



TAIHAN PRECISION TECHNOLOGY CO.,LTD

TaiHan Precision Technology Co.,Ltd.

Annual Report

2021

Important Disclaime :

This English-version handbook is a summary translation of the Chinese version and is not an official document of the shareholders meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Market Observation Post System: <http://mops.twse.com.tw>

The company's website : <http://www.thpt.com.tw>

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1. Spokesperson and acting spokesperson of the Company:

Item	Spokesperson	Acting Spokesperson
Name	Chang Zi-ren	Absent
Title	Vice President	
Contact number	(03) 311-2025 #168	
E-mail	tony@thpt.com.tw	

2. The address and telephone number of the company's head office, branch office, and factory

(1) Head Office:

Address: 1F, No. 568, Sec. 1, Minsheng N. Road, Guishan District, Taoyuan City, Taiwan

(2) Branch: (none)

(3) Factory: (none)

3. The institution which handles the Company's stock transfers:

Name: Stock Agency Dept, SinoPac Securities Corporation

Address: 3rd Floor, No. 17, Boai Road, Taipei City

Website: <http://www.sinotrade.com.tw>

Tel: 02-23816288

4. Annual financial reports issued by CPAs in recent years:

Names of CPAs: Accountant Wu Yulong, Accountant Huang Shijun

Name of accounting firm: PricewaterhouseCoopers Taiwan (PwC)

Address: 27th Floor, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City

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

Tel: 02-2729-6666

5. The name of stock exchanges for overseas securities listing or trades: none

6. The Company's website

<http://www.thpt.com.tw>

TaiHan Precision Technology Corporation
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I. The Report to All Shareholders

Dear Shareholders,

As we continued to face the impact caused by COVID-19 last year, however, the Company is active in decreasing relevant operation costs efficiently, and increasing the production efficiency and the production yield rate with the associated efforts of all staff, and the profit multiple growth of the Company successfully achieved the annual goal, and the group's consolidated revenue increase of 9.38% from NT\$ 1,906,581 thousand to NT\$ 2,085,430 thousand of year 2020, and operating net profit increase of 102.12% from NT\$ 69,600 thousand to NT\$ 140,677 thousand in 2020, and post-tax profit or loss decreased in NT\$ 77,058 thousand from NT\$ 192,727 thousand in 2020, and the main reason was the disposal of property benefit of New Taipei City NT\$ 219,846 thousand of year 2020 made by one-time entry. To face global competitive market environment of 3C industry, TaiHan still consider the Company's sustainable operation and integral development in accordance with customers' needs for creating the maximum profit to give back all shareholders. 2021 operating condition report is as follows:

1. 2021 business condition

(1) Implement results of 2021 business plan (consolidated report):

Unit: NT\$ 1,000

Item \ Amount	2021 Actual Number	2020 Actual Number	Amount of Increase or Decrease	Percentage of Increase or Decrease (%)
Operating revenue	2,085,430	1,906,581	178,849	9.38%
Operating costs	(1,740,378)	(1,613,821)	126,557	7.84%
Operating margin	345,052	292,760	52,292	17.86%
Operating expenses	(204,375)	(223,160)	(18,785)	-8.42%
Operating net profit (loss)	140,677	69,600	71,077	102.12%
Non-operating income and expenses	(6,709)	228,185	(234,894)	-102.94%
Income (loss) from continuing operations before income tax	133,968	297,785	(163,187)	-55.01%
Income benefit (expenses)	(56,910)	(105,058)	(48,148)	-45.83%
Net income (loss)	77,058	192,727	(115,669)	-60.02%
Net worth (loss) per share (NT\$)	1.00	2.48	-1.48	-59.68%

(2) Financial revenue and expenditure and profitability analysis (consolidated report):

Item		Year	
		2021	2020
Financial structure	Debt to asset ratio (%)	31.66%	33.52%
	Long term capital to fixed asset ratio (%)	190.16%	185.16%
Solvency	Current ratio (%)	227.40%	211.44%
	Quick ratio (%)	183.22%	170.81%
	Interest coverage ratio (times)	20.31	38.48
Operating capacity	Receivables turnover (times)	5.54	4.94
	Days' sales in receivables	65.82	73.84
	Inventory turnover (times)	10.12	9.70
	Average days on sale	36.07	37.63
	Fixed asset turnover (times)	2.26	1.88
	Total asset turnover (times)	0.92	0.78
Profitability	Return on assets (%)	3.50%	8.29%
	Return on equity (%)	4.85%	11.66%
	Net profit ratio (%)	3.70%	10.11%
	earnings per share (NT\$) - retroactive adjustment	1.00	2.48

(3) Budget implementation status

The Company did not announce the financial forecasting to the public in 2021, and the target completion rate of the integral operating status and the operating revenue internally made by the Company was 96.59%, and overseas factories were influenced by COVID-19 and the shortage of raw materials, and the order volume of multi-function printer decreased in less than expectation.

(4) Research and development status

The Company has devoted to precision mold development and production of plastic products for a long time, and its business has focused on development of reaction speed and the accumulation of team technology; and to face the gradual increasing proportion of 3C product appearance, and as customers requested the increase of mold development and production technology, the direction of research and development will emphasize automatic processing, production and the technology increase of post-processing, assembly and detection for products under the external environmental pressure, and provide services satisfied by customers and more competitive product development for introducing process.

2. Summary of annual business plan, future development strategy of the Company and influence of external environment

The management team will uphold the consistent attitude of constant precaution, and keep enhancing various management to increase the group's profit. The operational policy of this year, future development strategy of the Company and influence of

external environment are as follows:

(1) 2022 operational policy and important policy of production and sale:

- i. Keep developing customers, expand precision mold and mechanical parts market; actively introduce requirements from new customers, and increase customer stickiness with expanding diversity of production lines.
- ii. Increase mold processing capacity, and keep expanding productivity of various factories.
- iii. Increase capacity utilization, and implement management and control of cost and expenses.

(2) Expecting Sale Volume and its basis

Our estimated sales volume is based on changes in the external environment and future development, and with reference to past business performance and the company's current production capacity to formulate annual operating goals. However, we didn't disclose the financial forecast for 2022, so it does not intend to disclose the expecting sales volume.

(3) Future development strategy of the Company:

- i. Actively expand product lines and diversity; bring into products from different domains, and impel revenue growth.
- ii. Mold design and production capacity are developed towards increasing super precision/super fine processing technology and high speed processing technology.
- iii. Uphold the concept of growing with employees, strengthen the Company's internal personnel training, emphasize experience inheritance, and enhance employees' pre-employment training and in-service training to increase employees' quality, improve labor conditions and promote the harmony between labors and employers.

(4) Influence of external competitive environment, regulatory environment and integral operating environment:

The competition of the social, political and economic environment is fierce, labor cost of the group's various factories increases, and measures of tax preference gradually decreases, and the Company will enhance management and control of costs and automation input, and become the preferential cooperated partner, and keep expanding niche market.

The current regulatory environment and integral operating environment changes rapidly, and the Company will enhance operational efficiency and flexibility, and on the premise that conforming to laws and regulations, the Company prepares emergency measures at any time.

Sincerely yours,

Tsai Chen-long

Chairman

TaiHan Precision Technology Corporation

II. Company profile

1 Date of Incorporation: Aug 28th, 1987

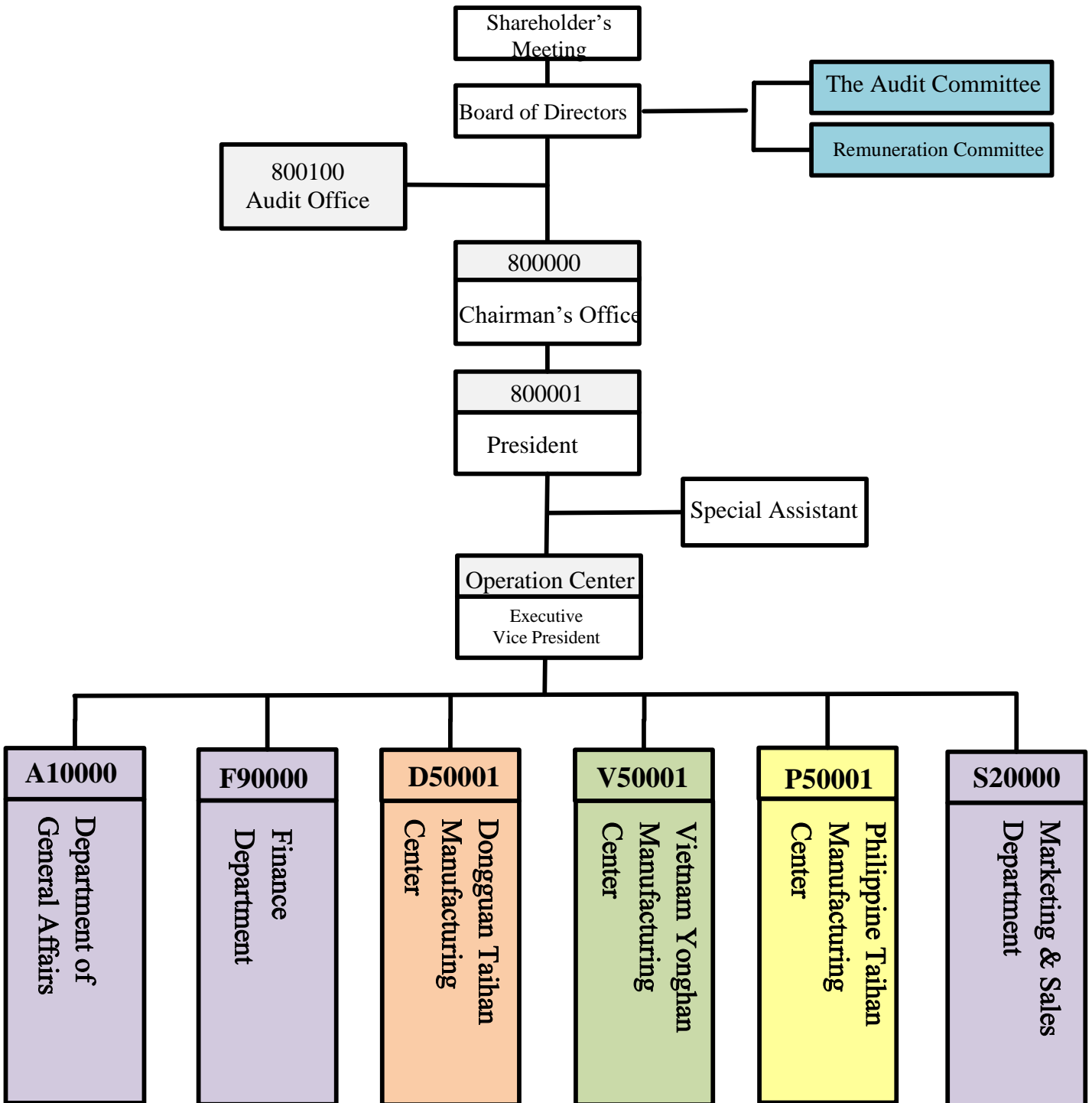
2 Company Chronology

Year	Chronology
1987/08	Taihan Steel Mold Co., Ltd. was established in Taipei Shulin.
2000/06	Changed the company name to Taihan Precision Technology Co., Ltd.
2004/01	Relocated to No. 12, Wuquan 6th Road, Wugu Industrial Zone
2004/02	The factory obtained certifications of ISO9001 and ISO14001.
2004/08	Acquired the Dongguan factory in mainland China, and entered the production process of integration of upstream, midstream and downstream
2005/02	Won the best supplier award of Japanese company, BROTHER
2005/08	Taihan Precision Technology Co., Ltd. supplemented the office development issue
2005/12	Taihan Precision Technology Co., Ltd. applied for IPO
2006/07	Won the 7th place in revenue growth and the 3rd place in profit growth in "Qinye Zhongxin Taiwan High-tech 2006 FAST50 Appraisal"
2006/08	Set up a Vietnam factory in line with the customer supply chain and the growth opportunity of Vietnam's entry into the World Trade Organization (WTO).
2006/12	Awarded as one of Deloitte Asia Pacific 2006 Top 500 Fastest Growing Companies
2007/02	Cooperated with the customer supply chain to invest in Kunshan plant.
2007/05	Ranked 970th in the Top 1000 Manufacturing Companies by Commonwealth Magazine, 83rd in Return on Assets, and 53rd in Top 100 Operations
2007/07	Won the 34th place in revenue growth and 50th place in profit growth in "Qinye Zhongxin Taiwan High-tech 2007 FAST50 Appraisal"
2007/08	Cooperated with the customer supply chain to set up the Suzhou factory
2007/11	Stocks listed on the OTC
2008/05	Stocks must be traded in margin financing and securities lending
2008/11	Punish Suzhou Plant
2009/12	Deployed energy-saving products and set up CLM GMBH in Germany
2010/11	Cooperated with the customer supply chain to expand Vietnam steel structure workshop and staff dormitory
2011/05	Obtained the new patent certificate No. M403112 issued by the Intellectual Property Bureau of the Ministry of Economic Affairs
2011/10	CLM GMBH entered liquidation process
2012/01	Obtained the new patent certificate No. M420119 issued by the Intellectual Property Bureau of the Ministry of Economic Affairs
2012/03	Cooperated with the customer supply chain to expand Kunshan Donghan Phase II plant
2012/11	Cooperated with the customer supply chain to invest in the Philippine factory
2013/06	The Philippine subsidiary company, Taihanland (Philippines), Inc. is registered as a PEZA special economic zone enterprise and enjoys special tax concessions related to the zone.
2013/09	The Philippine subsidiary company, Taihan Precision Technology (Philippines) Co., Inc., is registered as a processing and exporting enterprise in the PEZA Special Economic Zone, and enjoys preferential taxation related to the special zone.
2015/03	Suspended production of the Taipei factory
2016/03	The company's business address was moved to 1, 5th Floor, No. 9, Wuquan 1st Road, Xinzhuang District, New Taipei City
2016/12	Punish Kunshan Donghan Factory
2020/02	Disposal of Wugu Factory in New Taipei City
2021/07	Xuande Technology acquired shares in Taihan Precision Technology
2021/08	The company's mailing address was changed to the 1st floor, No. 568, Section 1, Minsheng North Road, Guishan District, Taoyuan City

III. Corporate Governance Report

1. Organization

1、Organizational Chart



2. Major Corporate Functions:

Department	Functions
Audit office	To review the establishment and implementation of internal control, internal audit and self-assessment systems. To supervise the implementation and rationalization of various operations and processes. To assist in the handling of various listing (counter) announcements and declarations.
Dongguan Taihan Manufacturing Center	Operational performance analysis and supervision of the Dongguan plant.
Vietnam Yonghan Manufacturing Center	Operational performance analysis and supervision of the Vietnam factory.
Philippine Taihan Manufacturing Center	Operational performance analysis and supervision of the Philippine plant.
Accounting Department	Accounting processing, cost control, tax processing, data analysis and report preparation, providing financial information in a timely manner. Cashier, capital planning and financial institutions, financial management.
Department of General Affairs	Employee recruitment, absence management, annual performance appraisal, education and training, general affairs administration. Information system import and maintenance, information software and hardware management, information security management.
Marketing & Sales Department	Order quotation and processing, customer complaint processing, market assessment and reporting.

2. Directors, President, Vice President, Assistant Vice President, and Management Team:

(1) Directors:

1. Information of directors

April 2nd, 2022

Title	Nationality or Place of Registration	Name	Gender Age	Date of appointment	Term of office	Date of first appointment	Shares held at the time of election		Current Shares		Spouse, minor children current shares		Shares holding by other names		Experiences	Currently positions in the company and other companies	Other officers, directors or supervisors who have a relationship of spouse or second degree of kinship			Notes
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Taiqiao Investment Co., Ltd.	-	2020.06.16	3	2018.06.13	15,012,000	19.47%	15,012,000	19.47%	0	0	0	0	-	-	None	None	None	Note 1
	Taiwan	Representative: Tsai Chen-long (2021.3.12 New)	Male 41-50				0	0	800,000	1.04%	0	0	0	0	0	0	Note 4	Note 4	None	None
Director	Taiwan	Taiqiao Investment Co., Ltd.	-	2020.06.16	3	2018.06.13	15,012,000	19.47%	15,012,000	19.47%	0	0	0	0	-	-	None	None	None	None
	Taiwan	Representative: Chang Zhiren (2021.3.12 New)	Male 41-50				0	0	0	0%	0	0	0	0	0	0	Note 4	Note 4	None	None
Director	Taiwan	Taiqiao Investment Co., Ltd.	-	2020.06.16	3	2018.06.13	15,012,000	19.47%	15,012,000	19.47%	0	0	0	0	-	-	None	None	None	None
	Taiwan	Representative: Lee Jiahe (2021.3.12 New)	Male 41-50				0	0	0	0%	0	0	0	0	0	0	Note 4	Note 4	None	None
Director	Taiwan	Taiqiao Investment Co., Ltd.	-	2020.06.16	3	2018.06.13	15,012,000	19.47%	Note 2											
	Taiwan	Representative: Huang Xiaoling (2021.3.12 Resigned)	Female 51-60				81,679	0.11%												
Director	Taiwan	Taiqiao Investment Co., Ltd.	-	2020.06.16	3	2018.06.13	15,012,000	19.47%	Note 2											
		Representative : Dai Jiawei (2021.3.12 Resigned)	Male 61-70				0	0												
Director	Taiwan	Taiqiao Investment Co., Ltd.	-	2020.06.16	3	2018.06.13	15,012,000	19.47%	Note 2											
		Representative: Chen Jincheng (2021.3.12 Resigned)	Male 51-60				0	0												

Title	Nationality or Place of Registration	Name	Gender Age	Date of appointment	Term of office	Date of first appointment	Shares held at the time of election		Current Shares		Spouse, minor children current shares		Shares holding by other names		Experiences	Currently positions in the company and other companies	Other officers, directors or supervisors who have a relationship of spouse or second degree of kinship			Notes
							Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio	Shares	shareholding ratio			Title	Name	Relationship	
Director	Taiwan	Yang Jianping	Male 51-60	2020.06.16	3	77.12.12	652,000	0.85%	670,000	0.87%	0	0	0	0	Note 4	Note 4	None	None	None	None
Independent Director	Taiwan	Zhuang Weimin	Male 51-60	2020.06.16	3	106.06.19	0	0	0	0	0	0	0	0	Note 4	Note 4	None	None	None	None
Independent Director	Taiwan	Chen Yiping	Female 41-50	2020.06.16	3	109.06.16	40,000	0.05%	40,000	0.05%	0	0	0	0	Note 4	Note 4	None	None	None	None
Independent Director	Taiwan	Lin Junyi (2021.7.16 New)	Male 41-50	2021.07.16	2	110.07.16	0	0	0	0	0	0	0	0	Note 4	Note 4	None	None	None	None
Independent Director	Taiwan	Cheng Xiuqing (2021.5.31 Resigned)	Female 51-60	2020.06.16	3	109.06.16	0	0	Note 3											

Note 1: The Company's Chairman concurrently acts as President as he is familiar with the characteristics and strengths of the industry. The Company plans to add independent director seats to be in line with regulations/laws in the future.

Note 2: Taiqiao Investment Co., Ltd. reappointed a legal representative on March 12, 2021, as the original representative resigned.

Note 3: Resigned as independent director on May 31, 2021.

Note 4:

Title	Name	Experiences	Currently positions in the company and other companies
Chairman	Taiqiao Investment Co., Ltd. Representative: Tsai Chen-long	Department of Information Systems, Western International University 、 Master of Electronic Computer Engineering, Arizona State University 、 Sales & Marketing Vice President, Luxshare Precision Industry Co., Ltd.	Chairman and President, Taihan Precision Technology Co., Ltd., Chief Strategy Officer, Luxshare Precision Industry Co., Ltd., Director, Stech International Co.,Ltd., Director, SPACE SPEED TECHNOLOGY LIMITED, Chairman, Speedtech (LS-ICT) Co.,Ltd., legal representative , Luxshare-ICT, Inc., Legal Representative, Dongguan Leader Precision Industry Co., Ltd., Director, Luxshare Precision Components (Kunshan) Co., Ltd., Chairman, Speed Tech ICT SDN.BHD., Director, Castle Rock, Inc, Chairman, Taiqiao Investment Co., Ltd, Chairman, Assem Technology, Co., Ltd
Director	Taiqiao Investment Co., Ltd. Representative: Chang Zhiren	Master, Department of Mechanical Engineering, National Central University	Executive Vice President, Taihan Precision Technology Co., Ltd. 、 Section Chief, Sales and Marketing Dept, Speed Tech Corp.
Director	Taiqiao Investment Co., Ltd. Representative: Lee Jiahe	Department of Mechanical Engineering, Oriental Institute of Technology	Senior Manager of Operations Center, Taihan Precision Technology Co., Ltd. 、 Senior Manager, Strategic Account Department, Luxshare Precision Industry Co., Ltd.
Director	Yang Jianping	Mechanical Drawing Section, KaiNan High School of Commerce and Industry Chairman, Taihan Precision Technology Co., Ltd	Special Assistant, Chairman's Office, Taihan Precision Technology Co., Ltd. 、 Director, Yuguang Investment Co., Ltd. 、 Director, Laijue Life and Leisure Co., Ltd
Independent director	Zhuang Weimin	Master of Business Administration, The City University of New York Chief Financial Officer, Xiangyu Biomedical Technology Co., Ltd.	Director, Finance & General Affairs Dept, Kwans International Co., Ltd.
Independent director	Chen Yiping	Master, Finance Dept, National Taiwan University Director, For Win Assets Management Ltd.	Principle/Director, For Win Assets Management Ltd. 、 Principle/Director, Gloria Beauty Co., Ltd. 、 Director, Toplogis, Inc (Cayman Islands) 、 Director, TOPLOGIS INC. 、 Director, JIFUT INTERNATIONAL MARKETING CO., LTD.
Independent director	Lin Junyi	Bachelor of Laws, Fu Jen Catholic University Completion of the 42nd phase of the Training Institute for Judges and Prosecutors	Certified lawyer of Hengsheng Lawfirm 、 Corporate Director Representative, Hold Jinn Electronics Co., Ltd. 、 Corporate Director Representative, Max Zipper Co., Ltd 、 Corporate Director Representative, Kinmen Kaoliang Liquor Inc. 、 Corporate Director Representative, Taiwan Sports Lottery Co., Ltd

2. Major shareholders of corporate shareholders:

April 2nd, 2022

Name of legal person shareholder	Major shareholders of corporate shareholders	Shareholding ratio
Taiqiao Investment Co., Ltd.	Speed Tech Corp.	100%

3. The major shareholders of the above corporate shareholders who is a legal person:

April 2nd, 2022

Name of legal person shareholder	Major shareholders of corporate shareholders	Shareholding ratio
Speed Tech Corp.	Hong Kong Lian Tao Electronics Co., Ltd.	30.53%
	Likang Enterprise Management Consulting Co., Ltd.	7.25%
	ASUS INVESTMENT CO., LTD.	4.70%
	Fubon Life Insurance Co., Ltd.	4.35%
	Kaitai Investment Co., Ltd.	1.19%
	“Advanced Integrated International Stock Index” of Advanced Starlight under custody of JPMorgan Chase Bank, Taipei Branch	0.89%
	“Emerging Markets Stock Index Fund Investment Account” of Vanguard under custody of JPMorgan Chase Bank, Taipei Branch	0.86%
	LUXSHARE-ICT CO., LTD.	0.75%
	Yang Longfan	0.69%
	Public Islamic Asian Dividend Fund Investment Account under custody of Citi Bank	0.67%

4. Disclosure of information on the professional qualifications of directors and the independence of directors

April 2nd, 2022

Qualification	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
Name			
Tsai Chen-long	Above five years of work experiences required for the company business	None of any circumstances stipulated in the Article 30 of the Company Act	0
Chang Zhiren			0
Lee Jiahe			0
Yang Jianping			0
Zhuang Weimin	Above five years of finance and accounting related work experiences	1. Oneself, spouse, and relatives within the second-degree kinship does/do not serve as directors, supervisors, employees of the company or its affiliates. 2. Oneself, spouse, and relatives within the second- degree kinship (or use the name of others) does/do not hold 1% of the total shares issued by the company, or is/are a top ten shareholder as a natural person. 3. Neither serving as director, supervisor or employee of any affiliates with specific relationships with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). 4. The amount of remuneration received from the company or its affiliated companies for providing business, legal, financial, accounting and other services in the last two years: None 5. Any circumstances of Article 30 of the Company Act: None	0
Chen Yiping			0
Lin Junyi	Certified lawyer		0

5. Diversity and independence of the Board of Directors

A. Board Diversity:

The Company passed the revision of the "Corporate Governance Code" and mapped out "Strengthening the Functions of the Board of Directors" for diversified policies in Chapter 3 at the 20th Meeting of the 10th Board of Directors held on March 20, 2017. Thus, "the Election Measures of Directors" of the Company is formulated according to laws and regulations.

It is a must that the Company consider the composition diversity of the Board of Directors, and formulate an appropriate diversity policy based on its own operation, operation type, and development needs. It is suggested to include, but not to be limited to, two standards, as follows:

- (1) Basic conditions/values: gender, age, nationality and culture, etc.
- (2) Professional knowledge/skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Members of the Board should possess the knowledge, skill, and quality required to perform their duties. In order to achieve the ideal goals of corporate governance, the entire Board of Directors should have the following capabilities:

- (1) Operational judgment abilities
- (2) Accounting and financial analyses
- (3) Operation and management abilities
- (4) Crisis handling capacities

- (5) Industry knowledge
- (6) International market views
- (7) Leadership
- (8) Decision-making abilities

Members in the list of the Company's 12th Board of Directors are all Taiwanese, and one of them is female. The directors possess varied abilities, for instance: Yang Jianping, Tsai Chen-long, Chang Zhiren, and Lee Jiahe are good at "industry knowledge"; Zhuang Weimin, Chen Yiping, and Chang Zhiren are good at "accounting and financial analysis ability"; Tsai Chen-long, Chang Zhiren, Lee Jiahe, Yang Jianping, Zhuang Weimin, Chen Yiping and Lin Junyi are good at "operational judgment ability", "operation management ability", "crisis handling ability", "international market view", "leadership ability", and "decision-making ability", respectively.

The Board of Directors should instruct the Company's strategies, supervise its management levels, and is also responsible to both the Company and shareholders. All of the operations and arrangements within the corporate governance system have to ensure that the Board of Directors exercise its authorities in accordance with laws, regulation articles of the Company, or resolutions from the Shareholders' Meeting. The specific management objectives are as follows:

- (1) The Company's Board of Directors also emphasizes on gender equality thus including at least one female director.
- (2) The Board of Directors focuses on operation judgment, management, and risk hedging capabilities. It is required that over two thirds of the board members should own such abilities related to the core functions.
- (3) Independent directors must not exceed three consecutive terms, a move to maintain their independence.

B. Board Independence

A total of seven directors comprise the 12th session of the Board with three of them being independent directors. They meet the following conditions:

- (1) Oneself, spouse, and relatives within the second-degree kinship do/es not serve as directors, supervisors, or employed subjects of the Company or its affiliates.
- (2) Oneself, spouse, and relatives within the second degree (or in the name of others) do/es not hold 1% of the Company's total issued shares, or belong to the top ten shareholders as a natural person.
- (3) No specific relationship with the Company (refer to the establishment of independent directors of public companies and the matters to be followed, Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations) as directors, supervisors or employees.
- (4) The amount of remuneration received from the Company or its affiliates for providing business, legal, financial, accounting, and other services in the last two years: None

(2) President, Vice President, Assistant General Manager, and Heads of business units

1. Name, major experiences, shares and type

April 2nd 2022

Title	Nationality	Name	Gender	Date of appointment	Holding shares		Spouse and minor children current shares		Shares held under other names		Major experiences and academic degree	Current positions in other companies	Managers with a relationship within the spouse or second degree of kinship			The President or equivalent position (the top manager) and the Chairman of the Board is the same person, spouse or relatives within the first degree of kinship
					Shares	Ratio	Shares	Ratio	Shares	Ratio			Title	Name	Relationship	
President	Taiwan	Yang Jianping (Note 2)	Male	2022.08.27	670,000	0.87%	0	0	0	0	Mechanical Drawing Section, KaiNan High School of Commerce and Industry Chairman, Taihan Precision Technology Co., Ltd.	Director, Yuguang Investment Co., Ltd. Director, Laijue Life and Leisure Co., Ltd	None	None	None	(Note 4)
President	Taiwan	Tsai Chen-long (Note 3)	Male	2021.7.26	800,000	1.04%					Department of Information Systems, Western International University, Master of Electronic and Computer Engineering, Arizona State University, Vice President of Sales and Marketing, Luxshare Precision Industry Co., Ltd., Chairman, Taihan Precision Technology Co., Ltd.	Chief Strategy Officer, Luxshare Precision Industry Co., Ltd. · Director, Stech International Co., Ltd. · Director, Space Speed Technology Limited, Chairman Speedtech (LS-ICT) Co., Ltd., Legal representative, Luxshare-ICT, Inc. · Legal representative, Dongguan Leader Precision Industry Co., Ltd, Director, Luxshare Precision Components (Kunshan) Co., Ltd., Chairman, Speed Tech ICT SDN.BHD., Director, Castle Rock, Inc, Chairman, Taiqiao Investment Co., Ltd., Chairman, Assem Technology, Co., Ltd	None	None	None	(Note 4)
Executive Vice President	Taiwan	Chang Zhiren	Male	2021.05.04 (Note 5)	0	0	0	0	0	0	Master of Mechanical Engineering, National Central University	Director, Sales & Marketing Dept, Speed Tech Corp.	None	None	None	None
President, Vietnam Yonghan Manufacturing Center	Taiwan	Huang Xiaoling	Female	2000.01.01	18,679	0.02%	0	0	0	0	Master, Information Management, Nanzan University Vietnam Yonghan Manufacturing Center President	None	None	None	None	None
Assistant General Manager, General Affairs and finance Dept, head quarter	Taiwan	Peng Junxin (Note 6)	Male	106.10.13	Note 6		0	0	0	0	Dept of Accounting, Tunghai University Assistant Manager, Deloitte, Taiwan	None	None	None	None	None

Assistant General Manager, General Affairs and finance Dept., Philippine Taihan Manufacturing Center	Taiwan	Chen Jinzhong	Male	106.10.13	112,000	0.15%	0	0	0	0	Master, International Finance Dept, National Taipei University Chief Financial Officer, Lien Ming Mobile Technology Co., Ltd Finance manager, YEH-CHIANG TECHNOLOGY CORP.	Director, Taihanland (Philippines) Inc. Director, Taihan Precision Technology (Philippines) Co.,Inc.	None	None	None	None
Assistant General Manager, Dongguan Taihan Manufacturing Center	Taiwan	Gu Jianzhong	Male	106.10.09	86,177	0.11%	0	0	0	0	Mechanical Engineering Division, Paul Hsu Senior High School Manager, Manufacturing Center, Dongguan Taihan Manufacturing Center	None	None	None	None	None
Assistant GM, Technical Dept., Vietnam Yonghan Manufacturing Center	Japsn	Takayoshi Ninomiya	Male	103.11.01	259,122	0.34%	0	0	0	0	Electrical Engineering Dept., Aichi University, Japan Chief of Manufacturing, Kunimori Chemical Co., Ltd., Japan	None	None	None	None	None
Manager, Manufacturing Center	Taiwan	Li Xiumei	Female	89.01.01	133	0%	0	0	0	0	Mechanical Drawing Section, Daxing High School	None	None	None	None	None

Note 1: Please refer to page 199 for relevant information of affiliated companies.

Note 2: The general manager resigned on July 26, 2021.

Note 3: The general manager took office on July 26, 2021.

Note 4: The Company's Chairman concurrently acts as President as he is familiar with the characteristics and strengths of the industry. The Company plans to add independent director seats to be in line with regulations/laws in the future.

Note 5: The Company's Board of Directors approved the appointment proposal on May 4, 2021.

Note 6: The assistant GM resigned on 2022/9/27.

(3) Remuneration paid to directors (including independent directors), supervisors, general managers and deputy general managers in the most recent year:

1. Remuneration of directors (including independent directors)

Unit: NTS,000

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Remuneration (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		The company	All companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)		The company	All companies in the consolidated financial statements			
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements			The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock			Cash	Stock	
Directors	Taiqiao Investment Co., Ltd. Representative: Tsai Chen-long(Note 1)	0	0	0	0	0	0	30	30	30 (0.04 %)	30 (0.04%)	156	156	0	0	0	0	0	0	186 (0.24%)	186 (0.24 %)	
	Taiqiao Investment Co., Ltd. Representative: Chang Zhiren(Note 1)	0	0	0	0	0	0	60	60	60 (0.08 %)	60 (0.08 %)	1,566	1,566	71	71	0	0	0	0	1,697 (2.20 %)	1,697 (2.20 %)	
	Taiqiao Investment Co., Ltd. Representative: Lee Jiahe(Note 1)	0	0	0	0	0	0	60	60	60 (0.08 %)	60 (0.08 %)	156	156	11	11	0	0	0	0	228 (0.30 %)	228 (0.30 %)	
	Taiqiao Investment Co., Ltd.	0	0	0	0	1,191	1,191	0	0	1,191 (1.55%)	1,191 (1.55%)	0	0	0	0	0	0	0	0	1,191 (1.55%)	1,191 (1.55%)	None
	Taiqiao Investment Co., Ltd. Representative: Huang Xiaoling(註 2)	0	0	0	0	0	0	10	10	10 (0.01 %)	10 (0.01 %)	1,994	2,841	108	108	0	0	0	0	2,112 (2.74 %)	2,959 (3.84 %)	None
	Taiqiao Investment Co., Ltd. Representative: Dai Jiawei (Note 2)	0	0	0	0	0	0	10	10	10 (0.01 %)	10 (0.01 %)	0	0	0	0	0	0	0	0	10 (0.01 %)	10 (0.01 %)	None
	Taiqiao Investment Co., Ltd.	0	0	0	0	0	0	10	10	10 (0.01 %)	10 (0.01 %)	652	652	10	10	0	0	0	0	672 (0.87 %)	672 (0.87 %)	None

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)	
		Remuneration (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)		The company	All companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)				The company	All companies in the consolidated financial statements		
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements			The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock				
	Representative: Chen Jincheng (Note 2)																						
Director	Yang Jianping	0	0	0	0	397	397	70	70	467 (0.61 %)	467 (0.61 %)	2,104	2,469	0	0	0	0	0	0	2,571 (3.34 %)	2,936 (3.81 %)	None	
Independent director	Zhuang Weimin	240	240	0	0	397	397	70	70	707 (0.92 %)	707 (0.92 %)	0	0	0	0	0	0	0	0	707 (0.92 %)	707 (0.92 %)	None	
	Cheng Xiuqing (Note 3)	100	100	0	0	0	0	30	30	130 (0.17 %)	130 (0.17 %)	0	0	0	0	0	0	0	0	130 (0.17 %)	130 (0.17 %)	None	
	Chen Yiping	240	240	0	0	397	397	70	70	707 (0.92 %)	707 (0.92 %)	0	0	0	0	0	0	0	0	707 (0.92 %)	707 (0.92 %)	None	
	Lin Junyi (Note 4)	100	100	0	0	397	397	30	30	527 (0.68 %)	527 (0.68 %)	0	0	0	0	0	0	0	0	527 (0.68 %)	527 (0.68 %)	None	

1. Please illustrate the Company's remuneration policy, system, standard, and structure of independent directors as well as relevant relationships with the remuneration amount regarding responsibilities, risks, time invested, and other factors:
The remuneration paid to directors and independent directors is processed in line with its article of regulations, which stipulates that such remuneration stands at less than 3% out of total profits, if the Company makes money. The rationality of director remuneration policy mainly follows the performance evaluation methods of the Board of Directors and procedures, the Company's overall operational performance, and the future operational needs and development of the industry. It also refers to the contribution of each individual to the Company's operations, thus a reasonable remuneration is paid. Meanwhile, they have to pass the recommendation of the Company's Remuneration and Compensation Committee, the board meeting, and submit to the Shareholders' Meeting for final approval.

2. Except as disclosed above, the remuneration received by directors for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent years: None

Note 1: The director took office after the general re-election of directors at the Shareholders' Meeting held on March 12, 2021.

Note 2: The director resigned after the general re-election of directors at the Shareholders' Meeting held on March 12, 2021.

Note 3: On July 16, 2021, the remuneration committee approved the resignation of the independent director.

Note 4: The independent director was appointed by the Remuneration Committee on July 16, 2021.

(2) Remuneration of President and Vice President

Unit: NT\$thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus and allowance (C)		Employee compensation (D)				Ratio of Total Compensation (A+B+C+D) to net profit after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Yang Jianping(Note 1)	1,270	1,636	0	0	834	834	0	0	0	0	2,104 (2.73%)	2,469 (3.20 %)	None
President	Tsai Chen-long(Note 2)	156	156	0	0	0	0	0	0	0	0	156 (0.20%)	156 (0.20%)	None
Executive Vice President	Chang Zhiren(Note 3)	1,566	1,566	71	71	0	0	0	0	0	0	1,637 (2.21%)	1,637 (2.21%)	786
Vice President	Huang Xiaoling	1,601	2,449	108	108	392	392	0	0	0	0	2,102 (2.73%)	2,949 (3.83%)	None

Note 1: The President resigned on July 26, 2021.

Note 2: The President took office on July 26, 2021.

Note 3: The Company's Board of Directors approved the appointment on May 4, 2021.

3. Managers who distribute employee remuneration and the distribution situation

Unit: NT\$ thousand

	Title	Name	Share amount	Cash amount	Total	Proportion of total amount to net profit after tax (%)
Managers	President	Tsai Chen-long(Note1)	0	0	0	0
	President	Yang Jianping (Note2)				
	Executive VP, Operations Center	Chang Zhiren(Note3)				
	Associate Manager, General Accounting Management Office	Peng Junxin (Note 4)				
	Vice President, Vietnam Yonghan Manufacturing Center	Huang Xiaoling				
	Assistant GM, Dongguan Taihan Manufacturing Center	Gu Jianzhong				
	Assistant GM, Technical Dept, Vietnam Yonghan Manufacturing Center	Takayoshi Ninomiya				
	Assistant GM, Philippine Taihan Manufacturing Center, General Affairs and Finance Dept,	Chen Jinzhong				

Note 1: The President took office on July 26, 2021.

Note 2: The President resigned on July 26, 2021.

Note 3: The Board of Directors of the Company approved the appointment on May 4, 2021.

Note 4: The Assistant General Manager resigned on Sept. 27, 2021.

(4) Comparisons and analyses of the total remuneration paid by the Company and subsidiaries in the consolidated statements to directors, general managers and deputy general managers in the last two years and its proportion to the net-profit after tax, and explanations of the remuneration policy, standard/combinations, payment setting, business performances, and relevance to future risks:

Title	Remuneration as a percentage of net profit after tax in 2020		Remuneration as a percentage of net profit after tax in 2021	
	The company	All companies in the consolidation report	The company	All companies in the consolidation report
Director	10.45%	11.81%	13.93%	15.51%
President and vice president	2.85%	4.21%	7.78%	9.36%

Regarding the Company's remuneration policy, it ties to the average salary level of the position in the industry, the position's responsibilities in the company, and its contribution to operation. During the process of salary setting, the Company first considers its overall operating performances; and secondly, it refers to each individual's goal achievements and contribution to the Company performances, and then offers a reasonable remuneration. As the remuneration payment is based on the operating performance of each current period, there is not much risk incurred in future operations.

3 Corporate Governance Operation

(1) Operation of the Board of Directors

In 2021, the Board of Directors met 7 times, and the attendance of the directors is as follows:

Title	Name	Actual number of (attend) seats (B)	Number of delegated attendances	Actual (attend) seats % (B/A)	Notes
Chairman	Taiqiao Investment Co., Ltd. Representative: Tsai Chen-long (Note 1)	3	0	50%	Should be present 6 times (A)
Director	Taiqiao Investment Co., Ltd. Representative: Chang Zhiren (Note 1)	6	0	100%	Should be present 6 times (A)
Director	Taiqiao Investment Co., Ltd. Representative: Lee Jiahe (Note 1)	6	0	100%	Should be present 6 times (A)
Director	Taiqiao Investment Co., Ltd. Representative: Chen Jincheng (Note 2)	1	0	100%	Should be present 1 time (A)
Director	Taiqiao Investment Co., Ltd. Representative: Huang Xiaoling (Note 2)	1	0	100%	Should be present 1 time (A)
Director	Taiqiao Investment Co., Ltd. Representative: Dai Jiawei (Note 2)	1	0	100%	Should be present 1 time (A)
Director	Yang Jianping	7	0	100%	Should be present 7 times (A)
Independent director	Zhuang Weimin	7	0	100%	Should be present 7 times (A)
Independent director	Chen Yiping	7	0	100%	Should be present 7 times (A)
Independent director	Lin Junyi (note 3)	3	0	100%	Should be present 3 times (A)
Independent director	Cheng Xiuqing (note 4)	3	0	100%	Should be present 3 times (A)

Note 1: New appointment on March 12, 2021.

Note 2: Resigned on March 12, 2021.

Note 3: New appointment on July 16, 2021.

Note 4: Resigned on May 31, 2021.

Other recorded matters:

1. If any of the following circumstances takes place in the Board of Directors' meeting, it is a must to state in detail the date of the board meeting, the session, proposal contents, opinions of all independent directors, and how these opinions are handled by the Company.

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: This is not applicable to the Company as it has already established an Audit Committee.

