity method	(IV)/(VI).5	4,685,650	64	4,742,591	65
1600	Property, plants and equipment	(IV)/(VI).6	111,085	2	104,322	2
1755	Right-of-use assets	(IV)/(VI).14	305	-	23	-
1780	Intangible Assets	(IV)/(VI).7	3,569	-	3,367	-
1840	Deferred tax assets	(IV)	11,657	-	16,703	-
1900	Other Non-current Assets		674	-	101	-
15xx	Total non-current assets		4,907,588	67	4,954,105	68
1xxx	Total assets		$7,293,158	100	$7,311,550	100

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Account	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	(IV)/(VI).8	$450,000	6	$440,000	6
2150	Notes payable		75	-	107	-
2170	Accounts payable		5	-	15	-
2180	Accounts payable - related parties	(VII)	2,591,306	36	1,639,125	22
2200	Other payables	(VI).9	169,690	2	366,609	5
2220	Other payables - related parties	(VII)	2,079	-	5,231	-
2230	Current tax liabilities	(IV)	81,633	1	112,386	2
2280	Lease liabilities - current	(IV)/(VI).14	284	-	24	-
2300	Other current liabilities		3,042	-	8,785	-
21xx	Total current liabilities		3,298,114	45	2,572,282	35
	Non-current liabilities					
2570	Deferred tax liabilities	(IV)	161,334	3	209,111	3
2580	Lease liabilities - non-current	(IV)/(VI).14	24	-	-	-
2640	Net defined benefit liabilities - non-current	(IV)/(VI).10	8,866	-	9,764	-
25xx	Total non-current liabilities		170,224	3	218,875	3
2xxx	Total liabilities		3,468,338	48	2,791,157	38
	Equity	(IV)/(VI).11				
3100	Share capital					
3110	Ordinary share capital		838,000	12	838,000	11
3200	Capital surplus		101,239	1	101,239	1
3300	Retained earnings					
3310	Legal reserve		1,121,747	15	941,256	13
3320	Special reserve		-	-	121,777	2
3350	Undistributed earnings		1,744,350	24	2,473,821	34
	Total retained earnings		2,866,097	39	3,536,854	49
3400	Other equity interests		19,484	-	44,300	1
3xxx	Total equity		3,824,820	52	4,520,393	62
	Total liabilities and equity		$7,293,158	100	$7,311,550	100

(For details, see the Notes to the Parent Company-Only Financial Statements)

Chairman: LEE, KUNG-WEN　　Manager: HSU, JUNG-MIN　　Accounting officer: LEE, CHUNG-MU

O-TA Precision Industry Co., Ltd.

Parent Company-Only Statement of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code	Account	Notes	2,023		2,022	
			Amount	%	Amount	%
4000	Operating revenue	(IV)/(VI).12/(VII)	$3,844,976	100	$7,192,045	100
5000	Operating costs	(IV)/(VI).4&15/(VII)	(3,195,509)	(83)	(6,056,241)	(84)
5900	Gross profit		649,467	17	1,135,804	16
6000	Operating expenses	(IV)/(VI).7&14&15/(VII)				
6100	Selling expense		(34,416)	(1)	(56,872)	(1)
6200	Administrative expense		(91,156)	(2)	(141,540)	(2)
6300	Research and development expenses		(25,900)	(1)	(32,454)	-
6450	Expected credit impairment gains	(IV)/(VI).13	772	-	343	-
	Total operating expenses		(150,700)	(4)	(230,523)	(3)
6900	Operating income		498,767	13	905,281	13
7000	Non-operating income and expenses	(IV)/(VI).16/(VII)				
7100	Interest income		61,565	2	12,059	-
7010	Other income		876	-	1,708	-
7020	Other gains and losses		10,468	-	28,031	-
7050	Financial costs		(7,535)	-	(4,635)	-
7070	Share of profit or loss on subsidiaries recognized using the equity method	(VI).5	(26,005)	(1)	1,055,356	15
	Total non-operating income and expenses		39,369	1	1,092,519	15
7900	Net income before tax		538,136	14	1,997,800	28
7950	Income tax expense	(IV)/(VI).18	(131,616)	(3)	(204,658)	(3)
8000	Net income from continuing operations		406,520	11	1,793,142	25
8200	Net income		406,520	11	1,793,142	25
8300	Other comprehensive income	(VI).17&18				
8310	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans		(559)	-	14,709	-
8349	Income tax related to items not reclassified		112	-	(2,942)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on the translation of the financial statements of foreign operations		(30,936)	(1)	182,038	2
8367	Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income		7,650	-	(19,951)	-
8399	Income tax related to items that might be reclassified		(1,530)	-	3,990	-
	Other comprehensive income (net of tax)		(25,263)	(1)	177,844	2
8500	Total comprehensive income		$381,257	10	$1,970,986	27
	Earnings per share (NT$)	(VI).19				
9750	Basic earnings per share		$4.85		$21.40	
9850	Diluted earnings per share		$4.83		$21.10	

(For details, see the Notes to the Parent Company-Only Financial Statements)

Chairman: LEE, KUNG-WEN　　Manager: HSU, JUNG-MIN　　Accounting officer: LEE, CHUNG-MU

O-TA Precision Industry Co., Ltd.
Parent Company-Only Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

				Retained earnings			Other equity items		
		Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising on the translation of the financial statements of foreign operations	Unrealized losses on financial assets at fair value through other comprehensive income	Total
Code		3100	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance on January 1, 2022	$838,000	$101,239	$772,633	$80,973	$2,026,399	($84,261)	($37,516)	$3,697,467
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve provided	-	-	168,623	-	(168,623)	-	-	-
B3	Special reserve provided	-	-	-	40,804	(40,804)	-	-	-
B5	Cash dividends from ordinary shares	-	-	-	-	(1,148,060)	-	-	(1,148,060)
D1	Net income for the year ended December 31, 2022	-	-	-	-	1,793,142	-	-	1,793,142
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	11,767	182,038	(15,961)	177,844
D5	Total comprehensive income	-	-	-	-	1,804,909	182,038	(15,961)	1,970,986
Z1	Balance on December 31, 2022	$838,000	$101,239	$941,256	$121,777	$2,473,821	$97,777	($53,477)	$4,520,393
A1	Balance on January 1, 2023	$838,000	$101,239	$941,256	$121,777	$2,473,821	$97,777	($53,477)	$4,520,393
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve provided	-	-	180,491	-	(180,491)	-	-	-
B5	Cash dividends from ordinary shares	-	-	-	-	(1,076,830)	-	-	(1,076,830)
B17	Reversal of special reserves	-	-	-	(121,777)	121,777	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	406,520	-	-	406,520
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(447)	(30,936)	6,120	(25,263)
D5	Total comprehensive income	-	-	-	-	406,073	(30,936)	6,120	381,257
Z1	Balance on December 31, 2023	$838,000	$101,239	$1,121,747	$-	$1,744,350	$66,841	($47,357)	$3,824,820

(For details, see the Notes to the Parent Company-Only Financial Statements)

Chairman: LEE, KUNG-WEN　　Manager: HSU, JUNG-MIN　　Accounting officer: LEE, CHUNG-MU

O-TA Precision Industry Co., Ltd.

Parent Company-Only Statement of Cash Flow

For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Amount	2022 Amount
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$538,136	$1,997,800
A20000	Adjustments:		
A20010	Income/expenses items:		
A20100	Depreciation expense	6,601	8,256
A20200	Amortization cost	395	372
A20300	Expected credit impairment gains	(772)	(343)
A20900	Interest expenses	7,535	4,635
A21200	Interest income	(61,565)	(12,059)
A22400	Share of loss (profit) on subsidiaries recognized using the equity method	26,005	(1,055,356)
A22500	Gain on disposal and scrapping of property, plants and equipment	(996)	(506)
A24100	Unrealized foreign currency exchange gain	(20,530)	(35,080)
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Notes receivable	–	52
A31150	Accounts receivable	742,480	83,601
A31160	Accounts receivables - related parties	(7,307)	25,209
A31180	Other receivables	1,058	(4,293)
A31190	Other receivables - related parties	(79,370)	71,155
A31200	Inventories	(188)	(663)
A31230	Prepayments	(1,984)	10,185
A32130	Notes payable	(32)	(45)
A32150	Accounts payable	(10)	(3,512)
A32160	Accounts payable - related parties	989,288	(83,976)
A32180	Other payables	(192,356)	(19,584)
A32190	Other payables - related parties	(3,082)	4,567
A32230	Other current liabilities	(5,743)	7,342
A32240	Net defined benefit liabilities	(1,457)	(8,093)
A33000	Cash inflow from operations	1,936,106	989,664
A33100	Interest received	58,188	11,679
A33300	Interest paid	(7,704)	(4,413)
A33500	Income tax paid	(206,518)	(219,411)
AAAA	Net cash inflow from operating activities	1,780,072	777,519
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plants and equipment	(13,243)	(3,122)
B02800	Disposal of property, plants and equipment	1,157	701
B04500	Acquisition of intangible assets	(597)	(543)
B06700	Increase in other non-current assets	(2,111)	–
BBBB	Net cash outflow from investing activities	(14,794)	(2,964)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term borrowings	10,000	10,000
C04020	Lease principal repaid	(286)	(286)
C04500	Cash dividends paid out	(1,076,830)	(1,148,060)
CCCC	Net cash outflow from financing activities	(1,067,116)	(1,138,346)
EEEE	Increase (decrease) in cash and cash equivalents during this period	698,162	(363,791)
E00100	Cash and cash equivalents at the beginning of the year	870,950	1,234,741
E00200	Cash and cash equivalents at the end of the year	$1,569,112	$870,950

(For details, see the Notes to the Parent Company-Only Financial Statements)

Chairman: LEE, KUNG-WEN Manager: HSU, JUNG-MIN Accounting officer: LEE, CHUNG-MU

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(I) Company History

O-TA Precision Industry Co., Ltd. (hereinafter referred to as “the Company”) was incorporated in 1988, mainly engaging in the manufacturing, processing (outsourced by other businesses), assembly, and sales of golf club heads and semi-finished goods. The Company's stock was listed on Taipei Exchange for trading on February 09, 2000.

(II) Date and Procedure for Approval of Financial Statements

The 2023 and 2022 parent company-only financial statements of the Company were approved for release by the Board of Directors on March 15, 2024.

(III) Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies due to the initial application of the IFRSs

   The Company has adopted the IFRSs that have been endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2023, and the initial application of the newly issued and amended standards and interpretations caused no material impact on the Company.

2. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Company:

No.	New/Revised/Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
2	Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
3	Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
4	Amendment to IAS 7 and IFRS 7 “Supplier Financing Arrangement”	January 1, 2024

(1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1 “Classification of Liabilities as Current or Non-current” was amended.

(2) Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”

This is to make consistent application of standards by aligning with the Amendments to IFRS 16, which required of a seller-lessee to perform additional accounting treatment for a leaseback transaction.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Amendments to IAS 1 “Non-current Liabilities with Covenants”

The amendments facilitate the enterprises to provide information on long-term liability contracts. It is to clarify that the conditions with which an entity must comply within twelve months after the reporting period do not affect the classification of a liability into current or non-current at the end of the reporting period.

(4) Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangement”

In addition to adding the description of the supplier's financing arrangement, the amendments also added the relevant disclosure of the supplier's financing arrangement.

The Company evaluated the above new, revised, and amended standards and interpretations that are applicable to the fiscal years beginning on or after January 1, 2024, and determined that they did not cause any material impact on the Company.

3. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Company:

No.	New/Revised/Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined by the IASB
2	IFRS 17 Insurance Contracts	January 1, 2023
3	Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

If the above-mentioned standards or interpretations, issued by the IASB but not yet endorsed by the FSC, are adopted by the Company in the future periods, the items with potential impact on the Company's financial statements are as follows:

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments aim to address the inconsistency regarding the loss of control due to the investment in an affiliate or a joint venture through a subsidiary between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 28 stipulates that when non-monetary assets are invested in exchange for the equity in an affiliate or a joint venture, the share of the resulting profit or loss shall be eliminated as the treatment method adopted for downstream transactions. IFRS 10 stipulates that the total gain or loss upon loss of control over a subsidiary shall be recognized. The amendments restrict the above requirements of IAS 28: when assets that constitute a business as defined in IFRS 3 are sold or purchased, the total resulting gain or loss shall be recognized.

In the amendments, IFRS 10 was amended so that when an investor sells or invests in a subsidiary (affiliate or joint venture) that does not constitute a business as defined by IFRS 3, only the profit or loss arising therefrom within the scope not belonging to the investor shall be recognized.

(2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments explained the exchangeability and lack of exchangeability between currencies and the determination method of the exchange rate when the currency lacks exchangeability and added additional disclosure requirements when the currency lacks exchangeability. The amendments apply for the fiscal year beginning on or after January 1, 2025.

The Company is currently assessing the potential impact of the above-mentioned new, revised and amended standards or interpretations on its financial position and financial performance and will disclose the relevant impact when completing the assessment.

(IV) Summary of Significant Accounting Policies

1. Compliance statement

The Company's parent company-only financial statements for 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company prepared the parent company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investment in subsidiaries is presented as "investments using the equity method" in the parent company only financial statements, with necessary valuation adjustments made.

The parent company-only financial statements have been prepared on the historical cost basis except for the financial instruments at fair value. The parent company-only financial statements are presented in thousands of NT dollars (NTD), unless otherwise specified.

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NTD, the Company's functional currency.

Transactions in foreign currencies are recognized at the exchange rates prevailing on the transaction dates. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate prevailing on that date. Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on that date when the fair value is measured. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rates prevailing on the initial transaction dates.

Except as stated below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss for the period in which they occur.

(1) Regarding foreign-currency borrowings incurred to acquire an eligible asset, if the resulting exchange difference is regarded as an adjustment to interest costs, it is part of the borrowing cost and is capitalized as the cost of the asset.

(2) Foreign-currency items to which IFRS 9 "Financial Instruments" applies are handled in accordance with the accounting policies for financial instruments.

(3) Regarding monetary items that form part of a reportable entity's net investment in foreign operations, exchange differences arising therefrom are initially recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed of.

When the gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange gain or loss is recognized in other comprehensive income. When the gain or loss on a non-monetary item is recognized in profit or loss, any exchange gain or loss is recognized in profit or loss.

4. Translation of Foreign-currency Financial Statements

When the parent company-only financial statements were prepared, the assets and liabilities of the foreign operations were translated into NTD at the closing exchange rate on the balance sheet date. Income and expense items were translated at the average exchange rates for the period. Any exchange differences arising from translation were recognized in other comprehensive income. When the foreign operations were disposed of, the cumulative exchange differences were previously been recognized in other comprehensive income as an independent component under equity was reclassified from equity to profit or loss when the gains or losses on disposal were recognized.

Regarding the partial disposal of a subsidiary with foreign operations (over which the control is not lost), the cumulative exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operations in proportion and is not recognized in profit or loss. The partial disposal of an affiliate or a jointly controlled entity with foreign operations (over which the significant influence or joint control is not lost), when part of the disposal includes affiliates of foreign operating institutions or joint arrangements, the cumulative exchange difference is reclassified to profit or loss in proportion.

The Company's goodwill arising from the acquisition of a foreign operation and the adjustment to the fair value of the carrying amounts of its assets and liabilities are regarding as the foreign operation's assets and liabilities and presented in its functional currency.

5. Criteria for classifying assets and liabilities into current and non-current

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

(1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed;
(2) Assets held primarily for the purpose of trading;
(3) Assets expected to be realized within 12 months after the reporting period;
(4) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle liabilities for at least 12 months after the reporting period.

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

(1) Liabilities expected to be settled in the normal operating cycle;
(2) Liabilities held primarily for the purpose of trading;
(3) Liabilities expected to be settled within 12 months after the reporting period;
(4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the reporting period. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

6. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term time deposits and investments that are highly liquid and readily convertible into a fixed amount of cash at any time with little risk of value changes.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition; the transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except financial assets and financial liabilities classified as at fair value through profit or loss) are added to or subtracted from the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

The Company classifies financial assets as those subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the two bases below:

A. The business model for financial asset management
B. Contractual cash flow characteristics of financial assets

<u>Financial assets at amortized cost</u>

Financial assets that meet both of the following criteria are measured at amortized cost and are recognized in the balance sheet as notes or accounts receivable, financial assets at amortized cost, or other receivables:

A. The business model for financial asset management: Holding financial assets to collect contractual cash flows.
B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

Such financial assets (excluding those for hedging) are subsequently measured at the amortized cost [the amount measured upon initial recognition, less the principal repaid, plus or less the cumulative amortization of the differences between the initial amount and the due amount (the effective interest method adopted), with the allowance for losses adjusted]. The gain or loss is recognized in profit or loss upon de-recognition, through the amortization process, or when an impairment gain or loss is recognized.

Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:

A. In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
B. If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

<u>Financial assets measured at fair value through other comprehensive income</u>

Financial assets that meet both of the following criteria are measured at fair value through other comprehensive income and recognized in the balance sheet as financial assets at fair value through other comprehensive income:

A. The business model for financial asset management: Collection of contractual cash flows and sales of financial assets.
B. Contractual cash flow characteristics of financial assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

The recognition of relevant gains and losses on such financial assets is specified below:

A. Before de-recognition or reclassification, except for impairment gains or losses and foreign currency exchange gains or losses that are recognized in profit or loss, such gains or losses are recognized in other comprehensive income.
B. Upon de-recognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:
   (a) In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
   (b) If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, regarding equity instruments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group, upon initial recognition, elects (irrevocably) to recognize the subsequent changes in the fair values thereof in other comprehensive income. The amount recognized in other comprehensive income must not be subsequently reclassified to profit or loss (when such equity instruments are disposed of, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings) and is recognized in the balance sheet as a financial asset at fair value through other comprehensive income. Investment dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets measured at fair value through profit or loss

Except for the above financial assets in alignment with specific criteria that are measured at amortized cost or fair value through other comprehensive income, financial assets are measured at fair value through profit or loss and recognized in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss. The gain or loss recognized in profit or loss includes any dividends or interest received due to the financial asset.

(2) Impairment of financial assets

The Company's investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost are recognized as expected credit losses with an allowance for losses provided. An allowance for losses on an investment in a debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income without reducing the carrying amount of the investment.

The Company measures expected credit losses in a way that reflects the following:

A. An unbiased, probability-weighted amount determined by evaluating each potential outcome
B. Time value of money
C. Reasonable and corroborative information related to past events, present conditions, and future economy forecasts (which can be accessed without an excessive cost or investment on the balance sheet date)

The methods of measuring an allowance for losses are specified below:

A. Measured at 12-month expected credit losses: Including financial assets with the credit risk not increasing significantly since the initial recognition or those with an estimated low credit risk on the balance sheet date. Also, it also includes an allowance for the lifetime expected credit losses during the prior reporting period, without meeting the indicator that the credit risk has significantly increased since the initial recognition on the balance sheet date of this period.
B. Measured at lifetime expected credit losses: Including financial assets with the credit risk increasing significantly since the initial recognition or credit-impaired financial assets purchased or created.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures an allowance for lifetime expected credit losses.
D. For leases receivable arising from transactions within the scope of IFRS 16, the Company measures an allowance for lifetime expected credit losses.

On each balance sheet date, the Company evaluates whether the credit risk of a financial instrument has increased significantly after the initial recognition by comparing the default risk of the financial instrument on the balance sheet date and the initial recognition date. See Note (XII) for information on credit risk.

(3) Derecognition of financial assets

The Company derecognizes a financial asset held in the case of any of the following circumstances:

A. The contractual rights to receive the cash flows from the financial asset have expired.
B. A financial asset is transferred with all the risks and rewards attached to the ownership of the asset substantially transferred to the counterparty.
C. All the risks and rewards attached to the ownership of the asset are neither substantially transferred nor retained, but the control over the asset is transferred.

When a financial asset as a whole is de-recognized, the difference between its carrying amount and the sum of the consideration received or receivable plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities and equity

Liabilities and equity instruments issued by the Company are classified as financial liabilities or equity as per the substance of the agreement and the definitions of financial liabilities and equity instruments.

Equity instrument

Equity instrument refers to any contract that demonstrates the Company's remaining interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition prices, less the direct issuance cost.

Financial liabilities

Financial liabilities that fall within the scope of IFRS 9 are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

When satisfying one of the criteria below, it is classified as a liability held for trading:

A. The acquisition is mainly for short-term sale;
B. It is part of a portfolio of identifiable financial instruments that are managed on a consolidated basis upon initial recognition, with evidence showing that the portfolio has recently been used to make a short-term profit; or
C. Derivatives (excluding financial guarantee contracts or effective designated hedging instruments).

For contracts containing one or more embedded derivatives, an overall hybrid (combined) contract can be designated as a financial liability at fair value through profit or loss; when it is aligned with one of the factors below with more relevant information that can be provided, it is designated as a financial liability at fair value through profit or loss upon initial recognition:

A. The designation eliminates or considerably reduces the measurement or recognition inconsistency; or
B. The performance of a group of financial liabilities or a group of financial assets and financial liabilities is managed and measured at fair value in accordance with the written risk management or investment strategies, and the portfolio information provided to the management team within the Group is also measured at fair value.

Any gain or loss arising from remeasurement of such financial liabilities is recognized in profit or loss. The gain or loss recognized in profit or loss includes any interest paid for the financial liability.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest rate method after the initial recognition. When financial liabilities are de-recognized and amortized with the effective interest rate method, the relevant gains or losses and amortizations are recognized in profit or loss.

The amortized cost is calculated with the discount or premium and the transaction cost upon acquisition taken into account.

Derecognition of financial liabilities

When the obligations of financial liabilities are lifted, cancelled, or expire, the financial liabilities are derecognized.

When the Company exchanges debt instruments with materially different terms with a creditor or significantly changes all or part of the terms of the existing financial liabilities (financial difficulties or not), the initial liabilities are derecognized and new liabilities are recognized. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including the non-cash assets transferred or the liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can only be offset and presented in the balance sheet as a net amount when the recognized amount is legally entitled to be offset with an intension to be settled in a net amount or realize the asset and settle the liability at the same time.

8. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(1) in the principal market for the asset or liability; or
(2) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market should be accessible for the Company to trade in.

The fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

9. Inventories

Inventories are valued at the lower of cost or net realizable value with an item-by-item comparison method.

Costs refer to the costs incurred in bringing inventories to a condition and location ready for sale or production.
Raw materials are valued at the actual purchase cost with a weighted average method.
Finished goods and works-in-process include direct raw materials, labor, and fixed manufacturing overhead apportioned based on normal production capacity, excluding the borrowing costs.

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required till completion in the ordinary course of business.

The provision of services is handled in accordance with IFRS 15 outside the scope of inventories.

10. Investment using the equity method

As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as "investments accounted for using the equity method" with necessary valuation adjustments made, to bring the current profit or loss and other comprehensive income in the parent company-only financial statements to be the same as the share of the current profit or loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis; and the owner's equity in the parent company-only is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Such adjustments are mainly made to the treatment of investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" and the differences in the application of IFRS by reportable entities at different levels, while being debited to or credited from “investments accounted for using the equity method”, “share of profit or loss of subsidiaries, associates, or joint ventures accounted for using the equity method”, or “share of other comprehensive income of subsidiaries, associates, or joint ventures using the equity method”.

The Company's investments in associates are accounted for using the equity method, except for assets that are classified as assets held for sale. Associates refer to those on which the Company has significant influence. A joint venture means that the Company has the right to the net assets of a joint arrangement (with joint control).

With an equity method adopted, an investment in an associate or a joint venture recognized in the balance sheet is the amount of cost, plus the amount of the net change in the Company's net assets in the associate or the joint venture after the acquisition in proportion to the Group’s shareholding. After the carrying amount of the investment in the associate or the joint venture and other relevant long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate or joint venture. Unrealized gains or losses arising from transactions between the Company and its associates or joint ventures are eliminated in proportion to its equity in the associates or joint ventures.

When a change in the equity in an associate or a joint venture does not occur due to an item under profit or loss or other comprehensive income and does not affect the Company's shareholding, the Company recognizes the change in ownership interests in proportion to its shareholding. Therefore, when the associate or the joint venture is subsequently disposed of, the capital surplus recognized is transferred to profit or loss in proportion to the disposal.

In the event of issuance of new shares by an associate or a joint venture, when the Company does not subscribe in proportion to its shareholding, resulting in a change in the proportion of investment and an increase or decrease in the Company's share in the associate’s or the joint venture’s net assets, "capital surplus" and "investments accounted for using the equity method" are adjusted accordingly. When the proportion of investment decreases, the relevant items previously recognized in other comprehensive income will be reclassified to profit or loss or other appropriate accounts depending on the percentage of the decrease. When the associate or the joint venture is subsequently disposed of, the above capital surplus recognized is transferred to profit or loss in proportion to the disposal.

The associates’ or joint ventures’ financial statements are prepared for the same reporting period as the Company’s and adjusted to align their accounting policies with the Company’s.

At the end of each reporting period, the Company confirms if there is objective evidence indicating any impairment of its investments in associates or joint ventures in accordance with “IAS 28 — Investments in Associates and Joint Ventures”. If it is the case, the Company calculates the impairment based on the difference between the recoverable amount and the carrying amount of an associate or a joint venture in accordance with IAS 36 "Impairment of Assets" and recognizes the amount in the profit or loss on the associate or the joint venture. If the value in use of the investment is adopted for the above recoverable amount, the Company determines the relevant values in use based on the estimates below:

(1) The Company's share of the present value of the estimated future cash flows generated from an associate or a joint venture, including the cash flow generated by the associate or the joint venture due to its operations and the proceeds from the disposal of the investment; or
(2) The present value of the estimated future cash flows from dividends from the investment that the Company expects to receive and the proceeds from the disposal of the investment.

As the components of goodwill that constitute the carrying amount of an investment in an associate or a joint venture are not separately recognized, it is not necessary to apply IAS 36 "Impairment of Assets" regarding the goodwill impairment test.

When the significant influence on an associate or the joint control over a joint venture is lost, the Company measures and recognizes the retained investment at fair value. When the significant influence or joint control is lost, the difference between the carrying amount of the investment in the associate or the joint venture and the fair value of the retained investment, plus the proceeds from the disposal, is recognized in profit or loss. Also, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues to adopt the equity method without re-measuring the retained equity.

11. Property, plant and equipment

Property, plants and equipment are accounted for on the basis of acquisition cost and recognized after accumulated depreciation and impairment are deducted. The above costs include the cost of dismantling or removing of property, plants and equipment and restoring the location, and necessary interest expenses arising from unfinished projects. Each component of property, plants and equipment is depreciated separately if it is significant. When a major component of property, plants and equipment needs to be replaced regularly, the Company regards it as an individual asset and recognizes it separately with a specific useful life and a depreciation method. The carrying amount of the replaced part should be derecognized in accordance with the requirement for derecognition under IAS 16 "Property, Plants and Equipment". If a major examination or repair cost meets the criteria for recognition, it is regarded as a replacement cost and recognized as part of the carrying amount of plants and equipment, while other repair and maintenance expenses are recognized in profit or loss.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Type of asset	Useful lives
Buildings	3–60 years
Machinery and equipment	5–7 years

Type of asset	Useful lives
Transportation equipment	5 years
Office equipment	2–5 years
Other equipment	2–40 years

After the initial recognition of property, plants and equipment or any significant part, if it is disposed of or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of property, plant and equipment are assessed at the end of each fiscal year. If the expected value is different from the previous estimate, the change is considered a change in accounting estimates.

12. Leases

The Company assesses whether or not an contract is (or includes) a lease contract on the inception of the contract . If an contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease contract. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

(1) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the lessee shall estimate the stand-alone price, maximising the use of observable information.

The Company as lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Company is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Company measures the lease liabilities at the commencement date based on the present value of the lease payments not yet paid on that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payment (including in-substance fixed payment) less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) the amount expected to be payable by the lessee under the residual value guarantee;
(4) the exercise price of purchase option if the lessee is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liabilities at amortized cost, and increases the carrying amount of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the carrying amount of the lease liabilities.

At the commencement date, the Company measures the right-of-use assets at cost. The cost of the right-of-use assets shall comprise:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e. the cost model is applied to measure the right-of-use assets.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use assets reflects that the Company will exercise a purchase option, the Company shall depreciate the right-ofuse asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use assets from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company shall apply IAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and to account for any impairment loss identified.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Company chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses over the lease term.

13. Intangible assets

Intangible assets that are acquired separately are initially measured at cost. The cost of intangible assets acquired through a business combination is the fair value at the acquisition date. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets that do not meet the recognition criteria shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into finite and indefinite useful life.

Intangible assets with a finite useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and method of intangible assets with finite useful life are reviewed at least at the end of each fiscal year. If the estimated useful life of an asset is different from the previous estimate, or the expected pattern of future economic benefit consumption has changed, the amortization method or period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but impairment tests are conducted to each asset or based on the level of cash-generating units each year. Intangible assets with indefinite useful lives are assessed in each period whether there are events and circumstances that continue to support that the asset’s useful life is still indefinite. If the useful life is changed from indefinite to finite, the application will be applied prospectively.

The profit or loss arising from the derecognition of an intangible asset is recognized as profit or loss.

The information on the Company's accounting policy for intangible assets is summarized as follows:

	Patent
Useful lives	Finite (6–19 years)
Amortization method	Straight-line method
Internal generation or external acquisition	Internal generation and external acquisition

14. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Company tests the individual asset or the cash-generating unit to which the asset belongs. If the carrying amount of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of fair value or value in use.

At the end of each reporting period, the Company assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount is increased due to the change in the estimated service potential of the asset, the impairment amount is reversed. However, the reversed carrying amount shall not exceed that before recognizing impairment loss and after deducting depreciation or amortization.

The impairment loss and reversal amount of the continuing operations are recognized in profit or loss.

15. Recognition of revenue

The Company's revenue from customer contracts is mainly from the sales of goods. The accounting treatments are specified below:

<u>Sales of goods</u>

The Company manufactures and sells products and recognizes revenue when the promised products are delivered to a customer and the customer obtains control over them (i.e., the customer's ability to guide the use of the products and obtain almost all the remaining benefits of the products). Its main products are golf equipment, including the golf club heads. Revenue is recognized on the basis of the prices stated in the contracts, less estimated returns, discounts, and other similar discounts and allowances.

The credit period of the Company's goods sold ranges from 30 to 90 days. Most of the contracts are recognized as accounts receivable when the control over the goods is transferred with an unconditional right to receive consideration. Such accounts receivable are usually short-term and do not contain significant financial components. A small number of contracts with goods transferred to customers still bear no unconditional right to receive consideration are recognized as contract assets, for which an allowance for impairment should be measured over the lifetime ECLs in accordance with IFRS 9.

16. Borrowing costs

Borrowing costs that can be directly attributable to the acquisition, construction, or production of qualified assets are capitalized as part of the costs of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in relation to borrowings.

17. Post-employment benefit plan

The pension plan for the Company's employees applies to all full-time employees. The employee pension fund is fully contributed to the Labor Pension Reserves Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Pension Reserves Committee, which is completely separate from the Company, so it is not included in the parent company-only financial statements in the preceding paragraph.

For the defined contribution pension plan, the monthly pension payable rate of the Company shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized in current expenses.

The post-employment benefit plan that is a defined benefit plan is accounted for using the projected unit benefit method based on an actuarial report on the end date of the annual reporting period. The remeasurement of the net defined benefit liabilities (assets) includes any movements in the return on the plan asset and the effects of asset cap, less the amount of net interest included in the net defined benefit liabilities (assets) and actuarial gains and losses. The net defined benefit liability (asset) remeasurement is included in other comprehensive income when incurred and immediately recognized in the retained earnings. The service cost from the prior period is a change in the present value of the defined benefit obligation arising from a plan modification or a reduced plan and is recognized in expenses at the earlier of date of (1) or (2) below:

(1) When a plan modification or a reduced plan takes place; or
(2) When the Company recognizes relevant restructuring costs or severance benefits.

The net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by a discount rate, both of which are determined at the beginning of an annual reporting period. Then, any changes in the net defined benefit liability (asset) due to contributions and benefit payments during the period are considered.

18. Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

The current income tax liabilities (assets) related to the current and prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss.

A surtax of the profit-seeking enterprise income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved.

Deferred tax

The deferred tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the carrying amount on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred tax liabilities except for the following two items:

(1) The initial recognition of goodwill, or the initial recognition that does not arise from a business combination and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and corresponding taxable and deductible temporary differences did not generate at the time of the transaction conducted.
(2) The taxable temporary difference arising from the investment in subsidiaries, associates, and interests in joint ventures. Also, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future.

Except for the following two items, deductible temporary difference and deferred tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

(1) Relating to the deductible temporary differences generated from the initial recognition of assets or liabilities that do not arise from a business combination, does not affect accounting

profits and taxable income (loss) at the time of the transaction conducted, and corresponding taxable and deductible temporary differences did not generate at the time of the transaction conducted.