(2) In addition to the matters mentioned above, other matters resolved by the Board of Directors with objections or reservations, with records and/or written statements: None

2. In the implementation of regulations preventing proposals with vested interests, the director's name should be stated, contents of the motion, reasons for the withdrawal of interests, and consequences of participating in voting:

(1) On January 12, 2021, the Board approved the Company's 2020 year-end bonus distribution case for managers. As both Mr. Yang Jianping, the former Chairman of the Board, and Huang Xiaoling, the former representative of Taiqiao Investment Co., Ltd., have a personal benefit in this case, that is why they did not vote. After consulting the attending directors, Mr. Zhuang Weimin, the acting Chairman and independent director, passed the case without objection.

(2) On March 16, 2021, the Board passed the Remuneration Distribution Plan for Management Level and Employee of 2020 and the Director's Remuneration Distribution Proposal of the same year. Mr. Yang Jianping, the former Chairman of the Board, had an interest in relation to this case that is why he abstained from voting. Also, after consulting the attending directors, Mr. Zhuang Weimin, independent director, passed the proposal without objection.

(3) On May 4, 2021, the Board approved the appointment of the Company's executive deputy general manager and the remuneration discussion. Mr. Chang Zhiren, the representative of Taiqiao Investment Co., Ltd., has an interest in relation to this case, that is why he abstained from voting. The Chairman passed the proposal without objection.

(4) On August 3, 2021, the Board approved the proposal on the remuneration of the Company's General Manager. Mr. Tsai Chen-long, the Chairman of the Board, has an interest in relation to the case that is why he abstained from voting. Mr. Yang Jianping, the acting Chairman, asked the attending directors and passed the case with no objections.

3. The evaluation of the Board of Directors and individual functional committees:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
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Implemented once per year	Jan. 1 ~ Dec. 31 2021	Board of Directors, Board Members, and Functional Committees	Self-assessment questionnaire of Board, Self-assessment questionnaire of board members, and Assessment questionnaire of Functional Committees	<p>(1) Performance of the Board of Directors:</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Improvement of the Board's decision-making quality 3. The Board's composition and structure 4. Election of directors and advanced study 5. Internal Controls <p>(2) Performance of directors:</p> <ol style="list-style-type: none"> 1. Dominating goals and tasks of the Company 2. Responsibility cognition of directors 3. Involvement in the Company's operations 4. Internal relationship management and communication 5. Expertise and advanced study of directors 6. Internal Controls <p>(3) Performance of functional committees:</p> <ol style="list-style-type: none"> 1. Involvement in the Company's operations 2. Responsibility cognition of functional committees 3. Improvement of the decision-making quality of functional committees 4. Composition of functional committees and selection of members 5. Internal Controls
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4. Goals to strengthen the board's functions in the current year and in recent years (an Audit Committee is established, and information transparency is enhanced, for instance.), and their implementation evaluations: The Company has now formulated a performance evaluation measure for the Board of Directors, which is conducted on a regular basis each year. To this end, evaluation results are served as remuneration and nomination references. In addition, the Company's website announces important resolutions made by the board meeting, and all directors are insured with liability insurances, an effort to enhance the Company's operation transparency and protect rights and interests of its shareholders.

(2) The operation of the audit committee or the participation of supervisors in the operation of the Board of Directors

The Audit Committee met six times in 2021, and the attendance of the Audit Committee is as follows:

Title	Name	Actual attendance (B)	Number of delegated attendances	Actual attendance rate (%) (B/A)	Note
Independent director	Zhuang Weimin	6	0	100%	Should attend 6 times (A)
Independent director	Chen Yiping	6	0	100%	Should attend 6 times (A)
Independent director	Lin Junyi (Note 1)	3	0	100%	Should attend 3 times (A)
Independent director	Cheng Xiuqing (Note 2)	3	0	100%	Should attend 3 times (A)

Note 1: New appointment on 2021/7/16.

Note 2: Resigned on 2021/5/31

1. Other matters to be recorded

1. If any of following circumstances takes place in the meeting of the Audit Committee, it is a must to state in detail the date of the meeting of the Audit Committee, the session, the content of the proposals, objections of independent directors, reservations or major recommendations, the Audit Committee's resolutions, and the Company's opinions. The Committee's opinion on handling matters are listed in Article 14-5 of the Securities and Exchange Act:

Meeting Session	Important Resolutions	Resolution results and the Company's handling of the audit committee's opinion
The 4 th meeting, Second Session 2021/1/12	<ol style="list-style-type: none"> 1. The Company's subsidiary intends to apply for short-term financing loans from the bank, and an endorsement guarantee for this purpose is proposed. 2. The case of the Company and its subsidiaries which plan to lend funds to 	All the present members agreed to approve the proposal, and submitted

	subsidiaries	to the Board of Directors for approval without objection from all the present directors.
The 5 th meeting Second Session 2021/3/1	1. The Company's annual business report, financial statements and consolidated financial statements for 2020 2. The case of a subsidiary of the Company which intends to lend funds to a subsidiary 3. Submitted the Company's internal control system statement for 2020 4. The Company's CPAs were changed beginning from the 1 st Quarter of 2021.	
The 6 th meeting Second Session 2021/5/4	1. The Company's Consolidated Financial Statements for the 1 st Quarter of 2021 2. The Company's subsidiary intends to apply for short-term financing loans from the bank, and an endorsement guarantee for this purpose is proposed. 3. The case of the Company and its subsidiaries which plan to lend funds to subsidiaries	
The 7 th meeting Second Session 2021/7/26	1. Change of accountants due to internal adjustment of PricewaterhouseCoopers Taiwan (PwC)	
The 8 th meeting Second Session 2021/8/3	1. The Company's Consolidated Financial Statements for the 2 nd Quarter of 2021 2. The Company's subsidiary intends to apply for short-term financing loans from the bank, and an endorsement guarantee for this purpose is proposed. 3. The case of the Company and its subsidiaries which plan to lend funds to subsidiaries	
The 9 th time Second Session 2021/11/2	1. The Company's Consolidated Financial Statements for the 3 rd Quarter of 2021 2. The subsidiary applies for a short-term financing case 3. The Company has to conduct an endorsement guarantee for its subsidiary which intends to apply for a short-term financing from the bank. 4. The case of the Company and its subsidiaries which plan to lend funds to subsidiaries 5. Changes of the Company's audit supervisor 6. Changes of the Company's financial and accounting directors 7. The Company leased an office to a related party, Xuande Technology (Shares)	
(2) Except for matters mentioned above, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: Not any such case in the Company.		
2. Regarding independent director's proposal and implementation on interest avoidances, it is required to state the name of the independent director, proposal contents, reasons for the withdrawal of interest, and consequences of participating in votes: None of such circumstance in the Company.		

(3) Communications among independent directors, internal audit supervisors, and accountants:

Time: March 14, 2022 at 3:30 pm	
Conference Content	2021 Financial Report Review and Communication with Corporate Governing Units.
Participants	Zhuang Weimin Independent Director, Chen Yiping Independent Director, Lin Junyi Independent Director, Chen Jinzhong Accounting Supervisor, Jian Zhiming Audit Supervisor, Accountant Huang Shijun, and Manager Chen Shaojie from PwC Taiwan.
Items	The regular auditing process and communication with the corporate governance unit for other items.
Results	A consensus is reached by both sides.
Comments	No opinions from independent directors

(4) Differences and reasons from the Code of Practice for Corporate Governance of listed /OTC companies:

Assessment Items	Operational Status		Differences from the Code of Practice for Governance of Listed/OTC Companies and Reasons
	Yes	No	
1. Does the company formulate and disclose the code of practice on corporate governance in accordance	V		In accordance with the regulations, the Company mapped out the "Corporate Governance Code", and No major differences.

with the "Code of Practice for Corporate Governance of Listed/OTC Companies" or not?			disclosed on its website for shareholder's reference at the same time.	
2. The Company's shareholding structure and shareholders' equity				
(1) Does the company establish internal operating procedures to deal with Shareholder Recommendations, Doubts, Disputes and Litigation and is it implemented in accordance with procedures or not?	V		The Shareholders' Meeting is convened by the Company to answer questions of shareholders in a face-to-face method. In the non-meeting period, a spokesman mailbox is available at the Company's website to provide the list of contacts, suggestions, and dispute questions from shareholders.	No major differences.
(2) Does the Company actually grasp the substantial controller of its main shareholders, and the list of ultimate controllers of main shareholders or not?	V		The Company keeps an eye on the list of major shareholders that actually control the Company and contact with them closely. It also pays attention to the changes of major shareholders' shareholding situation at all times.	No major differences.
(3) Has the company established and implemented a risk control and firewall mechanism with affiliated companies or not?	V		To comply with laws, the company has established the "Subsidiary Supervision Operation Regulations" and "Related Enterprises, Related Persons, Specified Companies and Group Enterprises Financial Business Operation Regulations".	No major differences.
(4) Does the company formulate internal specifications to prohibit company insiders from using unpublished information on the market to buy and sell securities?	V		The Company's internal control has stipulated the prevention of insider trading operations and the "Code of Conduct" prohibiting insiders from using unpublished market information to buy and sell securities.	No major differences.
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors formulate diversity policies, specific management objectives, and implement them or not?	V		Held on March 20, 2017, the 20th meeting of the 10th Board of Directors of the Company approved the "Corporate Governance Code", and a diversity policy of "Strengthening the Functions of the Board of Directors" in Chapter 3. The company has its own "Director Election Measures" that is in accordance with the laws. The list of members of the 12th Board of Directors of the company includes a female member, and each director has contributing useful abilities. For instance: Yang Jianping, Cai Zhenlong, Zhang Zhiren, and Li Jiahe are good at "industry knowledge"; Zhuang Weimin, Chen Yiping, and Zhang Zhiren are good at "accounting and financial analysis ability"; Cai Zhenlong, Zhang Zhiren, Li Jiahe, Yang Jianping, Zhuang Weimin, Chen Yiping, and Lin Junyi are good at "operational judgment ability", "operation and management ability", "crisis management ability", "international market outlook", "leadership ability", and "decision-making ability". The above-mentioned is implemented and disclosed on the website and public information portals of the Company.	No major differences.°
(2) In addition to the salary and remuneration committee and the audit committee set up in accordance with the law, does the company voluntarily set up other various functional committees or not?	V		In accordance with the provisions of the Securities and Exchange Act, a remuneration committee was set up on June 8, 2011. To further strengthen corporate governance management, the Company approved the establishment of an audit committee on the Shareholders' Meeting held on June 19, 2017.	Other functional committees are established according to the company's operational needs and in accordance with relevant laws and regulations.
(3) Does the company formulate the Board's performance evaluation and method of the board, and conduct the evaluation on a regular basis each year? Are the results of the performance evaluation submitted to the Board to serve as references for the remuneration and nomination of individual directors?	V		The Company has formulated the performance evaluation and method for the Board of Directors, and this case was already approved by the Board meeting on March 19, 2018 with the first such evaluation beginning in 2010. The 2021 evaluation of the Board was reported in the Board meeting on March 14, 2022.	No major differences.°
(4) Does the Company regularly assess the independence of CPAs or not?	V		Each year, the Company reviews the independence of its CPAs (certified public accountants) periodically. Should there be any changes in CPAs, the Company will first explain the reason for the change and status to directors. The Chairman and General Manager will	No major differences.°

		<p>then conduct an interview with the succeeding accountants. After evaluating the suitability, related briefs of successors are sent to the directors, and submitted to the Board of Directors for discussion. They will also accept an invitation and be present at the Board meeting irregularly.</p> <p>Assessment items of CPAs' independence are as follows:</p> <ol style="list-style-type: none"> 1. Whether there is direct investment or financial interests or indirect significant interests with the Company, or has the ability to control other companies? 2. Whether there is a loan or guarantee with the Company or other companies that he/she has the ability to control? 3. Whether there is a close business relationship with the Company or its directors, supervisors and management personnel? 4. Whether he/she serves as the Company's director, supervisor, or manager in the past two years, or at present, or in the future; or has a position that can significantly impact on the audit work, or other fixed salary positions? 5. Whether he/she has a relationship with the person in charge or manager of the Company as a spouse, lineal relative by blood, lineal relative by marriage or collateral blood relative within the second degree of kinship? 6. Services provided other than the audit of the Company are enough to affect its independence? 7. Whether it complies with the rotation regulations of the competent business authority, handles accounting affairs on behalf of others, or otherwise affects his/her independence? 	
4. Does this listed/OTC company deploy a competent and appropriate number of corporate governance personnel, and appoint a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required to execute their business, assisting directors and supervisors in complying with laws and regulations, to handle matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law, and prepare minutes of the Board of Directors and shareholders' meetings, etc.) or not?	V	The Company has not yet set up a dedicated unit in corporate governance, but a similar unit is responsible for the handling of the Board of Directors and the Shareholders' Meeting, including the information required by directors and independent directors to execute business, the production of meeting minutes of the Board of Directors and Shareholders' Meetings, the registration and liaison of industrial and commercial information, the evaluation of corporate governance, and such information disclosure, and so on, are all handled by this unit.	The Company expects to refer to Article 20, "The Board of Directors of OTC Companies to Establish and Exercise Their Powers and Matters to be Followed"
5. Does the Company set up communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), or a special section on the company website in order to appropriately respond to stakeholders concerning important issues of corporate social responsibility?	V	The Company has its spokesperson system, website and several channels to provide the latest information with shareholders, and a mailbox is also available for this purpose. Please see the following website for the Stakeholders Section. http://www.thpt.com.tw/partnerstocknews1.html .	No major differences.°
6. Does the Company appoint a professional stock agency to handle the affairs of the shareholders' meeting or not?	V	The Company appointed the Shares Agency Department of SinoPac Securities Corporation to handle matters related to shareholding operations.	No major differences.°
7. Information disclosure (1) Does the Company set up a website to disclose information on its financial, business, and corporate governance status or not?	V	The Company has set up a dedicated website (http://www.thpt.com.tw) to disclose information related to its financial status, business operations, and corporate governance.	No major differences.°
(2) Does the company adopt additional methods of information disclosure (Examples: English website, special persons to collect and disclose the company information, the implementation of a spokesperson system, and broadcasting of corporate information session on its website) or not?	V	To disclose corporate governance information, the Company puts its important information, financial status, shareholders' meetings and dividend distribution, internal audit unit and operation, important regulations and internal-related specifications, previous board meetings records, and other information in its website for the reference of investors. Meanwhile, it assigns special persons to be in charge of the company information collection and disclosure; and its spokesperson system and public announcements are implemented according to relevant laws and regulations.	No major differences.°

(3) Does the Company make public and file the annual financial report within two months when the fiscal year is ended, and before the specified deadline to file its financial report for the first, second and third quarters as well as its operating conditions for the individual months or not?		In accordance with Article 36 of the Securities and Exchange Act, the Company makes public and files the annual financial report within three months when the fiscal year is ended. Within 45 days after the end of the first, second, and third quarter, the Company will announce and file a financial report, including operating conditions of each month.	The Company's announcements and declarations are all handled in accordance with Article 36 of the Securities and Exchange Law.
8. Does the Company offer other information to help a better understanding of its corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, advanced study of directors and supervisors, risk management, implementation of policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors) or not?	V	<p>1. In line with the government's laws and policies, the Company uses its Taiwan parent company as the operation center of finance, business, and R&D, an effort to ensure the rights and interests of employees. It also promotes energy saving measures on electricity and water, and confirms to environmental protection laws on product materials and waste disposals during the production process.</p> <p>2. The Company maps out retirement measures to guarantee a stable retirement life for employees.</p> <p>3. The Company maintains good interaction with professional investment legal persons, main suppliers, customers, and other stakeholders. This relationship is regarded as just fine.</p> <p>4. All of the directors are well-equipped with the relevant expertise, and continue to take advanced study in the code of practice for corporate governance. Please refer to Appendix 1 for the advanced study of directors.</p> <p>5. The Company's Board of Directors finalizes next year's meeting schedule in the preceding year and adds more meetings, if needed. Thus, the Board of Directors is in a better position to maintain fair operations, and approve the internal control system, the necessary rules and regulations related to risk management, including discussion and resolution of important matters. In addition to focusing on the development of the core business, the Company pays much attention to CSR (corporate social responsibility). Meanwhile, it purchases a liability insurance worth NT\$3 million for its directors, supervisors, and senior managers in order to carry out corporate governance effectively.</p>	No major differences.

9. Please explain improvements on the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and submit priority enhancements and measures for those that have not yet been improved. (No need to fill in for non-rated companies.):

As of the publication date of the annual report, the results of the 2021 (8th) corporate governance evaluation have not been released. The Company's 2019 (7th) corporate governance evaluation results were listed as 51% to 65%. The Company has improved on disclosure of the follow-up implementation of the resolutions made by general shareholders' meeting of the previous year. The Company's website information disclosure has continued to be strengthened.

<Appendix 1>

Title	Name	Study Date	Organizer	Course Title	Study Hours
Corporate Director or Representative	Lee Jiahe	2021/10/8~15	Governance Professionals Institute of Taiwan	Entrepreneur's asset management and labor law compliance	6
		2021/10/15~22	Governance Professionals Institute of Taiwan	Landmines and precautions for enterprises participating in government procurement	6
Independent director	Chen Yiping	2021/12/8	Accounting Research and Development Foundation	How to properly exert authorities of independent directors from the perspective of securities and exchange law responsibilities-In parallel the audit committee	3
		2021/12/10	Securities & Futures Institute	Practical advanced seminar of directors, supervisors (independent), and corporate governance executives	3
Independent director	Zhuang Weimin	2021/12/09~10	Accounting Research and Development Foundation	Continuing education course for accounting supervisors of issuers, securities dealers, and stock exchanges (Corporate Governance	3

				Section)	
		2021/12/17	Securities & Futures Institute	Listed OTC Company - Seminar on how to use futures commodity hedging trading and corporate sustainability	3

(5) Should the Company have a remuneration committee, disclosure of its composition, responsibility, and operation is a must:

(1) Information regarding the Remuneration Committee members

Title	Qualification Name	Professional qualification and experiences	Independence situation	Number of members who are concurrently members of the remuneration committees of other publicly listed companies
Independent director	Zhuang Weimin	Five years and above of accounting related work experience	1. The person, spouse, or relatives within the second degree of kinship do not act as directors, supervisors or employees of the Company or its affiliates. 2. The person, spouse, relatives within the second degree of kinship (or in the name of others) do not hold 1% of the total shares issued by the Company or hold as a shareholder in the top ten natural persons. 3. Not serving as a director, supervisor, or employee of a firm which is specifically related to the Company. (Please refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Set up of Independent Directors for Public Companies and Matters to be Complied with) 4. No remuneration received from the Company or its affiliates for providing business, legal, financial, accounting, and other services in the last two years. 5. Any circumstances specified in Article 30 of the Company Law: None	0
Independent director	Chen Yiping	Five years and above of accounting related work experience		0
Independent director	Lin Junyi	Certified lawyer		0

(2) Information regarding the Remuneration Committee's operation

1. The Company's remuneration committee is comprised of a total of three members.
2. The term of the 4th Session of the Remuneration Committee is dated from June 24, 2020 to June 15, 2023. The committee held meetings for five times in the most recent year (2021), and member qualifications and attendances are as follows:

Title	Name	Actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Notes
Convener	Zhuang Weimin	5	0	100%	Should attend 5times (A)
Member	Chen Yiping	5	0	100%	Should attend 5times (A)
Member	Cheng Xiuqing(note2)	3	0	100%	Should attend 3times (A)
Member	Lin Junyi(note1)	2	0	100%	Should attend 2times (A)

Note1 : Newly-appointed on July 26, 2021
 Note2 : Resigned on May 31, 2021
 Other matters to be recorded:
 (1) If the Board of Directors declines to accept or revise recommendations made by the remuneration committee, it must clearly state the date of the Board meeting, the session, proposal contents, the Board's resolutions, and the Company's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is better than the suggestion of the committee, it must state the situation and reasons for the difference): None of these matters.
 (2) For those matters that are resolved by the Remuneration Committee: if members have any objections or reservations with a record or written statement, the date of the Remuneration Committee, the session, proposal contents, opinions of all members and their handling of the opinions must be stated: None.

(3) Important resolutions as of the deadline for the annual report publication

Date	Meeting	Important resolutions
Jan. 12, 2021	1 st meeting, 4 th Session	Case 1: the Company's 2020 year-end bonus distribution case for managers
Mar. 16, 2021	2 nd Meeting, 4 th Session	Case 1: the Company's 2020 manager staff remuneration distribution case. Case 2: the Company's 2020 director's remuneration distribution proposal.
May 4, 2021	3 rd Meeting, 4 th Session	Case 1: Proposal for the remuneration of the executive deputy general manager.
Aug. 3, 2021	4 th Meeting, 4 th Session	Case 1: proposal for the remuneration of the general manager
Nov. 2, 2021	5 th Meeting, 4 th Session	Case 1: the annual salary adjustment of the Company's managers.
Mar. 14, 2022	6 th Meeting, 4 th Session	Case 1: the executive vice president, the associate director compensation proposals. Case 2: the Company's 2021 employee remuneration payment. Case 3: the Company's 2021 director's remuneration distribution. Case 4: update of the Group's performance appraisal & management measures.

(6) Implementation situation of the promotion of sustainable development and differences from the code of practice for sustainable development of listed/OTC companies and the reasons for such

Projects	Implementation situation			Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
1. Does the Company set up a governance structure to promote sustainable development as well as a dedicated (part-time) unit for this purpose, which obtains authorization from the Board of Directors		V	The Company has not yet set up a dedicated unit responsible for sustainable development.	The Company expects to formulate relevant policies or

Projects	Implementation situation			Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
to handle senior management and supervision of the Board?				systems with reference to the Code of Practice for sustainable development of listed/OTC firms. It will evaluate the establishment of a dedicated (part-time) unit to promote related works.
2. Does the Company conduct risk assessments on significant environmental, social, and corporate governance issues, and formulate relevant risk management policies or strategies?	V		The Company maps out operation specifications for its own risk controls.	No major differences
3. Environmental issues (1) Does the Company establish an appropriate environmental management system in line with its industrial characteristics? (2) Does the Company dedicate to improve energy efficiency and use low impact recycled materials in terms of environmental protection? (3) Does the Company evaluate potential risks and opportunities of climate change to the current situation and future of the industry, and adopt certain measures to cope with climate-related issues? (4) Does the Company calculate statistics on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate energy-saving and carbon reduction, greenhouse gas reduction, water-saving, or other policies for waste management?	V V V V		(1) The Company is long dedicated to environmental protection, and urges its colleagues to save energy by means of slogans, cultural and propaganda education. (2) The Company devotes itself to recycling and effective reuse of product packaging materials, thus reducing waste and environmental pollution. (3) The Company is now in full cooperation with the local government on orders and package measures for significant natural environment protection measures. (4) The Company posts regular evaluation and review of its water and electricity consumption, and total weight of waste. It promotes energy saving and carbon reduction at the same time.	The company has achieved the effect of resource reuse and energy saving and carbon reduction through regular meetings and publicity methods. In the future, relevant policies and norms will be formulated with reference to the Code of Practice for the Sustainable Development of Listed OTC Companies.
4. Social Issues (1) Whether the company has complied with relevant regulations and international human rights contract to formulate relevant management policies and procedures or not? (2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately respond in terms of management performance or profit in the remuneration of employees? (3) Does the Company provide employees with a safe and healthy work environment, and regularly implement a safety and health education for employees?			(1) The Company complies with the provisions of all laws and regulations, and does not violate any relevant laws and regulations and international human rights conventions in its personnel regulations. (2) A sexual harassment and major reward and punishment appeal mechanism is stipulated in the Company's employee work rules and reward and punishment measures. Appeals for other rights of employees are not expressly regulated, but appeals to appropriate supervisors through public emails and extension line announcements are now available. (3) In order to provide employees with a healthy and safe working environment, the Company inspects relevant equipment and working environment; arranges medical teams to the plant, and	No major differences No major differences No major differences

Projects	Implementation situation			Differences from the Code of Practice for Sustainable Development of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
(4) Whether the Company offers training programs for an effective career development capability of employees or not.			supplements emergency medical equipment regularly. (4) The Company allocates expenditures for external training of employees each year, a move to encourage the improvement of their career.	No major differences
(5) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, and such issues, does the Company follow relevant regulations and international standards, and formulate relevant policies and appeal procedures for the protection of consumers or customer rights and interests?			(5) The Company's quality standards include introduction of products, procurement, production, and shipments. Customers can file quality complaints, return or change the goods with the Company's quality or business departments at any time. Its marketing and labeling of products and services comply with relevant regulations and international standards.	No major differences
(6) Does the company formulate a supplier management policy requiring suppliers to follow relevant specifications on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation or not?			(6) Before the transaction, the Company's suppliers must be evaluated to prove that they are established by law. Suppliers are also asked to sign an environmental protection agreement for the supply of special raw materials. The Company will immediately cut off transactions with suppliers once the environmental protection agreement is violated or harms the environment.	No major differences
5. Does the Company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose its non-financial information such as sustainability reports, and has the previous disclosure report obtained the assurance or guarantee opinion of a third-party verification unit or not?		V	The Company has not yet formulated a sustainable development policy or system, and has not yet prepared such a sustainable report.	The company has not yet formulated a policy or system for sustainable development.
6.. If the Company has its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed OTC Companies", please describe the difference between its operation and the established code: Not applicable.				
7. Other important information helpful to understand the implementation of the promotion of sustainable development: The Company has long been dedicated to environmental protection, and promoted such concept to colleagues through slogans and education, thus reaching the goals of reducing paper use, water and electricity savings, and resource recycling. In order to provide employees with a hygienic and safe working environment, the Company inspects relevant equipment and working environment; emergency medical equipment/supplement on a periodical period.				

(7) Performance of integrity management and measures

Evaluation Item	Operational Situation			Differences from the Code of Integrity Management of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
1. Policies and plans stipulated for integrity management (1) Is an integrity management policy available with the approval of the Board of Directors, which clearly states the policy and practices in both regulations and external documents of the Company, including the commitment of the Board and its senior management on the implementation of this policy?	V		(1) The Company's "Code of Integrity Management" is now stipulated and can apply to subsidiaries, and to consortium legal persons and institutes with direct/indirect funds that hold over 50% (shares) and have substantial controls. This expects to inculcate an enterprise culture of integrity and sound development as well as a good framework of business operations.	No major differences
(2) Is an assessment mechanism set up for dishonest behavior to conduct regular analyses, evaluation of highly dishonest behavior risks within the business scope of the Company, and is there a plan to prevent dishonest behaviors, or at least to cover preventive measures for behaviors in Paragraph 2, Article 7 of "the Integrity Management Code of Listed/OTC Companies"?	V		(2) The "Integrity Management Code" of the Company clearly stipulates relevant revision procedures, if needed. It always pays attention to the development trend of integrity management both at home and abroad, and encourages directors, managers and employees to make recommendations to review and improve efficiencies.	No major differences
(3) Is there an operating procedure, behavioral guideline, and punishment/appeal system clearly set up for the plan of preventing	V		(3) In "Principles of Integrity Management", the prevention of dishonest behavior covers both regular supervision and related penalties.	No major differences

Evaluation Item	Operational Situation			Differences from the Code of Integrity Management of Listed/OTC Companies and Reasons for Such
	Yes	No	Summary	
dishonest behaviors, and is it implemented and revised regularly?				
2. Implementation of honesty principle (1) Does the Company evaluate its counterparty's integrity records, and specify the value of honesty in the contract signed by both parties? (2) Does the Company set up a full-time (part-time) unit under the Board of Directors to promote corporate integrity management, and make regular reports (at least once per year) to the Board about its integrity management policy on preventing dishonest behaviors, as well as its supervision and implementation? (3) Does the Company stipulate policies to prevent conflicts of interest, and offer appropriate petition channels, and implement the above-mentioned matters? (4) Does the Company set up an effective accounting and internal control system to implement honesty, and does this internal audit unit formulate relevant audit plans based on the assessment results of the risk of dishonest behaviors and check their compliances, or entrust CPAs to perform audit? (5) Does the Company regularly hold internal or external education trainings on integrity management?	V	V	(1) Before conducting business transactions, it is a must for the company to consider the legitimacy and whether its agents, suppliers, customers or other business partners have a record of dishonest behavior. It should avoid transactions with those with a record of dishonest behaviors. (2) A full-time (part-time) unit for the integrity management is yet to be founded by the Company. (3) The Company has set up an integrity management code and code of conduct, which expressly stipulates the policy of preventing conflicts of interest. It also has mailboxes for independent directors, relevant units, and personnels to make statements. (4) There is an "internal control system" and an effective accounting system in the Company. This internal audit unit conducts regular risk assessments and proposes plans for relevant audits. If necessary, it will report to the Board of Directors on a regular period to let the management know the implementation of internal controls, thus reaching the management purpose. (5) The integrity management is not yet incorporated into the education and training programs of the Company for the time being.	No major differences Careful assessment of a full-time (part-time) unit to promote related works. No major differences No major differences To be adjusted according to actual needs.
3. Operation of the Company's whistleblowing system (1) Does the Company formulate a specific whistle-blowing and reward system, a convenient reporting channel, and assign appropriate personnel in charge of handling the accused? (2) Does the Company standardize operating procedures for the investigation of reported matters and relevant confidential mechanisms? (3) Does the Company take measures to protect the whistleblower from being mistreated due to the report?	V	V	(1) The Company's integrity management code and code of conduct have standardized reporting methods, acceptance procedures, and handling methods. (2) The Company's integrity management code and code of conduct have standardized handling procedures and confidentiality mechanisms for accepting personnel. (3) The Company's integrity management code and code of conduct offers a confidentiality mechanism to avoid improper disposal of the whistleblower.	No major differences No major differences No major differences
4. Enhanced information disclosure (1) Does the Company disclose the content of the "Integrity Management Code" and implementation performances on its website and public information observatory?	V		The implementation of the "Integrity Management Code" is disclosed on the Company's website and annual report.	No major differences
5. If the Company owns its integrity management code made in accordance with the "Code of Integrity Management of Listed/OTC Companies", please illustrate the difference between existing operations and the established code: None.				
6. Additional information to help in the understanding of the Company's integrity management and operation: (Circumstances concerning review and revision of its integrity management code, for instance.): It is a must for the Company to always focus on the latest regulation development on integrity management at home and abroad, and encourage recommendations made by directors, managers, and employees. To this end, the Company is able to review and improve its integrity management principles and upgrade relevant efficiencies.				

(8) Inquiry methods must be revealed should the Company have its corporate governance code and regulations:

The Company has set up its own corporate governance code, including relevant rules and regulations applicable to this code, which is revealed in the public information observatory in accordance with the regulations of authorities concerned. Meanwhile, a corporate governance section is available on its website for the purpose of disclosures. Please refer to the Company's website <http://www.thpt.com.tw/partner.htm> for more details:

(9) Additional information sufficient to enhance the understanding of corporate governance must be revealed together:

- (1) To follow the internal control system and implement the self-assessment of internal controls, to strengthen audit and report to the Board of Directors for the purpose of obtaining the Board's attention and supervision.
- (2) To implement the spokesperson system, and announce major information at the public information portals in a timely manner, thus protecting information transparency and the general public's (including that of shareholders) rights and interests.

(10) The implementation of the internal control system must disclose the following matters:

(1) Internal Control Statement:

Taihan Precision Technology Co., Ltd.
Statement of Internal Control System

Date: March 14th 2022

Abiding by its self-assessment results, the Company hereby declares the internal control system, as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of its internal control system represent the responsibility of the Board of Directors and managers, and such a system is set up accordingly. Its purpose mainly aims at providing reasonable achievement assurances for the effect and efficiency of operations (including profit, performance, and asset security), reliable reports (immediacy and transparency), and compliances with relevant specifications, laws and regulations.
2. Due to the fact that the internal control system has its restrictions, any well-designed internal control systems provide only reasonable assurances for the above three goals. Besides, since the environment and circumstances change a lot, the effectiveness of the internal control system may follow suit as a result. However, the Company's internal control system is equipped with a self-supervision mechanism, which offers corrective actions once defects are identified.
3. To judge the effectiveness of both the design and implementation of the internal control system, the Company uses the "Public Issuing Company Establishing Internal Control System Handling Standards" (hereinafter referred to as "handling standards") as the criteria. Based on the process of management controls, the internal control system is divided into five components: 1. control environment, 2. risk assessment and response, 3. control operations, 4. information and communication, and 5. supervision operations. Each component includes several individual items. For the aforementioned items, please refer to the regulations in the "processing standards".
4. The above-mentioned internal control system criteria are adopted by the Company to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the assessment results in the preceding paragraph, the Company considers its internal control system on December 31, 2021 (including the supervision and management of subsidiaries), and understanding of the operation effects and achieved goals, to be reliable, immediate, transparent and effective, meeting the standards and complying with relevant laws and regulations, and is effective. It reasonably ensures the achievement of the objectives mentioned above.
6. This statement expects to serve as the main content of the Company's annual report and prospectus, and be made public soon. If the above contents contain false claims, concealment or other illegal matters, they are subject to legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the Company's Board of Directors on March 14, 2022. From among seven directors who attended, none have objections on the contents of this statement, and all agreed, and declared hereby.

Taihan Precision Technology Co., Ltd.

Chairman and President: Tsai Chen-long

(2) Should CPAs be entrusted to review the internal control system, their audit reports must be disclosed: None of such things.

(11) In the most recent years and up to the publication date of the annual report, the Company and its internal personnel are punished according to the law, its internal personnel are punished for violating provisions of the internal control system, and results of punishment may incur significant impacts on shareholders' equity or securities prices, as well as the penalty contents, major shortcomings and their improvements: None of such things.

(12) In the most recent years and as of March 31, 2022, the important resolutions made by the Shareholders' Meeting and the Board of Directors are as follows:

(1) Important resolutions of the Shareholders' Meeting and the Board of Directors:

Date	Meeting	Important Resolutions
January 12, 2021	First Board of Directors' Meeting, 2021	Case 1: The Company and its subsidiaries file a short-term banking loan. Case 2: The Company's subsidiary proposes an application for a short-term financing, and the Company offers its endorsement for this purpose. Case 3: The Company and its subsidiary propose a capital loan to subsidiaries. Case 4: The Company's 2020 year-end bonus distribution for managers
March 16, 2021	Second Board of Directors' Meeting, 2021	Case 1: The Company's 2020 business report, financial statements, and consolidated financial statements Case 2: The Company's 2020 surplus distribution Case 3: The Company's subsidiary proposes capital loans to other subsidiaries. Case 4: Independent director's by-election Case 5: Removal of non-compete restrictions on newly appointed directors Case 6: To handle nomination matters of independent directors in line with the candidate nomination system Case 7: To submit the statement of the Company's internal control system in 2020 Case 8: The Company proposes to change its CPAs beginning in the first quarter of 2021. Case 9: To convene the Company's general Shareholders Meeting for the year 2021 Case 10: The Company's remuneration distribution for managers and staff for 2020 Case 11: The Company's remuneration distribution for directors for 2020
May 4, 2021	Third Board of Directors' Meeting, 2021	Case 1: The Company's consolidated financial statements for the first quarter of 2021 Case 2: The Company's annual operating budget for 2021 Case 3: The Company's subsidiary proposes to file a short-term financing loan. Case 4: The Company's subsidiary proposes an application for short-term financing to the bank, and an endorsement from the Company is needed. Case 5: A subsidiary of the Company intends to lend funds to other subsidiaries. Case 6: Nomination and screening of independent director candidates made by the Board of Directors Case 7: The Company relocates its business address Case 8: The appointment of the Company's Executive Deputy General Manager and remuneration discussion
June 24, 2021	Fourth Board of Directors' Meeting, 2021	Case 1: To change the time of the general shareholders meeting of 2021
July 16, 2021	General Shareholder's Meeting 2021	Case 1: The annual business report and financial statements for 2020 Case 2: The surplus distribution for 2020
July 26, 2021	Fifth Board of Directors' Meeting, 2021	Case 1: The appointment of members of the 4 th Session of the Remuneration Committee Case 2: To set the ex-dividend base date for cash dividend distribution and related matters Case 3: PwC Taiwan (accounting firm) internal adjustment and replacement of CPAs Case 4: The appointment of the Company's spokesperson Case 5: The appointment of the General Manager Case 6: The election of the Company's Chairman
August 3, 2021	Sixth Board of Directors' Meeting, 2021	Case 1: The Company's consolidated financial statements for the second quarter of 2021 Case 2: Both the Company and its subsidiary propose to file a short-term financing loan. Case 3: The subsidiary of the Company applies for a short-term financing loan to the bank, and an endorsement must be made by the Company. Case 4: The Company and its subsidiaries jointly lend funds to subsidiaries Case 5: Discussion on the remuneration of the Company's General Manager
November 2, 2021	Seventh Board of Directors' Meeting, 2021	Case 1: The Company's consolidated financial statements for the third quarter of 2021 Case 2: The subsidiary proposes a short-term financing loan. Case 3: The Company conducts an endorsement with the bank for the short-term financing loan filed by a subsidiary.

		<p>Case 4: The Company and its subsidiary propose to lend capital loans to other subsidiaries</p> <p>Case 5: The Company's annual auditing plan for 2022</p> <p>Case 6: The Company's annual board meeting schedule for 2022</p> <p>Case 7: The job transfer of the Company's audit executives</p> <p>Case 8: The job transfer of the Company's financial and accounting executives</p> <p>Case 9: The Company to lease an office of its related party Speed Tech Corp.</p>
March 14, 2022	First Board of Directors' Meeting, 2022	<p>Case 1: The Company's Annual Business Report, Financial Statements and Consolidated Financial Statements for 2021.</p> <p>Case 2: The Company's directors' remuneration distribution plan for 2021</p> <p>Case 3: The Company's employee remuneration plan for 2021.</p> <p>Case 4: Remuneration Proposal for executive vice president and assistant GM.</p> <p>Case 5: The Company's profit distribution for 2021.</p> <p>Case 6: The subsidiaries intend to apply short-term loan quotas.</p> <p>Case 7: The Company intends to make endorsement guarantee for the subsidiaries' application for short-term loan from the banks.</p> <p>Case 8: The subsidiary of the Company intends to lend funds to another affiliates.</p> <p>Case 9: Amendment of some provisions of "The Operation Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees" of the Company.</p> <p>Case 10: Amendment of some provisions of "The Operation Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees" of the subsidiaries.</p> <p>Case 11: Amendment of some provisions of the "Self-Evaluation Procedures of the Board of Directors".</p> <p>Case 12: Amendment of some provisions of the "Measures for the Supervision of Subsidiaries".</p> <p>Case 13: Amendment of some provisions of "Management of Prevention of Insider Trading"</p> <p>Case 14: Proposed amendments to some provisions of the Company's "Code of Corporate Governance"</p> <p>Case 15: Proposed amendments of the company's "Approval Authority Form" for the head quarter in Taipei.</p> <p>Case 16: Amendment of some provisions of the Company's "Procedures for Election of Directors"</p> <p>Case 17: Proposed amendments to part of the Company's "Procedures for the Acquisition or Disposal of Assets"</p> <p>Case 18: Amendment to Performance Appraisal Management of the Group</p> <p>Case 19: Amendment of some provisions of the Company's "Articles of Association"</p> <p>Case 20: The Company intends to change the location.</p> <p>Case 21: To submit the Company's Internal Control Statement for 2021</p> <p>Case 22: To convene 2022 annual Shareholders' Meeting and related matters.</p> <p>Case 23: Amendment to some provisions of the Company's "Rules of Procedure for Shareholders' Meetings"</p>

- (2) The implementation of the 2021 Shareholder's Meeting resolutions:
1. The Company's distribution of earnings proposal: Passed as the original proposal.
 - (I) Cash (dividend) of NT\$1.5 per share, (i.e. NT\$1.5 for each share of surplus, and NT\$0 for each share of statutory surplus reserve and capital reserve), with a total cash distribution accounting for NT\$115,647,628.
 - (II) Base date for rights distribution: August 17, 2021
 Ex-rights/ex-dividend trading day: August 11, 2021
 Cash dividend distribution date: September 7, 2021
 2. The case of by-election of independent directors: Passed as the original case, and has to apply to the Ministry of Economic Affairs for a registration change on July 27, 2021.
 3. The removal of non-compete restrictions on newly-elected directors: Passed as the original proposal, and is effective immediately.
13. In the most recent year and up to the date of printing of the annual report, directors or supervisors have different opinions on the important resolutions passed by the Board of Directors, and has a record or written statement, and their main contents: None of such things.
14. A summary of the resignation and dismissal of the Company's chairman, general manager, accounting executives, financial executives, internal audit executives, corporate governance executives, and R&D executives in the most recent years and as of the annual report publication:

April 2, 2022

Title	Name	Appointment date	Date of dismissal	Reason for resignation or dismissal
Chairman concurrently President	Yang Jianping	1988/4/16	2021/7/26	Resignation due to personal reasons
Finance/Accounting Executive	Peng Junxin	2004/3/15	2021/9/27	Resignation due to personal reasons
Internal Audit Executive	Lu Weiren	2020/6/1	2021/10/15	Resignation due to personal reasons

4. Information on auditing fees of CPA

Unit:NT\$ thousand

Name of the CPA firm	CPA Name	Duration period for attesting	Auditing fees	Non auditing fees	Total	Note
Deloitte & Touche	Weng Boren	2021.01.01~2021.12.31	0	248	248	
	Chi Ruiquan					
PwC Taiwan	Wu Yulong	2021.03.16~2021.12.31	2,800	273	3,073	It expects to meet the Company's business and management needs in the future, and is beneficial to the commercial cooperation and a consistent financial planning.
	Huang Shijun					

- The non-auditing fees paid to Deloitte Taiwan (the CPA) are NT\$200,000 for Transfer Pricing Compliance and NT\$48,000 for other advances. The non-audit fees paid to PwC are NT\$250,000 for tax auditing and NT\$23,000 for other advances.
- Replacing the accounting firm and the auditing public fee paid in the replacement year is lower than the auditing public fee in the previous year, shall disclose the amount of before and after audit public allowance and its reason:
It expects to meet the group's business and management needs in the future and is beneficial to the commercial cooperation and a consistent financial planning, we replaced our CPA firm from Deloitte Taiwan to PwC. The auditing fees of 2021 are NT\$2,800,000 and NT\$250,000 for tax auditing. The total amount is NT\$3,050,000 and there are no different to 2020.
- If the audit public fee is reduced by more than 10% compared to the previous year, the amount, proportion, and reason for the audit public allowance reduction shall be disclosed:None.

5. Information about the replacement of CPA

1. About former CPA

Date of replacement	March 16, 2021		
Reasons for replacement	It expects to meet the Company's business and management needs in the future, and is beneficial to the commercial cooperation and a consistent financial planning.		
Explanations: Whether the replacement is initiated by the appointer or no longer accepts appointment by CPA	Party		Appointer
	Situation	CPA	
	Voluntary termination of appointment		V
Comments and reasons for issuing audit reports other than no reservation opinions within the last two years	No longer accept (continue) appointment		
	None		
Any different opinions with the issuer	Yes	Accounting principles or practices.	
		Financial report disclosure	
		Auditing scope or procedure.	
		Others	
	No	V	
	Description		
(Other disclosures related to Article 10 Item 5, (A) (d) of the Regulations Governing Information must be disclosed in the annual report of a public company.)		None	

2. About the successor CPA

Name of the CPA firm	PwC Taiwan
Accountant's Name	Wu Yulong Huang Shijun
Date of appointment	March 16, 2021
Before the appointment, opinions and results on the accounting treatment method and accounting principle of specific transactions that may be issued on the financial report	None
Written statements by the successor CPAs on matters of disagreement with former CPA	None

- Reply from the former CPA on Article 10, Item 5 (A) (B)(C) of the "Regulations Governing Information to be Published in the Annual Reports of Public Companies": Not applicable

6. The Company's chairman, general manager, manager in charge of the financial or accounting affairs worked in the CPA firm or its affiliates within the last year: None such things.

7. Transfer changes of equity by directors and managers with a shareholding ratio of over 10% and changes in equity pledge in the most recent year and up to the publication date of the annual report:

1. Shareholding changes of directors, managers, and major shareholders

Unite: share

Title	Name	2021		Current year until April 2	
		Increase (decrease) in the number of shares	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares	Increase (decrease) in the number of pledged shares
Chairman	Tsai Chen-long	800,000	0	0	0
Chairman	Yang Jianping	(Note 3)			
Director	Taiqiao Investment Co., Ltd.	0	(1,300,000)	0	0
	Representative: Tsai Chen-long	800,000	0	0	0
	Representative: Chang Zhiren	0	0	0	0
	Representative: Lee Jiahe	0	0	0	0
	Representative: Huang Xiaoling	(Note 1)			
	Representative: Dai Jiawei				
	Representative: Chen Jincheng				
	Yang Jianping	0	0	0	0
Independent director	Zhuang Weimin	0	0	0	0
	Chen Yiping	0	0	0	0
	Lin Junyi	0	0	0	0
	Cheng Xiuqing	(Note 2)			
Manager	Tsai Chen-long	800,000	0	0	0
	Yang Jianping	(Note 3)			
	Huang Xiaoling	0	0	0	0
	Chang Zhiren	0	0	0	0
	Chen Jinzhong	(48,000)	0	0	0
	Gu Jianzhong	0	0	0	0
	Takayoshi Ninomiya	0	0	0	0
	Peng Junxin	Note (4)			
Major shareholders with a shareholding ratio of over 10%	Taiqiao Investment Co., Ltd.	0	0	0	0

Note : (1) Taiqiao Investment Co., Ltd. assigned new representative on March 12, 2021. Its former representatives Huang Xiaoling 、 Dai Jiawei 、 and Chen Jincheng resigned ; New representatives are Tsai Chen-long 、 Chang Zhiren 、 and Lee Jiahe 。

(2) Independent Director Cheng Xiuqing resigned on 2021/5/31

(3) Chairman/ Manager Yang Jianping resigned on 2021/7/26

(4) Manager Peng Junxn resigned on 2021/9/27

2. The relative person in equity transfer or equity pledge that happens to be related persons: None of such things this year.

8. Information on the top 10 shareholders whose shareholding ratio is the No. 6 related person of the Financial Accounting Standards Bulletin, or spouse and relatives within a second degree of kinship:

April 2, 2022

Name	Shares held		Shares held by spouse and minor children		Shares held in the name of others		The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship.		Note
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name (or name)	Relationship	
ABLBRIDGE CORPORATION	15,012,000	19.47%	0	0	0	0	Speed Tech Corp.	The parent company holding 100% of the shares and the chairman is the same person.	
ABLBRIDGE CORPORATION representative: Tsai Chen-long	800,000	1.04%	0	0	0	0	None	None	
Speed Tech Corp.	7,587,000	9.84%	0	0	0	0	ABLBRIDGE CORPORATION	The parent company holding 100% of the shares and the chairman is the same person.	
Speed Tech Corp. Representative: Tsai Chen-long	800,000	1.04%	0	0	0	0	None	None	
Yuguang Investment Co., Ltd.	3,202,000	4.15%	0	0	0	0	None	None	
Yuguang Investment Co., Ltd. Representative: Yang Jianping	670,000	0.87%	0	0	0	0	None	None	
Zhou Yongbin	2,198,000	2.85%	0	0	0	0	None	None	
Chen Taizheng	1,749,000	2.27%	0	0	0	0	None	None	
Xu Yueyun	1,355,000	1.76%	0	0	0	0	None	None	
CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	1,310,067	1.70%	0	0	0	0	GRAND CATHAY VENTURE CAPITAL CO., LTD.	Same chairman	
CHINA INVESTMENT AND DEVELOPMENT CO., LTD. Representative : Xu Lide	0	0	0	0	0	0	None	None	
GRAND CATHAY VENTURE CAPITAL CO., LTD.	1,117,849	1.45%	0	0	0	0	CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	Same chairman	
GRAND CATHAY VENTURE CAPITAL CO., LTD. Representative : Xu Lide	0	0	0	0	0	0	None	None	
SNOWDOWN MERCHANDISE CORP	1,000,000	1.30%	0	0	0	0	None	None	
SNOWDOWN MERCHANDISE CORP Representative : Cai Shaoyi	0	0	0	0	0	0	None	None	
Yu Guoqiang	900,000	1.17%	0	0	0	0	None	None	
ABLBRIDGE CORPORATION	15,012,000	19.47%	0	0	0	0	Speed Tech Corp.	The parent company holding 100% of the shares and the chairman is the same person.	

9. Shareholdings of the Company, its directors, managers, and businesses directly or indirectly controlled by the Company in the same reinvested business, and consolidated calculation of comprehensive shareholding ratio: (as of the 1st quarter of 2022)

Unit: share/%

Re-investment business (Note)	The Company's investment		Investment by directors, managers and in businesses that directly or indirectly control		Comprehensive investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	32,289,761	100%	-	0%	32,289,761	100%
TAIHAN HOLDING (SAMOA) CO., LTD.	-	0%	10,799,664	100%	10,799,664	100%
Taihan Mold Products (Dongguan) Co., Ltd.	-	0%	-	100%	-	100%
YONGHAN HOLDING (SAMOA) CO., LTD.	-	0%	10,023,632	100%	10,023,632	100%
YONGHAN PRECISION TECHNOLOGY CO., LTD.	-	0%	-	100%	-	100%
TAIHAN HOLDING PHILIPPINES CO., LTD.	-	0%	22,139,000	100%	22,139,000	100%
Taihan Precision Technology (Philippines) Co., Inc.	-	0%	4,791,935	100%	4,791,935	100%
Taihanland (Philippines) Inc.	-	0%	4,519,800	40%	4,519,800	40%

IV. Fundraising situation

1. Capital and Shares

(1) Source of share capital

March 2nd 2022

Year/ Month	Issue Price	Approved share/capital		Paid-up share capital		Note		
		Shares	Amount	Shares	Amount	Source of capital	Those who use property other than cash to offset shares	Others
1987/8	1000	500	500,000	500	500,000	Initiate capital for the establishment	None	Note 1
1988/7	1000	2,000	2,000,000	2,000	2,000,000	Seasoned equity offering NT\$1,500,000	None	Note 2
1988/12	1000	12,000	12,000,000	12,000	12,000,000	Seasoned equity offering NT\$10,000,000	None	Note 3
1999/12	10	2,800,000	28,000,000	2,800,000	28,000,000	Seasoned equity offering NT\$16,000,000	None	Note 4
2002/2	10	4,050,000	40,500,000	4,050,000	40,500,000	Seasoned equity offering NT\$12,500,000	None	Note 5
2002/12	10	6,000,000	60,000,000	6,000,000	60,000,000	Seasoned equity offering NT\$19,500,000	None	Note 6
2003/12	10	7,800,000	78,000,000	7,800,000	78,000,000	Seasoned equity offering NT\$18,000,000	None	Note 7
2004/2	10	10,000,000	100,000,000	10,000,000	100,000,000	Seasoned equity offering NT\$22,000,000	None	Note 8
2004/8	10	15,000,000	150,000,000	15,000,000	150,000,000	Seasoned equity offering NT\$50,000,000	None	Note 9
2004/11	15	17,000,000	170,000,000	17,000,000	170,000,000	Seasoned equity offering NT\$20,000,000	None	Note 10
2005/7	34	50,000,000	500,000,000	36,000,000	360,000,000	Seasoned equity offering NT\$150,000,000 Capital increase out of earnings NT\$40,000,000	None	Note 11
2006/7	10	50,000,000	500,000,000	43,800,000	438,000,000	Capital increase out of earnings NT\$78,000,000	None	Note 12
2007/3	60	50,000,000	500,000,000	48,700,000	487,000,000	Seasoned equity offering NT\$49,000,000	None	Note 13
2007/8	10	70,000,000	700,000,000	54,170,000	541,700,000	Capital increase out of earnings NT\$54,700,000	None	Note 14
2007/11	52	70,000,000	700,000,000	61,393,000	613,930,000	Seasoned equity offering NT\$72,230,000	None	Note 15
2008/8	10	70,000,000	700,000,000	67,436,230	674,362,300	Capital increase out of capital reserve NT\$60,393,000, employee bonus NT\$10,039,300 and cancellation of treasury stock NT\$10,000,000	None	Note 16
2009/2	10	70,000,000	700,000,000	66,253,230	662,532,300	Cancellation of treasury stock NT\$11,830,000	None	Note 17
2011/5	10	70,000,000	700,000,000	64,253,230	642,532,300	Cancellation of treasury stock NT\$20,000,000	None	Note 18
2013/5	10	70,000,000	700,000,000	62,753,230	627,532,300	Cancellation of treasury stock NT\$15,000,000	None	Note 19
2017/9	10	70,000,000	700,000,000	62,765,292	627,652,920	Increase capital from convertible bonds to new shares NT\$120,620	None	Note 20
2017/11	10	100,000,000	1,000,000,000	83,193,419	831,934,190	Increase capital from convertible bonds to new shares NT\$204,281,270	None	Note 21
2018/10	10	100,000,000	1,000,000,000	84,152,419	841,524,190	Issue employee restricted stocks NT\$9,590,000	None	Note 22
2019/1	10	100,000,000	1,000,000,000	84,140,419	841,404,190	Cancellation of employee restricted stocks NT\$120,000	None	Note 23
2019/4	10	100,000,000	1,000,000,000	84,115,419	841,154,190	Cancellation of employee restricted stocks NT\$250,000	None	Note 24
2019/6	10	100,000,000	1,000,000,000	85,148,419	851,484,190	Issue employee restricted stocks NT\$10,330,009	None	Note 25
2020/2	10	100,000,000	1,000,000,000	85,098,419	850,984,190	Cancellation of employee restricted stocks NT\$500,000	None	Note 26
2020/4	10	100,000,000	1,000,000,000	77,098,419	770,984,190	Cancellation of treasury stock NT\$80,000,000	None	Note 27

Note 1 : 1987.08.28 No 275451
 Note 2 : 1988.07.19 No 322235
 Note 3 : 1988.12.12 No 424268
 Note 4 : 1999.12.18 Ref. (88) No 88496170
 Note 5 : 2002.02.19 Ref. No 0200231718200
 Note 6 : 2002.12.12 Ref. No 09133116150
 Note 7 : 2003.12.01 Ref. No 09233043730
 Note 8 : 2004.02.24 Ref. No 09331724360
 Note 9 : 2004.08.16 Ref. No 09332584560
 Note 10 : 2004.11.19 Ref. No 09333061170
 Note 11 : 2005.07.14 Ref. No 09432463700
 Note 12 : 2006.07.20 Ref. No 09532527930
 Note 13 : 2007.03.02 Ref. No 09631747360
 Note 14 : 2007.08.22 Ref. B No 09601201790

Note 15 : 2007.11.08 Ref. B No09601274250
 Note 16 : 2008.08.04 Ref. B No 09701191750
 Note 17 : 2009.02.04 Ref. B No 09801018520
 Note 18 : 2012.05.14 Ref. B No 10101087440
 Note 19 : 2013.05.31 Ref. B No 10201099700
 Note 20 : 2017.09.19 Ref. B No 10601134100
 Note 21 : 2017.11.09 Ref. B No 10601151000
 Note 22 : 2018.10.08 Ref. B No 10701117300
 Note 23 : 2019.01.24 Ref. B No 10801010490
 Note 24 : 2019.04.08 Ref. B No 10801036380
 Note 25 : 2019.06.21 Ref. B No 10801068610
 Note 26 : 2020.02.03 Ref. B No 10901005510
 Note 27 : 2020.04.01 Ref. B No 10901046330

March 2, 2022

Type of share	Approved capital			Note
	Outstanding shares (Note 1)	Unissued shares	Total	
Common stock	77,098,419	22,901,581	100,000,000	

Note 1: It belongs to OTC stocks.

Note 2: Information related to the Shelf Registration reporting system: None.

2. Shareholder structure

March 2nd 2022

Shareholder structure Quantity	Government Institutions	Financial Institutions	Other Legal Persons	Individuals	Foreign institutions and outsiders	Total
Number of unit	0	1	81	9,816	19	9,917
Shares	0	6,000	32,640,429	43,357,694	1,094,296	77,098,419
Shareholding ratio	0	0.01%	42.33%	56.24%	1.42%	100.00%

3. Equity dispersion

Price/Share: NT\$10 March 2nd 2022

Classification	Number of shareholders	Shares	Shareholding ratio
1~ 999	6,305	77,187	0.10%
1,000~ 5,000	2,577	5,683,304	7.37%
5,001~ 10,000	479	3,967,154	5.15%
10,001~ 15,000	135	1,750,764	2.27%
15,001~ 20,000	114	2,179,457	2.83%
20,001~ 30,000	75	1,940,889	2.52%
30,001~ 40,000	46	1,716,040	2.23%
40,001~ 50,000	38	1,800,927	2.33%
50,001~ 100,000	68	5,196,580	6.74%
100,001~ 200,000	39	5,794,000	7.52%
200,001~ 400,000	20	5,282,122	6.85%
400,001~ 600,000	8	4,109,079	5.33%
600,001~ 800,000	3	2,170,000	2.81%
800,001~1,000,000	2	1,900,000	2.46%
More than 1,000,001	8	33,530,916	43.49%
Total	9,917	77,098,419	100.00%

- (4) List of major shareholders (names, number of shares and shareholding ratio held by shareholders whose shareholding ratio exceeds 5% or whose shareholding ratio accounts for the top ten shareholders):

March 2nd 2022

Name of major shareholders	Holding shares (share)	Shareholding ratio (%)
ABLBRIDGE CORPORATION	15,012,000	19.47%
Speed Tech Corp.	7,587,000	9.84%
Yuguang Investment Co., Ltd.	3,202,000	4.15%
Zhou Yongbin	2,198,000	2.85%
Chen Taizheng	1,749,000	2.27%
Xu Yueyun	1,355,000	1.76%
CHINA INVESTMENT AND DEVELOPMENT CO., LTD.	1,310,067	1.70%
GRAND CATHAY VENTURE CAPITAL CO., LTD.	1,117,849	1.45%
SNOWDOWN MERCHANDISE CORP	1,000,000	1.30%
Yu Guoqiang	900,000	1.17%

- (5) The price, net worth, earnings, dividends and related information of each share in the last two years

Unit: NT Dollar

Item	Year	2020	2021	As of 3/31 2022	
		Price per share	Highest	27.10	29.05	21.9
	Lowest	12.20	19.60	18.9	
	Average	19.82	22.90	20.4	
Net value per share	Before distribution	21.15	21.15	—	
	After distribution	21.15	(Note)	—	
Earnings per share	Weighted average number of shares (thousands of shares)		77,642	77,098	77,098
	Earnings per share	Before adjustment	2.48	1.00	—
		After adjustment	2.48	(Note)	—
Dividends per share	Cash	Earnings	1.50	0.4	—
		Retained earnings	0	0	—
	Free Allotment	Stock from earnings	0	0	—
		Stock from retained earnings	0	0	—
	Accumulated unpaid dividends	0	0	—	
Return on investment	P/E ratio		7.99	22.9	—
	Share price to dividend ratio		13.21	57.25	—
	Cash dividend yield		7.56%	1.75%	—

Note 1: On March 14, 2022, the Board of Directors approved a surplus distribution of NT\$0.4 per share in cash.

Note 2: The net value per share and earnings per share should be filled with the information ratified by the CPAs in the most recent quarter up to the printing date of the annual report. Other fields should be filled with the information of the current year up to the printing date of the annual report.

(6) The Company's dividend policy and implementation status:

1. Dividend Policy

A company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. If such legal reserve amounts to the total paid-in capital, this provision shall not apply. According to laws and regulations of the competent authority, if the special surplus reserve is withdrawn or reversed, there is still surplus, which is the same as the accumulated undistributed surplus of the previous year and the adjustment amount of the undistributed surplus of the current year. To be in line with the Company's future capital needs and financial structure, at least 20% of the current year's earnings will be allocated as cash dividends. The Board of Directors is allowed to adjust the ratio in consideration of the overall operating conditions then, and to formulate an allocation proposal, which is submitted to the Shareholders' Meeting for resolution.

2. Circumstances of the proposed dividend distribution at the Shareholders' Meeting:

A distribution of cash dividends of NT\$0.4 per share from earnings is proposed in the Shareholders' Meeting.

(7) Influence of the proposed free allotment of shares on the Company's operating performance and earnings per share this year:

No proposal for free allotment stocks for the year.

(8) Employee bonus and director remuneration:

1. In the Company's articles of association, it states the percentage or scope of remuneration for employees and directors:

(1) The remuneration of employees is not lower than 1%.

(2) The remuneration of directors is not higher than 3%.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period:

There is no difference between the estimated employee and director compensation and the actual allotment amount in the current period.

3. The Board of Directors approves the distribution of remuneration:

(1) The amount of employee and director remuneration is distributed in cash or stock. If there is a discrepancy between the recognition fee and its annual estimated amounts, their discrepancies, reasons, and handling must be disclosed:

In the current period, the employee's remuneration was estimated at NT\$ 4,912,848 and the director's remuneration was NT\$2,779,106, respectively. The aforementioned employee's remuneration has not been paid up to now. There is no difference between the distribution amount of directors' remuneration and the estimated amount in 2021.

(2) The amount of employee remuneration distributed in stock and the proportion of the current period's individual or individual financial report after-tax net profit and total employee remuneration:

The amount of employee remuneration distributed in stock and its proportion to the net profit after tax and total employee remuneration of the current

period's individual or individual financial report: The Company has no proposal to distribute stock dividends to its employees.

4. The actual distribution of the remuneration of employees and directors in the previous year (including the number of shares distributed, amount, and stock price), and the discrepancies between the remuneration of employees and directors recognized, and the number of discrepancies, reasons, and handling must be stated:

- (1) Remuneration distribution to employees and directors in 2020:

In 2020, the Company distributed a total of NT\$9,344,478 as employees remuneration and NT\$8,244,838 as directors' remuneration.

- (2) If there are differences from the remuneration of the recognized employees and directors, the number of differences, reasons, and handling conditions must be stated: There is no discrepancy.

- (9) The Company buys back the Company's shares: there is no such case.

2. Handling of corporate bonds:

- (1) Handling of corporate bonds: None.
- (2) Information on conversion of corporate bonds: None.
- (3) Information of exchange of corporate bonds: None.
- (4) General report on the issuance of corporate bonds: None.

3. Handling of special shares: None.

4. Handling of overseas depositary receipts: None.

5. Employee stock option certificates and new shares with restricted employee rights: None.

6. M&A or transfer of shares of other companies to issue new shares: None.

7. Fund application plan and its implementation

- (1) Contents of the plan: As of the quarter before the deadline of the annual report publication, the previous issuance or private equity has not been completed or has been completed within the last three years but its benefits of the plan have not yet materialized, a detailed description must be given of the previous issuance or private equity. Contents of the plan must include the previous plan changes, the source and use of funds, the reasons for the change, the benefits before and after the change, and the date when the change plan was submitted to the Shareholders' Meeting, and the date when the change plan was loaded into the information reporting website designated by the Association: None.
- (2) Implementation: For the purpose of each plan in the preceding paragraph, analyses of implementation item by item, and the comparison with the original expected benefit up to the quarter before the deadline of the annual report publication. If the implementation progress or benefits do not reach the expected target, the reasons, impacts on shareholders' rights, and improvement plans must be specified in detail: None.

V. Operation Overview

1. Business content

(1) Scope of business

1. Main business content

- (1) Designing, manufacture, and trading of precision molds and fixtures.
- (2) Manufacturing and trading of plastic casings and mechanical parts required for multi-function printers, printers, NB computer peripheral products, and digital photo frames, etc.
- (3) Import and export business of the afore-mentioned businesses.

2. Proportion of business

Unit: NT\$ thousand

Major product type	2020		2021	
	Operating revenue	Operating percentage	Operating revenue	Operating percentage
Plastic Products	1,730,412	90.75%	1,961,598	94.06%
Molds	176,169	9.25%	123,832	5.94%
Paintings	0	0%	0	0%
Total	1,906,581	100.00%	2,085,430	100.00%

3. The Company's current products (services)

Established in 1987, Taihan Precision Technology Co., Ltd. mainly invested in mold design, development and production during the initial period. Over the past decades, the Company has adhered to the business philosophy of "customer first, quality first" and the spirit of sparing no efforts to win local and foreign customers with unanimous praise and appreciation, and its quality and service are also recognized by people from all walks of life. It started with the development and production of molds for POS systems, bedside audio, PC keyboards, etc., and gradually expanded to 3C product molds such as notebook computers, handheld products, digital cameras, multi-function printers, printers, USB drives, mobile drives, and digital photo frames. And the production mainly covers general injection molds, metal stamping molds, and magnesium-alloy molds, etc. To meet the customer's request, it began to carry out back-end plastic parts injection molding, painting, and assembly, thus a one-stop production supply mode of injection molds is integrated with major clients coming from Japan, Taiwan, mainland China, and Southeast Asian regions. The Company has now equipped itself with the ability in mold design and manufacture, injection molding, painting, surface processing, assembly, and a vertical integration of secondary processing. This provides a total solution service for customers and ranks the Company as an indispensable supply chain for several big Japanese manufacturers.

In an attempt to achieve a vertical integration of the supply chain, technical independence, and provide customers with better services, the Company has successively established its subsidiaries in Dongguan (China), Hai Duong (Vietnam), and the Philippines, and added molding, painting and assembly departments at the same time. This expects to provide a complete process and array of services from mold development, product injection, and assembly. The Group's products and services have become increasingly comprehensive and gained significant benefits in providing customers with easy to access products and technical services.

4. Plans for new products

As the Company mainly cooperates with customers in mold design and plastic molding processing, it has no plans to develop new products for the time being.

(2) Industry overview

1. The industry's current status and development

(1) Manufacturing of industrial plastic products

In a recent observation of both the domestic and foreign economic trends, new variants of the virus still spread around the world rapidly, and the world is facing a new wave of pandemic challenges. This leads to a shortage of manpower, unstable supply chains, and rising pressures on inflation, thus affecting economic performance considerably. Following the improvement of virus testing and vaccine coverage, the number of severe infections and death tolls is expected to drop sharply, however. Therefore, major countries in the world won't easily restart their strict pandemic prevention measures, and the global economy is still expected to maintain the pace of recovery.

Regarding the domestic production in Taiwan, the global economy enjoys a steady growth and is boosted by the emerging technology applications for strong semiconductor orders, a drive to help the performance of the information/electronics industry significantly. Due to the influence of the base period raised quarter by quarter last year, the production energy of chemical raw materials, basic metals, automobile, and its parts industry slowed down month by month. In individual industries, the output of semiconductors and relevant electronic components continues to stay at a high level as there is a robust demand for 5G applications, high-performance computing, the IoT (Internet of Things), and automotive electronics, representing the main contribution sources to boost the growth of manufacturing production. In traditional industries, the production momentum of chemical raw materials, basic metals, and automobile and its parts industry declined to somewhat extent due to the shutdown of certain olefin plants, and product line maintenance of several steel manufacturers, plus the effect of shortage of automotive chips.

In prospect, the world's economy is expected to maintain its recovery pace eventually. Affected by the base period factors and the declining support force in fiscal and monetary policy of each country, most international forecasting institutions consented that the growth rate of the global economy and trade will be much slower in 2022, compared with 2021.

(2) Mold manufacturing industry

Mold is considered as the mother of industrial products as it owns several advantages such as high speed, high repeatability, and capability to be mass produced cheaply. All industrial products rely on molds for their mass production, thus the mold industry serves as the foundation of other industries. The accuracy of the mold has considerable impacts on the quality of components, relating to precision and reliability of a wide variety of assembled products. Therefore, the development of the mold industry expects to drive the development of relevant industries, and a nation's industrialization degree as well as its machinery level is seen from its mold technologies.

Features of the mold industry include large product differentiation, huge investment in processing equipment, high technical level, and strong customer stability, standing for a high threshold industry. During the initial development

period, the domestic mold industry mainly focused on molds required for plastic products and home appliances in Taiwan, then later on, with the island's export growth of auto parts, a large volume of molds was developed followed by the transformation into transportation tools of automotive sheet metal parts, for example. As the information and electronics industries have now been boosted, the mold industry followed the transformation to mainly concentrate on molds for 3C industries, including information, communications, electronics, and machinery. Precision molds are the focus of R&D in the future.

Statistics show that Taiwan's mold industry turned out a production value worth about NT\$56.3 billion in 2021, up 19.72% from 2020.

Analysis of Taiwan's mold industry output value in 2021

Unit: NT\$ thousand

Month	Type	Production qty	Annual growth rate (%)	Value	Annual growth rate	Sales Qty	Annual growth rate (%)	Direct Export	Annual growth rate (%)
				(Thousands)				(Thousands)	
Jan	Die casting mold	213,262	20.6	213,262	20.6	225,052	26.58	70,760	6.47
Jan	Stamping die	222,950	-26.2	222,950	-26.2	229,619	-29.16	87,240	-53.25
Jan	Plastic molding mold	882,402	24.82	882,402	24.82	822,482	17.93	378,331	17.46
Jan	Other forming molds	2,384,114	4.83	2,384,114	4.83	2,501,918	4.21	1,383,972	-4.81
Feb	Die casting mold	156,290	-19.29	156,290	-19.29	151,534	-34.61	49,719	-55.25
Feb	Stamping die	181,107	18.49	181,107	18.49	190,854	23.12	87,975	51.56
Feb	Plastic molding mold	686,253	-34	686,253	-34	792,294	-20.1	454,822	-24.73
Feb	Other forming molds	1,622,148	-37.96	1,622,148	-37.96	1,723,413	-34.91	769,279	-39.05
Mar	Die casting mold	215,159	-17.46	215,159	-17.46	226,711	-20.54	76,955	-47.15
Mar	Stamping die	513,228	235.86	513,228	235.86	536,399	250.33	2021,277	119.68
Mar	Plastic molding mold	881,278	2.92	881,278	2.92	884,682	7.97	429,283	12.94
Mar	Other forming molds	3,064,509	10.04	3,064,509	10.04	3,092,211	7.41	1,437,638	-7.67
Apr	Die casting mold	245,307	-9.58	245,307	-9.58	267,843	0	118,524	38.66
Apr	Stamping die	318,041	-16.58	318,041	-16.58	378,490	-1.65	101,575	-52.18
Apr	Plastic molding mold	831,859	-2.31	831,859	-2.31	826,757	1.61	356,469	-8.92
Apr	Other forming molds	3,416,780	32.34	3,416,780	32.34	3,403,621	27.94	1,833,309	22.11
May	Die casting mold	245,538	26.04	245,538	26.04	254,360	43.82	83,005	85.88
May	Stamping die	199,833	-55.67	199,833	-55.67	213,230	-54.5	33,880	-50.09
May	Plastic molding mold	911,045	21.61	911,045	21.61	903,005	35.09	426,954	37.93
May	Other forming molds	2,876,371	23.29	2,876,371	23.29	2,908,684	20.1	1,395,738	13.17
Jun	Die casting mold	2,647,550	30.41	264,755	30.41	278,980	36.54	131,286	77.98
Jun	Stamping die	271,802	-11.52	271,802	-11.52	285,115	-10.5	118,559	172.71
Jun	Plastic molding mold	805,600	-26.29	805,600	-26.29	824,334	-21	361,855	-34.89
Jun	Other forming molds	3,021,685	23.86	3,021,685	23.86	2,961,667	24.56	1,424,884	29.7
Jul	Die casting mold	215,834	-5.67	215,834	-5.67	220,538	-9.52	95,071	2.22
Jul	Stamping die	216,957	-29	216,957	-29	219,890	-29.26	31,378	-81.11
Jul	Plastic molding mold	886,574	16.17	886,574	16.17	849,369	8.17	404,591	6.67
Jul	Other forming molds	3,286,677	37.23	3,286,677	37.23	3,365,805	42.45	1,881,397	49.35
Aug	Die casting mold	248,491	30.47	248,491	30.47	257,933	37.86	85,524	16.41
Aug	Stamping die	234,507	-18.5	234,507	-18.5	236,206	-22.77	76,022	-12.82
Aug	Plastic molding mold	942,807	16.2	942,807	16.2	970,748	14.04	396,554	26.64
Aug	Other forming molds	2,862,889	38.54	2,862,889	38.54	2,984,584	37.69	1,503,189	25.97
Sep	Die casting mold	254,358	18.9	254,358	18.9	263,934	27.08	89,583	17.07
Sep	Stamping die	253,238	-58.91	253,238	-58.91	287,727	-53.68	100,704	31.52
Sep	Plastic molding mold	848,227	-9.36	848,227	-9.36	821,204	-10.44	376,716	-2.9
Sep	Other forming molds	2,717,509	6.45	2,717,509	6.45	2,853,408	7.98	1,395,749	-4.54
Oct	Die casting mold	214,331	30.15	214,331	30.15	223,363	32.76	82,388	65.52
Oct	Stamping die	434,480	-29.89	434,480	-29.89	437,541	-46.8	258,859	104.79
Oct	Plastic molding mold	958,079	-30.69	958,079	-30.69	881,512	-34.02	367,804	-19.12
Oct	Other forming molds	2,560,547	13.45	2,560,547	13.45	2,599,784	9.05	1,285,361	9.54
Nov	Die casting mold	210,696	-15.13	210,696	-15.13	213,268	-9.22	89,794	0.98
Nov	Stamping die	223,563	-34.96	223,563	-34.96	228,802	-37.23	60,623	-0.49
Nov	Plastic molding mold	9,289,170	16.68	9,289,170	16.68	913,038	5.26	417,893	2.17
Nov	Other forming molds	2,629,265	1.57	2,629,265	1.57	2,621,827	-1	1,322,694	-2.56
Dec	Die casting mold	0		0		0		0	

Dec	Stamping die	0		0		0		0
Dec	Plastic molding mold	0		0		0		0
Dec	Other forming molds	0		0		0		0
Total (Total value of molds)		56,302,310	-	53,919,515	-	46,333,736	-	22,044,183

Source: ROC Customs Export Statistics Monthly Report / Compiled by the Taiwan Die & Mold Industry Association

2021 Taiwan Mould Export Statistics

Unit: Export Qty - KG		Export Value – NT\$thousand		Average export unit price – NT\$/KG	
Month	Export Quantity	%	Export Value	%	Average export unit price
Jan	2,173,461 Kg	12.50%	NT\$1,206,057	9.70%	NT\$555/Kg
Feb	1,020,925 Kg	5.90%	NT\$816,201	6.60%	NT\$799/Kg
Mar	2,157,743 Kg	12.40%	NT\$1,226,369	9.90%	NT\$568/Kg
Apr	1,614,202 Kg	9.30%	NT\$1,098,071	8.80%	NT\$680/Kg
May	1,371,204 Kg	7.90%	NT\$1,116,517	9%	NT\$814/Kg
Jun	1,151,023 Kg	6.60%	NT\$918,196	7.40%	NT\$798/Kg
Jul	1,222,864 Kg	7%	NT\$1,036,881	8.30%	NT\$848/Kg
Aug	1,258,811 Kg	7.30%	NT\$1,048,472	8.40%	NT\$833/Kg
Sep	1,252,430 Kg	7.20%	NT\$968,552	7.80%	NT\$773/Kg
Oct	1,817,070 Kg	10.50%	NT\$1,035,640	8.30%	NT\$570/Kg
Nov	1,388,423 Kg	8%	NT\$1,008,921	8.10%	NT\$727/Kg
Dec	922,409 Kg	5.30%	NT\$960,987	7.70%	NT\$1042/Kg
Total	17,350,473 Kg	100%	NT\$12,440,864	100%	-

Source: ROC Customs Export Statistics Monthly Report / Compiled by the Taiwan Die & Mould Industry Association

2021 Taiwan Mould Import Statistics

Unit: Import Qty - KG		Import Value – NT\$thousand		Average import unit price – NT\$/KG	
Month	Import quantity	%	Import value	%	Average import unit price
Jan	737,704 Kg	10.20%	NT\$251,777	8.60%	NT\$ 341/Kg
Feb	942,503 Kg	13.00%	NT\$340,934	11.70%	NT\$ 362/Kg
Mar	724,900 Kg	10.00%	NT\$276,065	9.50%	NT\$ 381/Kg
Apr	557,805 Kg	7.70%	NT\$361,227	12.40%	NT\$ 648/Kg
May	718,306 Kg	9.90%	NT\$224,052	8%	NT\$ 312/Kg
Jun	684,623 Kg	9.50%	NT\$219,634	7.50%	NT\$ 231/Kg
Jul	489,103 Kg	7%	NT\$183,587	6.30%	NT\$ 375/Kg
Aug	527,331 Kg	7.30%	NT\$225,009	7.70%	NT\$ 427/Kg
Sep	463,730 Kg	6.40%	NT\$195,394	6.70%	NT\$ 421/Kg
Oct	534,908 Kg	7.40%	NT\$230,202	7.90%	NT\$ 430/Kg
Nov	425,413 Kg	6%	NT\$219,373	7.50%	NT\$ 516/Kg
Dec	421,939 Kg	5.80%	NT\$194,049	6.60%	NT\$ 460/Kg
Total	7,228,265 Kg	100%	NT\$2,921,211	100%	-

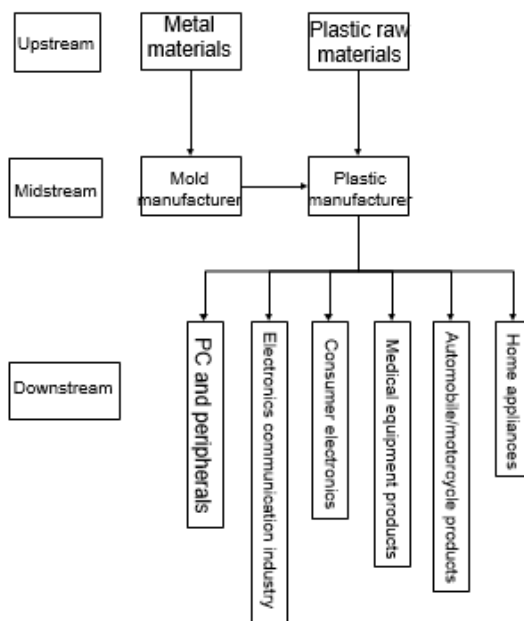
Source: ROC Customs Import Statistics Monthly Report / Compiled by the Taiwan Die & Mould Industry Association

Latest statistics released by authorities concerned show that the export value of Taiwan's molds stood at NT\$12.441 billion in 2021, and its import value was NT\$2.921 billion, enjoying a trade surplus of NT\$9.52 billion. The export value increased by 29.65% and the import value increased by 13.18%, compared with the same period a year ago. Prospects of Taiwan's mold industry rely on the continuous growth of its downstream industry, and on the expansion of export markets. The development strategy must search major application products in the trend of industrial development. At this stage, molds for information, communication, electronics and optoelectronics, transportation tools, and high-/middle-priced products in traditional industries are the mainstream businesses. Looking to the future, the changes in the downstream industry are expected to become more obvious. This is due to the requirements on molds by the information and electronics industry becoming stricter, and the cooperation between mold manufacturers and product factories becoming closer than ever. The development trend of molds of high precision, multi-function and complex features will continue. Meanwhile, the rapid die technology expects to become another development focus to meet the demand of functional parts testing in the future.

As Taiwan's mold industry is facing threats from its counterparts in both South Korea and mainland China, the price-cut competition has now become a very serious situation, not to mention small-scale mold makers who will compete at any cost in terms of pricing. Therefore, it is a must to diversify or do a specialization of mold products, and this is the only direction for Taiwan's mold industry to go in the future. Affected by the fierce international competition, exports of Taiwan's mold industry are showing a continuous decline. Therefore, we should think about how to strengthen the competitiveness of enterprises, integrate with emerging products, and supply the global market with the model of "high-quality precision molds and complete product supply chain", in order to stand out in the fierce competition globally.

2. The industry's relationship with the upper, middle, and lower streams

Basically, the mold industry's upstream materials are metal materials and plastic raw materials, while the computer and peripherals, electronic communications, consumer electronics, medical equipment, automobiles, and motorcycle industries are widely used and belong to downstream industries. A relevance diagram of the upstream, middle and downstream industries is illustrated, as follows:



3. Product development trends and competition

Due to the rapid rise in prices of raw materials and energy, the sharp increase in labor costs, and stricter environmental regulations, the "plastics mold" and "molded products" industries are facing more severe survival challenges than ever. Only by mastering the production technology of the future industrial trend together with the sophisticated management system can it be possible to stand out from the predicament and occupy the leading position.

Facing the new industrial environment, the development and introduction of green manufacturing technology to achieve energy savings, material savings, process and manpower streamlining in the manufacturing process has been implemented immediately. From the point view of the plastic mold and injection molding industry, materials, molds, molding equipment, and molding processes can be reviewed. To save materials, the lightweightedness of machine structures, the mold life, the thinning of plastic products, and decreased materials used in the hot runner are all considered. However, the lightweight technology requires structural design to maintain the original function of products. Material characteristics and data mastery are very critical, and the expert knowledge serves as the base.

The fact that 3C products and medical products continue to develop in the direction of "light, thin, short, and small" in the future, mold manufacturers must further upgrade technical capabilities and venture into ultra-precision and complex mold-making in order to be competitive in the low profit environment, and even get rid of the cost-competitive operating model, thus creating a new presence on the international stage. The precision mold production uses professional knowledge as the base, and the accumulation and inheritance of traditional methods also need to transform into an operation of knowledge-guided design platform, and a refined system management method.

(3) Overview of technology and R&D:

1. R&D expenses in the most recent year and up to the date of publication of the annual report:

Unit: NT\$thousand

	2020	2021
R&D expenses (A)	0	0
Net turnover (B)	1,906,581	2,085,430
(A)/(B)	0%	0%

2. Successfully developed technologies or products in the most recent year and up to the date of the annual report publication:

The company mainly engages its development goals on improving mold design and technologies, plus plastic molding and surface processing crafts.

(4) Long- and short-term business development plans

(1) Short-term business development plan

- ① The business side aims to strengthen customer development capabilities, actively introduce customers, and improve product and customer structure.
- ② Adjust each plant's product line and production capacity, improve the utilization rate of production capacity, and activate the efficiency of assets.
- ③ Diversify fund channels to supply future development needs.
- ④ Implement educational training and cultivate talents, master the future for sustainable management goals.

(2) The long-term business development plan is as follows:

- ① Upgrade mold design capabilities through product process design, and conduct process mechanization, automation, and rationalization to reduce dependence on manpower, costs, and quality improvement.
- ② Move towards improving the development of ultra-precision/ultra-fine processing and high-speed processing technologies, maintain product market competitiveness, and establish product market segmentation to avoid the price-cutting competition.
- ③ Establish a long-term cooperative partnership with customers, increase customer demand for mold design and production capacities, and maintain market competitiveness of the Group.
- ④ Uphold the concept of growing together with employees, strengthen internal talent training, focus on the accumulation of experience, and strengthen pre-employment and on-the-job training of employees to improve employee quality, and improve working conditions to promote labor-management harmony.