(2) Relating to the deductible temporary differences arising from the investment in subsidiaries, associates, and interests in joint arrangements. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, 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 deferred tax assets shall reflect 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. If the deferred tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred tax assets are reexamined and recognized at the end of each reporting period.

Deferred tax assets and liabilities can be legally offset against each other only in the current period, and the deferred tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

According to the provisions of the temporary exception of "International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)," no deferred income tax assets and liabilities of Pillar 2 income tax shall be recognized, and relevant information shall not be disclosed.

(V) Significant Accounting Judgments, Estimations and Assumptions

When the parent company-only financial statements are prepared by the Company, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosures of income, expenses, assets and liabilities, and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the carrying amounts of assets and liabilities in the next fiscal year. The explanations are given as follows:

(1) Fair values of financial instruments

When the fair values of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including the income approach (such as cash flow discount model) or market approach. The changes in the assumptions of said approaches will affect the fair value of the financial instruments reported. Please refer to Note (XII) for details.

(2) Inventories

The net realizable value of inventories is estimated based on the most reliable evidence of the expected realizable number of inventories available upon estimation by taking into accounting the fact that the inventory may be damaged or wholly or partially obsolete, or the selling price has dropped. Please refer to Note (VI) for details.

(3) Impairment of financial assets

An impairment occurs when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount thereof. The recoverable amount refers to the fair value, less the cost of disposal or the value in use, whichever is higher. The fair value, less the cost of disposal, is calculated at the price that can be received or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, an amount after the incremental costs directly attributable to the disposal of the asset or cash-generating unit are deducted. Value in use is calculated with a discounted cash flow model.

(4) Post-employment benefit plan

The defined benefit cost of the post-employment benefit plan and the present value of the defined benefit obligation depend on the actuarial valuation results. Actuarial valuation involves various assumptions, including discount rates and movements in expected salary increase or decrease.

(5) Income tax

The uncertainty of income tax exists in the interpretation of complex tax regulations and the amount and timing of future taxable income. Due to a wide range of international business relationships and the long-term and complexity of contracts, the differences between actual results and assumptions made, or changes in such assumptions in the future, may cause the booked income tax benefits and expenses to be adjusted in the future. The recognition of income tax is a reasonable estimation made according to the possible audit results of the local tax authorities of the countries in which the Company operates. The amount recognized is based on different factors, such as previous tax audit experience and the difference in tax law interpretation between the tax entity and the tax authority. The difference in interpretation may result in a variety of issues due to the local situation of the country where an individual enterprise of the Company operates.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The carryforwards of the taxable loss and income tax credit and deductible temporary differences are recognized as deferred tax assets within the range of probable future taxable income or taxable temporary differences. The amount of the deferred income tax assets to be recognized is estimated according to the possible timing and level of the future taxable income and taxable temporary difference, and also, the future tax planning strategy.

(6) Receivables - Estimation of loss allowance

The estimate of the Company's allowance loss on receivables is measured at the lifetime estimated credit loss. The credit loss shall be based on the present value of the difference between the contractual cash flows receivable (carrying amount) according to the contract and the cash flows expected to be received (assessment of forward-looking information). However, the discount impact of receivables is insignificant, and the credit loss is measured at the undiscounted difference. If the actual cash flow in the future is less than expected, a significant loss allowance may be incurred. Please refer to Note (VI).

(VI) Description of Significant Account Titles

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand and demand deposits	$462,999	$870,950
Time deposits	1,106,113	—
Total	$1,569,112	$870,950

2. Financial assets at fair value through other comprehensive income

	2023.12.31	2022.12.31
Debt instrument investments at fair value through other comprehensive income - non-current:		
Corporate bonds	$92,848	$85,198
Equity instrument investments at fair value through other comprehensive income - non-current:		
Unlisted stocks	1,800	1,800
Total	$94,648	$86,998

The Company did not provide financial assets at fair value through other comprehensive income as collateral.

See Note (XII) for details of an allowance for losses on debt instrument investments measured at fair value through other comprehensive income.

3. Accounts receivables and accounts receivables - related parties

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023.12.31	2022.12.31
Accounts receivable	$493,366	$1,251,249
Less: Allowance for losses	(523)	(1,304)
Subtotal	492,843	1,249,945
Accounts receivables - related parties	13,278	6,235
Less: Allowance for losses	(15)	(6)
Subtotal	13,263	6,229
Total	$506,106	$1,256,174

The Company did not receive collateral for the accounts receivable.

The Company's credit period for clients usually ranges from 30 to 90 days. The total carrying amounts on December 31, 2023 and 2022 were NT$506,644 thousand and NT$1,257,484 thousand, respectively. See Note (VI).12 for the information on an allowance for losses for 2023 and 2022 and Note (XII) for the information on credit risk.

4.Inventories

	2023.12.31	2022.12.31
Supplies	$29	$152
Finished goods	2,992	2,681
Total	$3,021	$2,833

Operating costs recognized as expenses by the Company in 2023 and 2022 were NT$3,195,509 thousand and NT$6,056,241 thousand, respectively, including inventory valuation loss (reversal gain) of NT$30,154 thousand and NT$(9,024) thousand, respectively. In addition, the allowance for loss from inventory price decline declined due to the inventory price reversal gain because the allowance that had been recognized for loss from inventory price decline at the beginning of the period recovered due to the price recovery of inventory or the sale or use of the inventory.

No collateral is provided for the above inventories.

5. Investment accounted for using the equity method

	2023.12.31		2022.12.31	
Investee	Amount	Shareholding	Amount	Shareholding
Investment in subsidiary:				
O-TA Golf Group Co.,Ltd.(O-TA BVI.)	$4,685,650	100.00%	$4,742,591	100.00%

The investment in subsidiaries is presented as "investments using the equity method" in the parent company only financial statements, with necessary valuation adjustments made.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Below is the Company's investment in O-TA BVI.:

(1) The Company invested in O-TA BVI. in 1994, through which the Company set up Harvest Fair International Limited in Hong Kong, which was mainly engaged in trading of golf club heads and bicycle parts.

(2) The Company invested in O-TA BVI. in 2011, through which the Company set up Jiangxi O-TA Precision Technology Co., Ltd. in China after obtaining an approval from the INVESTMENT COMMISSION of MOEA. O-TA Precision Technology Co., Ltd. was mainly engaged in production and sale of golf club head, shafts, golf equipment, and plumbing hardware.

(3) The Company invested in O-TA BVI. in 2018, through which the Company set up VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD. in China after obtaining an approval from the INVESTMENT COMMISSION of MOEA. VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD. was mainly engaged in production of carbon fiber composite and bicycle parts.

The aggregate financial information on the share of the above investments in the subsidiary is listed as follows:

	2023	2022
Net (loss) income from continuing operations	($26,005)	$1,055,356
Other comprehensive income (net amount after tax)	—	—
Total comprehensive income	($26,005)	$1,055,356

The above investment in the subsidiary bore no contingent liabilities nor capital commitment on December 31, 2023 or 2022, and no collateral was provided for the investment.

6.Property, plant and equipment

	2023.12.31	2022.12.31
Property, plant and equipment for self-use	$111,085	$104,322

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Total
Cost:							
2023.01.01	$65,877	$54,158	$19,678	$66,784	$9,771	$15,910	$232,178
Additions	—	8,645	818	875	1,500	1,405	13,243
Disposal	—	—	—	(130)	(1,200)	(63)	(1,393)
Transfer	—	—	—	—	—	—	—
2023.12.31	$65,877	$62,803	$20,496	$67,529	$10,071	$17,252	$244,028
2022.01.01	$65,877	$54,158	$19,578	$63,809	$10,321	$15,130	$228,873
Additions	—	—	100	2,975	800	938	4,813
Disposal	—	—	—	—	(1,350)	(158)	(1,508)
Transfer	—	—	—	—	—	—	—
2022.12.31	$65,877	$54,158	$19,678	$66,784	$9,771	$15,910	$232,178
Depreciation and impairment:							
2023.01.01	$-	($32,812)	($17,651)	($59,343)	($6,276)	($11,774)	($127,856)
Depreciation (Note)	—	(1,122)	(497)	(2,276)	(1,323)	(1,101)	(6,319)
Disposal	—	—	—	130	1,039	63	1,232
2023.12.31	$-	($33,934)	($18,148)	($61,489)	($6,560)	($12,812)	($132,943)
2022.01.01	$-	($31,914)	($17,201)	($55,581)	($6,030)	($10,469)	($121,195)
Depreciation (Note)	—	(898)	(450)	(3,762)	(1,401)	(1,463)	(7,974)
Disposal	—	—	—	—	1,155	158	1,313
2022.12.31	$-	($32,812)	($17,651)	($59,343)	($6,276)	($11,774)	($127,856)
Net carrying amount:							
2023.12.31	$65,877	$28,869	$2,348	$6,040	$3,511	$4,440	$111,085
2022.12.31	$65,877	$21,346	$2,027	$7,441	$3,495	$4,136	$104,322

Note: Depreciation attributable to subsidiaries in 2023 and 2022 were NT$1,634 thousand and NT$2,620 thousand, respectively.

The Company’s property, plants and equipment were not provided as collateral nor mortgaged.

7. Intangible assets

	Patent
Cost:	
2023.01.01	$6,810
Additions	597
Derecognition	(604)
2023.12.31	$6,803

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Patent
2022.01.01	$6,694
Additions	543
Derecognition	(427)
2022.12.31	$6,810
Amortization and impairment:	
2023.01.01	($3,443)
Amortization	(395)
Derecognition	604
2023.12.31	($3,234)
2022.01.01	($3,498)
Amortization	(372)
Derecognition	427
2022.12.31	($3,443)
Net carrying amount:	
2023.12.31	$3,569
2022.12.31	$3,367

The amortization amounts of intangible assets recognized are as follows:

	2023	2022
Operating expenses	$395	$372

8. Short-term borrowings

The details are as follows:

	2023.12.31	2022.12.31
Secured bank loans	$450,000	$440,000
Interest rate range		
Collateral	1.65%～1.66%	1.15%～1.75%
Due date	2024.01.26～2024.05.06	2023.01.05～2023.05.31

As of December 31, 2023 and 2022, the Company's short-term borrowings undrawn amounted to about NT$1,020,000 thousand and NT$900,000 thousand, respectively.

The secured bank loans is jointly guaranteed by the key management personnel. See Note (VII) for details of the guarantee provided.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

9. Other payables

	2023.12.31	2022.12.31
Employees' and directors' compensation payable	$46,794	$173,722
Payables for purchase made on behalf of the Company	93,898	163,176
Salary payable	20,543	21,783
Others	8,455	7,928
Total	$169,690	$366,609

10. Post-employment benefit plan

Defined contribution plans

The Company has an employee retirement plan stipulated in accordance with the Labor Pension Act, which is a defined contribution plan. According to the articles, the amount appropriated by the Company monthly to labor pension shall not be less than 6% of the worker's monthly wage. The Company makes a monthly contribution equivalent to 6% of the employees' monthly salary to the personal pension account with the Bureau of Labor Insurance as per the Act.

The Company's defined contribution plan expenses in 2023 and 2022 amounted to NT$5,789 thousand and NT$5,856 thousand, respectively (including NT2,637 thousand and NT$2,684 thousand, respectively, paid on behalf of subsidiaries).

Defined benefit plan

The Company has an employee pension plan stipulated in accordance with the Labor Standards Act, which is a defined benefit plan. The employee pension to be paid is counted based on the number of points accumulated based on the length of service and the average monthly salary when the retirement is approved. Two points are granted for each year of service for the first 15 years and one point for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution equal to 13% of the total salaries every month as a pension fund and deposit it in the account in the name of the Supervisory Committee of Labor Retirement Reserve with the Bank of Taiwan. In addition, the Company assess the balance in the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pensions calculated in the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to make up for the deficit by the end of March of the following year. Since April 27, 2004, the Company has been making a monthly contribution to the pension reserve equal to 4% of the total salaries paid to the directors who are also managers, which was approved by the National Taxation Bureau of the Southern Area (MOF) with the approved letter Chao-Zhou-Zi No.0930009057 dated April 27, 2004.

The Ministry of Labor allocates assets in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Investments using the pension fund are made by the ministry itself and an agency, to make strategic medium- and long-term investments in both active and passive manners. Considering the market, credit, liquidity, and other risks, the Ministry of Labor has set a risk limit for the fund and has control plans in place so that there is enough flexibility to achieve the target return without assuming excessive risks.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, the government shall make up for the difference after being approved by the competent authorities. The Company has no right to participate in managing and operating the fund, so the Company is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. As of December 31, 2023, the Company plans to contribute NT$1,939 thousand for the defined benefit plan for the following year.

As of December 31, 2023 and 2022, the Company's defined benefit plan is expected to expire in 8 years and 9 years, respectively.

The costs of the defined benefit plan recognized in profit or loss are compiled in the table below:

	2023	2022
Service cost in this period	$384	$443
Net interest on net defined benefit liability	69	153
Total	$453	$596

The reconciliation of the present values of defined benefit obligations and the fair values of plan assets is as follows:

	2023.12.31	2022.12.31
Present values of defined benefit obligations	$90,196	$91,679
Fair values of plan assets	(81,330)	(81,915)
Other non-current liabilities - net defined benefit liabilities (assets)	$8,866	$9,764

Reconciliation of net defined benefit liability (asset):

	Present values of defined benefit obligations	Fair values of plan assets	Net defined benefit liabilities (assets)
2023.01.01	$91,679	($81,915)	$9,764
Service cost in this period	384	—	384
Interest expense (income)	1,180	(1,111)	69
Subtotal	93,243	(83,026)	10,217
Net defined benefit liabilities/Asset remeasurement:			
Actuarial gains or losses from changes in financial assumptions	628	—	628
Experience adjustment	530	—	530
Remeasurement of defined benefit assets	—	(598)	(598)
Subtotal	1,158	(598)	560
Benefits paid	(4,205)	4,205	—

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Present values of defined benefit obligations	Fair values of plan assets	Net defined benefit liabilities (assets)
Employer's contribution	—	(1,911)	(1,911)
2023.12.31	$90,196	($81,330)	$8,866

	Present values of defined benefit obligations	Fair values of plan assets	Net defined benefit liabilities (assets)
2022.01.01	$99,878	($67,312)	$32,566
Service cost in this period	443	—	443
Interest expense (income)	485	(332)	153
Subtotal	100,806	(67,644)	33,162
Net defined benefit liabilities/Asset remeasurement:			
Actuarial gains or losses from changes in financial assumptions	(6,615)	—	(6,615)
Experience adjustment	(2,512)	—	(2,512)
Remeasurement of defined benefit assets	—	(5,582)	(5,582)
Subtotal	(9,127)	(5,582)	(14,709)
Benefits paid	—	—	—
Employer's contribution	—	(8,689)	(8,689)
2022.12.31	$91,679	($81,915)	$9,764

The main assumptions below are adopted to determine the Company's defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.23%	1.29%
Expected salary increase	1.50%	1.50%

Sensitivity analysis of each major actuarial assumption:

	2023		2022	
	Increase in defined benefit obligations	Decrease in defined benefit obligations	Increase in defined benefit obligations	Decrease in defined benefit obligations
0.5% increase in discount rate	—	$3,475	—	$3,811
0.5% decrease in discount rate	$3,681	—	$4,048	—
Expected salary increase by 0.5%	$3,598	—	$3,959	—
Expected salary decrease by 0.5%	—	$3,430	—	$3,764

The above sensitivity analysis was conducted on the assumption that other assumptions remain unchanged, and when a single actuarial assumption (such as the discount rate or expected salary increase) experienced a reasonably possible change, the possible impact on the determined benefit obligations was analyzed. As some actuarial assumptions are associated with each other, it is rare that only a single actuarial assumption experiences a change in practice, so there are limitations in this analysis.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The methods and assumptions adopted in this sensitivity analysis for this period are the same as those adopted in the prior period.

11. Equity

(1) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to NT$1,400,000 thousand, and the issued share capital NT$838,000 thousand, with a par value of NT$10 per share. The number of shares was 83,800 thousand at both dates. Each share is entitled to one vote and receive dividends.

(2) Capital surplus

	2023.12.31	2022.12.31
Additional paid-in capital	$88,865	$88,865
Others	12,374	12,374
Total	$101,239	$101,239

As per law, capital reserve shall not be used for any purpose except for making up for the Company’s losses. When the Company has no loss, a certain percentage of the income derived from the issuance of new shares at a premium and the income from endowments received by the company shall be applied to replenish the capital per year. The aforementioned capital reserve can be allocated in cash to shareholders in proportion to their shareholdings.