2. Market and production/sales overview:

1. Market analyses

1. Major sales regions

Unit: NT\$thousand

Year \ Regions	2020		2021	
	Amount	%	Amount	%
Asia	1,906,581	100.00%	2,085,430	100.00%
Domestic	0	0%	0	0%
Total	1,906,581	100.00%	2,085,430	100.00%

2. Market share

At present, a limited number of manufacturers engage in precision molds for multi-functional business machines, cameras, mobile phones, and notebook PCs, with only a few of them offering the one-stop process from mold design, injection molding, coating, surface processing, and assembly. Due to machining processes being complicated and final products being very different from initial design, no statistics for a complete and objective market share is available for reference, however.

3. The supply/demand situation and market growth potentials

(1) Market supply

For those manufacturers of 3C products, especially orders of big Japanese clients who are very demanding in terms of product quality, they all need higher precision and quality specifications. However, there are not many foundries that can provide vertical integration services, so the company still has considerable advantages and development space in the market share.

(2) Market demand

Plastic injection products enjoy a wide range of applications, including: consumer electronics, medical equipment, automotive industry, information industry, optical components, etc. Of Taiwan's industrial-use plastic products, data processing equipment represent about 1/4 of the entire application, with household appliances, motors and other electrical appliances, and audio-visual small appliances each accounting for about 12-14%. The development of the plastic injection industry is closely related to the manufacturers who need plastic casings or plastic injection components, and is also interdependent with the 3C electronics industry.

4. Competition niche

Over the past three decades, the Company has spared no efforts in the research of mold development, plastic casings, and mechanical parts, and strived to become a professional partner of big Japanese manufacturers. Following the increasing demand for the diversity of mold materials, the complexity of products, and the pursuit of fine, thin and small characteristics, the Company is now in a better position to meet customer needs, especially in mold precision, quality, and design. It also expects to actively invest in the design and technology development of molds, and upgrade added benefits of the field.

The manufacture of plastic casings and mechanical components for multifunctional business machines, printers, and NB computer peripheral products is more difficult and its delivery time is short. This, coupled with frequent design changes, requires more precise technology and quality. The company has competitive advantages with technology.

Equipped with a vertical integration of molds, injection molding parts, painting, printing, and surface treatment, the Company can help customers shorten the time of product entry into the consumer market effectively. This highlights an obvious market segment in the field, and the competitiveness advantage of the Company in the field, compared with ordinary plastic injection molding or plastic mold makers. Meanwhile, major 3C product manufacturers in the world began shifting their focuses to Asia due to comparably lower costs in the region. To this end, the Company has set up its factories in mainland China, Vietnam, and the Philippines. And aided by its vertical integration capabilities, the Company is able to provide customers with a total solution in both molds and plastic products, representing its competitive niche in the professional field of this industry.

5. Development prospect's advantages, disadvantages, and countermeasures

Ever since its establishment in 1987, the Company has dedicated itself in the manufacture of high-quality, value-added, and high-precision molds with over 90% of its output value coming from 3C products, thus gaining a considerable position and popularity in the industry. Molds possess characteristics of having limited diversity and are unable to be mass produced for the time being. Under the market competition, international manufacturers continue to launch new products. This shortens the development cycle and incurs problems of high precision molds. Thus, to work around a schedule for the development of new products, to establish a collaborative development platform for precision molds, and to expand products in other fields and international brand manufacturers will be the direction of our efforts in the future.

In the era of technological updates and rapid changes of consumer preferences and prices, the profit of Taiwan's mold market is severely affected due to increasing costs. Manufacturers in the line must change their approach of using cost and unit price as a means to compete, and improve their own professional technologies and add value to their products instead. Only by adjusting the enterprise's constitution and management structure can it be sustainable for continuous operations. Twenty years of experience and technology accumulation between Taihan Precision and big Japanese manufacturers have become Taihan's biggest competitive advantage.

(1) Advantages:

- (A) A solid foundation for mold design and development, and continuous improvement of related technologies to shorten the development cycle and reduce the need for human processing in the production of plastic products.
- (B) Long-term integration of production and quality systems and the quality concept is deeply cultivated in the production stage, thus effectively reducing the cost of poor quality and improving the company's profits.
- (C) Managing customers for a long time, and intervening in mold opening suggestions from the product design stage, and become long-term cooperative partners with customers.

(2) Disadvantages

(A) Shortage of basic manpower and professionals

Due to social value changes, the each plant of the Group suffers insufficient supply of basic manpower, resulting in a gradual increase in talent recruitment costs and production costs.

Countermeasures:

- To meet the economic principles, product process design, process mechanization, automation and rationalization are carried out to decrease the dependence on manpower, reduce costs, and improve quality.
- To strengthen internal talent training, focus on the accumulation of experience, and the pre-employment and on-the-job training of employees to improve the quality of personnel, improve working conditions, and promote labor-management harmony.

(B) Exchange rate fluctuation risk

As payments are now mostly quoted in US dollars, the fluctuation of the exchange rate affects the Company's profit and loss, expectedly.

Countermeasures:

Strengthen the financial personnel's concept of hedging foreign exchange risks; for instance, through the internet's exchange rate real-time system, and connections with banking and financial institutions, to grasp the latest exchange rate information, judgment of the future trend of exchange rates, and to make good use of derivative financial instruments in hedging foreign exchanges, thus reducing the exchange rate fluctuation risks to the Company's operations.

(C) Short product life cycle

The life cycle of electronic products is comparably short in the market. Coupled

with the inability of eliminating inventories and backlog of funds, short time in mold development and design, and mass production of plastic parts, the Company is tested for its technical and management capabilities.

Countermeasures:

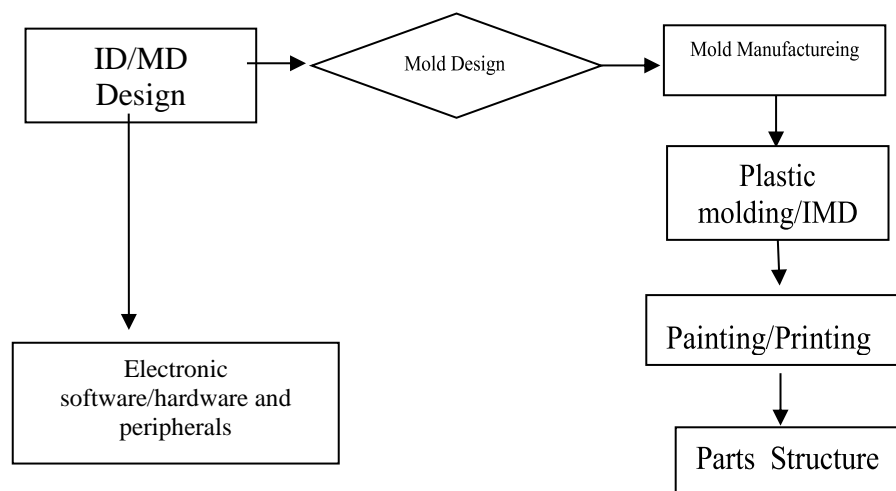
As an attempt to strengthen the development rate of both products and technologies, the training of professional and technical personnel is enforced, and the Company also has a complete plan for the improvement of production management, effective controls of product yield and inventories. These cost-down and quality-update production methods are expected to provide customers with complete services.

(2) Important uses and manufacturing processes of main products

1. Important uses of major products

Major Products	Important Uses
Molds	Multifunctional business machines, mobile phones, portable printers, notebook computers, digital camera casings and mechanical components.
Plastic Molding	Plastic injection molding, mobile phone components, electronic product casings and mechanical parts
Painting/Printing	Parts painting and printing of mobile phones, digital cameras, and multifunction printers

2. Production process



3. Supply of main raw materials

The Company's raw materials of main products account for steel billets and PC pellets, and there isn't a single item being monopolized in the market. It has closely cooperated with major suppliers for a long period; the supply situation is quite stable.

4. List of manufacturers and customers representing 10% of total purchases (sales) in any of the last two years:

1. List of major customers:

Unit: NT\$ thousand

2020					2021			
Item	Title	Amount	Ratio to net sales of the whole year [%]	Relationship with the issuer	Name	Amount	Ratio to net sales of the whole year [%]	Relationship with the issuer
1	Client A	1,117,939	58.64%	—	Client A	1,447,518	69.41%	—
2	Others	788,642	41.36%	-	Others	637,912	30.59%	—
Net Sales		1,906,581	100.00%	—	Net sales	2,085,430	100.00%	—

Note: Client A: BROTHER

2. List of major suppliers:

Unit: NT\$ thousand

2020					2021			
Item	Name	Amount	Ratio to net sales of the whole year [%]	Relationship with the issuer	Name	Amount	Ratio to net sales of the whole year [%]	Relationship with the issuer
1	Supplier S1	170,425	17.00%	—	Supplier S1	154,659	13.24%	—
2	Supplier S2	105,868	10.56%	—	Supplier S2	141,160	12.08%	—
3	Others	726,001	72.44%	—	Others	872,521	74.68%	—
Net Sales		1,002,294	100.00%	—	Net purchase	1,168,340	100.00%	—

Note: S1--> SIK (Vietnam Plant)

S2--> TOYO (the Philippines Plant)

S3--> NAGASE (Vietnam Plant)

3. Reasons for increase or decrease

(1) Reasons for the increase or decrease in major sales customers in the last two years:

No significant changes in major sales customers.

(2) Reasons for the increase or decrease in major purchasers in the last two years:

No significant changes in the Company's main purchase customers.

5. Production for the last two years

Unit: piece, set NT\$ thousand

Year	2020			2021		
Production value	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Major Products						
Molds	924	379	167,270	924	699	149,445
Plastics	569,753,870	439,225,584	1,579,428	569,753,870	440,908,766	1,789,035
Painting	43,970,868	0	0	43,970,868	0	0
Total	(Note)	(Note)	1,746,698	(Note)	(Note)	1,938,480

Note: The number is not aggregated due to different units of measurement,.

6. Sales for the last two years

Unit: piece, set NT\$ thousand

Sales volume/value	Year	2020				2021			
		Domestic sales		Exports		Domestic sales		Exports	
		quantity	value	quantity	value	quantity	value	quantity	value
Molds	0	0	6,053	176,169	0	0	3,186	123,832	
Plastics	0	0	378,962,519	1,730,412	0	0	411,569,911	1,961,598	
Painting	0	0	0	0	0	0	0	0	
Total	(Note)	0	(Note)	1,906,581	(Note)	0	(Note)	2,085,430	

Note: The number is not aggregated due to different units of measurement.

3. Employee Information

Information on employees in the last two years

March 31, 2022

Year		2020	2021	As of March 11, 2022
Employee number	staff	0	0	0
	staff	34	32	35
	Total	34	32	35
Average age		45	44	45
Average years of service		10.09	7.77	7.33
Education %	PhD	0%	0%	0%
	Master	9%	15%	14%
	College	65%	61%	63%
	High school	18%	15%	14%
	Under high school	9%	9%	9%

4. Environmental Spending Information

- According to laws and regulations, it must apply for a pollution facility installation permit, or a pollution discharge permit, or pay a pollution prevention and control fee, or assign personnel for a special environmental protection unit. Explanations of the application, payment, or establishment of the personnel responsible for environmental protection unit: Since the Company is a general manufacturer; it does not need to apply for a pollution facility installation permit, a pollution discharge permit, a pollution prevention and control fee, or the establishment of the personnel of a special unit for environmental protection.
- List the company's investment in major equipment for the prevention and control of environmental pollution, its application, and possible benefits
No environmental pollution takes place during the production process of the Company's main products, it is not applicable.
- Should there be any pollution disputes or incidents in the most recent year and up to the date of annual report publication, explain the handling process of improving environmental pollution:
Since its establishment on August 28, 1987, and as of the publication of the annual report, the Company has not encountered any environmental pollution disputes.
- Explain the total amount of losses (including compensation) and penalties incurred due to environmental pollution in the most recent year and as of the publication date of this annual report, and disclose its future countermeasures (including improvement measures), and possible expenditures (including possible losses due to failure to take countermeasures). If the estimated amount of disciplinary and compensation cannot be reasonably estimated, and the fact that it cannot be reasonably estimated shall be stated: No such things.
- Explain impacts of the current pollution situation and the improvement on earnings, competitive position, capital expenditure, and the Company's estimated expenses for major environmental protection in the next two years: Not applicable.

5. Labor relationship management

- (1) Employee benefits:

The company is committed to creating a harmonious labor-management relationship, and more efforts are made to improve the welfare of employees. In addition to establishing an employee welfare committee according to law and providing welfare funds every month, this committee formulates an annual plan to handle a wide variety of activities, including various tour and dinner activities, group life insurance, accident insurance, and other welfare matters. It also provides several welfare subsidies for weddings, funerals, grants, and emergency reliefs. To further enhance the Company's competitiveness, a complete training plan for employees' career planning and professional skills is offered, thus making employees more centripetal and healthy in body and mind, and enriching the welfare of employees.

(2) Staff study and training

To assist new colleagues get into work early, a pre-employment training will be provided with training courses being arranged to meet different job categories. Senior colleagues in this department will assist newcomers to understand the Company's industry positioning and its future development direction. The Company will also arrange for employees to participate in training courses organized by various consulting companies, training institutions, or governmental, industrial and commercial organizations from time to time to improve the professional quality of employees.

The annual staff study and training materials in 2021 are as follows:

Item	Category	Training Contents	Course Title	Class Time	Class Hours	Number of Participants	Participants
1	External training	Professional knowledge and technical training	Talent training center, Securities and Futures Institute	2021/12/8~2021/12/10	24	2	Jian Zhiming Lu Peiru
2	External training	Professional knowledge and technical training	TIPTOP GP5.255.3 Database Management and Application Fundamentals Course (Oracle)	2021/12/8	6	1	He Congyao
3	External training	Professional knowledge and technical training	Symposium on Promoting the Adoption of IFRS in Taiwan 2021	2021/12/20	4	1	Xu Binyan
4	External training	Professional knowledge and technical training	Advanced Course for Accounting Supervisors of Issuer Securities Firms and Stock Exchanges	2021/12/20~2021/12/21	12	1	Chen Jinzhong
5	External training	Professional knowledge and technical training	HR Legal Issues and System Reporting Briefing Session	2021/12/22	3	1	Chen Xiaofang

(3) Company Employee Code of Conduct or Ethics

The following are various measures formulated by the Company for employees at all levels to follow ethical concepts, rights, obligations, and behaviors, described as follows:

1. Clear responsibilities of each department: Clarify and standardize the organizational functions and responsibilities of each department.
2. Approval authority: Clearly delegate to supervisors at all levels and strengthen the efficiency of hierarchical responsible management.
3. Employee work rules: Clearly define attendance methods, leave-giving methods, reward and punishment methods, and sexual harassment prevention and control laws, etc., and make employees behave accordingly.
4. Performance appraisal method: The annual assessment results and performances are stipulated as the basis for salary adjustment, promotion reward.

(4) Circumstances in which financial-related personnel have obtained relevant certificates and licenses specified by the competent authority: None, as did not participate in the license test.

(5) Retirement system and its implementation

In order to stabilize the retirement life of employees, and improve the service spirit on the job, a special account for labor pensions was set up by the Company in the Central Trust Bureau in April of 2004, with 4% of the gross salary and raised monthly. Beginning on July 1, 1994, all employees have chosen to adopt the new labor retirement system, and 6% of the total monthly salary is allocated to the special account of the Labor Committee for employee retirement benefits.

(6) Agreement between labor and management: The Company enjoys a harmonious labor relationship, and there is no need for coordination due to labor disputes.

(7) Circumstances of various employee rights protection measures: The Company stipulates various

management measures, which clearly stipulate the rights, and obligations of employees, and welfare items to protect the rights and interests of employees.

- (8) Work environment and employee personal safety protection measures: The Company only leases office space and no factories in Taiwan.

Item	Contents
Access control & security management	1. There is a 24-hour security and surveillance system in the rented factory
Maintenance & inspection of equipment	1. According to the Fire Protection Law, a qualified fire protection company is entrusted every year to make a declaration for the maintenance of fire safety equipment. 2. According to the Labor Safety Law, an annual inspection should be conducted on dangerous machinery and equipment. 3. Inspection and maintenance of high and low voltage electrical equipment, air conditioning equipment, and fire fighting equipment.
Environmental protection at work	1. To replace damaged lighting equipment at any time 2. To update or repair the air-conditioning system to maintain the office's ventilation. 3. Regular maintenance of drinking water equipment to make sure drinking water is safe.
Disaster prevention measures and response	1. To cooperate with the management unit of the leased office to practice various disaster evacuation plans. 2. Random publicity of all kinds of disaster prevention measures.

- (9) For the last two years and up to the date of the publication date of the prospectus, the Company must disclose the losses it suffered due to labor disputes, and the estimated amount and countermeasures that may occur at present and in the future. For those that can't be reasonably estimated, the fact that they can't be reasonably estimated must be explained: None.

6. Information security management

In order to strengthen information security management, the Company establishes a safe and reliable information operating environment to ensure the security of systems, data, equipment and networks, so as to avoid internal and external intentional or accidental threats, and achieve information security and business goal of continuous operation.

Information security risk management framework

- (1) The responsible unit for information security of the Company is the Information Department, which is responsible for leading and planning information management measures and related operations; and implementing various information activities and information cycles with the cooperation of all business-related units so as to confirm the effectiveness of information security management operations.
- (2) To regularly review the information security system and improve various information management processes to reduce the risk and harm it may bring, and optimize all information management.
- (3) The audit office is a supervisory and auditing unit, supervising the implementation of various operations of the Information Department. If any defects or non-compliances with the operating procedures are found, it will immediately ask the Information Department to propose relevant improvement plans and specific actions to reduce internal information security risks.

Information Security Controls

1. Account and authority management

System, database, and other related information equipment services are all password controlled, colleagues must fulfill their responsibilities for the safekeeping and use of account passwords.

2. Regularly backup and restore

Daily backup of information systems and databases, and to formulate a backup sustainable operation plan with regularly drill recovery and plan updates.

3. PC Security

All personal computers used by colleagues are equipped with anti-virus software and regularly update virus patterns and system vulnerabilities. And prohibit the installation of unauthorized illegal software.

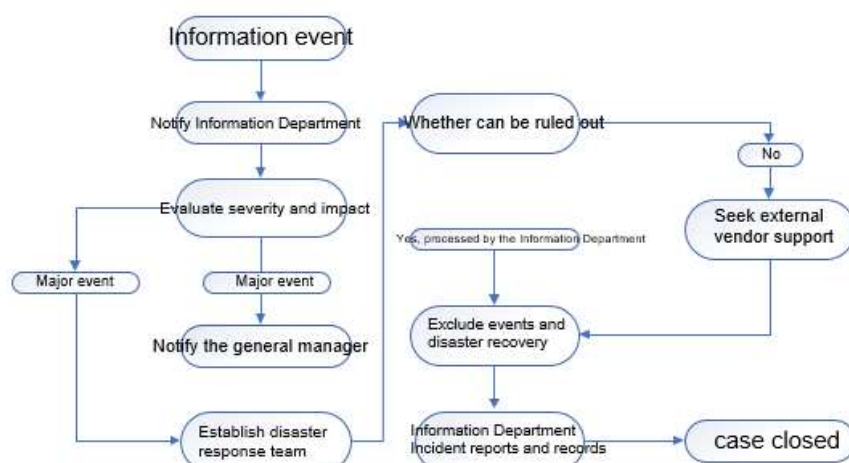
4. Risk continues to improve

Information security regularly conducts risk assessments and implements various information security measures to improve operational safety.

5. Deeply cultivate the concept of information security

To irregularly promote information security news to enhance information security protection awareness, and foster good habits of information security.

Information Security Notification Procedure



No major information security incidents took place as of the Company's annual report 2021 printing date.

7. Important contracts

Those supply/marketing, technical cooperation, engineering, and long-term loans are currently in existence or to expire in the most recent year, and other important contracts that can affect the rights and interests of investors:

March 31, 2022

Contract nature	Parties to the contract	Contract start and end date	Major contents	Restrictions
Bank Loan	Mega Bank	2021/08/03-2022/06/30	Short term loans (NT\$120 million)	—

VI. Financial Information

1. Five-Year Condensed Balance Sheet and Income Statement and the CPA audit opinion - based on IFRS

1-1. Condensed Balance Sheet Based on IFRS - Consolidated

Unit: NT\$thousand

Item \ Year		Financial Summary for The Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,179,120	1,116,771	987,411	1,216,682	1,165,624
Property, Plant and Equipment		1,021,577	1,127,533	1,126,016	1,014,265	922,407
Intangible assets		5,435	2,309	1,964	18,507	14,411
Other assets		215,480	261,261	237,397	203,941	164,168
Total assets		2,421,612	2,507,874	2,352,788	2,453,395	2,266,610
Current liabilities	Before distribution	752,559	824,574	633,017	575,424	512,580
	After distribution	802,475	891,866	725,535	691,072	(Note 3)
Non-current liabilities		69,362	20,574	46,291	247,061	204,966
Total liabilities	Before distribution	821,921	845,148	679,308	822,485	717,546
	After distribution	871,837	912,440	771,826	938,133	(Note 3)
Equity attributable to shareholders of the parent company		1,599,691	1,662,726	1,673,480	1,630,910	1,549,064
Capital stock		831,934	841,524	851,484	770,984	770,984
Capital surplus	Before distribution	804,865	762,908	747,838	668,899	668,899
	After distribution	754,949	741,879	710,831	668,899	668,899
Retained earnings	Before distribution	19,846	123,609	149,582	283,358	244,711
	After distribution	(Note 2)	77,346	94,071	167,710	(Note 3)
Other equity interest		(56,954)	(65,155)	(74,924)	(92,331)	(135,530)
Treasury stock		0	(160)	(500)	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,599,691	1,662,726	1,673,480	1,630,910	1,549,064
	After distribution	1,549,775	1,595,434	1,580,962	1,515,262	(Note 3)

Note 1: The above financial information has been audited or certified by CPAs

Note 2: The cash-dividends for 2017 was distributed with capital surplus.

Note 3: The proposal for 2021 earning distribution is not yet resolved by the Shareholders' Meeting.

1-2 Condensed balance sheet – Based on IFRS - Consolidated

Unit: NT\$thousand

Item \ Year	Financial Summary for the Last Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	2,284,494	2,788,241	2,352,721	1,906,581	2,085,430
Gross Profit	386,849	430,140	358,458	292,760	345,052
Income from operations	192,547	167,783	113,793	69,600	140,677
Non-operating income	(51,250)	(17,112)	16,682	228,185	(6,709)
Income before tax	141,297	150,671	130,475	297,785	133,968
Net profit of continuing business units for the current period	101,081	106,721	73,426	192,727	77,058
Loss of closed business units	0	0	0	0	0
Net income (Loss)	101,081	106,721	73,426	192,727	77,058
Other comprehensive income (income after tax)	(20,404)	(6,093)	(13,670)	(23,202)	(43,256)
Total comprehensive income	80,677	100,628	59,756	169,525	33,802
Net income attributable to shareholders of the parent	101,081	106,721	73,426	192,727	77,058
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent company	80,677	100,628	59,756	169,525	33,802
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earning per share(Note 2)	1.44	1.28	0.87	2.48	1.00

Note 1: The above financial information has been audited or certified by CPAs

Note 2: Where there is a capital increase from earning or capital surplus, when calculating earnings per share, it will be retroactively adjusted to the previous year according to the capital increase ratio.

2-1 Condensed balance sheet based on IFRS – single company

Unit: NT\$thousand

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		398,959	361,972	296,928	570,698	434,929
Property, Plant and Equipment		1,512	1,099	1,688	888	2,924
Intangible assets		4,775	1,409	1,421	1,260	1,492
Other assets		1,374,590	1,500,916	1,534,863	1,257,040	1,320,875
Total assets		1,779,836	1,865,396	1,834,900	1,829,886	1,760,220
Current liabilities	Before distribution	141,850	194,589	157,496	150,666	140,282
	After distribution	191,766	261,881	250,014	266,314	(Note 3)
Non-current liabilities		38,295	8,081	3,924	48,310	70,874
Total liabilities	Before distribution	180,145	202,670	161,420	198,976	211,156
	After distribution	230,061	269,962	253,938	314,624	(Note 3)
Equity attributable to shareholders of the parent		1,599,691	1,662,726	1,673,480	1,630,910	1,549,064
Capital stock		831,934	841,524	851,484	770,984	770,984
Capital surplus	Before distribution	804,865	762,908	747,838	668,899	668,899
	After distribution	754,949	741,879	710,831	668,899	668,899
Retained earnings	Before distribution	19,846	123,609	149,582	283,358	244,711
	After distribution	(Note 2)	77,346	94,071	167,710	(Note 3)
Other equity interest		(56,954)	(65,155)	(74,924)	(92,331)	(135,530)
Treasury stock		0	(160)	(500)	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	1,599,691	1,662,726	1,673,480	1,630,910	1,549,064
	After distribution	1,549,775	1,595,434	1,580,962	1,515,262	(Note 3)

Note 1: The above financial information has been audited or certified by CPAs

Note 2: The cash-dividends for 2017 was distributed with capital surplus.

Note 3: The proposal for 2021 earning distribution is not yet resolved by the Shareholders' Meeting.

2-2 Condensed income statement based on IFRS – single company

Unit: NT\$thousand

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Operating revenue		510,137	363,891	541,743	501,033	637,223
Gross Profit		52,540	13,213	21,672	29,222	43,453
Income from operations		(20,762)	(38,816)	(35,561)	(39,295)	(16,456)
Non-operating income		142,925	156,614	129,887	296,533	112,237
Income before tax		122,163	117,798	94,326	257,238	95,781
Net profit of continuing business units for the current period		101,081	106,721	73,426	192,727	77,058
Loss of closed business units		0	0	0	0	0
Net income (Loss)		101,081	106,721	73,426	192,727	77,058
Other comprehensive income (income after tax)		(20,404)	(6,093)	(13,670)	(23,202)	(43,256)
Total comprehensive income		80,677	100,628	59,756	169,525	33,802
Net income attributable to shareholders of the parent		101,081	106,721	73,426	192,727	77,058
Net income attributable to non-controlling interest		0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent company		80,677	100,628	59,756	169,525	33,802
Comprehensive income attributable to non-controlling interest		0	0	0	0	0
Earnings per share(Note2)		1.44	1.28	0.87	2.48	1.00

Note 1: The above financial information has been audited or certified by CPAs

Note2 : For capital increase from surplus or capital reserve, when calculating earnings per share, it is retroactively adjusted to the previous year according to the capital increase ratio.

2. Auditors' Opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit Opinion
2017	Deloitte Taiwan	Chi Ruiquan, Weng Boren	Unqualified opinion
2018	Deloitte Taiwan	Chi Ruiquan, Guo Naihua	Unqualified opinion
2019	Deloitte Taiwan	Weng Boren, Chi Ruiquan	Unqualified opinion
2020	Deloitte Taiwan	Weng Boren, Chi Ruiquan	Unqualified opinion
2021	PwC Taiwan	Wu Yulong, Huang Shijun	Unqualified opinion

2. Five-Year Financial Analysis

1. Financial Analysis Based on IFRS - Consolidated

Item \ Year		Financial Analysis for the Last Five Years(Note1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio	33.94%	33.70%	28.87%	33.52%	31.66%
	Ratio of long-term capital to property, plant and equipment	163.38%	149.29%	149.55%	185.16%	190.16%
Solvency (%)	Current ratio	156.68%	135.44%	147.62%	211.44%	227.40%
	Quick ratio	114.85%	106.06%	113.54%	170.81%	183.22%
	Interest earned ratio (times)	11.71	12.15	10.83	38.48	20.31
Operating performance	Accounts receivable turnover (times)	4.98	5.23	4.81	4.94	5.54
	Average collection period	73.29	69.82	75.88	73.84	65.88
	Inventory turnover (times)	7.87	10.19	10.99	9.70	10.12
	Accounts payable turnover (times)	7.86	8.29	7.01	6.77	7.58
	Average days in sales	46.37	35.79	33.21	37.63	36.07
	Property, plant and equipment turnover (times)	2.23	2.47	2.09	1.88	2.15
	Total assets turnover (times)	0.94	1.11	1.00	0.78	0.88
Profitability	Return on total assets (%)	4.61%	4.77%	3.46%	8.29%	3.50%
	Return on stockholders' equity (%)	7.27%	6.54%	4.40%	11.66%	4.85%
	Pre-tax income to paid-in capital (%)	16.98%	17.90%	15.32%	38.62%	17.38%
	Profit ratio (%)	4.42%	3.83%	3.12%	10.11%	3.70%
	Earnings per share (NT\$)	1.44	1.28	0.87	2.48	1.00
Cash flow	Cash flow ratio (%)	20.30%	31.00%	57.77%	38.01%	17.41%
	Cash flow adequacy ratio (%)	57.76%	61.23%	91.37%	87.76%	98.04%
	Cash reinvestment ratio (%)	6.14%	8.17%	12.96%	4.71%	-1.02%
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.07	1.08	1.13	1.13	1.05

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) Declines on interest earned ratio (times), return on total assets, return on stockholders' equity and pre-tax income to paid-in capital are mainly due to the increase in current assets and profit from selling real-estate investment in the previous period.

(2) Declines on both cash flow ratio and cash reinvestment ratio are mainly due to the decrease in cash inflow from operating activities.

2. Financial Analysis Based on IFRS – the Company

Item		Year				
		Financial Analysis for the Last Five Years(Note1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio	10.12%	10.86	8.80%	10.87%	12.00%
	Ratio of long-term capital to property, plant and equipment	108,332.41 %	152,029.75 %	99,372.27%	189,101.35%	55,401.44%
Solvency (%)	Current ratio	281.25%	186.02%	188.53%	378.78%	310.04%
	Quick ratio	271.64%	185.03%	186.77%	373.65%	304.04%
	Interest earned ratio (times)	46.43	685.87	251.2	1,333.84	2,281.5
Operating performance	Accounts receivable turnover (times)	3.54	3.25	5.91	4.73	6.18
	Average collection period	103.10	112.30	61.75	77.16	59.06
	Inventory turnover (times)	222.19	305.60	-	-	-
	Accounts payable turnover (times)	5.21	3.22	4.46	3.74	5.09
	Average days in sales	1.64	1.19	-	-	-
	Property, plant and equipment turnover (times)	337.39	331.11	320.94	546.23	334.32
	Total assets turnover (times)	0.29	0.20	0.30	0.27	0.35
Profitability	Return on total assets (%)	5.90%	5.86%	3.99%	10.53%	4.29%
	Return on stockholders' equity (%)	7.27%	6.54%	4.40%	11.66%	4.85%
	Pre-tax income to paid-in capital (%) (Note6)	14.68%	14.00%	11.08%	33.36%	12.42%
	Profit ratio (%)	19.81%	29.33%	13.55%	38.47%	12.09%
	Earnings per share (NT\$)	1.44	1.28	0.87	2.48	1.00
Cash flow	Cash flow ratio (%)	44.29%	-25.55%	0.00%	0.00%	0.00%
	Cash flow adequacy ratio (%)	1830.35%	444.06%	94.25%	63.22%	34.23%
	Cash reinvestment ratio (%)	4.30%	-0.01%	-6.09%	-5.70%	-7.46%
Leverage	Operating leverage	0.58	1.50	1.01	1.00	0.84
	Financial leverage	0.89	1.00	0.99	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- (1) Declines on ratio of long-term capital to fixed assets, current ratio, quick ratio, interest earned ratio, return on total assets, return on stockholders' equity and pre-tax income to paid-in capital, profit ratio and earnings per share: are mainly due to the increase in current assets and profit from selling real-estate investment in the current period.
- (2) The increase in accounts receivable turnover and decline on the average collection period: are mainly due to the increase in revenue and the decrease in average receivables.
- (3) Increase in accounts payable turnover: are mainly due to the increase in cost of goods sold and decrease in average payables.
- (4) The decrease in property, plant and equipment turnover and increase in total assets turnover: are mainly due to the decrease in fixed assets.
- (5) The decrease in cash flow adequacy ratio and cash reinvestment ratio: are mainly due to the distribution of cash dividends in the current period

Note 1: The above financial information has been audited or certified by CPAs

Note 2: At the end of this annual report, the following calculation formula must be listed:

1. Financial structure

(1) Debt 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 liabilities

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

(3) Interest earned ratio (times) = net profit before income tax and interest expense / current interest expense

3. Operating performance

- (1) Accounts receivable (including accounts receivable and notes receivable arising from operation) turnover (times) = net sales/average balance of receivables (including accounts receivable and notes receivable arising from operations) in each period
- (2) Average collection period= 365 / receivables turnover
- (3) Inventory turnover (times)= cost of goods sold / average inventory
- (4) Accounts payable (including accounts payable and notes payable arising from operations) turnover (times)= cost of goods sold / balance of average payables (including accounts payable and notes payable arising from operation) in each period
- (5) Average days in sales= 365/inventory turnover
- (6) Property, plant and equipment turnover (times)= net sales/average net property, plant and equipment
- (7) Total assets turnover (times)= net sales/total average assets

4. Profitability

- (1) Return on total assets (%):[after-tax profit and loss + interest expense × (1-tax rate)] / total average assets
- (2) Return on stockholders' equity (%)= profit and loss after tax / total average equity
- (3) Pre-tax income to paid-in capital (%)=Pre-tax income / paid-in capital
- (4) Profit ratio (%)= Profit and loss after tax / net sales
- (5) Earnings per share (NT\$)= (Profit and loss attributable to owners of parent company - dividends on special stock) / weighted average number of issued shares (Note 4)

5. Cash flow

- (1) Cash flow ratio (%)= net cash flow from operating activities/current liabilities
- (2) Cash flow adequacy ratio (%)= net cash flow from operating activities in the last five years / (capital expenditure + inventory increase in the last five years + cash dividend)
- (3) Cash reinvestment ratio (%)= (net cash flow 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 income - variable operating costs and expenses) / operating profit (Note 6)
- (2) Financial leverage= Operating profit / (operating profit - interest expense)

Note 3: The calculation formula of earnings per share should pay special attention to the following matters:

1. It should be based on the weighted average number of ordinary shares, instead of the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, it should be calculated into the weighted average number of shares based on its circulation period.
3. Where there is a capital increase from earning or capital surplus, when calculating the earnings per share, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (no matter paid or not) should be deducted from the after-tax net profit or increased by the after-tax net loss where there are losses. If the preferred stock is non-cumulative and if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax. If there is a loss for the current year, no need to adjust it.

Note 4: Cash flow analysis should pay special attention to the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases compared to the opening balance, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refer to the total property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, special attention should be paid to their rationality and maintaining consistency.

Note 6: If the company's stock has no par value or the par value per share is not NT\$10, the ratio of the paid-in capital stated in the preceding paragraph will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

3. The Audit Committee's review report on the most recent annual financial report

TaiHan Precision Technology Corporation Audit Committee's Review Report

The Company's annual individual financial report and consolidated financial statements for 2021, sent by the Board of Directors to PwC Taiwan, were reviewed and certified by Wu Yulong and Huang Shijun accountants, and an audit report with unqualified opinion was issued. Together with the business report and the profit and loss appropriation proposal, the Audit Committee has completed the review and concluded that there is no discrepancy. In accordance with the provisions of Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Law, the report is as above.

For your perusal.

Submitted to

The Company's 2022 Annual General Shareholders' Meeting

TaiHan Precision Technology Corporation

Audit Committee Convenor:

March 14, 2022

4. The most recent annual consolidated financial report and accountant's audit report

TaiHan Precision Technology Co., Limited
REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of TaiHan Precision Technology Co., Limited as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TaiHan Precision Technology Co., Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company Name : TaiHan Precision Technology Co.,
Limited

Chairman : TSAI,CHEN-LUNG

March 14, 2022

INDEPENDENT AUDITORS' REPORT

(2022) No. Financial Auditing-21004082

To: The Board of Directors and Shareholders
TaiHan Precision Technology Co., Limited

Opinion

We have audited the accompanying consolidated balance sheets of TaiHan Precision Technology Co. and subsidiaries (the "TaiHan Group") as of December 31, 2021, and the related consolidated statements of income, changes in equity, and cash flows for the period from January 1, 2021 to December 31, 2021, and the related consolidated notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tai Han Group as of December 31, 2021 and its consolidated financial results and consolidated cash flows for the period from January 1 to December 31, 2021 in conformity with International Financial Reporting Standards (IFRIC) for Securities Issuers and International Accounting Standards(IAS), and Interpretations and Interpretations issued by the Financial Supervisory Commission.

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 Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of TaiHan Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Existence of sales revenue

Key Audit Matters

Please refer to Note 4(28) to the consolidated financial statements for the accounting policy of revenue recognition and Note 6(19) to the consolidated financial statements for the accounting account of operating revenues.

The TaiHan Group is specialized in the design, manufacture and trading of various precision molds, tooling and plastic molding products, and its significant sales customers account for a significant portion of its annual operating revenues.

In accordance with the Audit Procedure

The procedures performed by us in respect of the above critical review are

summarized as
below :

1. To understand the process and basis of revenue recognition for significant sales customers in order to assess the effectiveness of management's internal control over sales recognition and to perform internal control effectiveness testing.
2. To obtain basic evaluation data of significant sales customers and search for relevant information for verification.
3. Test that the credit terms of significant sales customers have been properly approved.
4. Obtain and sample check the sales details of significant sales customers and verify the relevant certificates and future collection position.
5. Obtain the post-sale return details of significant sales customers and review the sales return position.

Other Matter–The consolidated financial statements for the comparative period were audited by other accountants.

We have audited the individual financial statements of TaiHan Group by other accountants for the years ended December 31, 2021 on which we have issued an unmodified opinion on March 16, 2021.

Other Matter–The individual financial statements

We have audited the financial statements of TaiHan Group for the years ended December 31, 2021 and 2020, and have issued an unqualified opinion and an unqualified audit report thereon, respectively.