(3) Earnings distribution and dividend policy

As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, it shall distribute the earnings in the order specified below:

A. Paying taxes;
B. Offsetting a deficit;
C. Providing 10% of the remaining balance as a legal reserve;
D. Providing an amount for or reversing a special reserve in accordance with laws and regulations or the competent authority’s instructions;

E. Any remaining profit, together with any undistributed retained earnings, adopted by the Board of Directors as the basis for making a distribution proposal, which shall then be reported to the shareholders’ meeting.

If the above distribution of shareholder dividends is conducted in the form of cash, the Board of Directors is delegated to do so after it is approved by more than half of the directors present at a board meeting attended by at least two-thirds of all directors and report to the shareholders' meeting.

The Company's dividend distribution policy depends on factors of the Company's current and future investment environment, capital needs, domestic and international competition, and capital budgets, as well as shareholders' interest, dividend equalization, and the Company's long-term financial plan. The Board of Directors draws up a distribution proposal as per law and reports it to the shareholders' meeting per year. The Company provides no lower than 50% of the distributable earnings for shareholder dividends per year, with the priority given to cash dividends, and stock dividends may also be paid out. The total amount of cash dividends to be paid out shall not be lower than 50% of the total shareholder dividends to be paid out.

As per the Company Act, the Company shall set aside a legal reserve unless its total amount has reached the amount of the total paid-in capital. The legal reserve may be used to offset a deficit. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the paid-in capital may be used to distribute shares or cash to shareholders in proportion to their shareholdings.

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

The net other equity of the Company on December 31, 2022 was positive. Therefore, the earnings appropriation and distribution proposal in 2022 fully reversed the recognized special reserve.

The Company's Board of Directors meeting and general shareholders' meetings on March 15, 2024 and May 24, 2023, respectively, resolved on the 2023 and 2022 earnings appropriation and distribution proposal and the dividends per share, respectively. The details are as follows:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Earnings appropriation and distribution proposal		Dividends per share (NT$)	
	2023	2022	2023	2022
Legal reserve (Note)	$40,607	$180,491		
Special reserve reversed (Note)	$-	($121,777)		
Cash dividends from ordinary shares	$360,340	$1,076,830	$4.3	$12.85

Note: The amounts of legal reserve and special reserve for 2023 are subject to approval by the annual shareholders’ meeting as a resolution on June 5, 2024.

Please refer to Note (VI).15 for the relevant information on the estimation basis and recognized amounts of employee remuneration and directors’ remuneration.

12. Operating revenue

	2023	2022
Revenue from customer contracts		
Revenue from product sales	$3,843,818	$7,177,209
Other operating revenue	1,158	14,836
Total	$3,844,976	$7,192,045

The Company's revenue from customer contracts for 2023 and 2022 is as follows:

(1) Breakdown of revenue

2023

	Golf equipment segment	Other segments	Total
Sales of goods	$3,843,818	$1,158	$3,844,976
Timing of revenue recognition:			
At certain point in time	$3,843,818	$1,158	$3,844,976

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2022

	Golf equipment segment	Other segments	Total
Sales of goods	$7,177,209	$14,836	$7,192,045
Timing of revenue recognition:			
At certain point in time	$7,177,209	$14,836	$7,192,045

(2) Transaction prices apportioned to unfulfilled performance obligations

None.

(3) Assets recognized from the costs of obtaining or fulfilling customer contracts

None.

13. Expected credit impairment

	2023	2022
Operating expenses - expected credit impairment losses		
Accounts receivable	($772)	($343)

See Note (XII) for information on credit risk.

The Company's receivables (including notes and accounts receivable) are measured at the lifetime expected credit losses. The details of an allowance for losses on December 31, 2023 and 2022 are as follows:

2023.12.31

	Not past due	Number of days past due				
	(Note)	Less than 90 days	91-180 days	181-360 days	361 days and more	Total
Gross carrying amount	$506,637	$7	$-	$-	$-	$506,644
Loss ratio	0.11%	—	—	—	—	
Lifetime expected credit losses	(537)	(1)	—	—	—	(538)
Subtotal	$506,100	$6	$-	$-	$-	$506,106
Carrying amount						$506,106

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2022.12.31

	Not past due	Number of days past due				
	(Note)	Less than 90 days	91-180 days	181-360 days	361 days and more	Total
Gross carrying amount	$1,257,306	$178	$-	$-	$-	$1,257,484
Loss ratio	0.10%	16.53%	—	—	—	
Lifetime expected credit losses	(1,281)	(29)	—	—	—	(1,310)
Subtotal	$1,256,025	$149	$-	$-	$-	$1,256,174
Carrying amount						$1,256,174

Note: The Company’s all notes receivable are not overdue.

(2) The movements in the allowances for losses on the Company's notes and accounts receivable for 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
2023.01.01	$-	$1,310
Decrease in this period	—	(772)
Effects of movements in foreign exchange rates	—	—
2023.12.31	$-	$538
2022.01.01	$-	$1,653
Decrease in this period	—	(343)
Effects of movements in foreign exchange rates	—	—
2022.12.31	$-	$1,310

14. Leases

The Company as lessee

The Company has leased a number of different assets including property (land and buildings) and transportation equipment. The lease term under each contract ranges from 1 to 50 years.

The impact of leasing on the Company’s financial position, financial performance, and cash flows is specified below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023.12.31	2022.12.31
Transportation equipment	$305	$23

The Company added NT$564 thousand and nil to the right-of-use assets during 2023 and 2022.

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$308	$24
Current	$284	$24
Non-current	24	—
Total	$308	$24

Please refer to Note (VI).15 “Financial costs” for the details of interest expenses for the Company's lease liabilities in 2023 and 2022; please refer to Note (XII).5 “Liquidity risk management” for the details of the maturity analysis of lease liabilities.

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2023	2022
Transportation equipment	$282	$282

C. Lessee's income and expenses related to leasing activities

None

D. Lessee's cash outflows from leasing activities

The amounts of the Company’s cash outflows from leasing activities during 2023 and 2022 were NT$286 thousand and NT$286 thousand.

E. Other information on leasing activities

Option for lease extension and option for lease termination

The Company’s partial property lease contracts include the option to extend the leases. When a lease term is determined, the non-cancellable period for the right to use the underlying asset covers the period, during which it is reasonably certain that the Company will exercise the option to extend the lease, and the period, during which it is reasonably certain that the Company will not exercise the option to terminate the lease. The use of such options maximizes the flexibility of managing such contracts. The option to extend the leases can only be exercised by the Company. When major events or material changes in the circumstances occur after the inception date (under the lessee's control and affecting if it is reasonably certain that the Company will exercise the options that were not included when the lease term was determined or will not exercise the options included when the lease term was determined), the Company reassesses the lease term.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

15. Statement of employee benefits, depreciation, depletion, and amortization expenses by function is as follows:

By function / Item	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	$-	85,816	$85,816	$-	143,529	$143,529
Labor and health insurance costs	$-	9,960	$9,960	$-	9,119	$9,119
Pension costs	$-	3,605	$3,605	$-	3,768	$3,768
Directors' remuneration	$-	14,238	$14,238	$-	37,812	$37,812
Other employee benefit expenses	$-	2,965	$2,965	$-	4,455	$4,455
Depreciation expense (Note)	$-	4,967	$4,967	$-	5,636	$5,636
Amortization cost	$-	395	$395	$-	372	$372

Note: Excluding the depreciation attributable to subsidiaries in the amount of NT$1,634 thousand and NT$2,620 thousand, respectively.

Note:

1. The Company had 97 and 98 employees in this year and the previous year, respectively; among them, 7 were directors who were not concurrently employees.

2. TWSE- and TPEx-listed companies shall further disclose the following:

(1) Average employee benefits expenses in the year were NT$1,137 thousand ([Total employee benefits expenses in the year - Total remuneration to directors]/[Number of employees in the year - Number of directors who are not an employee]). Average employee benefits expenses in the previous year were NT$1,768 thousand ([Total employee benefits expenses in the previous year - Total remuneration to directors]/[Number of employees in the previous year - Number of directors who are not an employee]).

(2) Average employee salary expenses in the year were NT$954 thousand (Total employee salary expenses in the year/[Number of employees in the year - Number of directors who

are not an employee]). Average employee salary expenses in the previous year were NT$1,577 thousand (Total employee salary expenses in the previous year/[Number of employees in the previous year - Number of directors who are not an employee]).

(3) The average extent of employee salary adjustment in the year was -40% ([Average employee salary expenses in the year - Average employee salary expenses in the previous year]/Average employee salary expenses in the previous year).

(4) The Company has set up its Audit Committee as required by law to replace supervisors. Therefore, the Company did not recognize compensation for supervisors.

(5) The Company's remuneration policy

Principles for formulating remuneration policy

A. Employee salary: Employee remuneration mainly comprises base payments (base salary plus food stipends), performance bonus, annual salary adjustments in line with personal performance, and year-end bonus. Salary is determined by referencing prevailing payment standards in the market, job type, education and experience, professional knowledge and skills, and years of experience in the profession.
B. The policy on remuneration to managers depends on the Company's business strategy and profit position and a manager's performance and contribution at work to the Company, and is proposed by the Remuneration Committee, approved by the Board of Directors, and then executed.
C. Personal performance bonus: Bonus is given according to the Company's business performance and an employee's individual performance.
D. Annual salary adjustment: Salary adjustment assessment is carried out by the Company every year, taking into account the year's macroeconomic climate, operating profits, employee performance evaluation results, and employee incentive programs aiming at encouraging employees to pursuit long-term development with the Company.

According to the Articles of Incorporation, the Company shall provide 6.5％ of the profit, if any, for employees' remuneration and no higher than 1.5％ for directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, decide to pay out the employees remuneration in stock or cash and report to the shareholders' meeting for such distribution. Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

The Group provided no lower than 6.5% and no higher than 1.5% of the profit for 2023 and 2022 as employee remuneration and director's remuneration, respectively. Any difference between the estimated amounts and the amounts paid out by the resolution of the Board of Directors will be recognized in profit or loss for the following year. If the Board of Directors resolves to pay out employee remuneration in stock, the number of shares paid out is counted based on the closing price of the day before the board meeting.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company's Board of Directors, on March 15, 2024, resolved to pay out 2023 employee remuneration and directors' remuneration in cash in the amounts of NT$ 38,020 thousand and NT$8,774 thousand, respectively. Such amounts are not significantly different from those recognized in expenses in the 2023 financial statements.

There is no significant difference between the amounts of the 2022 employee remuneration and director's remuneration paid out by the Company and the amounts recognized in expenses in the 2022 financial statements.

16. Non-operating income and expenses

(1) Interest income

	2023	2022
Financial assets at amortized cost	$61,565	$12,059

(2) Other income

	2023	2022
Other income - others	$876	$1,708

(3) Other gains and losses

	2023	2022
Gain on disposal of property, plants and equipment	$996	$506
Net foreign currency exchange (gain) loss	9,472	27,653
Others	—	(128)
Total	$10,468	$28,031

(4) Financial costs

	2023	2022
Interest on bank loans	($7,529)	($4,633)
Interest on lease liabilities	(6)	(2)
Total	($7,535)	($4,635)

17. Components of other comprehensive income

The components of other comprehensive income for 2023 are as follows:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Arising during this period	Reclassification adjustments during this period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Actuarial gains or losses on defined benefits	($559)	$-	($559)	$112	($447)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on the translation of the financial statements of foreign operations	(30,936)	—	(30,936)	—	(30,936)
Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income	7,650	—	7,650	(1,530)	6,120
Total	($23,845)	$-	($23,845)	($1,418)	($25,263)

The components of other comprehensive income for 2022 are as follows:

	Arising during this period	Reclassification adjustments during this period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Actuarial gains or losses on defined benefits	$14,709	$-	$14,709	($2,942)	$11,767
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on the translation of the financial statements of foreign operations	182,038	—	182,038	—	182,038
Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income	(19,951)	—	(19,951)	3,990	(15,961)
Total	$176,796	$-	$176,796	$1,048	$177,844

18. Income tax

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) The main components of income tax expenses (benefits) are as follows:

Income tax recognized in profit or loss

	2023	2022
Current income tax expenses (benefits):		
Income tax payable for the current period	$175,756	$193,583
Income taxes for prior years adjusted into this period	9	—
Deferred tax expenses (benefits):		
Deferred tax expenses (benefits) related to the initial temporary differences and reversal of temporary differences	(44,149)	11,075
Income tax expense	$131,616	$204,658

Income tax recognized in other comprehensive income

	2023	2022
Deferred tax expenses (benefits):		
Remeasurement of defined benefit plans	($112)	$2,942
Unrealized profit or loss of debt instrument investments at fair value through other comprehensive income	1,530	(3,990)
Income tax related to components of other comprehensive income	$1,418	($1,048)

(2) The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2023	2022
Net income before tax of the continuing operations	$538,136	$1,997,800
Tax amount derived by applying domestic applicable tax rates	$107,627	$399,560
Income tax effect of tax-free income	5,201	(211,071)
Income tax effect of non-deductible expenses on tax returns	—	22
Surtax on undistributed earnings	32,806	16,196
Income taxes for prior years adjusted into this period	9	—
Other income tax effects adjusted as per tax laws	(14,027)	(49)
Total income tax expense recognized in profit or loss	$131,616	$204,658

(3) Balance of deferred tax assets (liabilities) related to the items below:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

		2023		
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Inventory valuation losses	$8,744	($3,303)	$-	$5,441
Share of profit or loss of subsidiaries recognized	(198,624)	44,714	—	(153,910)
Net defined benefit liabilities - non-current	1,282	(312)	112	1,082
Land value increment tax (Note)	(3,914)	—	—	(3,914)
Investment in debt instrument	6,619	—	(1,530)	5,089
Others	(6,515)	3,050	—	(3,465)
Deferred tax (expense) benefit		$44,149	($1,418)	
Deferred tax assets/liabilities, net	($192,408)			($149,677)
The information presented in the balance sheet is as follows:				
Deferred tax assets	$16,703			$11,657
Deferred tax liabilities	($209,111)			($161,334)

		2022		
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Inventory valuation losses	$10,630	($1,886)	$-	$8,744
Share of profit or loss of subsidiaries recognized	(198,624)	—	—	(198,624)
Net defined benefit liabilities - non-current	5,862	(1,638)	(2,942)	1,282
Land value increment tax (Note)	(3,914)	—	—	(3,914)
Investment in debt instrument	2,629	—	3,990	6,619
Others	1,036	(7,551)	—	(6,515)
Deferred tax (expense) benefit		($11,075)	$1,048	
Deferred tax assets/liabilities, net	($182,381)			($192,408)
The information presented in the balance sheet is as follows:				
Deferred tax assets	$20,157			$16,703
Deferred tax liabilities	($202,538)			($209,111)

Note: In accordance with the tax law of the Republic of China, income from land transactions made before January 1, 2016 is exempted for taxation, but at the time of transfer, where the present value for the transfer exceeds the initially stipulated land price or the value recorded for the prior transfer, a land value increment tax shall be levied on the amount in excess of the price/value, less all expenses paid by the landowner for land improvements, which falls within the scope of IAS 12 "Income Taxes". As of December 31, 2023 and 2022, as per the above regulations, the amount of the deferred tax - land value increment tax recognized is NT$3,914 thousand.

(4) Information on unrecognized deferred tax liabilities related to investments

As of December 31, 2023 and 2022, the Company and investees' taxable temporary differences related to, but had yet to be recognized as, deferred tax liabilities amounted to NT$759,034 thousand and NT$719,522 thousand, respectively.

(5) Income tax return filings and approval

As of December 31, 2023, the profit-seeking enterprise income tax returns filed by the Company have been approved by the tax authority up to 2021.

19. Earnings per share

The basic earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the Company divided by the weighted average number of ordinary share outstanding in the current period.

The diluted earnings per share is calculated by with the net income attributable to the holders of the ordinary shares of the Company (after being adjusted for the interest on convertible corporate bonds) divided by the weighted average number of ordinary shares outstanding in the current period plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares were converted into ordinary shares.

	2023	2022
(1) Basic earnings per share		
Net income	$406,520	$1,793,142
Weighted average number of ordinary shares for basic earnings per share (in thousands)	83,800	83,800
Basic earnings per share (NT$)	$4.85	$21.40

	2023	2022
(2) Diluted earnings per share		
Net income	$406,520	$1,793,142
Weighted average number of ordinary shares for basic earnings per share (in thousands)	83,800	83,800
Dilution effect:		
Employee remuneration - stock (in thousand shares)	422	1,201
Weighted average number of ordinary shares (in thousand shares) with the dilution effect adjusted	84,222	85,001
Diluted earnings per share (NT$)	$4.83	$21.10

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

There was no other transaction performed to cause significant changes to the outstanding ordinary shares or the potential ordinary shares after the reporting period and before the release of the financial statements.

(VII) Related Party Transactions

The related parties who engaged in transactions with the Company during the financial reporting period are as follows:

Name of related party and relations

Name of related party	Relations with the Company
O-TA Golf Group Co., Ltd.(O-TA BVI.)	A subsidiary of the Company
Jiangxi O-TA Precision Technology Co., Ltd. (Jiangxi O-TA)	A sub-subsidiary of the Company
Harvest Fair International Limited (Harvest Fair)	A sub-subsidiary of the Company
VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD. (VGT)	A sub-subsidiary of the Company
TAGA CO.,LTD. (TAGA)	Other related parties
LEE, KUNG-WEN and others	The Company’s key manager

Material transactions with related parties

1.Sales

	2023	2022
TAGA	$350,996	$302,555

The prices of the Company's sales to related parties are handled based on the general sales conditions, and the payment term is net 60 days after the end of each month.

2.Purchases

	2023	2022
Harvest Fair	$3,164,290	$6,047,030
Jiangxi O-TA	4,188	8,786
TAGA	1,846	1,248
Total	$3,170,324	$6,057,064

The Company's golf club heads and shafts are priced as per the manufacturing outsourcing contract agreed with Harvest Fair and produced by Jiangxi O-TA through Harvest Fair, and Harvest Fair pays for the goods to Jiangxi O-TA. As of the end of 2023 and 2022, the unrealized balance of unrealized profit from upstream transactions, in which the Company purchased goods from sub-subsidiaries, was about NT$2,565 thousand and NT$1,958 thousand, respectively, which have been written off in proportion to the shareholding as agreed.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company's purchases of goods from related parties are handled based on normal purchase conditions, and the payment term is two months after acceptance.

3.Accounts receivables - related parties

	2023.12.31	2022.12.31
TAGA	$13,278	$6,235
Less: Allowance for losses	(15)	(6)
Net amount	$13,263	$6,229

4.Other receivables - related parties

	2023.12.31	2022.12.31
Harvest Fair	$280,782	$205,075
TAGA	—	1
Total	$280,782	$205,076

5.Accounts payable - related parties

	2023.12.31	2022.12.31
Harvest Fair	$2,591,299	$1,638,958
Jiangxi O-TA	—	—
TAGA	7	167
Total	$2,591,306	$1,639,125

6.Other payables - related parties

	2023.12.31	2022.12.31
Harvest Fair	$2,079	$5,231

7.Remuneration to the Group’s key management personnel

	2023	2022
Short-term employee benefits	$36,844	$74,119

8.Others

(1) The freight and other expenses paid to TAGA during 2023 and 2022 were NT$3,631 thousand and NT$2,508 thousand, respectively, which were recognized in overhead.

(2) The income for transport services received from TAGA during 2023 and 2022 were NT$214 thousand and NT$152 thousand, respectively, which were recognized in other income.

(3) The Company’s purchase of raw materials and payment therefor on behalf of Harvest Fair International Limited in 2023 and 2022 was NT$672,038 thousand and NT$1,360,634 thousand, respectively.

(4) The Company’s purchase of molds on behalf of Harvest Fair International Limited in 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

and 2022 was NT$3,878 thousand and NT$10,907 thousand, respectively.

(5) The Company's purchase of machinery and equipment on behalf of Harvest Fair International Limited in 2023 and 2022 was NT$315 thousand and NT$1,837 thousand, respectively.

(6) As of December 31, 2022, the Company issued a promissory note, jointly endorsed/ guaranteed by LEE, KUNG-WEN, a related party, in the amount of NT$1,691,980 thousand for the purpose of applying for bank loan facilities and issuing commercial paper.

(VIII) Assets Pledged

The assets below provided by the Company as collateral:

Item	Carrying amount 2023.12.31	Carrying amount 2022.12.31	Secured liabilities
Other current assets - other financial assets	$500	$500	Import tariffs

(IX) Material Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2023 and 2022, the information on important contracts signed by the Company for a renovation project was as follows:

	2023.12.31		2022.12.31	
Item	Contract amount	Outstanding amount	Contract amount	Outstanding amount
Equipment purchases	$1,623	$1,051	$-	$-
Renovation project	—	—	8,262	8,262
Total	$1,623	$1,051	$8,262	$8,262

(X) Losses Due to Material Disasters

None.

(XI) Material Subsequent Events

None.

(XII) Others

1. Types of financial instruments

Financial assets

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2023.12.31	2022.12.31
Financial assets at fair value through other comprehensive income	$94,648	$86,998
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	1,568,757	870,502
Accounts receivables (including related parties)	506,106	1,256,174
Other receivables (including related parties)	289,333	211,474
Other financial assets - current	500	500
Other non-current assets - guarantee deposits paid	102	101
Subtotal	2,364,798	2,338,751
Total	$2,459,446	$2,425,749

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities at amortized cost:		
Short-term borrowings	$450,000	$440,000
Payables (including related parties)	2,763,155	2,011,087
Total	$3,213,155	$2,451,087

2. Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market, credit, and liquidity risks related to operating activities. The Company identifies, measures, and manages the above risks as per its policies and risk preferences.

The Company has established appropriate policies, procedures, and internal control system in accordance with applicable regulations on the above financial risk management; important financial activities should be reviewed by the Board of Directors in accordance with applicable regulations and the internal control system. During the implementation of the financial management activities, the Company should comply with the applicable regulations on financial risk management.

3. Market risk

The Company's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated; however, the sensitivity analysis of the following risks did not consider the interaction between relevant risks and variables.

Exchange rate risk

The Company's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Company's functional currency) and net investment in foreign operations.

The Company's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position. The exchange rate risk of some foreign currency payments is managed through forward exchange agreements. The above natural hedging effect and the management of exchange rate risk through forward exchange agreements do not meet the requirement of hedging accounting, so hedging accounting has not been adopted; also, the net investment in foreign operations is a strategic investment, so the Company has not adopted a hedging approach thereto.

The sensitivity analysis of the Company's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the impact of relevant foreign currency appreciation/depreciation on the Company's profit and loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD and EUR. The sensitivity analysis information is as follows:

When the NTD appreciates/depreciates by 1% against the USD, the Company’s profit or loss for the year ended December 31, 2023 and 2022 would have decreased/increased by NT$(5,113) thousand and NT$4,352 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's interest rate risk is mainly from debt instrument investments at floating rates and borrowings at fixed and floating rates.

The Company manages interest rate risk by maintaining an appropriate portfolio of instruments at fixed and floating interest rates. However, hedging accounting does not applied as it does not meet the criteria for hedging accounting.

The sensitivity analysis of the Company's interest rate risk was mainly focused on investments and borrowings at floating rates at the end date of the financial reporting period. With an assumption that such investments and borrowings are held for one fiscal year, when the interest rate increases/decreases by 0.1%, the Company's 2023 and 2022 profit or loss would have decreased/increased by NT$1,119 thousand and NT$431 thousand, respectively.

Equity price risk

The Company manages the equity price risk by diversifying investments and setting limits for single and entire equity securities investments. The information on the investment portfolio of equity securities should be regularly provided to the Company’s senior management, and the Board of Directors should review and approve all decisions about investments in equity securities.

4. Credit risk management

Credit risk refers to the risk of financial loss arising from default by counterparties on contract obligations. The Company’s credit risk arises from the operating activities (mainly from accounts and notes receivables) and financial activities (mainly from cash in banks and various financial instruments).

Each unit of the Company follows the credit risk policy, procedures, and control mechanism to manage credit risk. The credit risk assessment of all transaction counterperties is based on factors, such as each counterperty's financial position, ratings by credit rating agencies, historical trading experience from the past, current economic environment, and the Company's internal rating criteria. The Company also uses certain credit enhancement tools (such as advance sales receipts and insurance) at appropriate times to reduce specific counterperties' credit risk.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

As of December 31, 2023 and 2022, the Company's accounts receivable from the top ten customers accounted for 99% and 98% of the Company's total accounts receivable, respectively. The credit concentration risk arising from the remaining receivables is relatively insignificant.

The Company's Finance Division manages the credit risk from cash in bank and other financial instruments in accordance with the Company's policies. The Company's counterparties are determined by internal control procedures, such as banks with good credit, financial institutions with investment-grade ratings, corporate organizations, and government agencies, so there is no significant credit risk.

5. Liquidity risk management

The Company maintains financial flexibility through cash and cash equivalents, highly liquid securities, and bank borrowings. The table below summarizes the maturity of the payments contained in the remaining contracts of the Company's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest accrued. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2–3 years	4–5 years	5 years or more	Total
2023.12.31					
Borrowings	$451,217	—	—	—	$451,217
Payables	$2,762,977	—	—	—	$2,762,977
Lease liabilities	$286	24	—	—	$310
2022.12.31					
Borrowings	$441,622	—	—	—	$441,622
Payables	$2,010,734	—	—	—	$2,010,734
Lease liabilities	$24	—	—	—	$24

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year ended December 31, 2023:

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
2023.01.01	$440,000	$24	$440,024
Cash flows	10,000	(286)	9,714
Non-cash changes	—	569	569
2023.12.31	$450,000	$307	$450,307

Information on reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
2022.01.01	$430,000	$308	$430,308
Cash flows	10,000	(286)	9,714
Non-cash changes	—	2	2
2022.12.31	$440,000	$24	$440,024

7. Fair values of financial instruments

(1) Valuation techniques and assumptions adopted to measure the fair values

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The methods and assumptions adopted by the Company to measure the fair values of its financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short maturity of such instruments.

B. The fair values of financial assets and financial liabilities that are traded in an active market with standard terms and conditions are determined with reference to the quoted market prices (such as publicly listed stocks and bonds).

C. The fair value of equity instruments without active market transactions (stocks of non-public companies) is estimated by using the market method based on the company's self-assessed statements, prices of market transactions of equity instruments of the same or comparable companies, and other relevant information (i.e., discounts for lack of marketability, price-earnings ratio of similar companies’ stocks, price-book ratio of similar companies’ stocks, and other inputs)

D. Regarding debt instrument investments without quoted prices in an active market, bank borrowings, and other non-current liabilities, the fair values are determined based on the counterparties' quotes or valuation techniques. The valuation techniques are determined on the basis of discounted cash flow analysis; the assumptions about interest rates and discount rates are made with reference to on similar instruments (such as the Taipei Exchange's yield curves for reference, the average quotes of Reuters commercial paper interest rates, and credit risks).

(2) Fair values of financial instruments at amortized cost

The carrying amounts of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(3) Information on the financial instrument fair value hierarchy

Please refer to Note (XII).8 for information on the Company's financial instrument fair value hierarchy.

8. Fair value hierarchy

(1) Fair value hierarchy definitions

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Information on hierarchy of fair value measurement

The Company does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

	2023.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through other comprehensive income				
Investments in unlisted companies' equity	$-	—	1,800	$1,800
Investments in offshore corporate bonds	$92,848	—	—	$92,848

	2022.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through other comprehensive income				
Investments in unlisted companies' equity	$-	—	1,800	$1,800
Investments in offshore corporate bonds	$85,198	—	—	$85,198

Transfer between level 1 and level 2 fair values

The Company's assets and liabilities at fair value on a recurring basis during 2023 and 2022 were not transferred between Level 1 and Level 2.

Details of changes in level 3 of the measured at fair value on a recurring basis

The Company's assets and liabilities at fair value on a recurring basis that belong to Level 3 fair value amounted to NT$1,800 thousand for both years ended December 31, 2023 and 2022; no changes occurred during the two periods.

9. Information on the foreign-currency-denominated assets and liabilities that have significant influence:

The Company's foreign-currency-denominated assets and liabilities that have significant influences are as follows:

Unit: In thousands of dollars

	2023.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$70,696	30.6550	$2,167,197
Financial liabilities			
Monetary items:			
USD	$87,373	30.6558	$2,678,479

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022.12.31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$72,463	30.6600	$2,221,725
Financial liabilities			
Monetary items:			
USD	$58,269	30.6600	$1,786,526
JPY	$4,343	0.2304	$1,001

The above information is disclosed in the foreign currency carrying amount (already converted to the functional currency).

Due to the wide variety of the currencies used by the Company in trading, it is not possible to disclose the foreign currencies with significant influence, so the exchange gains and losses in each currency are disclosed in a aggregate manner. The exchange gains (losses) on the Company's monetary financial assets and financial liabilities for the years ended December 31, 2023 and 2022 were NT$9,472 thousand and NT$27,653 thousand, respectively.

10. Capital management

The Company's capital management mainly aims to ensure and maintain high credit ratings and appropriate capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure based on the financial position and may maintain and adjust the capital structure by adjusting dividend payments, returning capital, or issuing new shares.

(XIII) Other Disclosures

1. Information on Significant Transactions

    (1) Loans to others: Table 1.
    (2) Endorsements/guarantees provided to others: None.
    (3) Securities held at the end of the period: Table 2.
    (4) Securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
    (5) Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
    (6) Disposal of real estate amounting to 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 3.
    (8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
    (9) Those who have direct or indirect significant influence or control over the investees (excluding investees in China): Table 5.
    (10) Trading in derivative instruments: None.

2. Information on investments in China: Table 6.

3. Information on Major Shareholders: Table 7.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 1
Loans to Others:

No.	Lender	Borrower	Account	Related party or not	Highest balance in the interim (Note 1)	Ending balance (Note 2)	Actual amount drawn down	Interest rate range	Nature of loan (Note 3)	Amount of transaction	Reason for short-term financing	Allowance for losses	Collateral		Limit on loans to a single party (Note 4)	Limit on total loans to others (Note 4)
													Item	Value		
1	O-TA Golf Group Co., Ltd.	Harvest Fair International Limited	Other receivables - related parties	Y	$306,550	$306,550	$-	–	2	–	Business operations	–	–	–	$4,688,215	$4,688,215
1	O-TA Golf Group Co., Ltd.	Jiangxi O-TA Precision Technology Co., Ltd.	Other receivables - related parties	Y	$306,550	$306,550	$280,248	2%	2	–	Business operations	–	–	–	$4,688,215	$4,688,215
1	O-TA Golf Group Co., Ltd.	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Other receivables - related parties	Y	$30,655	$30,655	$-	–	2	–	Business operations	–	–	–	$4,688,215	$4,688,215
2	Harvest Fair International Limited	Jiangxi O-TA Precision Technology Co., Ltd.	Prepayments - related parties	Y	$306,550	$306,550	$-	–	2	–	Business operations	–	–	–	$2,796,100	$2,796,100

Note 1: The amount was authorized and resolved by the Board of Directors on 25 February, 2020.

Note 2: The ending balance of the year is based on the credit line of loans.

Note 3: Due to the necessity of short-term financing.

Note 4: In accordance with the "Operational Procedures for Loaning of Funds" formulated by the subsidiaries O-TA BVI. and Harvest Fair on May 12, 2020, when a parent company directly or indirectly holds 100% of the voting shares of a foreign company, the total amount of financing and the amount of individual loans to be made shall not exceed five times the net worth of O-TA BVI. and Harvest Fair, respectively.

Table 2

Securities held at the end of the period (excluding investment in subsidiaries, affiliates, and joint ventures):

Company	Type and name of securities	Relations with securities issuer	Account	End of the period				Note
				Number of shares	Carrying amount	Shareholding (%)	Fair value	
O-TA Precision Industry Co., Ltd.	Stock - Chichin Art Ceramics Company	—	Financial assets at fair value through other comprehensive income – non-current	174,000 shares	$1,800	6.00%	$1,800	—
O-TA Precision Industry Co., Ltd.	Bond - AT&T USD Corporate Bonds	—	Financial assets at fair value through other comprehensive income – non-current	—	$92,848	—	$92,848	—

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 3
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Buyer/Seller	Counterparty	Relations	Transaction				Circumstances and reasons for the differences of the transaction terms from the general ones		Notes and accounts receivable (payable)		Note
			Purchases/ Sales	Amount	Proportion to total sales (purchases)	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts	
O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	A sub-subsidiary wholly owned by the Company	Purchases	$3,164,290	65.06%	1 to 2 months after purchase	Products were purchased from the sub-subsidiary at a certain percentage of the resale price.	Same credit period	($2,591,299)	46.03%	—
Harvest Fair International Limited	O-TA Precision Industry Co., Ltd.	The parent company of the company	Sales	$3,164,290	39.79%	1 to 2 months after sales	Products were sold at a certain percentage of O-TA's resale price.	Same credit period	$2,591,299	44.35%	—
Harvest Fair International Limited	VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Its parent company is same as that of the Company.	Purchases	$415,711	8.55%	Within 1 month after purchase	Products were purchased from VGT at 90% of the resale price.	No other similar transactions available for comparison	($53,365)	0.95%	—
VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD.	Harvest Fair International Limited	Its parent company is same as that of the Company.	Sales	$415,711	5.23%	Within 1 month after sales	Products were sold at 90% of Harvest Fair's resale price.	No other similar transactions available for comparison	$53,365	0.91%	—
O-TA Precision Industry Co., Ltd.	TAGA CO., LTD.	Its person in charge is a relative within the second degree of kinship of the Vice Chairman of the Company.	Sales	$350,996	8.04%	2 months after sales	Market price	Same credit period	$13,263	1.94%	—

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 4

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Company under the account of receivables	Counterparty	Relations	Balance of receivables from related parties	Turnover (times)	Overdue receivables from related parties		Amount of receivables from related parties recovered after the balance sheet date	Allowance for losses
					Amount	Response method		
O-TA Precision Industry Co., Ltd.	Harvest Fair International Limited	A sub-subsidiary wholly owned by the Company	Other receivables $280,782	(Note)	—	—	$109,562	—
Harvest Fair International Limited	O-TA Precision Industry Co., Ltd.	A sub-subsidiary wholly owned by the Company	Accounts receivable $2,591,299	1.5	—	—	$714,078	—
Harvest Fair International Limited	Jiangxi O-TA Precision Technology Co., Ltd.	An affiliate of the company	Other receivables $214,829	(Note)	—	—	$101,201	—
Jiangxi O-TA Precision Technology Co., Ltd.	Harvest Fair International Limited	An affiliate of the company	Accounts receivable $2,515,839	1.53	—	—	$704,823	—

Note: It refers to the purchase of molds, raw materials, and operating expenses paid on behalf of subsidiaries that have not yet been recovered at the end of this period, and such amounts do not belong to sales, so the turnover cannot be calculated.