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

The responsibility of management is to prepare consolidated financial statements that are fairly stated in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Pronouncements endorsed by the Financial Supervisory Commission, and to maintain such internal control relevant to the preparation of consolidated financial statements as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes assessing the ability of the TaiHan Group to continue as a going concern, the disclosure of related matters, and the adoption of a going concern basis of accounting, unless management intends to liquidate the TaiHan Group or cease operations, or there is no practical alternative to liquidation or discontinuation of operations.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the TaiHan Group 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the 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 TaiHan 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 Taihai Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the TaiHan Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31,2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

Eric Wu / WU,YU-LUNG

CPA:

Ryan Huang / HUANG,SHIH-CHUN

Former Securities Futures Commission, Ministry of
Finance

Certified Registration No.: (86)

Taiwan-Finance-Securities-VI-83252Former Securities
Futures Commission, Ministry of Finance

Financial Supervisory Commission

Certified Registration No.:

Financial-Supervisory-Securities-Auditing-
1050029449Financial Supervisory Commission

March 14, 2022

TaiHan Precision Technology Co., Limited
CONSOLIDATED STATEMENTS OF BALANCE SHEET
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

ASSETS	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 537,308	24	\$ 623,074	26
1110	Financial asset at fair value through P/L—Current	6(2)	-	-	30,099	1
1136	Financial assets at fair value through P/L - current amortized cos	6(4)	1,824	-	1,855	-
1150	Notes receivable, net	6(5)	109	-	-	-
1170	Accounts receivable, net	7(2)	397,554	17	354,665	15
1200	Other receivables		1,366	-	359	-
1220	Current tax assets		-	-	6	-
130X	Inventory	6(6)	188,201	8	155,787	6
1410	Prepayments		38,276	2	50,207	2
1470	Other current assets		986	-	630	-
11XX	Total current assets		<u>1,165,624</u>	<u>51</u>	<u>1,216,682</u>	<u>50</u>
1517	Financial asset at fair value through P/L—Noncurrent	6(3)	4,072	-	4,992	-
1600	Property, plant and equipment	6(7)&8	922,407	41	1,014,265	41
1755	Right-of-use assets	6(8)&8	42,163	2	67,037	3
1760	Investment property, net	6(9)&8	30,490	1	33,959	1
1780	Investment property, net		14,411	1	18,507	1
1840	Deferred income tax assets	6(26)	71,415	3	56,045	2
1915	Prepayment for equipment		4,867	-	27,817	1
1920	Refundable deposits		11,161	1	14,091	1
15XX	Total noncurrent assets		<u>1,100,986</u>	<u>49</u>	<u>1,236,713</u>	<u>50</u>
1XXX	TOTAL Assets		<u>\$ 2,266,610</u>	<u>100</u>	<u>\$ 2,453,395</u>	<u>100</u>

(Continued)

TaiHan Precision Technology Co., Limited
CONSOLIDATED STATEMENTS OF BALANCE SHEET
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY	Note	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
CURRENT LIABILITIES					
2100 Short-term borrowings	6(10)	\$ 127,606	6	\$ 149,918	6
2130 Contractual liability – Current	6(19)	3,092	-	20,106	1
2150 Notes payable		10,990	1	34,784	1
2170 Accounts payable		217,461	10	196,023	8
2200 Other payables	6(11)&7(2)	92,751	4	116,636	5
2230 Current tax liabilities		9,057	-	16,971	1
2280 Lease liabilities – Current	7(2)	23,723	1	24,945	1
2320 Long-term liabilities due within one year or one operating cycle	6(12)	26,541	1	13,659	1
2399 Other current liabilities		1,359	-	2,382	-
21XX Total current liabilities		<u>512,580</u>	<u>23</u>	<u>575,424</u>	<u>24</u>
NONCURRENT LIABILITIES					
2540 Long-term borrowings	6(12)	126,071	6	157,075	6
2570 Deferred income tax liabilities	6(26)	65,476	3	43,390	2
2580 Lease liabilities – Noncurrent	7(2)	8,363	-	30,047	1
2610 Long-term notes and accounts payable		-	-	11,942	1
2640 Net defined benefit liability – Noncurrent	6(13)	2,704	-	3,610	-
2645 Guarantee deposit received		1,234	-	997	-
2670 Other noncurrent liabilities		1,118	-	-	-
25XX Total noncurrent liabilities		<u>204,966</u>	<u>9</u>	<u>247,061</u>	<u>10</u>
2XXX Total liabilities		<u>717,546</u>	<u>32</u>	<u>822,485</u>	<u>34</u>
Equity attributable to owners of the parent company	5				
Capital stock	6(15)				
3110 Common stock		770,984	34	770,984	31
Capital surplus	6(16)				
3200 Capital surplus		668,899	29	668,899	27
Retained earnings	6(17)				
3310 Appropriated as legal capital reserve		37,522	2	18,593	1
3320 Appropriated as special capital reserve		92,332	4	74,925	3
3350 Unappropriated earnings		114,857	5	189,840	8
Other Entities	6(18)				
3400 Other Entities		(135,530)	(6)	(92,331)	(4)
3XXX Total equity		<u>1,549,064</u>	<u>68</u>	<u>1,630,910</u>	<u>66</u>
Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
Serious subsequent events	11				
3X2X TOTAL LIABILITIES AND EQUITY		<u>\$ 2,266,610</u>	<u>100</u>	<u>\$ 2,453,395</u>	<u>100</u>

The accompanying notes to the consolidated financial statements are an integral part of these individual financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

TaiHan Precision Technology Co., Limited
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars
(Except earnings per share in New Taiwan dollars)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000	Operating revenues	\$ 2,085,430	100	\$ 1,906,581	100
5000	Operating costs	(1,740,378)	(83)	(1,613,821)	(84)
5950	Operating margin, net	<u>345,052</u>	<u>17</u>	<u>292,760</u>	<u>16</u>
	Operating expenses				
6100	Sales and marketing	(34,274)	(2)	(35,093)	(2)
6200	General and administrative expenses	(169,986)	(8)	(188,034)	(10)
6450	Expected credit impairment loss	(115)	-	(33)	-
6000	Total operating expenses	(204,375)	(10)	(223,160)	(12)
6900	Operating profit	<u>140,677</u>	<u>7</u>	<u>69,600</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	1,504	-	974	-
7010	Other income	10,780	1	17,016	1
7020	Other gains and losses	(12,054)	(1)	218,358	11
7050	Finance costs	(6,939)	-	(8,163)	-
7000	Total non-operating income and expense	(6,709)	-	228,185	12
7900	INCOME BEFORE INCOME TAX	<u>133,968</u>	<u>7</u>	<u>297,785</u>	<u>16</u>
7950	INCOME TAX EXPENSE	(56,910)	(3)	(105,058)	(6)
8200	Net income	<u>\$ 77,058</u>	<u>4</u>	<u>\$ 192,727</u>	<u>10</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(\$ 71)	-	(\$ 4,113)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(199)	-	982	-
8349	Income tax benefit related to items that will not be reclassified subsequently	14	-	673	-
8310	Total amount of items that are not reclassified to profit or loss	(256)	-	(2,458)	-
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign Operations	(53,750)	(3)	(25,930)	(1)
8399	Income tax benefit related to items that will be reclassified subsequently	10,750	1	5,186	-
8360	Total amount of items that are reclassified to profit or loss	(43,000)	(2)	(20,744)	(1)
8300	Other comprehensive income, net	<u>(\$ 43,256)</u>	<u>(2)</u>	<u>(\$ 23,202)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 33,802</u>	<u>2</u>	<u>\$ 169,525</u>	<u>9</u>
	Net profit is allocated to :				
8610	Parent Company Owner	<u>\$ 77,058</u>	<u>4</u>	<u>\$ 192,727</u>	<u>10</u>
	Total comprehensive income(loss)is allocated to :				
8710	Parent Company Owner	<u>\$ 33,802</u>	<u>2</u>	<u>\$ 169,525</u>	<u>9</u>
	Basic earnings per share				
9750	Net income	<u>\$ 1.00</u>		<u>\$ 2.48</u>	
	Diluted earnings per share				
9850	Net income	<u>\$ 1.00</u>		<u>\$ 2.46</u>	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

TaiHan Precision Technology Co., Limited
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Note	Equity attributable to owners of the parent company										
	Retained Earnings					Other Benefits					
	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Stock-Based Employee Compensation	Treasury Stock	Total Equity	
2020											
	BALANCE, JANUARY 1, 2020	\$ 851,484	\$ 747,838	\$ 11,369	\$ 65,155	\$ 73,058	(\$ 72,679)	\$ 110	(\$ 2,355)	(\$ 500)	\$ 1,673,480
	Net income in 2020	-	-	-	-	192,727	-	-	-	-	192,727
	Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(3,440)	(20,744)	982	-	-	(23,202)
	Total comprehensive income (loss) in 2020	-	-	-	-	189,287	(20,744)	982	-	-	169,525
	Appropriations of prior year's earnings in 2019	6(17)									
	Legal Capital Reserve	-	-	7,224	-	(7,224)	-	-	-	-	-
	Special Capital Reserve	-	-	-	9,770	(9,770)	-	-	-	-	-
	Cash dividends to shareholders	-	-	-	-	(55,511)	-	-	-	-	(55,511)
	Recognize compensation costs for new shares that restrict employee rights	6(18)	-	-	-	-	-	-	2,355	-	2,355
	Cash allocation from capital surplus	-	(37,007)	-	-	-	-	-	-	-	(37,007)
	Purchase of treasury stock	-	-	-	-	-	-	-	-	(121,932)	(121,932)
	Treasury Stock Retired	(80,500)	(41,932)	-	-	-	-	-	-	122,432	-
	BALANCE, DECEMBER 31, 2020	\$ 770,984	\$ 668,899	\$ 18,593	\$ 74,925	\$ 189,840	(\$ 93,423)	\$ 1,092	\$ -	\$ -	\$ 1,630,910
2021											
	BALANCE, JANUARY 1, 2021	\$ 770,984	\$ 668,899	\$ 18,593	\$ 74,925	\$ 189,840	(\$ 93,423)	\$ 1,092	\$ -	\$ -	\$ 1,630,910
	Net income in 2021	-	-	-	-	77,058	-	-	-	-	77,058
	Other comprehensive income (loss) in 2021	-	-	-	-	(57)	(43,000)	(199)	-	-	(43,256)
	Total comprehensive income (loss) in 2021	-	-	-	-	77,001	(43,000)	(199)	-	-	33,802
	Appropriations of prior year's earnings in 2020	6(17)									
	Legal Capital Reserve	-	-	18,929	-	(18,929)	-	-	-	-	-
	Special Capital Reserve	-	-	-	17,407	(17,407)	-	-	-	-	-
	Cash dividends to shareholders	-	-	-	-	(115,648)	-	-	-	-	(115,648)
	BALANCE, DECEMBER 31, 2021	\$ 770,984	\$ 668,899	\$ 37,522	\$ 92,332	\$ 114,857	(\$ 136,423)	\$ 893	\$ -	\$ -	\$ 1,549,064

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

TaiHan Precision Technology Co., Limited

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Note	January 1 ~ December 31, 2021		January 1 ~ December 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Income before income tax		\$ 133,968	\$	297,785
Adjustments for:				
Provided by (used in) operating activities:				
Depreciation expense	6(24)	124,839		133,407
Intangible assets amortization expense	6(24)	4,791		1,864
Expected credit impairment loss (benefit)	12(2)	115		33
Loss (gain) on financial instruments at fair value through profit or loss, net	6(22)	(846 )	(	99)
Finance costs	6(23)	6,939		8,163
Interest income	6(20)	(1,504 )	(	974)
Recognize compensation costs for new shares that restrict employee rights	6(14)	-		2,355
Loss (gain) on disposal or retirement of property, plant and equipment	6(22)	(6,027 )	(	908)
Loss (gain) on disposal or retirement of investment properties	6(22)	-	(	219,846)
Dividend revenue	6(21)	(597 )	(	24)
Lease modification loss (gain)	6(22)	85		-
Changes in operating assets and liabilities				
Changes in operating assets, net				
Notes receivable, Net		(109)	(-
Accounts receivable		(43,004 )	(	62,097
Other receivables		(1,007 )	(	142)
Inventory		(32,414 )	(	21,208
Prepayments		11,931		775
Other current assets		(356 )	(	465
Changes in Liabilities Related to Operating Activities, net				
Contractual Liabilities - Current		(17,014 )	(	15,863
Notes payable		(11,853 )	(	16,009)
Accounts payable		21,438	(	22,808)
Other accounts payable		(23,944 )	(	11,901
Other current liabilities		(1,023 )	(	5,455)
Other noncurrent liabilities		1,118		-
Net defined benefit liability		(977 )	(	1,139)
Cash generated from operations		164,549		288,512
Interest Collection		2,449		974
Interest payment		(6,880 )	(	8,891)
Income tax payment		(70,864 )	(	61,848)
Net cash generated by operating activities		89,254		218,747

(Continued)

TaiHan Precision Technology Co., Limited
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Note	January 1 ~ December 31, 2021	January 1 ~ December 31, 2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss – current		\$ -	(\$ 30,000)
Disposal of financial assets at fair value through profit or loss – current		30,000	-
Financial assets measured at fair value through other comprehensive income or loss			
Capital reduction and refund of shares		721	1,100
Acquisition of property, plant and equipment	6(28)	(45,165)	(21,145)
Disposal of property, plant and equipment		17,860	3,987
Acquisition of property, plant and equipment- Payment of bills payable		(23,883)	
Disposal of investment properties		-	308,791
Increase in prepayments for equipment		(7,753)	(41,709)
Acquisition of intangible assets		(1,751)	(6,167)
Decrease in deposit guarantee		2,930	-
Increase in deposit guarantee		-	(4,809)
Receipt of dividends		597	24
Net cash (outflow) inflow from investing activities		(26,444)	210,072
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6(29)	398,007	574,317
Decrease in short-term loans	6(29)	(389,344)	(631,278)
Long-term borrowings	6(29)	-	174,325
Repayment of long-term loans	6(29)	(12,755)	(19,695)
Decrease in deposit guarantee	6(29)	-	(1,050)
Increase in deposit guarantee	6(29)	323	-
Principal repayment of lease liabilities	6(29)	(28,413)	(22,461)
Cash dividends and capital reserve allocations	6(29)	(115,648)	(92,518)
Purchase of treasury stock		-	(121,932)
Net cash outflow from financing activities		(147,830)	(140,292)
Exchange differences		(746)	(3,868)
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS		(85,766)	284,659
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		623,074	338,415
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 537,308	\$ 623,074

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

TaiHan Precision Technology Co., Limited and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1.Milestone

- (1) TaiHan Precision Technology Co., Limited (hereinafter referred to as the "Company") was established on August 28, 1987. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are mainly engaged in the design, manufacture and trading of various precision molds, tooling and plastic molding products.
- (2) The Company's shares have been listed and transacted on TPEX since November 2007.
- (3) The Speed Tech Corporation Group owns the Company's equity and is the single largest shareholder of the Company and has substantial control over the Company's personnel, finances and operations and will become the parent company of the Company in August 2021. In addition, Luxshare Precision Industry Co., Ltd. is the ultimate parent company of the Company.

2.Date and procedure for approval of financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2022.

3.Date and procedure of financial statement approval

- (1) Effect of application of new and revised IFRSs endorsed by the Financial Supervisory Commission ("FSC")

The following table summarizes the newly issued, amended and revised IFRSs and interpretations of IFRSs endorsed by the FSC for 2021 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 "Temporary Exemption from the Application of IFRS 9 Extensions"	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Phase II Amendments "Changes to Interest Rate Indicators"	January 1, 2021

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16, "COVID-19 Related Rent Reductions after June 30, 2021"	April 1, 2021(Note)

Note: The FSC allowed in advance for application on January 1, 2021.

The Group has evaluated that the above standards and interpretations do not have a significant effect on the Group's consolidated financial position and consolidated financial performance.

(2) Effects of new and amended IFRSs that have not been endorsed by the FSC

The following table summarizes the new, amended and revised IFRSs and interpretations of IFRSs approved by the FSC for application in 2022 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022

The Group has evaluated that the above standards and interpretations do not have a significant effect on the Group's consolidated financial position and consolidated financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The following table summarizes the new, amended and revised standards and interpretations of IFRSs issued by the IASB that have not yet been incorporated into IFRSs endorsed by the FSC :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The Group continues to evaluate the impact of the above amendments to standards and interpretations on the consolidated financial position and consolidated financial performance, and the related impact will be disclosed when the evaluation is completed.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below. Unless otherwise stated, these policies have been applied consistently throughout the reporting period.

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

(2) Basis of Preparation

1. The consolidated financial statements have been prepared on the historical cost basis, except for the following significant items :
 - (1) Financial assets and liabilities at fair value through profit or loss are measured at fair value.
 - (2) Financial assets at fair value through other comprehensive income or loss that are measured at fair value.
 - (3) The defined benefit obligation is recognized as the net asset less the current value of the defined benefit obligation of the pension fund.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. The process of applying the Group's accounting policies also requires management to exercise its judgment. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the consolidated financial statements are described in Note 5.

(3) Basis of Consolidation

1. Principles Governing the Preparation of Consolidated Financial Statements

- (1) The Group includes all subsidiaries in the entities for which consolidated financial statements are prepared. A subsidiary is an entity (including a structured entity) that is controlled by the Group and over which the Group has control when the Group is exposed to variable remuneration from participation in the entity or has rights to such variable remuneration and has the ability, through its power over the entity, to affect such remuneration. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control and are deconsolidated from the date control is lost.
- (2) Inter-company transactions, balances and unrealized gains and losses within the Group have been eliminated. The accounting policies of subsidiaries have been adjusted as necessary to conform to the policies adopted by the Group.
- (3) The components of profit or loss and other comprehensive income or loss are attributed to owners of the parent and non-controlling interests; total comprehensive income or

loss is also attributed to owners of the parent and non-controlling interests, even if this results in a loss balance for non-controlling interests.

- (4) Changes in ownership of subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in a related party or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period. For all amounts previously recognized in other comprehensive income or loss related to that subsidiary, the accounting treatment is the same as if the Group had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.

2. The subsidiaries in the consolidated financial statements

<u>Name of Investment Company</u> Company	Name of Subsidiaries	<u>Business Scope</u>	<u>Percentage of Ownership</u>		
			<u>December 31, December 31,</u>		<u>Note</u>
			<u>2021</u>	<u>2020</u>	
	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	Note1
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	Note1
"	YONGHAN HOLDING (SAMOA) CO., LTD.	Professional Investment Business	100%	100%	Note1
"	TAIHAN HOLDING PHILIPPINES CO., LTD.	Professional Investment Business	100%	100%	Note1
TAIHAN HOLDING (SAMOA) CO., LTD.	TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	100%	100%	Note1 、 Note2
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Production and sales of various precision molds and plastic products, etc.	100%	100%	Note1 、 Note3
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Holding the land and plant of the production base	39.99%	39.99%	Note1 、 Note4
"	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., LTD.	Production and sales of various precision molds and plastic products, etc.	99.99%	99.99%	Note1 、 Note5

Note 1: Its financial statements as of December 31, 2020 were audited by other accountants.

Note 2: TaiHan Mold Products (Dongguan) Company Limited (hereinafter referred to as Dongguan TaiHan Company) was registered and established on January 4, 2001 with the approval of Dongguan City Administration for Industry and Commerce of the People's Republic of China and completed the business license without business term on September 17, 2020, with the main scope of business being the production and sale of various precision molds and plastic products, etc.

Note 3: YONGHAN PRECISION TECHNOLOGY CO., LTD. (hereinafter referred to as YONGHAN Vietnam) was approved by the Industrial Zone Administration of Hai Duong Province, Republic of Vietnam, and was registered on August 28, 2006 for a period of 46 years (from the date of obtaining the investment certificate to August 28, 2052). and plastic products.

Note 4: TAIHANLAND (PHILIPPINES) INC. (hereinafter referred to as Philippine Land Company) was registered on January 9, 2013 and its main business scope is to hold land for production bases. The Philippines restricts the shareholding ratio of foreign investors and the number of natural person shareholders for companies holding production base land. Therefore, TAIHAN HOLDING PHILIPPINES CO., LTD. holds only 39.99% of the shares of the Philippine land company in name, and the other 60.01% shares are entrusted to YANG, CHIEN-PING, CHEN, CHIN-CHUNG and local residents ALDRIN ELI T. CHUA, JUNEL A. TSAI and ANNIE MARIE B. The other 60.01% is entrusted to YANG, CHIEN-PING, CHEN, CHIN-CHUNG and local residents ALDRIN ELI T. CHUA, JUNEL A. TSAI and ANNIE MARIE B. BERNALES, who have signed a shareholding agreement to protect the Group's equity.

Note 5: TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC. (hereinafter referred to as Philippine Manufacturing Company) was incorporated on January 9, 2013, and its main business scope is the production and sale of various precision molds and plastic products. Since the Philippines restricts the number of natural person shareholders in the establishment of a company, TAIHAN HOLDING PHILIPPINES CO., LTD. only holds 99.99% of the shares of Philippine Manufacturing Company in name. The other 0.01% is entrusted to YANG, CHIEN-PING, CHEN, CHIN-CHUNG and local residents, MARA, JOYCE CLARISSE ONG, ALDRIN ELI T. CHUA and CINDY B. BUCATCAT, and a shareholding agreement has been signed with the entrusted parties to protect the Group's equity.

3. Subsidiaries not included in the consolidated financial statements.

None.

4. Adjustment and treatment of different accounting periods of subsidiaries

None.

5. Significant restrictions

None.

6. Subsidiaries with non-controlling interests that are significant to the Group.

None.

(4) Foreign currency exchange

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The consolidated financial statements are presented in the New Taiwan dollar, which is the Group's functional currency, as the presentation currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction or measurement date, and translation differences arising from such transactions are recognized in profit or loss for the current period.
- (2) The balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
- (3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period; those measured at fair value through other comprehensive income are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income; those not measured at fair value, they are measured at the historical exchange rates at the date of initial transactions.
- (4) All exchange gains and losses are reported in "Other gains and losses" in the consolidated statement of income.

2. Translation of foreign operations

The results of operations and financial position of all corporate entities with a functional currency different from the presentation currency are translated into the presentation currency as follows :

- (1) Assets and liabilities expressed in each balance sheet are translated at the closing rate on that balance sheet date.
- (2) The income and expenses expressed in each consolidated statement of income are translated at the average exchange rate for the period; and
- (3) All translation differences are recognized in other comprehensive income.

(5) Classification of Current and Noncurrent Assets and Liabilities

1. Assets are classified as current assets if they meet one of the following categories:

- (1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
- (2) Those that are held primarily for trading purposes.
- (3) Expected to be realized within 12 months after the balance sheet date.
- (4) Cash or cash equivalents, except for those that are restricted from being exchanged or used to settle liabilities for at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above categories as non-current.

2. Liabilities are classified as current liabilities if one of the following conditions is met.
- (1) The liability is expected to be settled in the normal operating cycle.
 - (2) Held primarily for trading purposes.
 - (3) They are expected to be settled within 12 months after the balance sheet date.
 - (4) The maturity date cannot be unconditionally extended to at least twelve months after the balance sheet date. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counterparties, do not affect the classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(6) Cash Equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial assets at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income or loss are classified as financial assets at fair value through profit or loss.
2. The Group applies trade date accounting to financial assets at fair value through profit or loss that qualify as customary transactions.
3. The Group recognizes the related transaction costs at fair value through profit or loss on initial recognition and subsequently recognizes the benefit or loss at fair value through profit or loss.
4. Dividend income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow and the amount of dividends can be measured reliably.

(8) Financial assets measured at fair value through other comprehensive income or loss

1. The fair value changes of investments in equity instruments not held for trading are reported in other comprehensive income at the time of initial recognition as an irrevocable choice.
2. The Group applies trade date accounting to financial assets measured at fair value through other comprehensive income or loss that qualify for trading practice.
3. The Group measures these instruments at their fair value plus transaction costs on initial recognition and subsequently at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss and is reclassified to retained earnings. Dividend income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow and the amount of the dividends can be measured reliably.

(9) Financial assets measured at amortized cost

1. A financial asset is one that also meets the following conditions:
 - (1) The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying interest on the principal and outstanding principal amount.
2. The Group applies trade date accounting to financial assets measured at amortized cost that qualify for trading practice.
3. The Group measures interest income at its fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment loss over the liquidity period using the effective interest method under the amortization procedure, and recognizes its gain or loss in profit or loss when derecognized.

(10) Accounts and notes receivable

1. Accounts and instruments with unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable that are not interest-bearing are measured at the original invoice amount because the effect of discounting is not significant.

(11) Impairment of financial assets

For financial assets measured at amortized cost at each balance sheet date, after taking into account all reasonable and probable information (including forward-looking information), the Group measures the allowance for losses at the 12-month expected credit loss amount for financial assets that do not have a significant increase in credit risk since initial recognition; for financial assets with a significant increase in credit risk since initial recognition, the allowance for losses is measured at the expected credit loss amount over the period of time. For accounts receivable or contract assets that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the period.

(12) Derecognition of financial assets

Financial assets are derecognized when the Group's contractual rights to receive cash flows from the financial assets lapse

(13) Lessor's Lease Transactions - Operating Leases

Lease proceeds from operating leases, net of any incentives given to the lessee, are recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are measured at the lower of cost or net realizable value, with cost determined by the weighted-average method. The cost of finished goods and work in process includes raw materials, direct labor, other direct costs and production-related manufacturing costs, but excludes borrowing costs. The lower of cost or net realizable value is determined on a line-by-line basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to be incurred to completion and related variable selling expenses.

(15) Property, Plant and Equipment

1. Property, plant and equipment are recorded at acquisition cost.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced portion should be excluded. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plant and equipment are subsequently measured at cost and depreciated on a straight-line basis over their estimated useful lives. If the components of property, plant and equipment are significant, they are depreciated separately.
4. The Group reviews the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and useful life differs from previous estimates, or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful lives of each asset are as follows:

Buildings

Factory main building	25~51 years
Mechanical and Electrical Power Equipment	5~20 years
Architectural modifications	1.5~50 years
Machinery and Equipment	1~10 years
Transportation Equipment	5~6 years
Office Equipment	3~10 years
Other Equipment	3~15 years

(16) Lessee's lease transactions - right-of-use assets/lease liabilities

1. Leased assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Group. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the present value of the lease payments outstanding at the inception date of the lease, discounted at the Group's incremental borrowing rate, which is a fixed benefit, less any lease incentives receivable.
Interest expense is subsequently accrued over the lease period using the interest method, which is measured at amortized cost. The lease liability is reassessed and the right-of-use asset is remeasured when there is a change in the lease term or lease payments that is not a contractual modification.
3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost is the original measurement of the lease liability.
Depreciation expense is provided when the right-of-use asset is subsequently measured

at cost, at the earlier of the end of its useful life or the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurement of the lease liability.

(17) Investment property

Investment property is recognized at acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 50 years.

(18) Intangible assets

The cost of computer software is recognized at acquisition cost and amortized on a straight-line basis over the estimated useful lives of 1 ~ 5 years.

(19) Impairment of non-financial assets.

An impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or its value in use. An impairment loss is reversed when no impairment loss exists or decreases in prior years, provided that the carrying amount of the asset reversed does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

(20) Loans

This refers to long- and short-term borrowings from banks. The Group measures the amount at its fair value less transaction costs on initial recognition and subsequently recognizes interest expense in profit or loss over the liquidity period using the effective interest method for any difference between the redemption price and the redemption value, net of transaction costs.

(21) Accounts and notes payable

1. Debt incurred for the purchase of raw materials, goods or services on credit and bills payable for operating and non-operating purposes.
2. Short-term accounts payable and notes payable with unpaid interest are measured at the original invoice amount because the effect of discounting is not significant.

(22) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the obligations specified in the contracts are fulfilled, cancelled or expired.

(23) Employee Benefits

1. Short-term employee benefits
Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered.
2. Retirement
 - (1) Definition of the contribution plan
For defined contribution plans, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis in the current period. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.
 - (2) Defined benefit plans
 - A. The net obligation under the defined benefit plans is calculated by discounting the amount of future benefits earned by employees for current or past service by the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method, using market yields at the balance sheet date on government bonds (at the balance sheet date) that correspond to the currency and period of the defined benefit plan.
 - B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are expressed in retained earnings.
 - C. The related expenses for prior service costs are recognized immediately in profit or loss.
3. Employee Compensation and Directors' Remuneration
Employee compensation and remuneration to directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual allotment amount subsequently resolved differs from the estimated amount, the difference is treated as a change in accounting estimate. In addition, the number of shares used for employee compensation is calculated based on the closing price on the day before the date of the board of directors' resolution.

(24) Employee Share-based Payment

1. Equity-settled share-based payment agreements are measured at the fair value of the equity instruments given on the date of grant for employee services received and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effect of market vesting conditions and non-vesting conditions. The recognized compensation cost is adjusted as the number of awards that are expected to meet the service conditions and non-market vesting conditions is adjusted until the final amount recognized is based on the number of awards vested at the vesting date.
2. Restrictions on Employee Rights IPO
 - (1) Compensation cost is recognized at the grant date on the basis of the fair value of the equity instruments granted over the vesting period.
 - (2) The right to participate in dividend distribution is not restricted and the employee is not required to return the dividends received if he/she leaves the company during the vesting period.
 - (3) Employees are required to pay a price to acquire new shares with restricted rights.

If an employee leaves the Company during the vesting period, the employee should return the shares and the Company should also refund the price.

(25) Taxation

1. Income tax expense consists of current and deferred income taxes. Income taxes are recognized in profit or loss, except when they relate to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. The Group calculates current income taxes based on tax rates that are legislated or substantively legislated at the balance sheet date of the countries in which the Group operates and generates taxable income. Management periodically evaluates the status of income tax returns with respect to applicable income tax regulations and, when applicable, estimates the income tax liabilities based on the expected tax payments to be made to the tax authorities. Income tax is imposed on undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, income tax expense is recognized on the actual distribution of earnings after the shareholders' meeting approves the earnings distribution.
3. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. Temporary differences arising from investments in subsidiaries are not recognized if the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle or realize the assets and liabilities simultaneously on a net basis; deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(26) Share Capital

1. Common stock is classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from equity, net of income taxes.
2. When the Company repurchases outstanding shares, the consideration paid includes any directly attributable incremental costs recognized as a deduction from stockholders' equity, net of income taxes.

(27) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends, and cash dividends are recognized as a liability.

(28) Revenue Recognition

1. Revenue from sales of various precision molded and plastic molding products is recognized when control of the products is transferred to the customer, that is, when the products are delivered to the customer, the customer has discretion over the access and price of the products sold, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the products. Delivery of merchandise occurs when the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Revenue from sales of merchandise is recognized on a net basis, based on contract prices less sales returns and discounts. The Group does not adjust the transaction price to reflect the time value of money because the time lag between the transfer of the promised goods or services to the customer and the customer's payment does not exceed one year.
3. Accounts receivable are recognized when the merchandise is delivered to the customer because the Group has unconditional rights to the contract price from that point onward and only requires the passage of time to receive the consideration from the customer.

(29) Government Subsidies

Government subsidies are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government subsidy and that the subsidy will be received. If the nature of the government grants is to compensate the Group for expenses incurred, the government grants are recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred. Government grants related to property, plant and equipment are recognized as non-current liabilities and are recognized as current income on a straight-line basis over the estimated useful lives of the related assets.

(30) Operating Department

The Group's operating department information is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the operating departments and evaluating their performance.

5. Critical accounting judgments, assumptions and key sources of estimation uncertainty

In preparing these consolidated financial statements, the Group's management has used its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing at the balance sheet date. Significant accounting estimates and assumptions that may differ from actual results are continually evaluated and adjusted, considering historical experience and other factors. These estimates and assumptions are subject to the risk that the carrying amounts of assets and liabilities will be adjusted in the next financial year. The following is a description of the uncertainties in significant accounting judgments, estimates and assumptions:

(1) Critical judgments in the adoption of accounting policies

The accounting policies adopted by the Group have been assessed to be free from significant uncertainty.

(2) Critical Accounting Estimates and Assumptions

1. Evaluation of Inventory

Because inventories are stated at the lower of cost or net realizable value, the Group must use judgment and estimates to determine the net realizable value of inventories at the balance sheet date. Due to the rapid changes in technology, the Group evaluates the amount of inventories at the balance sheet date that are normally worn out, obsolete or have no marketable value and reduces the cost of inventories to net realizable value. This inventory valuation is based on the estimation of product demand in specific future periods and is subject to significant changes.

As of December 31, 2021, the carrying amount of the Group's inventories was \$188,201.

2. Estimated allowance for loss on accounts receivable

The Group manages the collection and demand collection operations from customers and assumes the related credit risk. The management regularly evaluates the credit quality and collection status of customers and adjusts the credit policy for customers in a timely manner. The expected loss rate is established by incorporating forward-looking information on the customer's ability to pay.

As of December 31, 2021, the carrying amount of the Group's accounts receivable was \$397,554.

6. Description of significant accounting items

(1) Cash and Cash Equivalents

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Cash on hand	\$ 1,080	\$ 1,225
Checking Deposit and Savings Deposit	536,228	393,349
Cash equivalents - bank time deposits	-	178,500
Cash equivalents - bonds with repurchase	-	50,000
	<u>\$ 537,308</u>	<u>\$ 623,074</u>

1. The Group has good credit quality with financial institutions, and the Group has dealings with various financial institutions to diversify the credit risk, and the possibility of default is expected to be low.
2. The Group has not pledged cash and cash equivalents as collateral.

(2) Financial assets at fair value through profit or loss

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current Items :		
Mandatory financial assets at fair value through profit or loss		
Hybrid Instrument - Structured Time Deposit	\$ -	\$ 30,000
Valuation Adjustment	-	99
	<u>\$ -</u>	<u>\$ 30,099</u>

1. The net (loss) gain or loss on the Group's mandatory financial assets at fair value through profit or loss was \$846 and \$99 in fiscal 2021 and 2020, respectively.
2. The Group has not pledged financial assets at fair value through profit or loss as security.
3. Please refer to Note 12(3) for the related fair value information.

(3) Financial assets measured at fair value through other comprehensive income or loss

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Non-current items :		
Equity Tools		
Unlisted counter stocks (Note)	\$ 3,179	\$ 3,900
Valuation Adjustment	893	1,092
	<u>\$ 4,072</u>	<u>\$ 4,992</u>

Note: The investee company will reduce its capital by \$721 and \$1,100 in December 2021 and 2020, respectively, due to operational strategy adjustment.

1. The Group has elected to classify its equity investments, which are strategic investments, as financial assets measured at fair value through other comprehensive income or loss.
2. The breakdown of financial assets at fair value through other comprehensive income or loss recognized in (loss) income and comprehensive (loss) income is as follows :

	<u>2021</u>	<u>2020</u>
<u>Equity instruments measured at fair value through other comprehensive income or loss</u>		
Changes in fair value recognized in other comprehensive (loss) income	(\$ 199)	\$ 982

3. The Group has not pledged financial assets measured at fair value through other comprehensive income or loss as security.
4. Please refer to Note 12(3) for the related fair value information.

(4) Financial assets measured at amortized cost

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current Items :		
Time deposits with maturity of more than three months to less than one year	<u>\$ 1,824</u>	<u>\$ 1,855</u>

The Group has not pledged financial assets measured at amortized cost as security.

(5) Accounts receivable

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Notes Receivable	\$ 109	\$ -
Accounts Receivable	\$ 397,691	\$ 354,707
Accounts receivable - related parties	-	-
	<u>397,691</u>	<u>354,707</u>
Less: Allowance for losses	(137)	(42)
	<u>\$ 397,554</u>	<u>\$ 354,665</u>

1. The aging analysis of the Group's notes and accounts receivable and related credit risk information are described in Note 12(2).
2. The balances of accounts receivable and notes receivable as of December 31, 2021 and 2020 were all generated from customer contracts, and the balance of receivables from customer contracts as of January 1, 2020 was \$416,804.
3. Group does not hold any collateral for its accounts receivable.

(6) Inventory

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for</u> <u>decline in value</u>	<u>Carrying amount</u>
Raw Materials	\$ 59,353	(\$ 1,698)	\$ 57,655
In Production	40,344	(776)	39,568
Finished products	95,759	(4,781)	90,978
	<u>\$ 195,456</u>	<u>(\$ 7,255)</u>	<u>\$ 188,201</u>

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for</u> <u>decline in value</u>	<u>Carrying amount</u>
Raw Materials	\$ 56,517	(\$ 4,549)	\$ 51,968
In Production	40,936	(890)	40,046
Finished products	68,757	(4,984)	63,773
	<u>\$ 166,210</u>	<u>(\$ 10,423)</u>	<u>\$ 155,787</u>

1. None of the above inventories were pledged as security.
2. The cost of inventories recognized as expense in the current period was as follows :

	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 1,743,113	\$ 1,619,044
Loss on decline in value of inventories (gain on reversal)	(2,735)	(5,223)
	<u>\$ 1,740,378</u>	<u>\$ 1,613,821</u>

The Group had a reversal benefit due to the de-valuation of inventories that were previously recorded as a loss on decline in value.

(Blank below)

(7) Property, plant and equipment

2021

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Outstanding Construction and equipment to be inspected</u>	<u>Total</u>
January 1								
Cost	\$ 72,274	\$ 754,655	\$ 1,077,519	\$ 24,676	\$ 11,472	\$ 27,764	\$ 4,190	\$ 1,972,550
Accumulated depreciation and impairment	-	(163,944)	(753,546)	(16,231)	(10,071)	(14,493)	-	(958,285)
	<u>\$ 72,274</u>	<u>\$ 590,711</u>	<u>\$ 323,973</u>	<u>\$ 8,445</u>	<u>\$ 1,401</u>	<u>\$ 13,271</u>	<u>\$ 4,190</u>	<u>\$ 1,014,265</u>
January 1	\$ 72,274	\$ 590,711	\$ 323,973	\$ 8,445	\$ 1,401	\$ 13,271	\$ 4,190	\$ 1,014,265
Additions	-	6,134	40,119	44	702	-	3,880	50,879
Disposal	-	-	(11,833)	-	-	-	-	(11,833)
Reclassification	-	599	2,166	-	177	155	27,606	30,703
Depreciation expense	-	(22,336)	(71,108)	(2,513)	(906)	(2,160)	-	(99,023)
Net exchange difference	(6,170)	(40,265)	(14,334)	(574)	(33)	(846)	(362)	(62,584)
December 31	<u>\$ 66,104</u>	<u>\$ 534,843</u>	<u>\$ 268,983</u>	<u>\$ 5,402</u>	<u>\$ 1,341</u>	<u>\$ 10,420</u>	<u>\$ 35,314</u>	<u>\$ 922,407</u>
December 31								
Cost	\$ 66,104	\$ 702,342	\$ 1,024,625	\$ 21,680	\$ 11,736	\$ 23,359	\$ 35,314	\$ 1,885,160
Accumulated depreciation	-	(167,499)	(755,642)	(16,278)	(10,395)	(12,939)	-	(962,753)
	<u>\$ 66,104</u>	<u>\$ 534,843</u>	<u>\$ 268,983</u>	<u>\$ 5,402</u>	<u>\$ 1,341</u>	<u>\$ 10,420</u>	<u>\$ 35,314</u>	<u>\$ 922,407</u>

2020

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Outstanding Construction and equipment to be inspected</u>	<u>Total</u>
January 1								
Cost	\$ 72,322	\$ 777,947	\$ 1,153,243	\$ 23,051	\$ 12,056	\$ 27,466	\$ 4,204	\$ 2,070,289
Accumulated depreciation	<u>-</u>	<u>(154,391)</u>	<u>(753,671)</u>	<u>(14,315)</u>	<u>(9,855)</u>	<u>(12,041)</u>	<u>-</u>	<u>(944,273)</u>
	<u>\$ 72,322</u>	<u>\$ 623,556</u>	<u>\$ 399,572</u>	<u>\$ 8,736</u>	<u>\$ 2,201</u>	<u>\$ 15,425</u>	<u>\$ 4,204</u>	<u>\$ 1,126,016</u>
January 1	\$ 72,322	\$ 623,556	\$ 399,572	\$ 8,736	\$ 2,201	\$ 15,425	\$ 4,204	\$ 1,126,016
January 1	-	701	1,267	-	-	-	-	1,968
January 1	-	(1,345)	(1,734)	-	-	-	-	(3,079)
Reclassification	-	1,600	9,506	2,437	55	422	(11)	14,009
Depreciation expense	-	(23,233)	(78,164)	(2,634)	(829)	(2,553)	-	(107,413)
Net exchange difference	<u>(48)</u>	<u>(10,568)</u>	<u>(6,474)</u>	<u>(94)</u>	<u>(26)</u>	<u>(23)</u>	<u>(3)</u>	<u>(17,236)</u>
December 31	<u>\$ 72,274</u>	<u>\$ 590,711</u>	<u>\$ 323,973</u>	<u>\$ 8,445</u>	<u>\$ 1,401</u>	<u>\$ 13,271</u>	<u>\$ 4,190</u>	<u>\$ 1,014,265</u>
December 31								
Cost	\$ 72,274	\$ 754,655	\$ 1,077,519	\$ 24,676	\$ 11,472	\$ 27,764	\$ 4,190	\$ 1,972,550
Accumulated depreciation	<u>-</u>	<u>(163,944)</u>	<u>(753,546)</u>	<u>(16,231)</u>	<u>(10,071)</u>	<u>(14,493)</u>	<u>-</u>	<u>(958,285)</u>
	<u>\$ 72,274</u>	<u>\$ 590,711</u>	<u>\$ 323,973</u>	<u>\$ 8,445</u>	<u>\$ 1,401</u>	<u>\$ 13,271</u>	<u>\$ 4,190</u>	<u>\$ 1,014,265</u>

1. For the years 2021 and 2020, the Company has not capitalized any interest, and all of them are for self-use.
2. Please refer to Note 8 for information on guarantees provided by property, plant and equipment.

(8) Lease transaction - Tenant

1. The subject assets of the Group's leases include land use rights, buildings and transportation equipment. The lease agreements for buildings and transportation equipment are for periods ranging from 2 to 5 years, and the lease of land in Vietnam is for a 45-year prepaid land use right. The lease contracts are individually negotiated and contain various terms and conditions. The leased assets cannot be subleased, loaned, assigned or otherwise used by others, or the lease rights transferred to others without the lessor's consent.
2. The carrying value of the right-of-use assets and the depreciation expense recognized were as follows :

	<u>Land Use Rights</u>	<u>Building Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
January 1, 2021	\$ 12,520	\$ 51,665	\$ 2,852	\$ 67,037
Additions	-	4,255	-	4,255
Sub-leasing	-	(846)	-	(846)
Reduction	-	(867)	(1,680)	(2,547)
Depreciation expense	(393)	(23,651)	(1,172)	(25,216)
Effect of exchange rate changes	(210)	(310)	-	(520)
December 31, 2021	<u>\$ 11,917</u>	<u>\$ 30,246</u>	<u>\$ -</u>	<u>\$ 42,163</u>

	<u>Land Use Rights</u>	<u>Building Construction</u>	<u>Transportation Equipment</u>	<u>Total</u>
January 1, 2020	\$ 13,565	\$ 6,219	\$ 4,390	\$ 24,174
Additions	-	68,795	-	68,795
Depreciation expense	(409)	(23,345)	(1,538)	(25,292)
Effect of exchange rate changes	(636)	(4)	-	(640)
December 31, 2020	<u>\$ 12,520</u>	<u>\$ 51,665</u>	<u>\$ 2,852</u>	<u>\$ 67,037</u>

3. Information on the profit and loss items related to lease contracts is as follows :

	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 1,682	\$ 1,680
Lease payments for assets of low value	588	336
Lease modification loss (benefit)	85	-

4. In addition to the cash outflow for lease related expenses mentioned in Note 6(h)(3) above, the Group's cash outflow for principal repayment of lease liabilities for 2021 and 2020 totaled \$28,413 and \$22,461, respectively.
5. Please refer to Note 8 for information on guarantees provided by right-of-use assets.

(9) Investment property

	<u>2021</u>		
	<u>Land</u>	<u>House and Building</u>	<u>Total</u>
January 1			
Cost	\$ 3,429	\$ 31,157	\$ 34,586
Accumulated depreciation	-	(627)	(627)
	<u>\$ 3,429</u>	<u>\$ 30,530</u>	<u>\$ 33,959</u>
January 1	\$ 3,429	\$ 30,530	\$ 33,959
Depreciation expense	-	(600)	(600)
Net exchange difference	(293)	(2,576)	(2,869)
December 31	<u>\$ 3,136</u>	<u>\$ 27,354</u>	<u>\$ 30,490</u>
December 31			
Cost	\$ 3,136	\$ 28,568	\$ 31,704
Accumulated depreciation	-	(1,214)	(1,214)
	<u>\$ 3,136</u>	<u>\$ 27,354</u>	<u>\$ 30,490</u>
	<u>2020</u>		
	<u>Land</u>	<u>House and Building</u>	<u>Total</u>
January 1			
Cost	\$ 77,398	\$ 61,192	\$ 138,590
Accumulated depreciation	-	(14,963)	(14,963)
	<u>\$ 77,398</u>	<u>\$ 46,229</u>	<u>\$ 123,627</u>
January 1	\$ 77,398	\$ 46,229	\$ 123,627
Depreciation expense	-	(702)	(702)
Disposal	(73,966)	(14,979)	(88,945)
Net exchange difference	(3)	(18)	(21)
December 31	<u>\$ 3,429</u>	<u>\$ 30,530</u>	<u>\$ 33,959</u>
December 31			
Cost	\$ 3,429	\$ 31,157	\$ 34,586
Accumulated depreciation	-	(627)	(627)
	<u>\$ 3,429</u>	<u>\$ 30,530</u>	<u>\$ 33,959</u>

1. Rental income from investment properties and direct operating expenses :

	<u>2021</u>	<u>2020</u>
Rental income from investment properties	\$ 5,945	\$ 7,906
Direct operating expenses incurred on investment properties that generate rental income in the current period	\$ 600	\$ 702

2. The fair values of investment properties held by the Group as of December 31, 2021 and 2020 were \$39,782 and \$44,233, respectively, and were valued in accordance with management's valuation techniques commonly used by market participants. The valuation was based on recent significant assumptions and fair value evaluated with reference to market evidence of similar real estate transaction prices, which is a Level 3 fair value.
3. For information on guarantees provided by investment properties, please refer to Note 8.
4. The Group's board of directors approved the disposal of the land and building located at No. 501, Wu Gong Section, Wugu District, New Taipei City on February 19, 2020, the sale of the aforementioned real estate was completed on April 30, 2020 for a total consideration of \$310,000, net of sales tax of \$1,209 and book value of \$88,945, resulting in a gain on disposal of investment properties of \$219,846.