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 5

Names, location, etc. of investees (excluding investees in China):

Investor	Investee	Location	Main business	Initial investment amount		Shareholding at the end of the period			Current profit or loss on investee	Investment income or loss recognized in this period	Note
				End of this period	End of last year	Number of shares	%	Carrying amount			
O-TA Precision Industry Co., Ltd.	O-TA Golf Group Co.,Ltd.(O-TA BVI.)	British Virgin Islands	Engaging in the trading of golf club heads and investment business	$204,238	$204,238	50,000 shares	100%	$4,685,650	($25,399)	($26,005)	(Note)
O-TA BVI	Harvest Fair International Limited	Hong Kong	Engaging in the trading of golf club heads and bicycle spare parts	US$154,211	US$154,211	10,000 shares	100%	$559,220 (USD 18,242,374)	$106,926 (USD 3,432,284)	$106,926 (USD 3,432,284)	–

Note: Including unrealized inter-company gains and losses.

Notes to Parent Company-Only Financial Statements of O-TA Precision Industry Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Table 6

The information on the investees in China is detailed below:

Investee	Main business	Paid-in capital	Investment method	Opening balance of cumulative investment remitted from Taiwan for this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Current profit or loss on investee	Ownership of direct or indirect investment (%)	Investment income or loss recognized in this period (Note 2)	Carrying amount of investment at the end of the period (Note 3)	Cumulative investment income repatriated as of the end of this period
					Outward remittance	Repatriation						
Jiangxi O-TA Precision Technology Co., Ltd. (Jiangxi O-TA)	Production and sales of golf club heads, shafts, equipment, and plumbing parts	US$20,000,000	(Note 1)	$45,383 (US$ 1,500,000)	–	–	$45,383 (US$ 1,500,000)	($223,567) (US$ 7,016,399)	100%	($223,567) (US$ 7,016,399)	$3,113,961 (US$ 101,580,850)	–
VGT COMPOSITE TECHONOLOGY (HUIZHOU) CO., LTD. (VGT)	Manufacturing and management business of carbon fiber composite materials, bicycle spare parts and accessories, automobile parts and accessories, ice hockey supplies, and ice skating and skiing sporting goods.	US$3,000,000	(Note 1)	–	–	–	–	$58,778 (US$ 1,865,397)	100%	$58,778 (US$ 1,865,397)	$155,685 (US$ 5,078,616)	–

Ending balance of cumulative outward remittances from Taiwan to China (Note 4)	Investment amount approved by Investment Commission, MOEA (Note 5)	Maximum investment amount stipulated by the Investment Commission, MOEA
165,239 (US$ 5,300,000)	US$48,744,250	(Note 6)

Note 1: O-TA BVI was established through investment in a third region to invest in businesses in China.

Note 2: Calculated based on the financial statements of the investees reviewed by the Company's CPAs.

Note 3: O-TA Golf Group Co., Ltd. (O-TA BVI.) invested US$18,500,000 in Jiangxi O-TA and US$3,000,000 in VGT with its own funds.

Note 4: It includes the investment in Qilitian Golf Articles (Shenzhen) Co., Ltd. (Qilitian) disposed in the amount of NT$119,856 thousand (US$ 3,800,000).

Note 5: The investment approved (including the Company's outward remittance from Taiwan and O-TA BVI.'s self-owned funds) through O-TA BVI.'s to invest in businesses in China indirectly, covering US$20,000,000 in Jiangxi O-TA (shareholding: 100%); US$3,000,000 in VGT (shareholding: 100%); US$ 25,744,250 in Qilitian, Santian Golf Products (Shenzhen) Limited Company, and INDA Composite Technology (Shenzhen) Co., Ltd., all of which have canceled the company registration with the equity sold, amounted to US$48,744,250.

Note 6: As the Company has obtained a certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs to confirm that our business falls within the scope of the operations of the headquarters, our investment is not subject to the upper limit specified in the Letter Jing-Shen Zi No. 09704604680 from the Ministry of Economic Affairs, dated August 29, 2008.

Table 7
Information on major shareholders:

Name of major shareholder	Shares	
	Number of shares held (share)	%
Nan Feng Xin Co., Ltd.	7,650,386	9.12%
LEE, KUNG-WEN	7,272,408	8.67%

O-TA Precision Industry Co., Ltd.

Schedule of important accounts

Contents

O-TA Precision Industry Co., Ltd.

1. Schedule of cash and cash equivalents

December 31, 2023

Unit: NT$ thousand

Bank	Abstract	Amount	Note
Cash on hand and petty cash		$354	
Bank deposits:			
Demand deposits		195,030	
Checking deposits		8	
Time deposits	USD: 36,082,630.89	1,106,113	Exchange rate of USD against TWD
Foreign currency deposits	USD: 8,727,400.64	267,607	is 1:30.655
	JPY: 319,163.00		Exchange rate of JPY against TWD
	(Unit: In dollars of foreign currency)		is 1:0.2152
Subtotal of bank deposits		1,568,758	
Total		$1,569,112	

O-TA Precision Industry Co., Ltd.

2. Schedule of net accounts receivable

December 31, 2023

Unit: NT$ thousand

Name of customer	Abstract	Amount	Note
Company A	Golf club heads, raw materials	$169,624	
Company B	Gold club heads, golf club manufacturing	116,919	
Company C	Gold club heads, golf club assembly	160,619	
Company D	Golf club manufacturing	35,459	
Others (Note)		10,745	
		493,366	
Less: Allowance for losses		(523)	
Net accounts receivable		$492,843	

Note: The balance of each individual line item comprised did not exceed 5% of the balance of accounts receivable.

O-TA Precision Industry Co., Ltd.

3. Schedule of other receivables

December 31, 2023

Unit: NT$ thousand

Items	Amount	Note
Benefits receivable	$3,830	Interest income from bank deposits
Tax refund receivable	439	Business tax
Others	4,282	Freight payable, molds receivable on behalf of others
Total	$8,551	

O-TA Precision Industry Co., Ltd.

4. Schedule of inventories - net

December 31, 2023

Unit: NT$ thousand

Items	Costs	Net realizable value	Note
Raw materials	$12,193	$-	
Supplies	461	29	
Product in process	35	-	
Finished products	17,535	2,992	
Total	30,224	$3,021	
Less: Allowance to reduce inventory to market	(27,203)		
Net amount	$3,021		

O-TA Precision Industry Co., Ltd.

5. Schedule of prepayments

December 31, 2023

Unit: NT$ thousand

Items	Amount	Note
Insurance premium prepaid	$669	Property insurance premium and employee group insurance premium prepaid
Service charges prepaid	1,596	Software and system maintenance expenditure
Application charges prepaid	1,612	Patent application expenses
Tax overpaid retained	8,224	
Other expenses prepaid	5,397	Advance payment for goods and employees travel expenses prepaid
Total	$17,498	

O-TA Precision Industry Co., Ltd.

6. Schedule of financial assets at fair value through other comprehensive income – non-current

2023

Unit: NT$ thousand

Name of the financial product	Opening balance		Increase in this period		Decrease in this period		End of period		Accumulated impairment	Collateral or pledge provided	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			
Equity instrument investment - investment in equity of non-public companies	480,000	$1,800	-	$-	306,000	$-	174,000	$1,800	$27,000	None	(Notes 1 and 2)
Debt instrument investments - investments in offshore corporate bonds	40,000	85,198	-	7,650	-	-	40,000	92,848	25,446	None	(Note 2)
Total		$86,998		$7,650		-		$94,648	$52,446		

(Note 1): The number of shares decreased on proportion due to the capital reduction of the company.

(Note 2): The Company assessed the unrealized valuation gain or loss arising from changes in the fair value of investee, and recognized it in other equity.

O-TA Precision Industry Co., Ltd.

7. Schedule of investments accounted for using the equity method

2023

Unit: NT$ thousand

Investee	Beginning balance		Increase in this period		Decrease in this period		Share of profit or loss on subsidiaries recognized using the equity method	Exchange differences arising on the translation of the financial statements of foreign operations	Ending balance			Net equity (note)		Valuation basis	Collateral or pledge provided	Note
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Shareholding	Amount	Unit price	Total price			
British Virgin Islands O-TA Golf Group Co., LTd.	50,000	$4,742,591	-	$-	-	$-	($26,005)	($30,936)	50,000	100.00%	$4,685,650	-	$4,688,215	Equity method	None	(Note)

Note: Including the unrealized gain of NT$2,565 thousand from upstream sale.

O-TA Precision Industry Co., Ltd.
8. Schedule of changes in right-of-use assets
2023

Unit: NT$ thousand

Items	Beginning balance	Changes in this period			Ending balance	Note
		Increase	Decrease	Re-classification		
Initial costs						
Right-of-use assets - transportation equipment	$845	$564	($845)	$-	$564	

O-TA Precision Industry Co., Ltd.
9. Schedule of accumulated depreciation - changes in right-of-use assets
2023

Unit: NT$ thousand

Items	Beginning balance	Changes in this period			Ending balance	Note
		Increase	Decrease	Re-classification		
Accumulated depreciation						
Right-of-use assets - transportation equipment	$822	$282	($845)	$-	$259	

O-TA Precision Industry Co., Ltd.

10. Schedule of other non-current assets

December 31, 2023

Unit: NT$ thousand

Items	Amount	Note
Guarantee deposits paid	$102	Performance guarantee and deposits for dormitory
Prepayment for equipment	572	Expenditures on computer equipment and software
Total	$674	

O-TA Precision Industry Co., Ltd.

11. Schedule of short-term borrowings

31-Dec-23

Unit: NT$ thousand

Type of borrowings	Description	Ending balance	Contract duration	Interest rate range	Credit line	Pledge or collateral	Note
Borrowings for working capital	Bank of Taiwan	$100,000	2023/12/27～2024/01/26	1.65%	280,000	None	None
Borrowings for working capital	Taishin International Bank	100,000	2023/12/29～2024/01/29	1.65%	150,000	None	None
Borrowings for working capital	Mega International Commercial Bank	100,000	2023/12/29～2024/01/29	1.65%	120,000	None	None
Borrowings for working capital	Cathay United Bank	100,000	2023/12/29～2024/03/28	1.66%	120,000	None	None
Borrowings for working capital	HSBC Bank (Taiwan)	50,000	2023/11/06～2024/05/06	1.65%	150,000	None	None
Total		$450,000					

O-TA Precision Industry Co., Ltd.

12. Schedule of notes payable

December 31, 2023

Unit: NT$ thousand

Name of customer	Abstract	Amount	Note
Company A	Property insurance for company cars	$75	

O-TA Precision Industry Co., Ltd.

13. Schedule of accounts payable

December 31, 2023

Unit: NT$ thousand

Name of customer	Abstract	Amount	Note
Company A	Raw materials of bicycles	$5	

O-TA Precision Industry Co., Ltd.

14. Schedule of other current liabilities

December 31, 2023

Unit: NT$ thousand

Name of customer	Abstract	Amount	Note
Temporary receipts	Advance receipts for plates	$1,632	
Receipts under custody	Employee labor insurance and health insurance premium under custody, voluntarily-contributed pension	1,410	
Total		$3,042	

O-TA Precision Industry Co., Ltd.

15. Schedule of net operating revenue

2023

Unit: NT$ thousand

Items	Amount
Golf Equipment	$3,849,151
Bicycle	1,045
Plumbing hardware	201
Supplies revenue	28,587
Total operating revenue	3,878,984
Less: Sales return and discount	(34,008)
Net amount	$3,844,976

O-TA Precision Industry Co., Ltd.

16. Schedule of operating costs

2023

Unit: NT$ thousand

Items		Amount
Direct materials		
	Raw materials - beginning of period	$12,193
Plus:	Purchase of materials	(1,101)
Less:	Raw materials - end of period	(12,193)
	Raw materials sold	1,235
	Transferred to expenses	(134)
		-
Indirect materials		
	Supplies - beginning of period	920
Plus:	Purchase of materials	23,761
Less:	Material inventory - end of period	(461)
	Transferred to expenses	(119)
	Supplies sold	(22,951)
	Supplies scrapped	(1,150)
		-
Total materials consumption in the period		-
Direct labor		-
Manufacturing overheads		-
Manufacturing costs		-
Plus:	Product in process - beginning of period	2,848
	Purchased product in process	12,095
Less:	Product in process - end of period	(35)
	Product in process sold	(5,959)
	Product in process scrapped	(8,949)
Cost of finished products		-
Plus:	Finished products - beginning of period	30,594
	Purchased finished products	3,161,535
Less:	Finished products - end of period	(17,535)
	Transferred to expenses	(340)
	Finished products scrapped	(36,574)
Production and sale costs		3,137,680
Plus:	Raw materials sold	21,716
	Product in process sold	5,959
	Inventory valuation losses	30,154
Total operating costs		$3,195,509

O-TA Precision Industry Co., Ltd.

17. Schedule of operating expenses

2023

Unit: NT$ thousand

Items	Selling expense	Administrative expense	Research and development expenses	Total
Salary expenditure - salary	$27,553	$57,037	$15,690	100,280
Stationary expenses	29	107	11	147
Travel expenses	1,342	2,055	256	3,653
Freight expenses	68	66	112	246
Postage and expenses	95	2,060	-	2,155
Repair and maintenance expenses	-	333	103	436
Advertising expenses	-	203	-	203
Utility expenses	457	717	290	1,464
Insurance premium expenses	2,943	6,284	1,647	10,874
Entertainment expenses	365	285	5	655
Donation	-	651	-	651
Tax	54	545	29	628
Depreciation expenses	158	4,373	436	4,967
Various amortization	-	-	394	394
Food stipend	404	623	253	1,280
Employee benefits	502	806	327	1,635
Training expenses	-	50	-	50
Import and export expenses	60	169	3	232
Miscellaneous purchases	66	388	476	930
Professional service fees	-	3,472	-	3,472
Indirect materials	-	-	2,511	2,511
Commissioned processing fees	-	-	294	294
Molds expenses	-	-	937	937
Other expenses	320	10,932	2,126	13,378
Total	$34,416	$91,156	$25,900	$151,472

VI. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation: Not applicable.

Seven. Analysis of Financial Position, Performance, and Risk related Issues

I. Comparative Analysis of Financial Position

Unit: NT$ thousands

Item \ Year	2023	2022	Difference		
			Amount	%	
Current Assets	4,075,083	5,353,318	(1,278,235)	(23.88)	(1)
Property, Plant and Equipment	823,393	685,859	137,534	(20.05)	(2)
Intangible Assets	38,194	40,786	(2,592)	(6.36)	
Other Non-current Assets	281,393	248,477	32,916	13.25	
Total Assets	5,218,063	6,328,440	(1,110,377)	(17.55)	
Current liability	1,170,491	1,542,862	(372,371)	(24.14)	(3)
Non-current Liability	222,752	265,185	(42,433)	(16.00)	
Total Liabilities	1,393,243	1,808,047	(414,804)	(22.94)	(3)
Share Capital	838,000	838,000	—	—	
Capital Surplus	101,239	101,239	—	—	
Retained Earnings	2,866,097	3,536,854	(670,757)	(18.96)	
Other Equity Interest	19,484	44,300	(24,816)	(56.02)	(4)
Non-controlling Interest	—	—	—	—	
Total Equity	3,824,820	4,520,393	(695,573)	(15.39)	

Analysis of change over 20% is given below:

(1) Current Assets: decrease in cash and cash equivalents, accounts receivable, and inventories:
   a. Decrease in cash and cash equivalents: the Company's revenue declined and profits decreased.
   b. Decrease in accounts receivable: the Company's payment terms are mostly two to three months. Due to the decline in revenue in Q4 2023 compared to Q4 2022, accounts receivable at the end of the period decreased.
   c. Decrease in inventory: the Company did not prepare materials early for production in advance due to the low visibility of subsequent orders, and the expected poor order status in January and February next year.

(2) Property, Plant and Equipment: The construction in progress increased due to the expansion of the new plant in Jiangxi O-TA.

(3) Current liability and total liabilities: decrease in accounts payable, other payables and income tax liabilities:
   a. Decrease in accounts payable: the decrease in orders resulted in the decrease in production materials.
   b. Decrease in other payables: the profits decreased, so the remunerations to employees, directors and supervisors provided based on the net profit before tax also decreased.
   The low visibility of subsequent orders from customers was not high, and production was reduced. Therefore, the volume of outsourced electroplating and grinding was greatly reduced.
   c. Decrease in income tax liabilities: due to the decrease in profits, the tax payable decreased accordingly.

(4) Other Equity Interest: Decreased exchange differences from translation of financial statements of foreign operations increased because of the fluctuation in the USD and CNY.

II. Comparative Analysis of Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2023	2022	Difference		
			Amount	%	
Net operating revenue	4,367,641	7,700,322	(3,332,681)	(43.28)	(1)
Operating costs	3,643,553	5,479,396	(1,835,843)	(33.50)	(1)
Gross profit	724,088	2,220,926	(1,496,838)	(67.40)	(1)
Operating expenses	341,816	442,437	(100,621)	(22.74)	(2)
Operating income	382,272	1,778,489	(1,396,217)	(78.51)	(1)
Non-operating income and expenses	160,314	219,311	(58,997)	(26.90)	(3)
Net income from continuing operations before tax	542,586	1,997,800	(1,455,214)	(72.84)	(1)
Income tax expense	136,066	204,658	(68,592)	(33.52)	(4)
Net income from continuing operations	406,520	1,793,142	(1,386,622)	(77.33)	(1)
Net income (loss) from discontinued operations after tax	—	—	—	—	
Net income	406,520	1,793,142	(1,386,622)	(77.33)	(1)
Other comprehensive income (net amount after tax)	(25,263)	177,844	(203,107)	(114.21)	(5)
Total comprehensive income	381,257	1,970,986	(1,589,729)	(80.66)	(1)
Net income attributable to shareholders of the parent	406,520	1,793,142	(1,386,622)	(77.33)	(1)
Comprehensive income attributable to shareholders of the parent	381,257	1,970,986	(1,589,729)	(80.66)	(1)

1. Analysis of change over 20% is given below:

(1) Decreased net operating revenue, operating costs, gross profit, operating income, net income from continuing operations before tax, net income from continuing operations, net income, Total comprehensive income, net income attributable to shareholders of the parent and comprehensive income attributable to shareholders of the parent: due to the recession this year, customers' inventory level is relatively high. To close out the inventory, their market distribution strategies were adjusted. The number of orders has dropped sharply, the revenue has declined. Given the significant decline in sales volume, the capacity utilization rate was insufficient, resulting in an increase in fixed unit costs and a decrease in gross profit and profit.

(2) Decrease in Operating expenses: due to the significant decrease in profit for the period,the remunerations to employees, directors and supervisors provided based on the net profit before tax also decreased.

(3) Changes in non-operating income and expenses, net:

a. Increased interest income: the interest rate for the USD time deposit increased due to the interest rate hike in the U.S. The Company undertakes more USD time deposits and the interest increases.

b. Decrease in exchange gains: Mainly due to volatile fluctuation in the USD and JPY, in which most of the Company's sales and purchases were denominated.

c. Decreased other revenue: the amount of government subsidy for export incentives decreased due to the decrease in export value of overseas subsidiaries in the current period.

(4) Decreased income tax expenses: mainly due to the significant decrease in profit in the period.

(5) Decrease in other comprehensive income: decreased exchange differences from translation of financial statements of foreign operations increased because of the fluctuation in the USD and CNY.

2. The Company's business activities did not change much, and the Company did not expect a significant change in its business strategy, market conditions, the economic environment, or other internal or external factors.

3. The Company forecasts the sales of golf club heads and golf clubs in 2024 to be 5.29 million pieces (an increase of 27.03% from 2023) based on the estimated orders for 2023 and quotations offered/received, and by reference to the sales and production scheduling in 2022. Because the demand from the consumption market remained unchanged, clients' inventories level and new product distribution strategy in the market, the Company forecast the orders for golf club heads and golf clubs to increase on the assumption that product portfolio sold varied.

(II) Gross Profit Analysis

The change in gross profit for the period was 20% as compared to the previous period. Analysis for change is shown as below:

Due to the impact of the economic recession in the period, the overall market demand has greatly reduced, and the inventory level of customers in the United States and Japan has been high. Under this situation, the customers have adjusted their market distribution strategies and placed fewer orders. Under the circumstance of the decrease in order quantity, the capacity utilization rate was insufficient, resulting in an increase in the fixed allocation unit cost; the decrease in revenue and increase in unit cost resulted in significant decrease in overall gross profit.

III. Cash Flow Analysis

(I) Liquidity Analysis of the Most Recent 2 Years

Year / Item	December 31, 2023	December 31, 2022	Change in Ratio (%)	Description
Cash flow ratio	93.74%	137.18%	(31.67)	See the illustration on p.140(6)
Cash flow adequacy ratio	123.03%	132.06%	(6.84)	–
Cash reinvestment ratio	0.45%	18.47%	(97.56)	See the illustration on p.140(6)

(II) Cash Flow Forecast for the Coming Year

Cash Beginning Balance	Cash Flow from Operating Activities	Cash Flow In/(Out)	Cash Ending Balance/(Shortage)	Remedial Measures for Cash Flow Shortfalls	
				Investment Plans	Financing Plans
2,655,575	426,256	1,016,731	2,065,100	–	–

1. Cashflow variance analysis for 2023 is shown as below:

(1) Operating Activities:

Although the global economic growth is expected to remain flat in 2024. However, considering high level of inventories in the European and American markets and unchanged demand in the consumption market, the Company forecast the demand for golf equipment in the market to have a negative growth, which in turn will reduce orders taken. Although the orders decreased, with the high capacity utilization and strictly controlled costs and expenses, profits are still expected. After factoring in the effects of changes in other operating activities, the Company expects the net cash inflow from operating activities during 2024 to reach NT$426,256 thousand

(2) Investing Activities:

In order to improve the information efficiency, production automation, product quality, self-design capability and management efficiency, the construction of the second Jiangxi factory is still in progress, and it is expected to add and replace the equipment, machinery, and computer software and hardware used by the production, R&D, and administrative apartments in 2024. Therefore, it is estimated to have a net cash outflow of NT$256,904 thousand.

(3) Financing Activities:

For the year of 2024, the Company plans to distribute cash dividends and pay remuneration to employees, directors and supervisors. Due to the increase in borrowings and repayments, it is estimated that the Company will incur a net cash outflow of NT$759,827 thousand.

2. The Company is not expected to have any cash shortfall in the coming year.

IV. Major Capital Expenditures During the Most Recent Fiscal Year

(I) Major Capital Expenditures and its Sources of Capital

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure			
				2022	2023	2024	2025
CAD/CAM, upgrade on sketch software	Cash flow generated from operations	Dec. 2022	7,084	39	—	—	—
Automation equipment	Cash flow generated from operations	Dec. 2025	240,823	45,788	40,000	44,816	4,980
Upgrade and implementation of information system	Cash flow generated from operations	Dec. 2025	41,028	1,435	—	7,699	856
R&D software updates and measurement equipment	Cash flow generated from operations	Dec. 2024	16,778	1,020	308	4,380	—
Production line expansion, equipment replacement	Cash flow generated from operations	Dec. 2024	204,363	91,855	5,441	38,715	—
Expansion of the Jiangxi Factory	Cash flow generated from operations	Dec. 2025	705,721	—	174,919	477,722	53,080
Green electricity - renew energy facilities	Cash flow generated from operations	Dec. 2023	10,879	—	10,879	—	—

(II) Expected Benefits:

1. Expected increase in production and sales volume, amount and gross profit:

Unit: NT$ thousands

Year	Item	Production Volume	Sales Volume	Sales Amount	Gross Profit
2025	Golf club head	300,000	320,000	246,880	36,839
2026	Golf club head	315,000	336,000	288,026	45,367
2027	Golf club head	345,000	368,000	315,457	52,826
2028	Golf club head	330,000	352,000	286,655	45,527

2. Description on Other Benefits:

(1) Benefits of CAD/CAM and upgrade on sketch software:

(A) The length of time in which Company devotes to R&D for golf head and tooling machines can be shortened, resulting in an increase in the Company's profits.

(B) The trial period for sample production can be significantly reduced, allowing the Company to strive for time efficiency in order to improve market competitiveness.

(2) Benefits of automation system development and integration:

(A) To reduce labor cost, save working time and improve work efficiency.

(B) Product accuracy and design capability are improved to meet the customers' demand and to make the products required by the customer.

(3) Benefits of upgrade and implementation of information system

(A) To ensure the security of corporate business secrets and important data information.

(B) To enhance the data and system backup functions of the Company's major servers.

(C) To strengthen the analysis and management of customer information.

(D) To enhance the Group's ability to integrate various types of financial information in order to provide accurate and immediate information for management.

(E) To provide parties who are involved in inter-company trade and triangular trade within the group with simple and optimized operation process.

(4) Benefits of R&D software updates and measurement equipment:

(A) To improve the company's R&D results.

(B) To improve the accuracy of product inspection.

(5) Benefits from Jiangxi Factory expansion, production line expansion, and production equipment replacement:

(A) To increase production capacity to meet customer delivery schedules and reduce delays in delivery due to lack of capacity.

(B) To improve product quality, reduce time and cost of reworking and reduce damaged goods caused by old machines.

(6) Benefits from green electricity - renew energy:

(A) Resources recycling and practice of the circular economy will bring a win-win situation for both the economy and the environment.

(B) Obtaining a green electricity certificate will make the company an environmentally sustainable enterprise under the green finance framework.

(C) Aggressively progressing towards the government's carbon reduction goals.

V. 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

(I) Reinvestment Policy: The reinvestment policy of the Company is to make good use of the division of labor in Taiwan and China in order to build production bases with competitive advantages.

(II) Main reason of the reinvestment loss: recently, due to the recession this year, customers' inventory level is relatively high. To close out the inventory, their market distribution strategies were adjusted. Therefore, the utilization rate of factories declined with idled capacity, resulting in an increase in fixed unit costs and significant decrease in profits.

(III) Improvement Plans:

1. To resolve the problems of rising operation costs in China through the implementation of "Lean Management Programs".

2. In order to enhance the Company's overall competitiveness and diversify production risks, the Company will continue to monitor the unfavorable factors of its operations in China and adjust the international division of labor with reference to the monitoring results.
3. To enhance production automation and improve information system efficiency in order to reduce costs, transform and upgrade.

VI. Risk Assessment of the Most Recent Fiscal Year and Up To the Publication of this Annual Report

(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 Rates:

   Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to the movements in market interest rates. The Group's interest rate risk is mainly from debt instrument investments at floating rates and borrowings at fixed and floating rates. The Group manages interest rate risk by maintaining an appropriate portfolio of instruments at fixed and floating interest rates. However, hedging accounting is not applied as it does not meet the criteria for hedging accounting.

   The sensitivity analysis of the Group's interest rate risk was mainly focused on investments and borrowings at floating rates at the end date of the financial reporting period. With an assumption that such investments and borrowings are held for one fiscal year, when the interest rate increased/decreased by 0.1%, the Group's 2023 and 2022 profit or loss would have increased/decreased by NT$2,206 thousand and NT$2,536 thousand, respectively.

2. Changes in Foreign Exchange Rates:

   The Group's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Group's functional currency) and net investment in foreign operations.

   The Group's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position. The exchange rate risk of some foreign currency payments is managed through forward exchange agreements. The above natural hedging effect and the management of exchange rate risk through forward exchange agreements do not meet the requirement of hedging accounting, so hedging accounting has not been adopted; also, the net investment in foreign operations is a strategic investment, so the Group has not adopted a hedging approach thereto.

   The sensitivity analysis of the Group's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the impact of relevant foreign currency appreciation/depreciation on the Group's profit and loss and equity. The Group's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD and EUR. The sensitivity analysis information is as follows:

   When the NTD appreciated/depreciated by 1% against the USD, the Group's profit or loss for the year ended December 31, 2023 and 2022 would have decreased/increased by NT$18,976 thousand and NT$18,765 thousand, respectively.

   The Company's net exchange gains in 2023 were NT$42,409 thousand, accounting for 0.97% of the total operating revenue in 2023, which was NT$4,367,641 thousand. The Company mainly sells golf heads and golf clubs overseas by collecting U.S. dollars or Japanese yen. Purchses are also made in foreign currencies. As the Company's long-term borrowings are denominated in foreign currencies, if there is a significant change in the exchange rate of the U.S. dollar, Japanese yen or Chinese yuan, the profit of the Company will be affected. Therefore, the Company has applied the following countermeasures in response to changes in foreign exchange:

(1) To agree on price adjustment limits with suppliers and customers in order to reflect the impact of fluctuations on exchange rate, collect exchange rate information and keep up with the trend of exchange rates.

(2) To create foreign currency deposit accounts with banks. Depending on the actual capital requirements and the exchange rates, the inward remittance will be converted into New Taiwan dollars or deposited into the foreign currency deposit accounts to adjust for the amount of foreign currency deposits appropriately.

(3) To engage in forward exchange contracts and foreign currency option transactions in order to hedge the risks arising from changes in exchange rates of debts and liabilities dominated by foreign currencies.

(4) To hedge the risk of fair value changes in long-term borrowings due to fluctuations in market exchange rates through exchange rate swaps and credit-linked portfolio commodity contracts.

3. Inflation: There is no material impact on the Company's operations and profitability.

(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:

1. The Company did not engage in high-risk, high-leveraged investments in 2023.

2. Loaning of Funds to Others:

Unit: NT$ thousands

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year (Note 1)	Balance at the end of year (Note 2)	Actual amount drawn down (Note 3)	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	O-TA BVI.	Harvest Fair	Other receivables - related parties	Y	$306,550	$306,550	$-	-	2	-	Business operation	-	-	-	$4,688,215 (Note 5)	$4,688,215 (Note 5)
1	O-TA BVI.	Jiangxi O-TA	Other receivables - related parties	Y	$306,550	$306,550	$280,248	2%	2	-	Business operation	-	-	-	$4,688,215 (Note 5)	$4,688,215 (Note 5)
1	O-TA BVI.	VGT	Other receivables - related parties	Y	$30,655	$30,655	$-	-	2	-	Business operation	-	-	-	$4,688,215 (Note 5)	$4,688,215 (Note 5)
2	Harvest Fair	Jiangxi O-TA	Prepayment for purchases - related parties	Y	$306,550	$306,550	$-	-	2	-	Business operation	-	-	-	$2,796,100 (Note 5)	$2,796,100 (Note 5)

Note 1: The amount was authorized and resolved by the Board of Directors on 25 February, 2020.
Note 2: The ending balance of the year is based on the credit line of loans.
Note 3: Was written off during the preparation of the consolidated financial statements.
Note 4: Due to the necessity of short-term financing.
Note 5: In accordance with the "Operational Procedures for Loaning of Funds" formulated by the subsidiaries O-TA BVI. and Harvest Fair on May 12, 2020, when a parent company directly or indirectly holds 100% of the voting shares of a foreign company, the total amount of financing and the amount of individual loans to be made shall not exceed five times the net worth of O-TA BVI. and Harvest Fair, respectively.

3. Endorsement & Guarantees: None.

4. Derivatives Transactions Policy: The Company engages in derivative transactions mainly to hedge the risks arising from changes in foreign exchange and interest rates. Hedging strategies are designed to hedge most of the market price risks. Derivatives that are highly negatively correlated with changes in the fair value of the hedged item are used as

hedging instruments and the strategies are assessed periodically.