(10) Short-term loans

<u>Nature of loan</u>	<u>December 31, 2021</u>	<u>Interest Rate Range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	\$ 56,765	0.87%-1.17%	None
Guaranteed Loans	70,841	1.13%-1.20%	Please refer to Note 8 for details.
	<u>\$ 127,606</u>		

<u>Nature of loan</u>	<u>December 31, 2020</u>	<u>Interest Rate Range</u>	<u>Collateral</u>
Bank Loans			
Credit Loan	\$ 47,038	0.96%-1.26%	None
Guaranteed Loans	102,880	1.15%-1.26%	Please refer to Note 8 for details.
	<u>\$ 149,918</u>		

The interest expense recognized by the Group in profit or loss is described in Note 6(23).

(11) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 41,904	\$ 38,882
Compensation payable to employees and directors and supervisors	7,692	17,589
Processing fees payable	5,314	10,661
Payables for equipment	11,498	5,784
Utilities payable	3,242	5,707
Other	23,101	38,013
	<u>\$ 92,751</u>	<u>\$ 116,636</u>

(12) Long-term loans

<u>Nature of loan</u>	<u>Loan Period and Repayment Method</u>	<u>Interest Rate Range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
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Long-term bank loans Mega Bank	Interest is payable quarterly from 1.37% July 30, 2020 to July 30, 2027, with principal repayment in installments beginning in the 13th month	Please refer to Note 8 for details.	\$ 152,612
Less: Long-term loans due within one year or one business cycle			(26,541)
			<u>\$ 126,071</u>

<u>Nature of loan</u>	<u>Loan Period and Repayment Method</u>	<u>Interest Rate Range</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank loans Mega Bank	Interest is payable quarterly from July 30, 2020 to July 30, 2027, with principal repayment in installments beginning in the 13th month	1.51%	Please refer to Note 8 for details.	\$ 170,734
Less: Long-term loans due within one year or one business cycle				(13,659)
				<u>\$ 157,075</u>

The interest expense recognized by the Group in profit or loss is described in Note 6(23).

(13) Retirement

1. Defined Benefit Retirement Plan

(1) The Company's pension plan under the Labor Standards Law is a defined benefit pension plan administered by the government. Employees' pension payments are based on the average salary for the six months prior to the date of approved retirement. The Company contributes 2% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account at the Bank of Taiwan. If the balance of the special account is not sufficient to pay the employees who are expected to meet the retirement requirements in the following year before the end of the year, the difference will be withdrawn in one lump sum by the end of March of the following year. The management of the account is entrusted to the Bureau of Labor Fund Application, Ministry of Labor, and the Consolidated Company has no right to influence the investment management strategy.

(2) The amounts recognized in the balance sheet were as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	(\$ 14,529)	(\$ 14,120)
Fair value of planned assets	<u>11,825</u>	<u>10,510</u>
Net defined benefit obligation	<u>(\$ 2,704)</u>	<u>(\$ 3,610)</u>

(3) The changes in the net defined benefit obligation were as follows :

	<u>Defined Benefits Present Value of Volunteer Services</u>	<u>Planned assets Fair value</u>	<u>Net defined benefit Assets (liabilities)</u>
2021			
Balance as of January 1	(\$ 14,120)	\$ 10,510	(\$ 3,610)
Current service cost	(149)	-	(149)
Interest (expense) income	(49)	39	(10)
	<u>(14,318)</u>	<u>10,549</u>	<u>(3,769)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	140	140
Effect of changes in demographic assumptions			
Effect of changes in financial assumptions	(749)	-	(749)
Experience Adjustments	551	-	551
Remeasurements.	(13)	-	(13)
	<u>(211)</u>	<u>140</u>	<u>(71)</u>
Contribution to retirement fund	-	1,136	1,136
Balance on December 31	<u>(\$ 14,529)</u>	<u>\$ 11,825</u>	<u>(\$ 2,704)</u>
	<u>Defined Benefits Present Value of Volunteer Services</u>	<u>Planned assets Fair value</u>	<u>Net defined benefit Assets (liabilities)</u>
2020			
Balance as of January 1	(\$ 9,564)	\$ 8,928	(\$ 636)
Current service cost	(103)	-	(103)
Interest (expense) income	(76)	76	-
	<u>(9,743)</u>	<u>9,004</u>	<u>(739)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	264	264
Effect of changes in demographic assumptions	(64)	-	(64)
Effect of changes in financial assumptions	(318)	-	(318)
Experience Adjustment	(3,995)	-	(3,995)
Contribution to retirement fund	(4,377)	264	(4,113)
Balance on December 31	<u>-</u>	<u>1,242</u>	<u>1,242</u>
Remeasurements.	<u>(\$ 14,120)</u>	<u>\$ 10,510</u>	<u>(\$ 3,610)</u>

(4) The assets of the Company's defined benefit pension plan are entrusted to the Bank of Taiwan in accordance with Article 6 of the Regulations Governing the Custody and Use of Labor Pension Fund (i.e., deposit with domestic and foreign financial institutions, investment in domestic and foreign listed, over-the-counter or private

placement equity securities, and investment in domestic and foreign real estate securitization products) within the proportion and amount of the entrusted items set forth in the annual investment and utilization plan of the fund. The use of the fund is supervised by the Labor Pension Fund Supervisory Committee. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the interest rate of two-year time deposits in local banks, and if there is any deficiency, it shall be replenished by the national treasury after approval by the competent authority. Because the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of plan assets in accordance with paragraph 142 of IAS 19. For the fair value of the total assets of the fund as of December 31, 2021 and 2020, please refer to the report on the use of the Labor Pension Fund published by the government for each year.

- (5) The actuarial assumptions related to pensions are summarized as follows :

	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.75%</u>	<u>0.35%</u>
Future salary increase rate	<u>2.50%</u>	<u>2.50%</u>

The assumptions for future mortality are based on the Sixth Life Table of Experience for the Taiwan life insurance industry.

An analysis of the present value of the defined benefit obligation due to changes in the major actuarial assumptions used is as follows :

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase of</u>	<u>Reduction of</u>	<u>Increase of</u>	<u>Reduction of</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2021</u>				
Effect on the present value of defined benefit obligations	(\$ 351)	\$ 362	\$ 347	(\$ 337)
<u>December 31, 2020</u>				
Effect on the present value of defined benefit obligations	(\$ 369)	\$ 383	\$ 365	(\$ 354)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methodology and assumptions used in the sensitivity analysis are the same as those used in the previous period.

- (6) The Group's estimated contribution to the retirement plan for the year 2022 is \$1,136.
- (7) As of December 31, 2021, the weighted-average duration of the retirement plan is 10 years. An analysis of the maturity of pension payments is presented below :

	<u>Amount</u>
Within 1 year	\$ 9,817
1 ~ 5 years	<u>6,614</u>
	<u>\$ 16,431</u>

2. Determine the method of contribution to retirement

- (1) Effective July 1, 2005, the Company has established a defined contribution retirement plan under the Labor Pension Act, which is applicable to employees of the Company's nationality. The Company makes monthly contributions of 6% of salary to the employees' personal accounts at the Labor Insurance Bureau for the

employees who choose to be covered by the Labor Pension Act. The employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings.

(2) The remaining overseas companies of the Group make monthly contributions to the pension fund at a certain percentage of the total salaries of the employees in accordance with the relevant regulations, and the Company has no further obligations other than making monthly contributions.

(3) For the years 2021 and 2020, the Group recognized pension costs of \$8,086 and \$3,633, respectively, based on the above pension plan.

(14) Share Based Payment

1. The Group's share-based payment agreements are as follows :

Restricted Employee Rights IPO

The Group has not issued any new shares with restricted employee rights in fiscal 2021 and 2020, and the information on the issued shares is as follows :

	<u>2021</u>	<u>2020</u>
	<u>No. of shares</u>	<u>No. of shares</u>
	<u>(in thousands)</u>	<u>(in thousands)</u>
In circulation at the beginning of January 1	-	983
Current vested	-	(983)
In circulation at the end of December 31	<u>-</u>	<u>-</u>

2. Expenses arising from share-based payment transactions

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Restrictions on Employee Rights IPO	<u>-</u>	<u>2,355</u>

(15) Share Capital

As of December 31, 2021, the Company had a paid-in capital of \$1,500,000 divided into 150,000 thousand shares and a paid-in capital of \$770,984 with a par value of \$10 per share. The Company has received payment for all issued shares.

A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period (in thousands) is as follows :

	<u>2021</u>	<u>2020</u>
<u>Share Capital</u>		
January 1	77,098	85,148
Cancellation of treasury stock	-	(8,050)
December 31	<u>77,098</u>	<u>77,098</u>
<u>Treasury Stock</u>		
January 1	-	50
Purchase of treasury stock	-	8,000
Cancellation of treasury stock	-	(8,050)
December 31	<u>-</u>	<u>-</u>

(16) Capital surplus

1. In accordance with the Company Law, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to offset losses, and new shares or cash may be issued in proportion to the shareholders' original shares when the Company has no accumulated losses. In accordance with the Securities and Exchange

Act, the total amount of the above capital surplus shall not exceed 10% of the paid-in capital each year. The Company may not use capital surplus to replenish capital unless there is a shortfall in capital surplus to cover capital deficit.

	<u>2021</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1 (i.e., the end of December 31)	\$ 615,083	\$ 53,673	\$ -	\$ 143	\$ 668,899

	<u>2020</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 713,256	\$ 28,554	\$ 5,885	\$ 143	\$ 747,838
Cash allotment from capital reserve	(37,007)	-	-	-	-(37,007)
Cancellation of treasury stock	(67,051)	25,119	-	-	-(41,932)
Restrictions on employee rights new shares vested	5,885	-	(5,885)	-	-
#REF!	\$ 615,083	\$ 53,673	\$ -	\$ 143	\$ 668,899

- The Company held an ordinary shareholders' meeting on June 16, 2020 and resolved to distribute cash from capital surplus in the amount of \$37,007.

(17) Retained earnings/post-period events

- In accordance with the Company's Articles of Incorporation, the Company shall first make up its deficit and then set aside 10% of the remaining balance as legal reserve, except when the legal reserve has reached the total capital. In addition, the Board of Directors shall prepare a proposal for the appropriation of the special reserve or the reversal of the special reserve by law or by the competent authority, and if there is any surplus, the Board of Directors shall propose a resolution to the shareholders' meeting to distribute the amount of the accumulated undistributed earnings of the previous year and the undistributed earnings of the current year.
- The Company's dividend policy is based on a prudent and balanced approach, and at least 20% of the dividends distributed in a given year is set aside for cash dividends, considering factors such as profitability, financial structure and future development of the Company.
- The legal reserve may not be used except to cover losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of such reserve shall exceed 25% of the paid-in capital.
- When distributing earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date, and if the debit balance of other equity items is subsequently reversed, the reversed amount may be included in available-for-distribution earnings.
- The Company's earnings distribution is as follows. :

- At the ordinary shareholders' meetings held on July 16, 2021 and June 16, 2020, it was resolved that the appropriation of earnings for 2020 and 2019 be approved as follows :

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividend per share (\$)</u>	<u>Amount</u>	<u>Dividend per share (\$)</u>
Provision for legal reserve	\$ 18,929		\$ 7,224	
Provision for special reserve	17,407		9,770	
Cash dividends	<u>115,648</u>	1.50	<u>55,511</u>	0.72

\$ 151,984

\$ 72,505

(2) The Board of Directors resolved on March 14, 2022 to distribute earnings for fiscal 2021 as follows :

	<u>2021</u>	Dividend per share
	<u>Amount</u>	(\$)
Provision for legal reserve	\$ 7,700	
Provision for special reserve	43,199	
Cash dividends	<u>30,839</u>	0.40
	<u>\$ 81,738</u>	

(18) Other equity items

	<u>2021</u>			Total
	<u>Unrealized</u> <u>(loss) gain</u>	<u>Foreign Currency</u> <u>Conversion</u>	<u>Employees no</u> <u>earning compensation</u>	
January 1	\$ 1,092	(\$ 93,423)	\$ -	(\$ 92,331)
Rating Adjustment	(199)		-	(199)
Foreign currency translation differences.				
-Group	-	(53,750)	-	(53,750)
-Group tax	-	<u>10,750</u>	-	<u>10,750</u>
#REF!	<u>\$ 893</u>	<u>(\$ 136,423)</u>	<u>\$ -</u>	<u>(\$ 135,530)</u>

	<u>2020</u>			Total
	<u>Unrealized</u> <u>(loss) gain</u>	<u>Foreign Currency</u> <u>Conversion</u>	<u>Employees no</u> <u>earning compensation</u>	
January 1	\$ 110	(\$ 72,679)	(\$ 2,355)	(\$ 74,924)
Valuation Adjustment	982	-	-	982
Recognized share-based payment expense	-	-	2,355	2,355
Foreign currency translation differences.				
-Group	-	(25,930)	-	(25,930)
-Group tax	-	<u>5,186</u>	-	<u>5,186</u>
#REF!	<u>\$ 1,092</u>	<u>(\$ 93,423)</u>	<u>\$ -</u>	<u>(\$ 92,331)</u>

(19) Operating income

1. Breakdown of contract customer revenue

The Group's revenues are derived from commodities that are transferred at a point in time and are subdivided into the following major business groups :

	<u>2021</u>	<u>2020</u>
	<u>Revenue from</u> <u>customer contracts</u>	<u>Revenue from</u> <u>customer contracts</u>
Molds	\$ 123,832	\$ 176,169
Plastic molding	<u>1,961,598</u>	<u>1,730,412</u>
	<u>\$ 2,085,430</u>	<u>\$ 1,906,581</u>

2. Contractual Liabilities

(1) The Company recognized contract liabilities related to revenue from customer contracts as follows:

December 31, 2021 December 31, 2020 January 1, 2020

Contractual liabilities – sales of goods	<u>\$ 3,092</u>	<u>\$ 20,106</u>	<u>\$ 4,243</u>
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(2) The amount of revenue recognized in the current period for the opening contract liabilities for fiscal 2021 and 2020 was \$18,279 and \$3,869, respectively.

(20) Interest income

	<u>2021</u>	<u>2020</u>
Bank Deposit Interest	\$ 1,422	\$ 851
Interest income on financial assets measured at amortized cost	<u>82</u>	<u>123</u>
	<u>\$ 1,504</u>	<u>\$ 974</u>

(21) Other income

	<u>2021</u>	<u>2020</u>
Rental Income	\$ 5,945	\$ 7,906
Government subsidy income	2,002	2,461
Dividend income	597	24
Other	<u>2,236</u>	<u>6,625</u>
	<u>\$ 10,780</u>	<u>\$ 17,016</u>

(22) Other Benefits and Losses

	<u>2021</u>	<u>2020</u>
(Gain) loss on disposal of property, plant and equipment	\$ 6,027	\$ 908
(Gain) loss on disposal of investment property	-	219,846
(Gain) loss on lease modification	(85)	-
Net foreign currency exchange gains (losses)	(17,066)	(240)
Financial assets at fair value through profit or loss	846	99
Net (loss) gain or loss on financial assets at fair value through profit or loss		
Other	<u>(1,776)</u>	<u>(2,255)</u>
	<u>(\$ 12,054)</u>	<u>\$ 218,358</u>

(23) Financial Costs

	<u>2021</u>	<u>2020</u>
Interest charges on bank loans	\$ 5,257	\$ 6,483
Interest expense on lease liabilities	<u>1,682</u>	<u>1,680</u>
	<u>\$ 6,939</u>	<u>\$ 8,163</u>

(24) Additional information on the nature of fees

	<u>2021</u>	<u>2020</u>
Employee benefit expenses	<u>\$ 395,047</u>	<u>\$ 406,947</u>

Depreciation expense on property, plant and equipment	\$	99,023	\$	107,413
Depreciation of right-of-use assets	\$	25,216	\$	25,292
Depreciation expense on investment property	\$	600	\$	702
Amortization of intangible assets	\$	4,791	\$	1,864

(25) Employee benefit expenses

	<u>2021</u>	<u>2020</u>
Salary Costs	\$ 322,557	\$ 345,399
Labor and Health Insurance Costs	33,853	28,774
Pension Fees	8,245	3,736
Directors' remuneration	3,379	8,954
Other employee benefit expenses	27,013	20,084
	<u>\$ 395,047</u>	<u>\$ 406,947</u>

1. In accordance with the Company's Articles of Incorporation, the Company shall appropriate not less than 1% and not more than 3% of the pre-tax income before employees' and directors' and supervisors' remuneration, respectively, of the Company for the current year, after retaining the amount to cover losses

2. The compensation to employees is estimated to be \$4,913 and \$9,344 for 2021 and 2020, respectively, and the compensation to directors and supervisors is estimated to be \$2,779 and \$8,245, respectively, and the aforementioned amount is recorded as salary expense. 2021 is estimated at 4.7% and 2.7%, respectively, based on the profitability of the year.

The remuneration to employees and remuneration to directors and supervisors for 2020 resolved by the Board of Directors amounted to \$9,344 and \$8,245, respectively, which were consistent with the amounts recognized in the financial statements for 2020 and were paid in cash of \$9,344 and \$8,245, respectively, for the year ended December 31, 2021.

3. Information on the remuneration of employees and directors and supervisors approved by the Board of Directors and reported in the shareholders' meeting is available on the Market Observation Post System.

(26) Income Tax

1. Income tax expense

(1) Income tax expense components :

	<u>2021</u>	<u>2020</u>
Current income tax :		
Income taxes arising from current income	\$ 39,963	\$ 35,346
Foreign income tax	121	200
Land appreciation tax	-	5,543
(High) Underestimation of prior years' income tax	(654)	5,992
Total current income tax	<u>39,430</u>	<u>47,081</u>
Deferred income tax.		
Origination and reversal of temporary differences	<u>17,480</u>	<u>57,977</u>
Income tax expense	<u>\$ 56,910</u>	<u>\$ 105,058</u>

(2) Amount of income tax expense (benefit) related to other comprehensive income:

<u>2021</u>	<u>2020</u>
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Translation differences between foreign operating entities	(\$	10,750)	(\$	5,186)
Actuarial gains and losses on defined benefit plans	(	14)	(	673)
	(\$	10,764)	(\$	5,859)

(3) The Group has no income tax related to direct debit or credit interests for the years 2021 and 2020.

2. Relationship between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
Income tax on net income before income tax at statutory rate (Note)	\$ 50,915	\$ 80,219
Expenses excluded under the tax law	2,801	4,980
Tax-exempt income	(2,980)	(41,506)
Deferred income tax assets were not recognized for tax losses and temporary differences.	6,707	49,630
Underestimation of prior years' income tax	(654)	5,992
Land appreciation tax	-	5,543
Foreign income tax	121	200
Income tax expense	<u>\$ 56,910</u>	<u>\$ 105,058</u>

Note: The applicable tax rate is based on the tax rate of the respective countries.

3. The amount of each deferred tax asset or liability arising from temporary differences and tax losses is as follows :

	<u>2021</u>	<u>Recognized in</u>	<u>Recognized in other</u>	
	<u>January 1</u>	<u>(Loss) gain</u>	<u>comprehensive (loss)</u>	<u>December 31</u>
			<u>income</u>	
Deferred income tax assets:				
Temporary differences :				
- Allowance for loss on decline in value of inventories	\$ 128	\$ 11	\$ -	\$ 139
- Accrued pension liability	1,630	-	14	1,644
- Exchange differences of foreign operating institutions	23,356	-	10,750	34,106
- Others	374	1,534	-	1,908
Tax loss	<u>30,557</u>	<u>3,061</u>	<u>-</u>	<u>33,618</u>
Subtotal	<u>56,045</u>	<u>4,606</u>	<u>10,764</u>	<u>71,415</u>
Deferred income tax liabilities:				
Temporary differences :				
- Accumulated foreign investment benefits recognized under the equity method	(42,686)	(22,086)	-	(64,772)
- Others	(704)	-	-	(704)
Subtotal	<u>(43,390)</u>	<u>(22,086)</u>	<u>-</u>	<u>(65,476)</u>
Total	<u>\$ 12,655</u>	<u>(\$ 17,480)</u>	<u>\$ 10,764</u>	<u>\$ 5,939</u>

2020

Deferred income tax assets:

Temporary differences :

-Accumulated losses from foreign investments recognized under the equity method	\$ 29,813	(\$ 29,813)	\$ -	\$ -
- Allowance for loss on decline in value of inventories	21	107	-	128
- Accrued pension liability	1,203	(246)	673	1,630
- Impairment loss	302	(302)	-	-
- Allowance for doubtful accounts	971	(971)	-	-
- Exchange differences of foreign operating institutions	18,170	-	5,186	23,356
- Others	2,639	(2,265)	-	374
Tax loss	<u>13,895</u>	<u>16,662</u>	<u>-</u>	<u>30,557</u>
Subtotal	<u>67,014</u>	<u>(16,828)</u>	<u>5,859</u>	<u>56,045</u>

Deferred income tax liabilities:

Temporary differences :

- Converted interest on corporate bonds was realized	(1,422)	1,422	-	-
- Accumulated foreign investment benefits recognized under the equity method	-	(42,686)	-	(42,686)
- Others	(819)	115	-	(704)
Subtotal	<u>(2,241)</u>	<u>(41,149)</u>	<u>-</u>	<u>(43,390)</u>
Total	<u>\$ 64,773</u>	<u>(\$ 57,977)</u>	<u>\$ 5,859</u>	<u>\$ 12,655</u>

4. The effective period of the Group's unused tax losses and the amount of unrecognized deferred income tax assets as of December 31, 2021 and 2020 are as follows :

December 31, 2021

	<u>Year occurred</u>	<u>Tax loss</u>	<u>Amount not yet offset</u>	<u>Deferred income tax not recognized Proceeds from the amount of assets</u>	<u>Last Credit Year</u>
The Company	2017 (Approved)	\$ 344,150	\$ 123,936	\$ -	2027
	2018 (Approved)	28,848	28,848	-	2028
	2021 (Declared)	15,305	15,305	-	2031
TaiHan Dongguan	2017 (Approved)	14,992	14,992	14,992	2022
	2020 (Approved)	25,131	25,131	25,131	2025
	2021 (Declared)	26,828	26,828	26,828	2026
		<u>\$ 455,254</u>	<u>\$ 235,040</u>	<u>\$ 66,951</u>	

December 31, 2020

	<u>Year occurred</u>	<u>Tax loss</u>	<u>Amount not yet offset</u>	<u>Deferred income tax not recognized Proceeds from the amount of assets</u>	<u>Last Credit Year</u>
The Company	2017 (Approved)	\$ 344,150	\$ 123,936	\$ -	2027
	2018 (Approved)	28,848	28,848	-	2028
TaiHan Dongguan	2016 (Approved)	16,106	6,195	6,195	2021
	2017 (Approved)	14,992	14,992	14,992	2022
	2020 (Declared)	25,131	25,131	25,131	2025
		<u>\$ 429,227</u>	<u>\$ 199,102</u>	<u>\$ 46,318</u>	

5. As of December 31, 2021 and 2020, the Group's income from deductible temporary differences not recognized as deferred income tax assets was \$0.

6. Except for SAMOA, which is exempt from income tax, the Company has been approved by the tax authorities of the R.O.C. until 2019, and all other companies have completed their income tax returns in accordance with local government regulations.

(27) Earnings per share

	<u>2021</u>	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
	<u>Amount after tax</u>		
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 77,058</u>	<u>77,098</u>	<u>1.00</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 77,058	77,098	
Effect of dilutive potential common shares			
-Employee compensation	<u>-</u>	<u>304</u>	
Net income attributable to ordinary shareholders of the parent company for the period	<u>\$ 77,058</u>	<u>77,402</u>	<u>1.00</u>

	<u>2020</u>		
	<u>Amount</u> <u>after tax</u>	<u>Weighted</u> <u>average</u> <u>Outstanding</u> <u>Number</u> <u>of shares</u> <u>(in thousands)</u>	<u>EPS</u> <u>(NT\$)</u>
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 192,727	77,642	2.48
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 192,727	77,642	
Effect of dilutive potential common shares			
-Employee compensation	-	513	
-New shares with restricted employee rights	-	160	
Net income attributable to ordinary shareholders of the parent company for the period	\$ 192,727	78,315	2.46

(28) Supplemental Cash Flow Information

Investing activities that are only partially paid in cash :

	<u>2021</u>		<u>2020</u>	
Acquisition of property, plant and equipment	\$	50,879	\$	1,968
Add: Amount due to equipment at the beginning of the period		5,784		24,961
Less: Payable for equipment at the end of the period	(	11,498)	(	5,784)
Cash paid during the period	\$	45,165	\$	21,145

(29) Changes in liabilities arising from financing activities

	Cash Dividends payable	Short-term loans	Long-term loans (including maturity within one year)	Deposit Guarantee	Lease liabilities (Current/non-current)
January 1, 2021	\$ -	\$ 149,918	\$ 170,734	\$ 997	\$ 54,992
Declaration of cash dividends and capital This provident fund allots cash	115,648	-	-	-	-
Cash dividends payable and capital surplus cash allotment	(115,648)	-	-	-	-
Increase in short-term loans	-	398,007	-	-	-
Decrease in short-term loans	-	(389,344)	-	-	-
Repayment of long-term loans	-	-	(12,755)	-	-
Increase in deposit guarantee	-	-	-	323	-
Increase in leasing liabilities	-	-	-	-	4,255
Principal repayment of lease liabilities	-	-	-	-	(28,413)
Decrease in lease liabilities	-	-	-	-	(2,632)
Exchange rate impact number	-	(30,975)	(5,367)	(86)	3,714
December 31, 2021	<u>\$ -</u>	<u>\$ 127,606</u>	<u>\$ 152,612</u>	<u>\$ 1,234</u>	<u>\$ 32,086</u>

	Cash dividends payable and capital surplus cash allotment	Short-term loans	Long-term loans (including maturity within one year)	Deposit Guarantee	Lease liabilities (Current/non-current)
January 1, 2020	\$ -	\$ 205,353	\$ 13,795	\$ 2,047	\$ 4,249
Declaration of cash dividends and capital Cash allotment from capital reserve	92,518	-	-	-	-
Cash dividends and capitalization Cash allotment from capital reserve	(92,518)	-	-	-	-
Increase in short-term borrowings	-	574,317	-	-	-
Increase in short-term loans	-	(631,278)	-	-	-
Decrease in short-term loans	-	-	174,325	-	-
Borrowing of long-term loans	-	-	(19,695)	-	-
Repayment of long-term loans	-	-	-	-	73,185
Increase in lease liabilities	-	-	-	-	(22,461)
Principal repayment of lease liabilities	-	-	-	(1,050)	-
Decrease in deposits for security deposits	-	1,526	2,309	-	19
Effect of exchange rate	<u>\$ -</u>	<u>\$ 149,918</u>	<u>\$ 170,734</u>	<u>\$ 997</u>	<u>\$ 54,992</u>

7. Related party transactions

(1) Name and relationship of related parties

<u>Name of Related Party</u>	<u>Relationship with our Group</u>
Luxshare Precision Industry Co., Ltd. and its subsidiaries (Luxshare Group)	Group with control over the Group
Speed Tech Corporation (SPEED TECH)	Companies over which the Group has control (Note)
All directors, general managers and key management personnel, etc.	Key management and governance units of the Group

Note: The Company was formerly a related company of Speed Tech Corporation but it acquired control of the Company in August 2021 and became the parent company of the Company.

(2) Significant transactions with related parties

1. Sales Transactions

(1) Operating income

The Group sold goods to related parties as follows :

	<u>2021</u>	<u>2020</u>
Luxshare Group	\$ 242	\$ -

(2) Accounts receivable

The breakdown of the Group's accounts receivable arising from the above related party transactions is as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Luxshare Group	\$ 214	\$ -

The prices of the Group's sales to related parties are determined in accordance with the Group's transfer pricing policy and the items sold are different from those of non-related parties; in addition, the collection period from related parties is 120 days per month, which differs from that of non-related parties depending on the items sold and the delivery method.

2. Office lease transactions

(1) Operating Expenses

The depreciation and utility costs incurred by the Group in renting office space to related parties are as follows :

	<u>2021</u>	<u>2020</u>
Speed Tech Corporation	\$ 500	\$ -

The rent for the above-mentioned office leasing transactions is set by agreement between the parties and is payable on a monthly basis.

(2) Other accounts payable

Other accounts payable of the Group arising from the above related party transactions are as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Speed Tech Corporation	\$ 87	\$ -

(3) Leasing Liabilities

The Group leases office space for a term of 5 years at a rent agreed between the parties

and the rent is paid on a monthly basis. The breakdown of the Group's lease liabilities arising from the above related party transactions is as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Speed Tech Corporation	\$ 3,483	\$ -

(4) Financial Costs

Interest expense recognized on the Group's lease liabilities :

	<u>2021</u>	<u>2020</u>
Speed Tech Corporation	\$ 16	\$ -

Interest for fiscal 2021 is calculated at 0.86% per annum.

3. Other Transactions

(1) Operating Expenses

The breakdown of operating expenses paid by the Group to related parties for miscellaneous purchases is as follows :

	<u>2021</u>	<u>2020</u>
Speed Tech Corporation	\$ 86	\$ -

(2) Other accounts payable

As of December 31, 2021 and 2020, other accounts payable arising from the above related party transactions were \$0.

(3) Key Management Compensation Information

	<u>2021</u>	<u>2020</u>
Short-term Employee Benefits	\$ 11,578	\$ 13,477

8、Pledged assets

A breakdown of the pledges given by the Group's assets is as follows :

<u>Asset items</u>	<u>Carrying Value</u>		<u>Guarantee purposes</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Property, plant and equipment-Land	\$ 66,104	\$ 72,274	Bank loans and subsidiary endorsement guarantee collateral
Property, plant and equipment-Building	195,408	217,011	"
Property, plant and equipment - machinery and equipment	32,615	45,677	"
Investment property - land	3,136	3,429	"
Right-of-use assets - land	11,917	12,520	"
	<u>\$ 309,180</u>	<u>\$ 350,911</u>	

9、Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant or liability

None.

(2) Significant unrecognized contractual commitments

Capital expenditures contracted for but not yet incurred

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	<u>\$ 14,681</u>	<u>\$ 29,461</u>

2. As of December 31, 2021 and 2020, the Group's promissory notes for bank credit facilities amounted to \$784,560 and \$919,494, respectively.

3. As of December 31, 2021 and 2020, the Group's endorsement and guarantee for others amounted to \$789,165 and \$926,510, respectively.

10、Catastrophic Loss

None.

11、Significant Post-Term Events

Please refer to Note 6(17) for the appropriation of 2021 earnings approved by the board of directors on March 14, 2022.

12、Other Capital Management

(1) Capital Management

The Group's objectives in managing capital are to protect the Company's ability to continue as a going concern, to maintain stable liquidity of corporate companies, to reduce the cost of capital by adjusting the optimal capital structure, and to provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors its capital by using a gearing ratio, which is calculated as total liabilities divided by total assets.

The Group's strategy for 2021 remains the same as for 2020, with a gearing ratio of 32% and 34% for the Group as of December 31, 2021 and 2020, respectively.

(2) Financial Instruments

1. Types of Financial Instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss		
Mandatory financial assets at fair value through profit or loss - current	-	\$ 30,099
Financial assets at fair value through other comprehensive income - non-current		
Investments in equity instruments selected for designation	4,072	4,992
Financial assets measured at amortized cost		
Cash and cash equivalents	537,308	623,074
Notes receivable, net	1,824	1,855
Accounts receivable, net	109	-
Accounts receivable - related parties, net	397,554	354,665
Other receivables	1,366	359
Other receivables - related parties	11,161	14,091
Guarantee deposits on deposit	<u>\$ 953,394</u>	<u>\$ 1,029,135</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 127,606	\$ 149,918
Notes payable	10,990	34,784
Accounts payable	217,461	196,023
Other payables	92,751	116,636
Long-term loans (including those due within one year)	152,612	170,734
Long-term notes and accounts payable	-	11,942
Deposits to security deposits	1,234	997
	<u>\$ 602,654</u>	<u>\$ 681,034</u>
Lease liabilities-current	<u>\$ 23,723</u>	<u>\$ 24,945</u>
Lease liabilities-non-current	<u>\$ 8,363</u>	<u>\$ 30,047</u>

2. Risk Management Policy

- (1) The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk ◦
- (2) Risk management is performed by the Group's Finance Department in accordance with policies approved by the management. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the various operating units within the Company. Management has written principles for overall risk management and also provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

3. Nature and extent of significant financial risks

(1) Market Risk

A. Exchange rate risk

- (A) The Group's operations involve certain non-functional currencies (the functional currencies of the Group and subsidiaries are New Taiwan dollar, Renminbi, Philippine peso and Vietnamese currency) and are therefore subject to exchange rate fluctuations. :

	<u>December 31, 2021</u>			Carrying amount
	<u>Foreign currency</u>			
	<u>(in thousands)</u>	<u>Exchange rate (NTD)</u>		
(Foreign currency: Functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD: NTD	10,917	27.690	\$	302,292
USD: CNY	2,487	6.3730		68,865
USD: PHP	6,940	51.00		192,169
USD: VND	12,483	22,765		345,654

<u>December 31, 2021</u>			
	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NTD)</u>
(Foreign currency: Functional currency)			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	5,804	27.690	160,713
USD: CNY	1,283	6.3730	35,526
USD: PHP	13,605	51.00	376,722
USD: VND	5,468	22,765	151,409

<u>December 31, 2020</u>			
	<u>Foreign currency</u> <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u> <u>(NTD)</u>
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	10,578	28.508	\$ 301,558
USD: CNY	3,178	6.5250	90,598
USD: PHP	6,445	48.01	183,734
USD: VND	9,359	23,050	266,806
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	5,833	28.508	166,287
USD: CNY	1,068	6.5250	30,447
USD: PHP	15,164	48.01	432,295
USD: VND	4,768	23,050	135,926

(B) The aggregate amount of all exchange (loss) gains (both realized and unrealized) recognized in fiscal 2021 and 2020 on the Group's monetary items that are materially affected by exchange rate fluctuations are (\$17,066) and (\$240), respectively.

(C) The Group's exposure to foreign currency market risk due to significant exchange rate fluctuations is analyzed as follows :

<u>2021</u>			<u>Effect of other</u>
<u>Sensitivity Analysis</u>			<u>Comprehensive (loss)</u>
<u>Rate of</u>	<u>Impact (loss)</u>		<u>income</u>
<u>change</u>	<u>benefit</u>		
(Foreign currency:			

Functional currency)Financial AssetsMonetary items

USD: NTD	1%	\$	3,023	\$	-
USD: CNY	1%		689		-
USD: PHP	1%		1,922		-
USD: VND	1%		3,457		-

Financial liabilitiesMonetary items

USD: NTD	1%	(	1,607)		-
USD: CNY	1%	(	355)		-
USD: PHP	1%	(	3,767)		-
USD: VND	1%	(	1,514)		-

2020Sensitivity Analysis

	<u>Rate of</u>	<u>Impact (loss)</u>	<u>Effect of other</u>
	<u>change</u>	<u>benefit</u>	<u>Comprehensive</u>
			<u>(loss) income</u>

**(Foreign currency:
Functional currency)**Financial AssetsMonetary items

USD: NTD	1%	\$	3,016	\$	-
USD: CNY	1%		906		-
USD: PHP	1%		1,837		-
USD: VND	1%		2,668		-

Financial liabilitiesMonetary items

USD: NTD	1%	(\$	1,663)	\$	-
USD: CNY	1%	(	304)		-
USD: PHP	1%	(	4,323)		-
USD: VND	1%	(	1,359)		-

B. Price risk

- (A) The equity instruments to which the Group is exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.
- (B) The Group invests primarily in equity instruments issued by domestic companies, and the prices of these instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these instruments had increased or decreased by 1%, with all other factors held constant, the gain or loss on other comprehensive income classified as equity instruments measured at fair value through other comprehensive

income would increase or decrease by \$41 and \$50 for 2021 and 2020, respectively.

C. Cash flow and risk of fair value interest rate

- (A) The Group's interest rate risk arises primarily from long and short-term loan issued at floating rates, which expose the Group to cash flow interest rate risk, partially offset by cash and cash equivalents held at floating rates. for 2021 and 2020, the Group's loan at floating rates is denominated in U.S. dollars.
- (B) If loan interest rates were to increase or decrease by 1%, with all other factors held constant, pre-tax income would decrease or increase by \$2,802 and \$3,207 in fiscal 2021 and 2020, respectively, primarily due to changes in interest expense as a result of variable-rate loans.

(2) Credit Risk

- A. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly due to the failure of counterparties to settle notes and accounts receivable on collection terms.
- B. The Group has established credit risk management from a corporate perspective. According to the internal credit policy, each operating entity and each new customer of the Group are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. Internal risk control is performed by considering the financial position, past experience and other factors to assess the credit quality of customers. Individual risk limits are established by management based on internal or external ratings, and the use of credit limits is monitored regularly.
- C. The Group relies on historical collection experience to determine whether there is a significant increase in the credit risk of a financial instrument after initial recognition. A financial asset is considered to have a significant increase in credit risk after initial recognition when the contractual payment terms are more than 60 days past due.
- D. Based on the Group's historical collection experience, a default is deemed to have occurred when contractual payments are overdue for more than 181 days respectively in accordance with the contractual payment terms.
- E. The Group uses a simplified approach to estimate expected credit losses based on an allowance matrix. Since the Group's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only sets the expected credit loss rate based on the number of days past due on accounts receivable.
- F. After recourse procedures, the Group eliminates the amount of financial assets that cannot be reasonably expected to be recovered, but the Group will continue to pursue recourse legal procedures to preserve the rights of debts.
- G. The Group adjusted the loss rate established based on historical and current information for a specific period to estimate the allowance for losses on notes and accounts receivable by incorporating forward-looking considerations, and provided the following matrix :

December 31, 2021

	<u>Not overdue</u>	<u>Overdue 1-60 days</u>	<u>Overdue 61-90 days</u>	<u>Overdue 91-180 days</u>	<u>Overdue 181 days or more</u>	<u>Total</u>
Expected loss rate	0.03%	0.03%	0.03-0.04%	0.03-10.78%	100.00%	
Total carrying value	<u>\$ 386,686</u>	<u>\$ 11,108</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,800</u>

Allowance for losses	\$ 134	\$ 3	\$ -	\$ -	\$ -	\$ 137
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December 31, 2020

	<u>Not overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue 181</u>	<u>Total</u>
	<u>0%~0.03%</u>	<u>1-60 days</u>	<u>61-90 days</u>	<u>91-180 days</u>	<u>days or more</u>	
		<u>0%~7.14%</u>	<u>0%~50.00%</u>	<u>0%~66.67%</u>	<u>100%</u>	
Expected loss rate						
Total carrying value	\$ 351,854	\$ 2,853	\$ -	\$ -	\$ -	\$ 354,707
Allowance for losses	\$ 35	\$ 7	\$ -	\$ -	\$ -	\$ 42

The above is an aging analysis based on the number of days past due.