(III) Research and Development Work to Be Carried out in the Future, and Further Expenditures Expected for Research and Development Work

Unit: NT$ thousands

2024 Projects	Current Status	Estimated R&D Expenses	Estimated Mass Production Time	Factors Affecting R&D Success
Manufacturing and development of composite materials	In progress	66,898	December 2024	High strength, impact resistance, light weight, appearance
Development of high-strength and low-density materials	In progress		December 2024	Cost, features of plate, heat treatment
Development of high-strength and low-density alloy steel materials	In progress		December 2024	Performance, cost, heat treatment
Combination of heterogeneous materials and its application	In progress		December 2024	Strength, acoustic performance, durability
Exterior design and surface treatment	In progress		December 2024	Cost, quality, appearance
Development of high-performance and complex structure	In progress		December 2024	Process capability, design capability, customer demand
Development of environmental-friendly and carbon reducing processes	In progress		December 2024	Process capability, cost, Material development
Simulation and analysis	In progress		December 2024	Design capabilities, cost, solutions

The development projects are designed by three main core features of technology, including “process and structure”, “performance improvement” and “new material development”. The Company combines automated manufacturing processes into production to reduce production costs and improve process yields, and introduces the carbon reducing process, to provide customers and the market with high-quality golf equipment of superior performance, and the processes with green energy and carbon reduction.

1. Integrating the core technologies of structural design and material development to produce golf equipment that exceeds the general performance of golf products in the market.
2. Improving yield and reducing cost for production through the novel appearance while being green powered and low carbon to customers and markets and the upgrade on the automation of production line equipment, while remaining friendly to the environment.
3. Advancing of new material combination and its application. Strengthening the ability to develop new materials and exterior design of golf equipment, mastering the process parameters, and improving the design competitive advantage.
4. Enhancing the computer simulation analysis technology in order to build up the capability for golf head design and provide customers with solutions to the development of golf head.
5. Continue to develop materials and improving the quality of golf equipment through the advantages in the material development and the professional technique of suppliers.
6. Actively monitoring the layout of intellectual property rights to protect R&D achievement results and expand market share.

(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 keeps itself up with important domestic and international policies and legal changes, evaluates their impact on the Company, and takes appropriate countermeasures.

(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: Not applicable.

(VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to Be Taken in Response: The Company has always adhered to the business philosophy of integrity, law-abiding and social responsibility. Therefore, the Company's corporate image has always been good and there has been no change in corporate image in the recent year.

(VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures Being or to Be Taken: Not applicable

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures Being or to Be Taken: In order to meet the characteristics of "the powerful are always powerful," of the major international brands, the Company will expand its plants appropriately to meet the demand of major international brand customers. Currently, the Company's overseas subsidiaries have expanded their factories in 2024, and the construction are still in process. In the future, it is expected to increase the overall production capacity of the Company.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures Being or to Be Taken: The Company has long maintained good cooperative relationships with customers and suppliers and has stable sources of suppliers and customers. Therefore, the risk of concentrated stock replenishment and sale is relatively small.

(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: The Company has a stable shareholder structure and there has not been any significant transfer or change of shareholding by major shareholders over the years. Moreover, since the Company's business results are good, the risk is extremely small.

(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: Not applicable.

(XII) Litigation or Non-litigation Matters: List Major Litigious, Non-litigious or Administrative Disputes that: (1) Involve the Company and/or Any of Its Director, Supervisor, President, Person with Actual Responsibility for the Company, Major Shareholder Holding a Stake of Greater than 10 Percent, and/or Any Affiliated Companies; and (2) Have Been Concluded by means of a Final and Unappealable Judgment, or Are Still Under Litigation. Where Such a Dispute Could Materially Affect Shareholders' Equity or the Prices of the Company's Securities, the Annual Report Shall Disclose the Facts of the Dispute, Amount of Money at Stake in the Dispute, the Date of Litigation Commencement, the Main Parties to the Dispute, and the Status of the Dispute As of the Date of Publication of the Annual Report.: Up to the publication of this annual report, the Company has no litigation or non-litigation matter.

(XIII) Other Important Risks and Mitigation Measures Being or to Be Taken: None.

VII. Other Important Matters

(I) Basis and Evaluation of the Provision of Assets and Liabilities

1. For the year of 2023 and 2022, the Company appropriately estimated the allowance for doubtful accounts by assessing the probability of losses on uncollectible accounts based on the aging of the accounts receivable at the end of the period, and the provision policy is shown as below:

Overdue Period	2023 Allowance for Doubtful Accounts (%)	2022 Allowance for Doubtful Accounts (%)
1 ~ 3 months	0.1%	0.1%
4 ~ 6 months	10%	10%
7 ~ 12 months	30%	30%
More than 1 year	85%	85%
Determined uncollectable accounts	100%	100%

2. In 2023 and 2022, the Company's policies on the provision for obsolete inventory are the same, as described below:

(1) Raw material
0-182 days: Valuated at the replacement cost; an allowance is provided for any resulting differences.
183-365 days: An allowance equal to 50% of inventories cost is provided.
366-548 days: An allowance equal to 70% of inventories cost is provided.
549-730 days: An allowance equal to 90% of inventories cost is provided.
731 days and more: An allowance equal to 100% of inventories cost is provided.

(2) Finished goods and semi-finished goods
Valid inventories of club heads: The allowance for obsolete inventory is provided based on the difference between inventory cost and net realizable value.
Invalid inventories of club heads:
Inventories less than 1 year: The allowance for obsolete inventory is provided based on the difference between inventory cost and net realizable value.
Inventories more than 1 year: The net realizable value is estimated to be 0 and the allowance equal to 100% of the value is provided
Bikes and plumbing hardware: The allowance for obsolete inventory is provided based on the difference between inventory cost and net realizable value. Additional provision may be allowed depending on the age of inventories.

(3) Other goods whose new realizable value is deemed zero based on an objective assessment must be notified to the Chairman; if an approval is granted by the Chairman, an allowance equal to 100% of the value of such goods must be provided, and such goods must be moved to the warehouse for obsolete goods or goods to be scrapped.

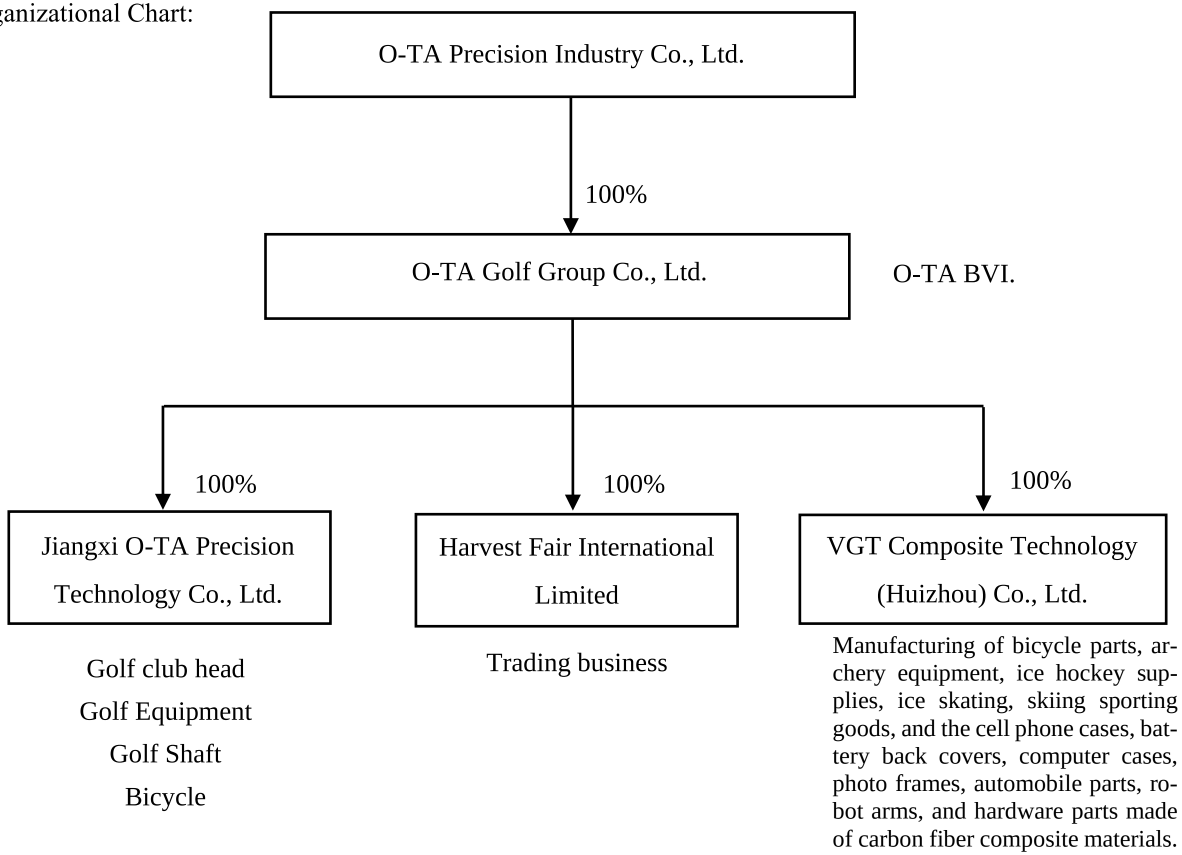
Eight. Special Items

I. Summary of Affiliated Companies

(I) Consolidated Business Reports of Affiliated Companies

1. Summary of Affiliated Companies:

(1) Affiliated Companies Organizational Chart:



(2) Affiliated Companies Information

Company name	Date of Establishment	Address	Paid in Capital (Note 1)	Main business or production items
O-TA GOLF GROUP CO., LTD.	November 26, 1996	Simmonds Building, Wickhams Cay1, P.O. Box 961, Road Town, Tortola, British Virgin Islands	NT$ 1,376 thousand	Engaged in the trading and investment business of golf club heads.
Harvest Fair International Limited	May 24, 1994	RM 14-15 10/F HARRY INDUSTRIAL BLDG 49-51 AU PUI WAN ST,FO TAN SHATIN,HONG KONG.	NT$ 35 thousand	Engaged in the trading business of golf club heads.
Jiangxi O-TA Precision Technology Co., Ltd.	December 23, 2011	No.61, Huangjin Avenue, Ganzhou E.D.A., Jiangxi, China	NT$ 605,250 thousand	Engaged in the processing and production of golf club heads, golf shafts, and the assembly of golf equipment, parts of water-hardware and carbon fiber products.
VGT Composite Technology (Huizhou) Co., Ltd.	January 29, 2018	Factory Building B, Antaida Sci-Tech. Park, Dongbu Industrial Park, Huatang Village, Shatian Town, Huiyang District, Huizhou, China	NT$ 88,500 thousand	Manufacturing and management business of carbon fiber composite materials, bicycle parts and accessories, automobile parts and accessories, ice hockey supplies, ice skating and skiing sporting goods.

Note 1: The amount of paid-in capital refers to the actual invested capital, but does not include the prepaid capital.

(3) In accordance with Article 369-3 of the Company Act, it shall be concluded as the existence of the controlling and subordinate relation: Not applicable.

(4) Industries covered by the overall affiliates' business: manufacturing and import/export trading of sports equipment. The division of work is shown as below:

Division of Work of Each Invested Business

Name of Invested Business	Major Business Items	Purpose of Investment	Note
O-TA Golf Group Co., Ltd., BVI. (abbreviated as O-TA BVI.)	The company is an overseas holding company that engages in the investments in mainland China and overseas countries.	The company was stablished due to political risks and cross-strait political and economic considerations.	Established in November 1996 in the British Virgin Islands.
Harvest Fair International Limited (abbreviated as Harvest Fair)	Engaged in the trading business of golf club heads	The import trading company was established in response to the current government policy and the political and economic situation in Taiwan and China.	Established in Hong Kong in May 1994. The Company indirectly holds 100% of its shares through O-TA BVI in December 1996 and took over all of its debts and liabilities from January 1, 1997.
Jiangxi O-TA Precision Technology Co., Ltd. (abbreviated as Jiangxi O-TA)	Engaged in the processing and production of golf club heads, golf shafts, and the assembly of golf equipment, parts of water-hardware and carbon fiber products.	In order to expand production capacity, increase order volume, boost revenue, reduce labor costs, and enhance the Company's overall market competitiveness, the Company invested in Jiangxi O-TA in China as another processing and production center for O-TA.	Reinvested by O-TA BVI.
VGT Composite Technology (Huizhou) Co., Ltd. (abbreviated as VGT)	Manufacturing of bicycle parts, archery equipment, ice hockey supplies, ice skating, skiing sporting goods, and the cell phone cases, battery back covers, computer cases, photo frames, automobile parts, robot arms, and hardware parts made of	Having the technology to produce composite material products with advanced production equipment and scientific management to expand the international business and enhance our overall market competitiveness.	Reinvested by O-TA BVI.

Name of Invested Business	Major Business Items	Purpose of Investment	Note
	carbon fiber composite materials.		

(5) Information on the directors, supervisors and presidents of the affiliated companies

Unit: NT$ thousands; shares; %

Company Name	Title (Note 3)	Name of Representative	Shareholding (Note 4)	
			Number of Shares	Percentage (%)
O-TA Golf Group Co., Ltd. (O-TA BVI)(Note 1)	Director	Representatives of O-TA: LEE, KUNG-WEN; LIN, CHON-CHEN	NT$1,376	100%
Harvest Fair International Limited (Harvest Fair) (Note 2)	Director	Representatives of O-TA BVI.: LEE, KUNG-WEN; LIN, CHON-CHEN; LEE, CHUNG-MU	NT$35	100%
Jiangxi O-TA Precision Technology Co., Ltd. (Jiangxi O-TA) (Note 2)	Director President	Representatives of O-TA BVI.: LEE, KUNG-WEN; LIN, CHON-CHEN HSU, JUNG-MIN	NT$605,250	100%
VGT Composite Technology(Huizhou) Co., Ltd.(VGT) (Note 2)	Director President	Representatives of O-TA BVI.: LEE, KUNG-WEN; LIN, CHON-CHEN; CHEN, WEN-HSIANG CHEN, WEN-HSIANG	NT$ 88,500	100%

Note 1: O-TA GOLF GROUP CO., LTD. is an invested company 100% directly owned by the Company.
Note 2: Harvest Fair, Jiangxi O-TA and VGT are reinvested by O-TA GOLF GROUP CO., LTD. The Company indirectly holds 100% shares of each aforementioned company.
Note 3: If the affiliated company is a foreign company, the title is listed as equivalent.
Note 4: If the invested company is a joint stock company, please fill in the number of shares and the percentage of shareholding; for other types of companies, please fill in the amount of capital contribution and the percentage of capital contribution and specify the details.

2. Financial position and results of operations of the affiliated companies

2023 Operation Status of Affiliated Companies

Unit: NT$ thousands

Name	Capital	Total Assets	Total Liabil-ities	Total Equity	Operating revenues	Operating income	Net Income (after tax)	Earnings Per Share (NT$) (after tax)
O-TA Precision Industry Co., Ltd.	838,000	7,293,158	3,468,338	3,840,820	3,844,976	498,767	406,520	4.85
O-TA Golf Group Co., Ltd. (O-TA BVI)	1,376	4,688,215	0	4,688,215	0	(59,441)	(25,399)	—
Harvest Fair Interna-tional Limited	35	3,400,043	2,860,823	559,220	586,038	95,460	106,926	—
Jiangxi O-TA Precision Technology Co., Ltd.	605,250	4,092,148	978,187	3,113,961	3,109,957	(273,886)	(223,567)	—
VGT Composite Tech-nology (Huizhou) Co., Ltd.	88,500	236,198	80,513	155,685	415,712	68,966	58,778	—

Source of data: The financial statements certified by CPAs.

Note 1: All affiliated companies shall be disclosed regardless of their size.

Note 2: If the affiliated company is a foreign company, the relevant financial figures are presented in New Taiwan dollars using the exchange rate as of the reporting date.

(II) The Consolidated Financial Statements of Affiliated Companies

Statement

For the year of 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those that should be included in the consolidated financial statements in accordance with IFRS 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the previous consolidated financial statements of the parent and subsidiary companies, and therefore the Company will not prepare a separate consolidated financial statements of affiliated companies.

Hereby declared

O-TA Precision Industry Co., Ltd.

Chairman: LEE, KUNG-WEN

March 15, 2024

(III) Reports on Affiliations: The Company is not required to prepare the report in accordance with the regulations.

II. Private Placement of Securities Carried out by the Company During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report : None.

III. Holding or Disposal of Shares in the Company by the Company’s Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

IV. Other Matters that Require Additional Description: None.

V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

O-TA Precision Industry Co., Ltd.

Chairman LEE, KUNG-WEN

March 31, 2024