H. The Group's condensed statement of changes in the allowance for losses is as follows :

	<u>2021</u>	<u>2020</u>
January 1	\$ 42	\$ 10
Expected credit impairment (benefit) loss	115	33
Effect of exchange rate	(20)	(1)
December 31	\$ 137	\$ 42

(3) Liquidity risk

- A. Cash flow forecasts are compiled by the Group's finance department. The Group's Finance Department monitors forecasts of the Company's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times, considering the Company's debt financing plans, compliance with debt terms and compliance with internal balance sheet financial ratio targets.
- B. Surplus cash held by each operating entity that exceeds the time required to manage working capital is transferred back to the Group Treasury. At December 31, 2021 and 2020, the Group held the above investments (other than cash and cash equivalents) at \$5,896 and \$36,946, respectively, The Group holds the above investments (excluding cash and cash equivalents) at \$5,896 and \$36,946 at December 31, 2021 and 2020, respectively, to generate immediate cash flows to manage liquidity risk.
- C. The Group's unutilized borrowing facilities as of December 31, 2021 and 2020 are \$554,810 and \$664,601, respectively. °
- D. The Group's derivative financial liabilities and non-derivative financial liabilities are due within one year based on the remaining period from the balance sheet date to the contractual maturity date, except for those listed in the table below, and the contractual cash flow amounts disclosed are undiscounted amounts as follows :

<u>December 31, 2021</u>	<u>Less than</u>	<u>Within 3 months</u>	<u>More than</u>
	<u>3 months</u>	<u>to 1 year</u>	<u>1 year</u>
<u>Non-derivative financial liabilities :</u>			
Lease liabilities (current/non-current)	\$ 6,074	\$ 18,417	\$ 8,571
Long-term loans (including those due within one year)	6,643	20,042	129,524
<u>December 31, 2020</u>	<u>Less than</u>	<u>Within 3 months</u>	<u>More than</u>
	<u>3 months</u>	<u>to 1 year</u>	<u>1 year</u>
<u>Non-derivative financial liabilities :</u>			
Lease liabilities	\$ 6,223	\$ 18,722	\$ 30,047

(current/non-current)			
Long-term loans (including those due within one year)	-	13,659	162,384
Long-term notes and accounts payable	16,754	18,030	11,942

(3) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows :

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the enterprise at the measurement date. An active market

is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 : Observable inputs of assets or liabilities, directly or indirectly, other than those included in the quoted prices in Level 1 ◦

Level 3 : Unobservable input value of assets or liabilities ◦

2. Please refer to Note 6(9) for the fair value of investment properties carried at cost.

3. Financial instruments that are not measured at fair value

The carrying amounts of the Group's financial instruments not carried at fair value, including cash and cash equivalents, financial assets carried at amortized cost - current, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities - current, long-term borrowings (including those due within one year), lease liabilities - non-current and deposits as collateral, are a reasonable approximation of fair value ◦

4. The Group classifies financial and non-financial instruments measured at fair value on the basis of the nature, characteristics and risks of the assets and liabilities and the fair value hierarchy, and the related information is as follows :

(1) The Group classifies its assets and liabilities by nature and the related information is as follows :

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repeatable fair value				
Financial assets at fair value through profit or loss financial assets at fair value through profit or loss				
- Structured Time Deposit	\$ -	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income financial assets measured at fair value through other comprehensive income				
- Equity Securities	\$ -	\$ -	\$ 4,072	\$ 4,072
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repeatable fair value				
Financial assets at fair value through profit or loss financial assets at fair value through profit or loss				
- Structured Time Deposit	\$ -	\$ 30,099	\$ -	\$ 30,099

Financial assets at fair value through other comprehensive income financial assets measured at fair value through other comprehensive income				
- Equity Securities	\$	-	\$	-
	\$	4,992	\$	4,992

(2) The methods and assumptions used by the Group to measure fair value are described below :

A. Level 2 Fair Value Measurement Valuation Techniques and Inputs

Types of Financial

Instruments

Structured Deposit

Evaluation techniques and input values

The fair value is based on the discount rate curve derived from quoted prices in the open market, and the discounted value of future cash flows is used as the basis for measurement.

B. Level 3 Fair Value Measurement Valuation Techniques and Inputs

Types of Financial

Instruments

Investment in domestic unlisted stocks

Evaluation techniques and input values

Asset-based method: Based on the balance sheet of the appraised company, the value of all tangible and intangible assets and liabilities of the appraised company is evaluated on an item-by-item basis. The value of all tangible and intangible assets of the appraised company and its liabilities, as well as off-balance sheet assets and off-balance sheet liabilities, are considered to determine the value of the appraised company.

5. There are no transfers between Level 1 and Level 2 in fiscal 2021 and 2020.

6. The following table shows the third-tier changes for fiscal 2021 and 2020 :

	<u>2021</u>	<u>2020</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 4,992	\$ 5,110
Recognized in other comprehensive (loss) income	(199)	982
Capital Reduction Refunds	(721)	(1,100)
December 31	<u>\$ 4,072</u>	<u>\$ 4,992</u>

7. The Group's valuation process for fair value classification in Level 3 involves the finance department conducting independent fair value verification of financial instruments, using independent sources of information to approximate market conditions, confirming that the sources of information are independent, reliable, consistent with other sources and representative of executable prices, regularly calibrating the valuation models, performing back testing, updating input values and information required for the valuation models and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

8. The Group carefully evaluates the valuation models and valuation parameters selected by

the Group, but different valuation models or valuation parameters may lead to different valuation results. For financial assets classified as Level 3, a 0.1% increase or decrease in net assets would have no material impact on the Group's other comprehensive income (loss).

(4) Other issues

In response to the COVID-19 epidemic, the Group has taken prudent and stringent measures to prevent the epidemic from affecting its operations, production and business, etc. The Group's financial position and results of operations in fiscal 2021 were not significantly affected by the epidemic.

13. Note Disclosure

(1) Significant Transaction Information

1. Loaning funds to others: Please refer to Exhibit 1.
2. Endorsement and guarantee for others: Please refer to Exhibit 2 (attached).
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliated companies and joint ventures): Please refer to Exhibit 3 (attached).
4. Cumulative purchases or sales of marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at prices of 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. Purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Exhibit 4 (attached).
8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2) for details.
10. Business relationships and significant transactions between the Parent Company and its subsidiaries: Please refer to Exhibit 5 (attached).

(2) Transfers of investment business information

Name of investee company, location and other related information (excluding Mainland China investee company): Please refer to Exhibit 6.

(3) Mainland Investment Information

1. Basic information: Please refer to Exhibit 7 (attached).
2. Significant transactions directly or indirectly between the third-party business and the investee company in Mainland China: Please refer to Exhibit 8 (attached).

(4) Information on major shareholders

Please refer to the Exhibit 9. °

14. Operating Division Information

(1) General Information

The Group's management has identified reportable segments based on the reporting information used to make decisions, to allocate resources and to measure the performance of the segment, with emphasis on the type of product or service delivered or provided. The Group's reportable segments are as follows :

Molds

Plastic molding

(2) Measurement of Departmental Information

The accounting policies of the Group's operating segments are the same as those described

in the summary of significant accounting policies in Note 4 to the consolidated financial statements. The Group's operating decision makers evaluate the performance of each operating segment based on net operating profit or loss.

(3) Department Information

Reportable department information provided to the chief operating decision maker is as follows :

<u>2021</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>Reconciliation and Write off</u>	<u>Total</u>
External Revenue	\$ 123,832	\$ 1,961,598	\$ -	\$ 2,085,430
Internal departmental revenue	213,070	445,064	(658,134)	-
Departmental revenue	<u>\$ 336,902</u>	<u>\$ 2,406,662</u>	<u>(\$ 658,134)</u>	<u>\$ 2,085,430</u>
Departmental (loss) income	<u>(\$ 19,454)</u>	<u>\$ 160,131</u>	<u>\$ -</u>	<u>\$ 140,677</u>
Departmental income or loss includes: depreciation and amortization	<u>\$ 14,147</u>	<u>\$ 115,483</u>	<u>\$ -</u>	<u>\$ 129,630</u>

<u>2020</u>	<u>Mold</u>	<u>Plastic molding</u>	<u>Reconciliation and Write off</u>	<u>Total</u>
External Revenue	\$ 176,169	\$ 1,730,412	\$ -	\$ 1,906,581
Internal departmental revenue	265,838	301,672	(567,510)	-
Departmental revenue	<u>\$ 442,007</u>	<u>\$ 2,032,084</u>	<u>(\$ 567,510)</u>	<u>\$ 1,906,581</u>
Departmental (loss) income	<u>(\$ 11,125)</u>	<u>\$ 80,725</u>	<u>\$ -</u>	<u>\$ 69,600</u>
Departmental income or loss includes: depreciation and amortization	<u>\$ 12,470</u>	<u>\$ 122,801</u>	<u>\$ -</u>	<u>\$ 135,271</u>

(4) Reconciliation of departmental profit and loss

Interdepartmental sales are accounted for on a fair-trade basis. External revenue reported to the chief operating decision maker is measured in a manner consistent with revenue in the consolidated statements of income. A reconciliation of segment income to income before income taxes for the continuing operation department is as follows :

	<u>2021</u>	<u>2020</u>
Department ((loss)) income	\$ 140,677	\$ 69,600
Interest income	1,504	974
Other income	10,780	17,016
Other gains and (losses)	(12,054)	218,358
Finance costs	<u>(6,939)</u>	<u>(8,163)</u>
(Loss) income from continuing operations before tax	<u>\$ 133,968</u>	<u>\$ 297,785</u>

(5) Product Information

The breakdown of the balance of the Group's revenue from external customers is composed as follows :

	<u>2021</u>	<u>2020</u>
Mold Revenue	\$ 123,832	\$ 176,169

Plastic molding revenue	<u>1,961,598</u>	<u>1,730,412</u>
	<u>\$ 2,085,430</u>	<u>\$ 1,906,581</u>

(6) Region Information

Information on the Group's revenue from external customers by country and non-current assets by location of assets is as follows :

	<u>2021</u>		<u>2020</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
China and Hong Kong	\$ 622,040	\$ 36,000	\$ 520,509	\$ 64,382
Taiwan	-	7,789	-	6,422
Southeast Asia	<u>1,463,390</u>	<u>970,549</u>	<u>1,386,072</u>	<u>1,090,781</u>
	<u>\$ 2,085,430</u>	<u>\$ 1,014,338</u>	<u>\$ 1,906,581</u>	<u>\$ 1,161,585</u>

Note: Non-current assets do not include financial instruments, deferred income tax assets and refundable deposits.

(7) Important Customer Information

Important customer information of the Group is as follows :

	<u>2021</u>	<u>2020</u>
	<u>Revenue</u>	<u>Revenue</u>
Customer A (Note 1)	\$ 1,447,518	\$ 1,117,939
Customer B (Note 1)	50,070	196,482

Note 1: It is from the income of mold and plastic molding.

TaiHan Precision Technology Co., Limited and subsidiaries
 Loaning funds to others
 January 1 - December 31, 2021

Exhibit 1

Unit: NT\$1,000,000
 (Unless otherwise specified)

No.	Loan funds company	Lender	Past items	Is a related party	Current Maximum Amount	End of year balance	Actual expenditure Amount	Interest Rate Range	Nature of Funding Loan	Business Transaction amount	There are reasons why short-term financing funds are necessary	Allowance Amount of loss	Collateral		The limit for individual target funds lending	Funding Loan and Total Limit	Remark
													Name	Value			
0	Our Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Other receivables related parties	Yes	\$ 57,062	\$ 55,380	\$ -	-	Those who have the need for short-term financing funds	\$ -	Operational Turnaround	\$ -	\$ -	\$ -	\$ 619,626	\$ 774,532	Note 1 、 Note 2
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRODUCTS (DONGGUAN)	MOLDOther receivables related parties	Yes	57,062	55,380	13,845	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	619,626	774,532	Note 1 、 Note 3
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Other receivables related parties	Yes	142,655	138,450	27,690	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	248,679	774,532	Note 1 、 Note 4
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Other receivables related parties	Yes	171,186	166,140	55,380	-	Those who have the need for short-term financing funds	-	Operational Turnaround	-	-	-	248,679	774,532	Note 1 、 Note 4

Note 1: The total amount of the Company's capital loans shall not exceed 50% of the net value of the Company's most recent accountants' report.
 Note 2: If the Company engages in the lending of funds for short-term financing purposes, the total amount of funds lent shall not exceed 40% of the Company's latest accountants' net worth. The amount of individual loans shall not exceed 10% of the net value of the Company's most recent accountants' report.
 The amount of individual loans shall not exceed 10% of the Company's latest audited financial statements and shall not exceed 40% of the Company's net worth if the loans are made to the Company's subsidiaries (including indirectly reinvested subsidiaries).
 Note 3: If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. is a subsidiary with 100% direct or indirect voting rights, the amount of individual loans and all loans shall not exceed 40% of the latest certified financial statements of TAIHAN PRECISION TECHNOLOGY CO.
 The amount of individual loans and all loans shall be limited to 40% of the net value of the most recent financial statements of TAIHAN PRECISION CORPORATION, the parent company of the Company, and the total amount of loans shall not exceed 50% of the net value of the most recent financial statements of TAIHAN PRECISION CORPORATION, the parent company of the Company, as certified by the accountants.
 Note 4: If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. engages in the lending of funds due to short-term financing needs, the total amount of funds lent and the amount of individual funds lent shall not exceed 50% of the net value of the most recent financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO.
 The total amount of the loan and the individual loan are limited to not more than 40% and 20% of the net value of the most recent financial statements certified by the accountants.
 Note 5: The above transactions are related party transactions that have been eliminated in the consolidated financial statements.

TaiHan Precision Technology Co., Limited and subsidiaries
Endorsement for others
January 1 - December 31, 2021

Unit: NT\$1,000,000
(Unless otherwise specified)

Exhibit 2

No. (Note 1)	Endorser Company Name	Endorsed by the guarantee Company Name	Relationship (Note 2)	Endorsement guarantee limit for a single enterprise (Note 3)	Current Maximum	The End-of-Term	Actual	<u>Amount of endorsement guarantee by property guarantee</u>	<u>Ratio of accumulated endorsement guarantee to net worth of the most recent financial statements</u>	<u>Endorsement Guarantee Maximum Limit</u> (Note 3)	<u>Parent company endorsement of subsidiary</u>	<u>Subsidiary endorsement of parent company</u>	<u>Endorsement guarantee for mainland China</u>	Remark
					<u>Guarantee Balance</u>	<u>Guaranteed Balance</u>	<u>expenditure amount</u>							
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(2)	\$ 774,532	\$ 228,248	\$ 221,520	\$ 70,522	\$ -	15%	\$ 1,549,064	Y	N	N	-
0	Our Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	(2)	774,532	114,124	69,225	-	-	7%	1,549,064	Y	N	N	-
0	Our Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	(2)	774,532	497,210	332,280	56,765	-	32%	1,549,064	Y	N	N	-
1	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	TAIHANLAND TECHNOLOGY (PHILIPPINES) INC.	(4)	774,532	85,593	83,070	69,779	-	6%	1,549,064	N	N	N	-
2	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(4)	774,532	85,593	83,070	83,070	-	6%	1,549,064	N	N	N	-

Note 1: The description of the number column is as follows.

(1) The issuer is entered as 0.

(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are 7 types of relationships between the guarantor and the target of the endorsement, and the types can be indicated as follows

(1) Companies with business dealings.

(2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.

(3) Companies in which more than 50% of the voting shares are directly or indirectly held by the company.

(4) Companies in which the Company directly or indirectly holds more than 90% of the voting shares.

(5) A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.

(6) A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.

(7) Intercompany guarantees for the performance of contracts for the sale of pre-sale properties in accordance with the Consumer Protection Act.

Note 3: The aggregate amount of the Company's and the Company's subsidiaries' endorsement and guarantee shall not exceed 100% of the Company's latest certified public accountants' net financial statements, and the aggregate amount of endorsement and guarantee for a single enterprise shall not exceed 25% of the Company's latest certified public accountants' net financial statements.

The cumulative amount of the endorsement guarantee for a single enterprise shall not exceed 25% of the Company's most recent audited net financial statements. If the endorsement/guarantee is for a subsidiary of the Company (including indirect investment in a subsidiary), the endorsement/guarantee shall not exceed 50% of the net value of the Company's most recent financial statements as certified by the accountant.

Note 4: The exchange rate for the conversion of the Company's endorsement guarantee into New Taiwan dollars is based on the resolution of the board of directors.

TaiHan Precision Technology Co., Limited and subsidiaries
 Marketable securities held at the end of the period
 January 1 - December 31, 2021

Exhibit 3

Unit: NT\$1,000
 (Unless otherwise specified)

<u>Company held</u>	<u>Types and names of securities</u>	<u>Relationship with the issuer of marketable securities</u>	<u>Billing Subjects</u>	<u>Number of shares</u>	<u>End of period</u>			<u>Fair Value</u>	<u>Remark</u>
					<u>Carrying amount</u>	<u>Shareholding ratio</u>			
Our Company	Ordinary shares of non-listed counterparties - Asia Pacific Emerging Industry Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	318	\$ 4,072	0.56%	\$ 4,072	-	

TaiHan Precision Technology Co., Limited and subsidiaries
Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20 percent of the paid-in capital
January 1 - December 31, 2021

Exhibit 4

Unit: NT\$1,000
(Unless otherwise specified)

			<u>Transaction Details</u>				<u>The circumstances and reasons why the transaction conditions are different from those of normal transactions</u>		<u>Notes receivable (paid) and accounts payable</u>		<u>Percentage of total notes and accounts receivable (payable)</u>	<u>Remark (Note)</u>
<u>Import (sales) of companies</u>	<u>Counterparty Name</u>	<u>Relationship</u>	<u>Import (Sales)</u>	<u>Amount</u>	<u>Percentage of total imports (sales)</u>	<u>Credit Period</u>	<u>Unit price</u>	<u>Credit Period</u>	<u>Balance</u>			
Our Company	TaiHan Mold Products (Dongguan) Co., Ltd.	Our Company's Sub-subsidiary	Import	\$ 213,900	36%	120 days	According to Our Company's transfer pricing policy system	No significant differences	(\$ 53,647)	47%		
Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Our Company's Sub-subsidiary	Import	359,798	61%	120 days	According to Our Company's transfer pricing policy system	No significant differences	(56,398)	49%		

Note: Written off from the consolidated statement of income.

TaiHan Precision Technology Co., Limited and subsidiaries
Business relationships and significant transactions between the Parent Company and its subsidiaries and their respective subsidiaries and amounts
January 1 - December 31, 2021

Exhibit 5

Unit: NT\$1,000
(Unless otherwise specified)

No. (Note 1)	Name of the trader	Trading partners	Relationship with the counterparty (Note 2)	Subjects	Amount	Transaction history	As a percentage of consolidated total revenue or Total assets (Note 3)
						Terms of Trade	
0	Our Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Import	\$ 213,900	According to the Company's transfer pricing policy system	10.26%
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Import	359,798	According to the Company's transfer pricing policy system	17.25%
0	Our Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Accounts payable	53,647	Credit on 120 days	2.37%
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Accounts payable	56,398	Credit on 120 days	2.49%
0	Our Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	1	Sales revenue	61,605	According to the Company's transfer pricing policy system	2.95%
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Sales revenue	24,904	According to the Company's transfer pricing policy system	1.19%
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Other accounts receivable	27,690	—	1.22%
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	3	Other accounts receivable	55,380	—	2.44%
2	TAIHANLAND (PHILIPPINES) INC	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Rental income	30,905	—	1.48%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be completed as follows.

(1). Enter 0 for the parent company.

(2). The subsidiaries are numbered by company, starting with the Arabic numeral 1.

Note 2: There are three types of relationships with the counterparties as follows. For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose the transaction repeatedly.

For subsidiary-to-subsidiary transactions, if one subsidiary has already disclosed the transaction, the other subsidiary does not need to disclose it repeatedly).

(1). Parent to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiaries to subsidiaries.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the cumulative amount to consolidated total revenue in the case of profit or loss.

Note 4: The ratio of inter-parent-subsidiary business relationships and significant transactions is only disclosed if the ratio reaches 1% or more of the consolidated total revenue or total assets.

TaiHan Precision Technology Co., Limited and subsidiaries
Name of investee company, location and other related information (excluding Mainland China investee company)
January 1 - December 31, 2021

Exhibit 6

Unit: NT\$1,000
(Unless otherwise specified)

Name of Investment Company	Name of investee company	Location	Main Business Items	Original investment amount		Number of shares	%	Held at end of period	Carrying amount	(Loss) income of investees for the period		Investment income (loss) recognized in the period	Remark
				End of the period	End of last year								
本公司	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Samoa	Professional Investment Business	\$ 1,092,737	\$ 1,092,737	32,289,761	100%	\$ 1,243,393	\$	113,106	\$	110,430	
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	391,133	391,133	10,799,664	100%	84,473	(	18,435)	-		Note 2
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Investment Business	321,162	321,162	10,023,632	100%	598,038		124,657	-		Note 2
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Seychelles	Professional Investment Business	666,368	655,306	22,139,000	100%	526,560		12,265	-		Note 2
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Vietnam	Production and sales of various precision molds and plastic plastic products, etc.	320,391	320,391	-	100%	598,024		124,407	-		Note 2
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Philippines	Holding the production base of Land and plant	308,755	308,755	-	39.99%	315,941		13,064	-		Note 1, Note 2
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Philippines	Production and sales of various precision molds and plastic plastic products, etc.	319,567	319,567	-	99.99%	204,410		8,399	-		Note 1, Note 2

Note 1: Please refer to Note 4(3) for details of the Company's shareholdings in its subsidiaries.

Note 2: Gains or losses of the Company's direct investment in subsidiaries that are reinvested in the Company are recognized by the respective investment companies and are therefore not disclosed.

TaiHan Precision Technology Co., Limited and subsidiaries
Mainland China Investment Information - Basic Information
January 1 - December 31, 2021

Exhibit 7

Unit: NT\$1,000
(Unless otherwise specified)

Name of Mainland China investee company	Main Business Items	Paid-in capital	Investment Method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	<u>Amount of investments remitted or recovered during the period</u> Remittance	<u>Accumulated investment amount remitted from Taiwan at the end of the period</u> Retrieval	<u>(Loss) income of investees for the period</u>	Shareholding of our Company's direct or indirect investments	<u>Investment (loss) recognized during the period</u> (Note 2)	<u>Carrying amount of investments at the end of the period</u> (Note 2)	<u>As at the end of the period</u> <u>Investment income remitted</u>	Remark
TaiHan Mold Products (Dongguan) Co., Ltd.	Production and sales of various precision molds and plastic products, etc.	\$ 421,315	2	\$ 421,315	\$ -	\$ -	\$ 18,435	100%	(\$ 18,435)	\$ 84,473	\$ -	Investment in Mainland China through TAIHAN HOLDING (SAMOA) CO., Ltd.

Note 1: Investment methods are divided into the following three categories, and the labeling of each category is sufficient.

- (1). Direct investment in mainland China
- (2). Reinvesting in Mainland China through a third-party company (please specify the third-party investment company)
- (3). Other methods

Note 2: The investment income or loss recognized in the current period is based on the financial statements audited by the Company's accountants.

Note 3: The calculation of the investment limit in Mainland China is based on each investment entity. According to the regulations of the Investment Commission of the Ministry of Economic Affairs, the maximum percentage of investment in Mainland China is limited to 60% of the net value of the company.

Company Name	Investment Amount	MOEAIC Approved investment	MOEAIC Approved investment	<u>Investment quota in mainland China according to MOEAIC regulations</u>
Our Company	\$ 421,315	\$ 421,315	\$ 929,438	

TaiHan Precision Technology Co., Limited and subsidiaries
 Mainland China Investment Information - Significant transactions directly or indirectly between third-party businesses and investees in Mainland China
 January 1 - December 31, 2021

Exhibit 8

Unit: NT\$1,000
 (Unless otherwise specified)

Name of Investee Company in China	<u>Sales (Import)</u>		<u>Property Transactions</u>		<u>Accounts receivable (paid)</u>		<u>Note endorsement guarantee or provision of collateral</u>		<u>Accommodation of funds</u>			<u>Current Interest</u>	<u>Other</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Balance</u>	<u>%</u>	<u>End of period balance</u>	<u>Purpose</u>	<u>Maximum balance</u>	<u>End of period balance</u>	<u>Interest Rate Range</u>		
TaiHan Mold Products (Dongguan) Co., Ltd.	\$ 213,900	36%	\$ -	-	(\$ 53,647)	47%	\$ -	Not applicable	\$ -	\$ -	-	\$ -	-

TaiHan Precision Technology Co., Limited and subsidiaries
Major Shareholders Information
January 1 - December 31, 2021

Exhibit 9

	<u>Name of Major Shareholders</u>	<u>Shares</u>	
		<u>Number of shares held</u>	<u>Shareholding ratio</u>
ABLBRIDGE CORPORATION		15,012,000	19.47%
SPEED TECH CORPORATION		7,587,000	9.84%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration (including treasury shares). The number of shares recorded in the consolidated financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of calculation.

Note 2: The above information is revealed by the trustee's opening of a trust account with individual subaccounts of the principal if the shareholder has delivered the shares to the trust. As for the shareholder's shareholding of more than 10% of the shares held by the Company in accordance with the Securities and Exchange Act, the shareholding includes the shareholder's own shares plus the shares delivered to the trust and the shareholder has the right to decide on the use of the trust property, etc. Please refer to the Market Observation Post System (MOPS) for the information on insider shareholding.

5. The most recent annual individual financial report and accountant's audit report

INDEPENDENT AUDITORS' REPORT

(2022) No. Financial Auditing-2100408121004081

The Board of Directors and Shareholders
TaiHan Precision Technology Co., Limited

Opinion

We have audited the accompanying individual financial statements of TaiHan Precision Technology Co., Limited, (the "Company") which comprise the individual balance sheets as of December 31, 2021, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the period from January 1 to December 31, 2021, in conformity 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 Auditors' Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's individual financial statements for the year ended

December 31,2021 is stated as follows:

Existence of sales revenue

Key Audit Matters

Please refer to Notes 4(28) to the individual financial statements for the accounting policy on revenue recognition and Notes 6(16) to the individual financial statements for the accounting account description of operating revenues.

TaiHan Precision Technology Co., Limited is specialized in the design, manufacture and transactions of various precision molds, tooling and plastic molding products, and its significant sales customers account for a significant portion of its annual revenue. Therefore, we consider the existence of significant sales revenue from customers with sales revenue amounting to 10% of total operating revenue to be one of the most important matters to be audited.

In accordance with the Audit Procedure

The procedures performed by us in respect of the above critical review are summarized as

below :

1. To understand the process and basis of revenue recognition for significant sales customers in order to assess the effectiveness of management's internal control over sales recognition and to perform internal control effectiveness testing.
2. To obtain basic evaluation data of significant sales customers and search for relevant information for verification.
3. Test that the credit terms of significant sales customers have been properly approved.
4. Obtain and sample check the sales details of significant sales customers and verify the relevant certificates and future collection position.
5. Obtain the post-sale return details of significant sales customers and review the sales return position.

Other Matter—The individual financial statements for the comparative period were audited by other accountants.

We have audited the individual financial statements of TaiHan Precision Technology Co., Limited by other accountants for the years ended December 31, 2021 on which we have issued an unmodified opinion on March 16, 2021.

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

Management is responsible for the preparation and fair presentation of the individual 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual 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 individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual 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 individual financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PWC Taiwan

Eric Wu / WU,YU-LUNG

CPA:

Ryan Huang / HUANG,SHIH-CHUN

Former Securities Futures Commission, Ministry of
Finance

Certified Registration No.: (86)

Taiwan-Finance-Securities-VI-83252

Financial Supervisory Commission

Certified Registration No.:

Financial-Supervisory-Securities-Auditing- 1050029449

March 14, 2022

Taihan Precision Technology Co., Limited

INDIVIDUAL STATEMENTS OF BALANCE SHEET

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

ASSETS	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 318,176	18	\$ 421,946	23
1110	Financial asset at fair value through P/L—Current	6(2)	-	-	30,099	2
1150	Notes receivable, net	6(4)	109	-	-	-
1170	Accounts receivable, net	6(4)	96,853	6	93,044	5
1180	Accounts Receivables from related parties, net	6(4)&7(2)	6,914	-	9,336	1
1200	Other receivables		207	-	-	-
1210	Other receivables from related parties	7(2)	4,259	-	8,522	-
1220	Current tax assets		-	-	6	-
1410	Prepayments		8,411	1	7,733	-
1470	Other current assets		-	-	12	-
11XX	Total current assets		<u>434,929</u>	<u>25</u>	<u>570,698</u>	<u>31</u>
NONCURRENT ASSETS						
1517	Financial asset at fair value through P/L—Noncurrent	6(3)	4,072	-	4,992	1
1550	Investments accounted for using equity method	6(5)	1,243,392	71	1,189,388	65
1600	Property, plant and equipment	6(6)	2,924	-	888	-
1755	Right-of-use assets	6(7)	3,373	-	4,274	-
1780	Intangible assets		1,492	-	1,260	-
1840	Deferred income tax assets	6(23)	70,032	4	55,784	3
1920	Refundable deposits		6	-	2,602	-
15XX	Total noncurrent assets		<u>1,325,291</u>	<u>75</u>	<u>1,259,188</u>	<u>69</u>
1XXX	TOTAL Assets		<u>\$ 1,760,220</u>	<u>100</u>	<u>\$ 1,829,886</u>	<u>100</u>

(Continued)

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF BALANCE SHEET
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

LIABILITIES AND EQUITY		Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
CURRENT LIABILITIES						
2130	Contractual liability—Current	6(16)	\$ 67	-	\$ 72	-
2150	Notes payable		-	-	1	-
2170	Accounts payable		4,517	-	1,775	-
2180	Accounts Payables to related parties	7(2)	110,045	6	115,934	6
2200	Other payables	6(9)	24,173	2	29,293	2
2220	Other payables to related parties	7(2)	87	-	-	-
2280	Lease liabilities—Current	7(2)	789	-	2,980	-
2300	Other current liabilities	7(2)	604	-	611	-
21XX	Total current liabilities		<u>140,282</u>	<u>8</u>	<u>150,666</u>	<u>8</u>
NONCURRENT LIABILITIES						
2570	Deferred income tax liabilities	6(23)	65,476	4	43,390	3
2580	Lease liabilities—Noncurrent	7(2)	2,694	-	1,310	-
2640	Net defined benefit liability—Noncurrent	6(10)	2,704	-	3,610	-
25XX	Total noncurrent liabilities		<u>70,874</u>	<u>4</u>	<u>48,310</u>	<u>3</u>
2XXX	Total liabilities		<u>211,156</u>	<u>12</u>	<u>198,976</u>	<u>11</u>
EQUITY						
Capital stock		6(12)				
3110	Common stock		770,984	44	770,984	42
Capital surplus		6(13)				
3200	Capital surplus		668,899	38	668,899	36
Retained earnings		6(14)				
3310	Appropriated as legal capital reserve		37,522	2	18,593	1
3320	Appropriated as special capital reserve		92,332	5	74,925	4
3350	Unappropriated earnings		114,857	7	189,840	11
Other Entities		6(15)				
3400	Other Entities		(135,530)	(8)	(92,331)	(5)
3XXX	Total equity		<u>1,549,064</u>	<u>88</u>	<u>1,630,910</u>	<u>89</u>
Significant Contingent Liabilities and						
Unrecognized Contractual Commitments						
Serious subsequent events		11				
3X2X	TOTAL LIABILITIES AND EQUITY		<u>\$ 1,760,220</u>	<u>100</u>	<u>\$ 1,829,886</u>	<u>100</u>

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

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars
(Except earnings per share in New Taiwan dollars)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating revenues	6(16)&7(2)	\$ 637,223	100	\$ 501,033	100
5000 Operating costs	7(2)	(591,094)	(93)	(471,811)	(94)
5900 Operating margin		46,129	7	29,222	6
5910 Unrealized gains on sales		(2,676)	-	-	-
5950 Operating margin, net		43,453	7	29,222	6
Operating expenses	6(21)(22)&7(2)				
6200 General and administrative expenses		(59,880)	(10)	(68,517)	(14)
6450 Expected credit impairment loss	12(2)	(29)	-	-	-
6000 Total operating expenses		(59,909)	(10)	(68,517)	(14)
6900 Operating loss		(16,456)	(3)	(39,295)	(8)
NON-OPERATING INCOME AND EXPENSES					
7100 Interest income	6(17)	765	-	564	1
7010 Other income	6(18)	3,010	1	5,084	1
7020 Other gains and losses	6(19)	(1,926)	-	215,379	43
7050 Finance costs	6(20)	(42)	-	(193)	-
7070 Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method	6(5)	110,430	17	75,699	15
7000 Total non-operating income and expense		112,237	18	296,533	60
7900 INCOME BEFORE INCOME TAX		95,781	15	257,238	52
7950 INCOME TAX EXPENSE	6(23)	(18,723)	(3)	(64,511)	(13)
8000 Net income of continuing business units		77,058	12	192,727	39
8200 Net income		\$ 77,058	12	\$ 192,727	39
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
8311 Remeasurement of defined benefit obligation	6(10)	(\$ 71)	-	(\$ 4,113)	(1)
8316 Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	6(3)	(199)	-	982	-
8349 Income tax benefit related to items that will not be reclassified subsequently	6(23)	14	-	673	-
8310 Total amount of items that are not reclassified to profit or loss		(256)	-	(2,458)	(1)
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences arising on translation of foreign Operations	6(15)	(53,750)	(9)	(25,930)	(5)
8399 Income tax benefit related to items that will be reclassified subsequently	6(15)	10,750	2	5,186	1
8360 Total amount of items that are reclassified to profit or loss		(43,000)	(7)	(20,744)	(4)
8300 Other comprehensive income, net		(\$ 43,256)	(7)	(\$ 23,202)	(5)
8500 Total comprehensive income		\$ 33,802	5	\$ 169,525	34
Basic earnings per share					
9750 Net income	6(24)	\$	1.00	\$	2.48
Diluted earnings per share					
9850 Net income	6(24)	\$	1.00	\$	2.46

The accompanying notes to the individual financial statements are an integral part of these individual financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Note	Capital Stock - Common Stock	Capital Surplus	Retained Earnings			Other Benefits			Treasury Stock	Total Equity	
			Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Stock-Based Employee Compensation			
<u>2020</u>											
	BALANCE, JANUARY 1, 2020	\$ 851,484	\$ 747,838	\$ 11,369	\$ 65,155	\$ 73,058	(\$ 72,679)	\$ 110	(\$ 2,355)	(\$ 500)	\$ 1,673,480
	Net income in 2020	-	-	-	-	192,727	-	-	-	-	192,727
	Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(3,440)	(20,744)	982	-	-	(23,202)
	Total comprehensive income (loss) in 2020	-	-	-	-	189,287	(20,744)	982	-	-	169,525
	Appropriations of prior year's earnings in 2019 6(14)										
	Legal Capital Reserve	-	-	7,224	-	(7,224)	-	-	-	-	-
	Special Capital Reserve	-	-	-	9,770	(9,770)	-	-	-	-	-
	Cash dividends to shareholders	-	-	-	-	(55,511)	-	-	-	-	(55,511)
	Recognize compensation costs for new shares that 6(15) restrict employee rights	-	-	-	-	-	-	-	2,355	-	2,355
	Cash allocation from capital surplus	-	(37,007)	-	-	-	-	-	-	-	(37,007)
	Purchase of treasury stock	-	-	-	-	-	-	-	-	(121,932)	(121,932)
	Treasury Stock Retired	(80,500)	(41,932)	-	-	-	-	-	-	122,432	-
	BALANCE, DECEMBER 31, 2020	\$ 770,984	\$ 668,899	\$ 18,593	\$ 74,925	\$ 189,840	(\$ 93,423)	\$ 1,092	\$ -	\$ -	\$ 1,630,910
<u>2021</u>											
	BALANCE, JANUARY 1, 2021	\$ 770,984	\$ 668,899	\$ 18,593	\$ 74,925	\$ 189,840	(\$ 93,423)	\$ 1,092	\$ -	\$ -	\$ 1,630,910
	Net income in 2021	-	-	-	-	77,058	-	-	-	-	77,058
	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(57)	(43,000)	(199)	-	-	(43,256)
	Total comprehensive income (loss) in 2021	-	-	-	-	77,001	(43,000)	(199)	-	-	33,802
	Appropriations of prior year's earnings in 2020 6(14)										
	Legal Capital Reserve	-	-	18,929	-	(18,929)	-	-	-	-	-
	Special Capital Reserve	-	-	-	17,407	(17,407)	-	-	-	-	-
	Cash dividends to shareholders	-	-	-	-	(115,648)	-	-	-	-	(115,648)
	BALANCE, DECEMBER 31, 2021	\$ 770,984	\$ 668,899	\$ 37,522	\$ 92,332	\$ 114,857	(\$ 136,423)	\$ 893	\$ -	\$ -	\$ 1,549,064

The accompanying notes to the individual financial statements are an integral part of these individual financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

Taihan Precision Technology Co., Limited

INDIVIDUAL STATEMENTS OF CASH FLOWS

December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

	Note	January 1 ~ December 31, 2021	January 1 ~ December 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 95,781	\$ 257,238
Adjustments for:			
Provided by (used in) operating activities:			
Depreciation expense	6(21)	3,126	3,639
Intangible assets amortization expense	6(21)	1,059	958
Expected credit impairment loss (benefit)	12(2)	29	-
Loss (gain) on financial instruments at fair value through profit or loss, net	6(19)	(846)	(99)
Finance costs	6(20)	42	193
Interest income	6(17)	(765)	(564)
Recognize compensation costs for new shares that restrict employee rights	6(15)	-	2,355
Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method	6(5)	(110,430)	(75,699)
Loss (gain) on disposal or retirement of property, plant and equipment	6(19)	-	(788)
Loss (gain) on disposal or retirement of investment properties	6(19)	-	(219,846)
Dividend revenue	6(18)	(597)	(24)
Unrealized Inter-Affiliate Benefits		2,676	-
Lease modification loss (gain)	6(19)	85	-
Changes in operating assets and liabilities			
Changes in operating assets, net			
Notes receivable, Net		(109)	-
Accounts receivable		(3,838)	16,253
Receivables from related parties		2,422	(8,980)
Other receivables		(328)	142
Other receivables from related parties		4,263	865
Prepayments		(678)	(4,959)
Other current assets		12	405
Changes in Liabilities Related to Operating Activities, net			
Contractual Liabilities - Current		(5)	61
Notes payable		(1)	(448)
Accounts payable		2,742	1,775
Payables to related parties		(5,889)	(18,230)
Other accounts payable		(5,120)	7,264
Other payables to related parties		87	-
Other current liabilities		(7)	(26)
Net defined benefit liability-Noncurrent		(977)	(1,139)
Cash generated from operations		(17,266)	(39,654)
Interest Collection		1,710	564
Refund (payment) of income tax		6	(5,844)
Interest payment		(42)	(193)
Net cash generated by operating activities		(15,592)	(45,127)

(Continued)

Taihan Precision Technology Co., Limited
INDIVIDUAL STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Note	January 1 ~ December 31, 2021	January 1 ~ December 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss – current	\$ -	(\$ 30,000)
Disposal of financial assets at fair value through profit or loss – current	30,000	-
Financial assets measured at fair value through other comprehensive income or loss 6(3)		
Capital reduction and refund of shares	721	1,100
Acquisition of property, plant and equipment 6(6)	(2,944)	-
Disposal of investment properties 6(8)	-	308,791
Acquisition of intangible assets	(1,291)	(797)
Increase in deposit guarantee	(4)	(2,300)
Decrease in deposit guarantee	2,600	-
Receipt of dividends	597	24
Receipt of dividends from subsidiaries	-	234,397
Net cash used in investing activities	<u>29,679</u>	<u>511,215</u>
Cash flows from financing activities		
Repayment of the principal portion of lease liabilities 6(25)	(2,209)	(2,744)
Decrease in short-term loans 6(25)	-	(80,000)
Increase in short-term loans 6(25)	-	80,000
Decrease in deposit guarantee 6(25)	-	(1,050)
Cash dividends and capital reserve for cash allocation 6(25)	(115,648)	(92,518)
Purchase of treasury stock	-	(121,932)
Net cash outflow from financing activities	<u>(117,857)</u>	<u>(218,244)</u>
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(103,770)	247,844
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>421,946</u>	<u>174,102</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 318,176</u>	<u>\$ 421,946</u>

The accompanying notes to the individual financial statements are an integral part of these individual financial statements and should be read in conjunction with them.

Chairman : Tsai, Chen-Lung

Manager : Tsai, Chen-Lung

Accounting Manager : Chen, Chin-Chung

TaiHan Precision Technology Co., Limited
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. Milestone

- (1) TaiHan Precision Technology Co., Limited (hereinafter referred to as the "Company") was established on August 28, 1987, and is mainly engaged in the design, manufacture and trading of various precision molds, tooling and plastic molding products.
- (2) The Company's shares have been listed and transacted on TPEX since November 2007.
- (3) The Speed Tech Corporation Group owns the Company's equity and is the single largest shareholder of the Company and has substantial control over the Company's personnel, finances and operations and will become the parent company of the Company in August 2021. In addition, Luxshare Precision Industry Co., Ltd. is the ultimate parent company of the Company.

2. Date and procedure for approval of financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2022.

3. Date and procedure of financial statement approval

- (2) Effect of application of new and revised IFRSs endorsed by the Financial Supervisory Commission ("FSC")

The following table summarizes the newly issued, amended and revised IFRSs and interpretations of IFRSs endorsed by the FSC for 2021 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued</u> <u>by IASB</u>
Amendments to IFRS 4 "Temporary Exemption from the Application of IFRS 9 Extensions"	January 1, 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Phase II Amendments "Changes to Interest Rate Indicators"	January 1, 2021

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued</u> <u>by IASB</u>
Amendments to IFRS 16, "COVID-19 Related Rent Reductions after June 30, 2021"	April 1, 2021(Note)

Note: The FSC allowed in advance for application on January 1, 2021.

The Company has evaluated that the above standards and interpretations do not have a significant effect on the Company's financial position and financial performance.

(2) Effects of new and amended IFRSs that have not been endorsed by the FSC

The following table summarizes the new, amended and revised IFRSs and interpretations of IFRSs approved by the FSC for application in 2022 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued</u> <u>by IASB</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022

The Company has evaluated that the above standards and interpretations do not have a significant effect on the Company's financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

The following table summarizes the new, amended and revised standards and interpretations of IFRSs issued by the IASB that have not yet been incorporated into IFRSs endorsed by the FSC :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued</u> <u>by IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” January 1, 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The Company has evaluated that the above standards and interpretations do not have a significant impact on the Company's financial position and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these individual financial statements are described below. Unless otherwise stated, these policies have been applied consistently throughout the reporting period.

(1) Statement of Compliance

These individual financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

1. The individual financial statements have been prepared on the basis of historical cost, except for the following significant items:
 - (1) Financial assets and liabilities at fair value through profit or loss are measured at fair value
 - (2) Financial assets at fair value through other comprehensive income or loss that are measured at fair value.
 - (3) The defined benefit obligation is recognized as the net asset less the present value of the defined benefit obligation of the pension fund.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretative Pronouncements ("IFRSs") as endorsed by the FSC requires the use of

certain critical accounting estimates. The application of the Company's accounting policies also requires management to exercise its judgment. Items involving a higher degree of judgment or complexity, or items involving significant assumptions and estimates in the individual financial statements are described in Note 5.

(3) Foreign currency exchange

Items included in the Company's individual financial statements are measured using the currency of the primary economic environment in which the Company operates (i.e., the functional currency). These financial statements are presented in the New Taiwan dollar, which is the Company's functional currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction or measurement date, and translation differences arising from such transactions are recognized in profit or loss for the current period.
- (2) The balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the exchange rates prevailing on the balance sheet date, and the resulting translation differences are recognized in profit or loss for the current period.
- (3) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rate prevailing on the balance sheet date, and the resulting exchange differences are recognized in profit or loss for the current period; those measured at fair value through other comprehensive income are adjusted at the exchange rate prevailing on the balance sheet date, and the resulting exchange differences are recognized in other comprehensive income; those not measured at fair value are measured at the historical exchange rate at the date of initial transaction.
- (4) All exchange gains and losses are reported in "Other gains and losses" in the individual comprehensive income statements.

2. Translation of foreign operations

The results of operations and financial position of all corporate entities with a functional currency different from the presentation currency are translated into the presentation currency as follows :

- (1) Assets and liabilities expressed in each balance sheet are translated at the closing rate on that balance sheet date.
- (2) The income and expenses expressed in each consolidated statement of income are translated at the average exchange rate for the period; and

(3) All translation differences are recognized in other comprehensive income.

(4) Classification of Current and Noncurrent Assets and Liabilities

1. Assets are classified as current assets if they meet one of the following categories:

- (1) The asset is expected to be realized in the normal operating cycle, or is intended to be sold or consumed.
- (2) Those that are held primarily for trading purposes.
- (3) Expected to be realized within 12 months after the balance sheet date.
- (4) Cash or cash equivalents, except for those that are restricted from being exchanged or used to settle liabilities for at least twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current.

2. Liabilities are classified as current liabilities if one of the following conditions is met.

- (1) The liability is expected to be settled in the normal operating cycle.
- (2) Held primarily for trading purposes.
- (3) They are expected to be settled within 12 months after the balance sheet date.
- (4) The maturity date cannot be unconditionally extended to at least twelve months after the balance sheet date. The terms of the liabilities, which may be settled by issuing equity instruments at the option of the counterparties, do not affect the classification.

The Company classifies all liabilities that do not meet the above conditions as non-current.

(5) Cash Equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial assets at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income or loss are classified as financial assets at fair value through profit or loss.
2. The Company uses trade date accounting for financial assets at fair value through profit or loss that qualify as customary transactions.
3. The Company recognizes the related transaction costs at fair value through profit or loss on initial recognition and subsequently recognizes the benefit or loss at fair value through profit or loss.
4. Dividend income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will

flow and the amount of dividends can be measured reliably.

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

1. The fair value changes of investments in equity instruments not held for trading are reported in other comprehensive income at the time of initial recognition as an irrevocable choice.
2. The Company uses trade date accounting for financial assets measured at fair value through other comprehensive income or loss that qualify for trading practice.
3. The Company measures its equity instruments at fair value plus transaction costs on initial recognition and subsequently at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not reclassified to profit or loss and is reclassified to retained earnings. Dividend income is recognized in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow and the amount of the dividends can be measured reliably.

(8) Financial assets measured at amortized cost

1. A financial asset is one that also meets the following conditions:
 - (1) The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying interest on the principal and outstanding principal amount.
2. The Company uses trade date accounting for financial assets carried at amortized cost that qualify for transaction practice.
3. The Company recognizes financial assets at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment losses over the liquidity period using the effective interest method under the amortization procedure and recognizes the gains or losses in profit or loss when they are derecognized.

(9) Accounts and notes receivable

1. Accounts and instruments with unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. Short-term accounts and notes receivable with unpaid interest are measured at the original invoice amount because the effect of discounting is not significant.

(10) Impairment of financial assets

For financial assets carried at amortized cost, an allowance for losses is provided for at 12-month expected credit losses for financial assets that do not have a significant increase in

credit risk since initial recognition, taking into account all reasonable and probable information (including forward-looking information); for financial assets that have a significant increase in credit risk since initial recognition, an allowance for losses is provided for at the expected credit losses over the expected life of the asset; and for receivables or contract assets that do not contain significant financial components, an allowance for losses is provided for at the expected credit losses over the expected life of the asset. For accounts receivable or contract assets that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the period.

(11) Derecognition of financial assets

Financial assets are derecognized when the Company's contractual rights to receive cash flows from the financial assets lapse.

(12) Lessor's Lease Transactions - Operating Leases

Lease proceeds from operating leases, net of any incentives given to the lessee, are recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

1. The purchase cost of inventories includes the purchase price, import duties and taxes, and other costs directly attributable to the acquisition of the merchandise. Transaction discounts, markdowns and other similar items are deducted in determining the cost of purchase.
2. Inventories are measured at the lower of cost or net realizable value, with cost determined by the moving weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less related variable selling expenses.

(14) Investments accounted for using the equity method - subsidiaries

1. A subsidiary is an entity (including a structured entity) that is controlled by the Company and is controlled by the Company when the Company is exposed to variable remuneration from participation in the entity or has rights to such variable remuneration and has the ability to affect such remuneration through its power over the entity.
2. Unrealized gains or losses resulting from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to conform to the policies adopted by the Company.
3. The Company recognizes its share of the profit or loss of a subsidiary in the current period and its share of other comprehensive income or loss after the acquisition. If the Company's share of losses recognized in a subsidiary equal or exceeds its interest in that subsidiary, the Company continues to recognize losses in proportion to its ownership.

4. Changes in ownership of subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, i.e., as transactions with owners. The difference between the amount of the adjustment of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
5. When the Company loses control of a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in a related party or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period. For all amounts previously recognized in other comprehensive income or loss related to the subsidiary, the accounting treatment is the same as if the Company had directly disposed of the related assets or liabilities, i.e., if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the subsidiary is lost.
6. In accordance with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the current profit or loss and other comprehensive income or loss in individual financial statements should be the same as the apportionment of the current profit or loss and other comprehensive income or loss attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owners' equity in individual financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

(15) Property, Plant and Equipment

1. Property, plant and equipment are recorded at acquisition cost.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced portion should be excluded. All other maintenance costs are recognized in profit or loss as incurred.
3. Property, plant and equipment are subsequently measured at cost and depreciated on a straight-line basis over their estimated useful lives. If the components of property, plant and equipment are significant, they are depreciated separately.
4. The Company reviews the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and useful life differs from previous estimates, or if there is a significant change in the expected pattern of

consumption of the future economic benefits embodied in the asset, the change is accounted for in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The useful lives of each asset are as follows:

Office Equipment	3 years
Other Equipment	5 years
Lease Improvements	5 years

(16) Lessee's lease transactions - right-of-use assets/lease liabilities

1. Leased assets are recognized as right-of-use assets and lease liabilities on the date they become available for use by the Company. When a lease contract is a short-term lease or a lease of a low-value underlying asset, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the present value of the lease payments outstanding at the inception date of the lease, discounted at the Company's incremental borrowing rate, which is a fixed benefit, less any lease incentives that may be received.

Interest expense is subsequently accrued over the lease term using the amortized cost method. The lease liability is reassessed and the right-of-use asset is remeasured when there is a change in the lease term or lease payments that is not a contractual modification.

3. Right-of-use assets are recognized at cost at the inception date of the lease and the cost is the original measurement of the lease liability.

Depreciation expense is provided when the right-of-use asset is subsequently measured at cost, at the earlier of the end of its useful life or the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurement of the lease liability.

(17) Investment property

Investment property is recognized at acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 50 years.

(18) Intangible assets

The cost of computer software is recognized at acquisition cost and amortized on a straight-line basis over the estimated useful lives of 1 ~ 5 years.

(19) Impairment of non-financial assets.

An impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value of an asset less its cost of disposal or its value in use. When the impairment loss recognized in prior years does not exist or decreases, the impairment loss is reversed, provided that the carrying amount of the asset increased by the reversed impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset, net of depreciation or amortization.

(20) Loans

This refers to short-term borrowings from banks. The Company measures the amount at its fair value less transaction costs on initial recognition and subsequently recognizes interest expense in profit or loss over the period of liquidity using the effective interest method and the amortization procedure for any difference between the consideration less transaction costs and the redemption value.

(21) Accounts and notes payable

1. Debt incurred for the purchase of raw materials, goods or services on credit and bills payable for operating and non-operating purposes.
2. Short-term accounts payable and notes payable with unpaid interest are measured at the original invoice amount because the effect of discounting is not significant.

(22) Derecognition of financial liabilities

The Company derecognizes financial liabilities upon the performance, cancellation or maturity of the obligations specified in the contracts.

(23) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered.

2. Retirement

(1) Definition of the contribution plan

For defined contribution plans, the amount to be contributed to the pension fund is recognized as pension cost on an accrual basis in the current period. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

(2) Defined benefit plans

- A. The net obligation under the defined benefit plans is calculated by discounting the amount of future benefits earned by employees for current or past service by the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method, using market yields at the balance sheet date on government bonds (at the balance sheet date) that correspond to the currency and period of the defined benefit plan.
- B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are expressed in retained earnings.
- C. The related expenses for prior service costs are recognized immediately in profit or loss.

3. Employee Compensation and Directors' Remuneration

Employee compensation and remuneration to directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If the actual allotment amount subsequently resolved differs from the estimated amount, the difference is treated as a change in accounting estimate. In addition, the number of shares used for employee compensation is calculated based on the closing price on the day before the date of the board of directors' resolution.

(24) Employee Share-based Payment

1. Equity-settled share-based payment agreements are measured at the fair value of the equity instruments given on the date of grant for employee services received and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of equity instruments should reflect the effect of market vesting conditions and non-vesting conditions. The recognized compensation cost is adjusted as the number of awards that are expected to meet the service conditions and non-market vesting conditions is adjusted until the final amount recognized is based on the number of awards vested at the vesting date.
2. Restrictions on Employee Rights IPO
 - (1) Compensation cost is recognized at the grant date on the basis of the fair value of the equity instruments granted over the vesting period.
 - (2) The right to participate in dividend distribution is not restricted and the employee is not required to return the dividends received if he/she leaves the

company during the vesting period.

- (3) Employees are required to pay a price to acquire new shares with restricted rights. If an employee leaves the Company during the vesting period, the employee should return the shares and the Company should also refund the price.

(25) Taxation

1. Income tax expense consists of current and deferred income taxes. Income taxes are recognized in profit or loss, except when they relate to items included in other comprehensive income or directly in equity, which are included in other comprehensive income or directly in equity, respectively.
2. The Company calculates current income taxes based on tax rates enacted or substantively enacted at the balance sheet date of the countries in which the Company operates and generates taxable income. Management periodically evaluates the status of income tax returns with respect to applicable income tax regulations and, when applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Income tax is imposed on undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, income tax expense is recognized on the actual distribution of earnings after the shareholders' meeting approves the earnings distribution.
3. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. If the Company has control over the timing of the reversal of temporary differences arising from its investment in a subsidiary and it is probable that the temporary differences will not reverse in the foreseeable future, the temporary differences are not recognized. Deferred income tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle or realize the assets and liabilities simultaneously on a net basis; deferred income tax assets and liabilities are offset when there is a legally

enforceable right to offset current income tax assets and liabilities and the deferred income tax assets and liabilities are incurred by the same taxable entity or by different taxable entities that intend to settle or realize the assets and liabilities simultaneously on a net basis.

(26) Share Capital

1. Common stock is classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from equity, net of income taxes.
2. When the Company repurchases outstanding shares, the consideration paid includes any directly attributable incremental costs recognized as a deduction from stockholders' equity, net of income taxes.

(27) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends, and cash dividends are recognized as a liability.

(28) Revenue Recognition

1. Sales revenue is recognized when control of the product is transferred to the customer, i.e., when the product is delivered to the customer, the customer has discretion over the access and price of the product, and the Company has no outstanding performance obligations that may affect the customer's acceptance of the product. Delivery of merchandise occurs when the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.
2. Revenue from sales of merchandise is recognized on a net basis, based on contract prices less sales returns and discounts. The Company does not adjust the transaction price to reflect the time value of money because the time lag between the transfer of the promised goods or services to the customer and the customer's payment does not exceed one year.
3. Accounts receivable are recognized when the merchandise is delivered to the customer because the Company has an unconditional right to the contract price from that point onward and only requires the passage of time to receive the consideration from the customer.

(29) Government Subsidies

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that the grant will be received. If the nature of the government grant is to compensate the Company for expenses incurred, the government grant is recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred. Government grants related to property, plant and equipment are recognized as non-current liabilities and are recognized as current income on a straight-line basis over the estimated useful lives of the related assets.

5. Critical accounting judgments, assumptions and key sources of estimation uncertainty

In preparing these individual financial statements, management has used its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing at the balance sheet date. Significant accounting estimates and assumptions made that may differ from actual results are continually evaluated and adjusted, considering historical experience and other factors. These estimates and assumptions are subject to the risk that the carrying amounts of assets and liabilities will be adjusted in the next financial year. The following is a description of the uncertainties in significant accounting judgments, estimates and assumptions:

(1) Critical Accounting Estimates and Assumptions

The accounting policies adopted by the Company have been assessed to be free of significant uncertainty.

(2) Critical Accounting Estimates and Assumptions

In preparing these individual financial statements, management makes accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances prevailing at the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and are continually evaluated and adjusted, taking into account historical experience and other factors. The risk that the carrying amounts of assets and liabilities may be adjusted in the next financial year as a result of the Company's significant accounting estimates and assumptions are as follows:

Estimated allowance for loss on accounts receivable

The Company manages the collection and demand operations of its customers and assumes the related credit risk. The management regularly evaluates the credit quality and collection status of customers and adjusts the credit policy for customers in a timely manner. The

expected loss rate is established by incorporating forward-looking information on the customer's ability to pay.

As of December 31, 2021, the carrying amount of the Company's accounts receivable was \$96,853.

6. Description of significant accounting items

(1) Cash and Cash Equivalents

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Cash on hand	\$ 30	\$ 30
Checking Deposit and Savings Deposit	318,146	193,416
Cash equivalents - bank time deposits	-	178,500
Cash equivalents - bonds with repurchase	-	50,000
	<u>\$ 318,176</u>	<u>\$ 421,946</u>

1. The Company has good credit quality with financial institutions, and the Company has dealings with several financial institutions to diversify credit risk, so the possibility of default is expected to be low.

2. The Company has not pledged cash and cash equivalents as collateral.

(2) Financial assets at fair value through profit or loss

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current Items :		
Mandatory financial assets at fair value through profit or loss		
Hybrid Instrument - Structured Time Deposit	\$ -	\$ 30,000
Valuation Adjustment	-	99
	<u>\$ -</u>	<u>\$ 30,099</u>

1. The net (loss) gain or loss on the Company's financial assets at fair value through profit or loss is \$846 and \$99 in 2021 and 2020, respectively.

2. The Company has not pledged any financial assets at fair value through profit or loss as collateral.

3. Please refer to Note 12(3) for the related fair value information.

(3) Financial assets measured at fair value through other comprehensive income or loss

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Non-current items :		
Equity Tools		
Unlisted counter stocks (Note)	\$ 3,179	\$ 3,900
Valuation Adjustment	<u>893</u>	<u>1,092</u>
	<u>\$ 4,072</u>	<u>\$ 4,992</u>

Note: The investee company will reduce its capital by \$721 and \$1,100 in December 2021 and 2020, respectively, due to operational strategy adjustment.

1. The Company has elected to classify its equity investments, which are strategic investments, as financial assets measured at fair value through other comprehensive income or loss.
2. The breakdown of financial assets at fair value through other comprehensive income or loss recognized in (loss) income and comprehensive (loss) income is as follows :

	<u>2021</u>	<u>2020</u>
<u>Equity instruments measured at fair value through</u> <u>other comprehensive income or loss</u>		
Changes in fair value recognized in other comprehensive (loss) income	<u>(\$ 199)</u>	<u>\$ 982</u>

3. The Company has not pledged financial assets at fair value through other comprehensive income or loss as collateral.

4. Please refer to Note 12(3) for the related fair value information.

(4) Notes and accounts receivable (including related parties)

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Notes Receivable	<u>\$ 109</u>	<u>\$ -</u>
Accounts receivable	\$ 96,882	\$ 93,044
Less: Allowance for losses	<u>(29)</u>	<u>-</u>
	<u>\$ 96,853</u>	<u>\$ 93,044</u>
Accounts receivable - related parties	<u>\$ 6,914</u>	<u>\$ 9,336</u>

1. The aging analysis of notes and accounts receivable and related credit risk information are described in Note 12(2).
2. As of December 31, 2021 and 2020, the balances of notes and accounts receivable were generated from customer contracts, and as of January 1, 2020, the balances of notes and accounts receivable from customer contracts were \$109,653.
3. The Company does not hold any collateral for its accounts receivable.

(5) Investments accounted for using the equity method

	<u>December 31,</u>		<u>December 31,</u>	
	<u>2021</u>		<u>2020</u>	
	<u>Carrying amount</u>	<u>Shareholding Ratio</u>	<u>Carrying amount</u>	<u>Shareholding Ratio</u>
Subsidiaries :				
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.				
	<u>\$ 1,243,392</u>	100%	<u>\$ 1,189,388</u>	100%
	<u>2021</u>		<u>2020</u>	
	Share of (loss) interest in subsidiaries accounted for using the equity method	Other comprehensive (Loss) gain (before tax)	Share of (loss) interest in subsidiaries accounted for using the equity method	Other comprehensive (Loss) gain (before tax)
Subsidiaries :				
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.				
	<u>\$ 110,430</u>	<u>(\$ 53,750)</u>	<u>\$ 75,699</u>	<u>(\$ 25,930)</u>

For information on the Company's subsidiaries, please refer to Note 4(3) to the Company's consolidated financial statements for the year 2021.

(6) Property, plant and equipment

	<u>2021</u>			
	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Lease Improvements</u>	<u>Total</u>
January 1				
Cost	\$ 1,162	\$ 2,061	\$ -	\$ 3,223
Accumulated depreciation and impairment	(549)	(1,786)	-	(2,335)

	<u>\$ 613</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 888</u>
January 1	\$ 613	\$ 275	\$ -	\$ 888
Additions	-	-	2,944	2,944
Depreciation expense	<u>(388)</u>	<u>(275)</u>	<u>(245)</u>	<u>(908)</u>
December 31	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 2,699</u>	<u>\$ 2,924</u>
December 31				
Cost	\$ 1,162	\$ -	\$ 2,944	\$ 4,106
Accumulated depreciation and impairment	<u>(937)</u>	<u>-</u>	<u>(245)</u>	<u>(1,182)</u>
	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 2,699</u>	<u>\$ 2,924</u>

2020

	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Lease Improvements</u>	<u>Total</u>
January 1				
Cost	\$ 1,162	\$ 2,061	\$ -	\$ 3,223
Accumulated depreciation and impairment	<u>(161)</u>	<u>(1,374)</u>	<u>-</u>	<u>(1,535)</u>
	<u>\$ 1,001</u>	<u>\$ 687</u>	<u>\$ -</u>	<u>\$ 1,688</u>
January 1	\$ 1,001	\$ 687	\$ -	\$ 1,688
Depreciation expense	<u>(388)</u>	<u>(412)</u>	<u>-</u>	<u>(800)</u>
December 31	<u>\$ 613</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 888</u>
December 31				
Cost	\$ 1,162	\$ 2,061	\$ -	\$ 3,223
Accumulated depreciation and impairment	<u>(549)</u>	<u>(1,786)</u>	<u>-</u>	<u>(2,335)</u>
	<u>\$ 613</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 888</u>

1. For the years ended December 31, 2011 and 2020, the Company did not capitalize any interest, and all of them were for its own use.
2. As of December 31, 2021 and 2020, the Company has not pledged any property, plant and equipment as collateral.

(7) Lease transaction - Tenant

1. The subject asset of the lease is a building. The term of the building lease agreement is 5 years. The lease contracts are individually negotiated and contain various terms and

conditions. The leased assets cannot be subleased, loaned, assigned or otherwise used by others, or the lease rights transferred to others without the lessor's consent.

2. The carrying value of the right-of-use assets and the depreciation expense recognized were as follows :

	<u>Building</u> <u>Construction</u>	<u>Transportation</u> <u>Equipment</u>	<u>Total</u>
January 1, 2021	\$ 1,422	\$ 2,852	\$ 4,274
Additions	3,861	-	3,861
Reduction	(864)	(1,680)	(2,544)
Depreciation expense	(1,046)	(1,172)	(2,218)
December 31, 2021	<u>\$ 3,373</u>	<u>\$ -</u>	<u>\$ 3,373</u>

	<u>Building</u> <u>Construction</u>	<u>Transportation</u> <u>Equipment</u>	<u>Total</u>
January 1, 2020	\$ 209	\$ -	\$ 209
Additions	2,438	4,390	6,828
Depreciation expense	(1,225)	(1,538)	(2,763)
December 31, 2020	<u>\$ 1,422</u>	<u>\$ 2,852</u>	<u>\$ 4,274</u>

3. Information on the profit and loss items related to lease contracts is as follows :

	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss for the period</u>		
Interest expense on lease liabilities	\$ 42	\$ -
Lease payments for assets of low value	1	25
Lease modification loss (benefit)	85	-

4. In addition to the cash outflow for lease related expenses described in Note 6(7)(3) above, the Company will incur cash outflow for principal repayment of lease liabilities totaling \$2,209 and \$2,744 in 2021 and 2020, respectively.

(8) Investment property

2021 : None ◦

	<u>2020</u>		
	<u>Land</u>	<u>House and Building</u>	<u>Total</u>
January 1			
Cost	\$ 73,966	\$ 30,034	\$ 104,000

Accumulated depreciation	-	(14,979)	(14,979)
	<u>\$ 73,966</u>	<u>\$ 15,055</u>	<u>\$ 89,021</u>
January 1	\$ 73,966	\$ 15,055	\$ 89,021
Depreciation expense	-	(76)	(76)
Disposal	(73,966)	(14,979)	(88,945)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. Rental income from investment properties and direct operating expenses :

	<u>2021</u>	<u>2020</u>
Rental income from investment properties	<u>\$ -</u>	<u>\$ 2,108</u>
Direct operating expenses incurred on investment properties that generate rental income in the current period	<u>\$ -</u>	<u>\$ 76</u>

2. The Company's board of directors resolved on February 19, 2020 to dispose of the land and building located at Lot 501, Wugu District, New Taipei City, Taiwan, and the sale of the aforementioned property was completed on April 30, 2020 for a total sale price of \$310,000, net of sales tax of \$1,209 and book value of \$88,945, resulting in a gain on disposal of investment property of \$219,846.

(9) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 12,911	\$ 9,669
Compensation payable to employees and directors and supervisors	7,692	17,589
Pension payable	550	552
Health insurance payable	549	540
Labor costs payable	1,897	485
Other	574	458
	<u>\$ 24,173</u>	<u>\$ 29,293</u>

(10) Retirement

1. Defined Benefit Retirement Plan

(1) The Company's pension plan under the Labor Standards Law of R.O.C. is a defined benefit pension plan administered by the government. Employees' pension payments are based on the average salary for the six months prior to the date of approved retirement. The Company contributes 2% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Labor Pension Fund Supervisory Committee in a special account in the Bank of Taiwan. If the balance of the special account is not sufficient to pay the employees who are expected to meet the retirement requirements in the following year before the end of the year, the difference will be withdrawn in one lump sum by the end of March of the following year. The Bank of Taiwan entrusts the management of the account to the Bureau of Labor Fund Application, Ministry of Labor, and the Company has no right to influence the investment management strategy.

(2) The amounts recognized in the balance sheet were as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	(\$ 14,529)	(\$ 14,120)
Fair value of planned assets	<u>11,825</u>	<u>10,510</u>
Net defined benefit obligation	<u>(\$ 2,704)</u>	<u>(\$ 3,610)</u>

(3) The changes in the net defined benefit obligation were as follows :

	Defined Benefits Present Value of Volunteer Services	Planned assets Fair value	Net defined benefit Assets (liabilities)
2021			
Balance as of January 1	(\$ 14,120)	\$ 10,510	(\$ 3,610)
Current service cost	(149)	-	(149)
Interest (expense) income	(49)	39	(10)
	<u>(14,318)</u>	<u>10,549</u>	<u>(3,769)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	140	140
Effect of changes in demographic assumptions	(749)	-	(749)
Effect of changes in financial assumptions	551	-	551
Experience Adjustments	(13)	-	(13)
	<u>(211)</u>	<u>140</u>	<u>(71)</u>
Contribution to retirement fund	-	1,136	1,136
Balance on December 31	<u>(\$ 14,529)</u>	<u>\$ 11,825</u>	<u>(\$ 2,704)</u>
	Defined Benefits Present Value of Volunteer Services	Planned assets Fair value	Net defined benefit Assets (liabilities)
2020			
Balance as of January 1	(\$ 9,564)	\$ 8,928	(\$ 636)
Current service cost	(103)	-	(103)
Interest (expense) income	(76)	76	-
	<u>(9,743)</u>	<u>9,004</u>	<u>(739)</u>
Remeasurements.			
Return on plan assets (excluding amounts included in interest income or expenses)	-	264	264
Effect of changes in demographic assumptions	(64)	-	(64)
Effect of changes in financial assumptions	(318)	-	(318)
Experience Adjustments	(3,995)	-	(3,995)

	(<u>4,377</u>)	<u>264</u>	(<u>4,113</u>)
Contribution to retirement fund	<u>-</u>	<u>1,242</u>	<u>1,242</u>
Balance on December 31	<u>(\$ 14,120)</u>	<u>\$ 10,510</u>	<u>(\$ 3,610)</u>

(4) The assets of the Company's defined benefit pension plan are entrusted to the Bank of Taiwan in accordance with Article 6 of the Regulations Governing the Custody and Use of Labor Pension Fund (i.e., deposit with domestic and foreign financial institutions, investment in domestic and foreign listed, over-the-counter or private placement equity securities, and investment in domestic and foreign real estate securitization products) within the proportion and amount of the entrusted items set forth in the annual investment and utilization plan of the fund. The use of the fund is supervised by the Labor Pension Fund Supervisory Committee. The minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the interest rate of two-year time deposits in local banks, and if there is any deficiency, it shall be replenished by the national treasury after approval by the competent authority. As the Company does not have the authority to participate in the operation and management of the fund, the fair value of plan assets cannot be disclosed in accordance with paragraph 142 of IAS 19. The fair value of the total assets constituting the fund as of December 31, 2021 and 2020, please refer to the annual reports on the use of the labor pension fund announced by the government.

(5) The actuarial assumptions related to pensions are summarized as follows :

	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.75%</u>	<u>0.35%</u>
Future salary increase rate	<u>2.50%</u>	<u>2.50%</u>

The assumptions for future mortality are based on the Sixth Life Table of Experience for the Taiwan life insurance industry.

An analysis of the present value of the defined benefit obligation due to changes in the major actuarial assumptions used is as follows :

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase of</u>	<u>Reduction of</u>	<u>Increase of</u>	<u>Reduction</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>of 0.25%</u>
<u>December 31, 2021</u>				
Effect on the present value of defined benefit obligations	<u>(\$ 351)</u>	<u>\$ 362</u>	<u>\$ 347</u>	<u>(\$ 337)</u>
<u>December 31, 2020</u>				

Effect on the present value of defined benefit obligations (\$ 369) \$ 383 \$ 365 (\$ 354)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methodology and assumptions used to compile the sensitivity analysis in this period are the same as those used in the previous period.

(6) The Company expects to contribute of \$1,136 to its retirement plan in fiscal 2022.

(7) As of December 31, 2021, the weighted-average duration of the retirement plan is 10 years. The maturity analysis of pension payments is as follows :

	<u>Amount</u>
Within 1 year	\$ 9,817
1 ~ 5 years	<u>6,614</u>
	<u>\$ 16,431</u>

2. Determine the method of contribution to retirement

(1) Effective July 1, 2005, the Company has established a defined contribution retirement

plan under the Labor Pension Act, which is applicable to employees of the Company's nationality. The Company makes monthly contributions of 6% of salaries and wages to employees' personal accounts at the Labor Insurance Bureau for employees who choose to be covered by the Labor Pension Act. °

(2) For the years 2021 and 2020, the Company recognized pension costs of \$863 and \$1,079, respectively, based on the above pension plan.

(11) Share Based Payment

1. The Company's share-based payment agreements are as follows :

Restricted Employee Rights IPO

The Company did not issue any new restricted employee rights shares in fiscal 2021 and 2020, and the information on the issued shares is as follows :

	<u>2021</u>	<u>2020</u>
	<u>No. of shares</u>	<u>No. of shares</u>
	<u>(in thousands)</u>	<u>(in thousands)</u>
In circulation at the beginning of January 1	-	983

Current vested	<u>- (983)</u>
In circulation at the end of December 31	<u><u>- -</u></u>

2. Expenses arising from share-based payment transactions

	<u>2021</u>	<u>2020</u>
Restrictions on Employee Rights IPO	<u>\$ -</u>	<u>\$ 2,355</u>

(12) Share Capital

As of December 31, 2021, the Company had a paid-in capital of \$1,500,000 divided into 150,000 thousand shares and a paid-in capital of \$770,984 with a par value of \$10 per share. The Company has received payment for all issued shares.

A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period (in thousands) is as follows :

	<u>2021</u>	<u>2020</u>
<u>Share Capital</u>		
January 1	77,098	85,148
Cancellation of treasury stock	-	(8,050)
December 31	<u>77,098</u>	<u>77,098</u>
<u>Treasury Stock</u>		
January 1	-	50
Purchase of treasury stock	-	8,000
Cancellation of treasury stock	-	(8,050)
December 31	-	-

(13) Capital surplus

1. In accordance with the Company Law, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to offset losses, and new shares or cash may be issued in proportion to the shareholders' original shares when the Company has no accumulated losses. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus shall not exceed 10% of the paid-in capital each year. The Company may not use capital surplus to replenish capital unless there is a shortfall in capital surplus to cover capital deficit.

	<u>2021</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1 (i.e., the end of December 31)	<u>\$ 615,083</u>	<u>\$ 53,673</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 668,899</u>
	<u>2020</u>				
	<u>Issue Premium</u>	<u>Treasury Stock Transactions</u>	<u>RSA</u>	<u>Other</u>	<u>Total</u>
January 1	\$ 713,256	\$ 28,554	\$ 5,885	\$ 143	\$ 747,838
Cash allotment from capital reserve	(37,007)	-	-	-	(37,007)
Cancellation of treasury stock	(67,051)	25,119	-	-	(41,932)

Restrictions on employee rights new shares	<u>5,885</u>	<u>-</u>	<u>(5,885)</u>	<u>-</u>	<u>-</u>
vested					
January 1	<u>\$ 615,083</u>	<u>\$ 53,673</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 668,899</u>

- The Company held a shareholders' meeting on June 16, 2020 and resolved to distribute cash from capital surplus in the amount of \$37,007.

(14) Retained earnings/post-period events

- In accordance with the Company's Articles of Incorporation, the Company shall first make up its deficit and then set aside 10% of the remaining balance as legal reserve, except when the legal reserve has reached the total capital. In addition, the Board of Directors shall prepare a proposal for the appropriation of the special reserve or the reversal of the special reserve by law or by the competent authority, and if there is any surplus, the Board of Directors shall propose a resolution to the shareholders' meeting to distribute the amount of the accumulated undistributed earnings of the previous year and the undistributed earnings of the current year.
- The Company's dividend policy is based on a prudent and balanced approach, and at least 20% of the dividends distributed in a given year is set aside for cash dividends, taking into account factors such as profitability, financial structure and future development of the Company.
- The legal reserve may not be used except to cover losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of such reserve shall exceed 25% of the paid-in capital.
- When distributing earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date, and if the debit balance of other equity items is subsequently reversed, the reversed amount may be included in available-for-distribution earnings.
- The Company's earnings were distributed as follows :

- At the ordinary shareholders' meetings held on July 16, 2021 and June 16, 2020, it was resolved that the appropriation of earnings for 2020 and 2019 be approved as follows :

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	Dividend per share	<u>Amount</u>	Dividend per share
		(\$)		(\$)
Provision for legal reserve	\$ 18,929		\$ 7,224	

Provision for special reserve	17,407		9,770	
Cash dividends	<u>115,648</u>	1.50	<u>55,511</u>	0.72
	<u>\$ 151,984</u>		<u>\$ 72,505</u>	

(2) The Board of Directors resolved on March 14, 2022 to distribute earnings for fiscal 2021 as follows :

	<u>2021</u>	Dividend per share
	<u>Amount</u>	(\$)
Provision for legal reserve	\$ 7,700	
Provision for special reserve	43,199	
Cash dividends	<u>30,839</u>	0.40
	<u>\$ 81,738</u>	

(15) Other equity items

	<u>2021</u>			
	<u>Unrealized</u> <u>(loss) gain</u>	<u>Foreign Currency</u> <u>Conversion</u>	<u>Employees no</u> <u>earning compensation</u>	<u>Total</u>
January 1	\$ 1,092	(\$ 93,423)	\$ -	(\$ 92,331)
Rating Adjustment	(199)	-	-	(199)
Foreign currency translation differences.				
-Subsidiaries	-	(53,750)	-	(53,750)
-Taxes on subsidiaries	<u>-</u>	<u>10,750</u>	<u>-</u>	<u>10,750</u>
December 31	<u>\$ 893</u>	<u>(\$ 136,423)</u>	<u>\$ -</u>	<u>(\$ 135,530)</u>

	<u>2020</u>			
	<u>Unrealized</u> <u>(loss) gain</u>	<u>Foreign Currency</u> <u>Conversion</u>	<u>Employees no</u> <u>earning compensation</u>	<u>Total</u>
January 1	\$ 110	(\$ 72,679)	(\$ 2,355)	(\$ 74,924)
Rating Adjustment	982	-	-	982
Recognized share-based payment expense	-	-	2,355	2,355
Foreign currency translation differences.				

-Subsidiaries	-	(25,930)	-	(25,930)
-Taxes on subsidiaries	-	5,186	-	5,186
December 31	<u>\$ 1,092</u>	<u>(\$ 93,423)</u>	<u>\$ -</u>	<u>(\$ 92,331)</u>

(16) Operating income

1. Breakdown of contract customer revenue

The Company's revenues are generated from merchandise that is transferred at a point in time and are broken down into the following major business groups :

	<u>2021</u>	<u>2020</u>
	<u>Revenue from</u>	<u>Revenue from</u>
	<u>customer contracts</u>	<u>customer contracts</u>
Molds	\$ 115,302	\$ 115,464
Plastic molding	<u>521,921</u>	<u>385,569</u>
	<u>\$ 637,223</u>	<u>\$ 501,033</u>

2. Contractual Liabilities

(1) The Company recognized contract liabilities related to revenue from customer contracts as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contractual liabilities – sales of goods	<u>\$ 67</u>	<u>\$ 72</u>	<u>\$ 11</u>

(2) The amount of revenue recognized in the current period for the opening contract liabilities for both fiscal 2021 and 2020 is \$0.

(17) Interest income

	<u>2021</u>	<u>2020</u>
Bank Deposit Interest	<u>\$ 765</u>	<u>\$ 564</u>

(18) Other income

	<u>2021</u>	<u>2020</u>
Rental Income	\$ -	\$ 2,108
Government subsidy income	2,002	2,461
Dividend income	597	24
Other	<u>411</u>	<u>491</u>

<u>\$</u>	<u>3,010</u>	<u>\$</u>	<u>5,084</u>
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(19) Other Benefits and Losses

	<u>2021</u>		<u>2020</u>
(Gain) loss on disposal of property, plant and equipment	\$ -	\$	788
(Gain) loss on disposal of investment property	-		219,846
(Gain) loss on lease modification	(85)		-
Net foreign currency exchange gains (losses)	(2,589)	(	4,874)
Financial assets at fair value through profit or loss	846		99
Net (loss) gain or loss on financial assets at fair value through profit or loss			
Other	(98)	(	480)
	<u>(\$ 1,926)</u>	<u>\$</u>	<u>215,379</u>

(20) Financial Costs

	<u>2021</u>		<u>2020</u>
Interest charges on bank loans	\$ -	\$	144
Interest expense on lease liabilities	42		49
	<u>\$ 42</u>	<u>\$</u>	<u>193</u>

(21) Additional information on the nature of fees

	<u>2021</u>		<u>2020</u>
Employee benefit expenses	<u>\$ 44,078</u>	<u>\$</u>	<u>46,192</u>
Depreciation expense on property, plant and equipment	<u>\$ 908</u>	<u>\$</u>	<u>800</u>
Depreciation of right-of-use assets	<u>\$ 2,218</u>	<u>\$</u>	<u>2,763</u>
Depreciation expense on investment property	<u>\$ -</u>	<u>\$</u>	<u>76</u>
Amortization of intangible assets	<u>\$ 1,059</u>	<u>\$</u>	<u>958</u>

(22) Employee benefit expenses

	<u>2021</u>	<u>2020</u>
Salary Costs	\$ 36,794	\$ 33,175
Labor and Health Insurance Costs	2,045	2,078
Pension Fees	1,022	1,182
Directors' remuneration	3,229	8,795
Other employee benefit expenses	<u>988</u>	<u>962</u>
	<u>\$ 44,078</u>	<u>\$ 46,192</u>

1. In accordance with the Company's Articles of Incorporation, the Company shall appropriate not less than 1% and not more than 3% of the pre-tax income before employees' and directors' and supervisors' remuneration, respectively, of the Company for the current year, after retaining the amount to cover losses
2. The compensation to employees is estimated to be \$4,913 and \$9,344 for 2021 and 2020, respectively, and the compensation to directors and supervisors is estimated to be \$2,779 and \$8,245, respectively, and the aforementioned amount is recorded as salary expense. 2021 is estimated at 4.7% and 2.7%, respectively, based on the profitability of the year.

The remuneration to employees and remuneration to directors and supervisors for 2020 resolved by the Board of Directors amounted to \$9,344 and \$8,245, respectively, which were consistent with the amounts recognized in the financial statements for 2020 and were paid in cash of \$9,344 and \$8,245, respectively, for the year ended December 31, 2021.

3. Information on the remuneration of employees and directors and supervisors approved by the Board of Directors and reported in the shareholders' meeting is available on the Market Observation Post System.

(23) Income Tax

1. Income tax expense

(1) Income tax expense component :

	<u>2021</u>	<u>2020</u>
Current income tax :		
Income taxes arising from current income	\$ -	\$ -
Foreign income tax	121	200
Land appreciation tax	-	5,543
(High) Underestimation of prior years' income tax	<u>-</u>	<u>548</u>
Total current income tax	<u>121</u>	<u>6,291</u>

Deferred income tax.		
Origination and reversal of temporary differences	<u>18,602</u>	<u>58,220</u>
Income tax expense	<u>\$ 18,723</u>	<u>\$ 64,511</u>

(2) Amount of income tax expense (benefit) related to other comprehensive income:

	<u>2021</u>		<u>2020</u>
Translation differences between foreign operating entities	(\$ 10,750)		(\$ 5,186)
Actuarial gains and losses on defined benefit plans	(14)		(673)
	(\$ 10,764)		(\$ 5,859)

(3) There are no income taxes related to direct debits or credits to the Company's interests in fiscal 2021 and 2020.

2. Relationship between income tax expense and accounting profit

	<u>2021</u>		<u>2020</u>
Income tax on net income before tax at statutory rate	\$ 19,156		\$ 51,448
Excludable expenses under the tax law	-		2,707
Income exempt from tax under the Tax Law	(554)		(41,511)
Underestimation of prior years' income tax	-		548
Foreign income tax	121		200
Land appreciation tax	-		5,543
Deferred income tax assets not recognized for temporary differences	-		45,576
Income tax expense	<u>\$ 18,723</u>		<u>\$ 64,511</u>

3. The amount of each deferred income tax asset or liability arising from temporary differences and tax losses is as follows :

	<u>2021</u>		<u>Recognized in other</u>	
	<u>January 1</u>	<u>Recognized in</u>	<u>comprehensive</u>	<u>December 31</u>
		<u>(Loss) gain</u>	<u>(loss) income</u>	
Deferred income tax assets:				
Temporary differences				
- Accrued pension liability	\$ 1,630	\$ -	\$ 14	\$ 1,644
- Exchange differences of foreign operating institutions	23,356	-	10,750	34,106

- Others	241	423	-	664
Tax loss	<u>30,557</u>	<u>3,061</u>	<u>-</u>	<u>33,618</u>
Subtotal	<u>55,784</u>	<u>3,484</u>	<u>10,764</u>	<u>70,032</u>
Deferred income tax liabilities:				
Temporary differences				
- Accumulated foreign investment benefits recognized under the equity method				
	(42,686)	(22,086)	-	(64,772)
- Others	<u>(704)</u>	<u>-</u>	<u>-</u>	<u>(704)</u>
Subtotal	<u>(43,390)</u>	<u>(22,086)</u>	<u>-</u>	<u>(65,476)</u>
Total	<u>\$ 12,394</u>	<u>(\$ 18,602)</u>	<u>\$ 10,764</u>	<u>\$ 4,556</u>

	<u>2020</u>		<u>Recognized in other</u>	
	<u>January 1</u>	<u>Recognized in (Loss) gain</u>	<u>comprehensive (loss) income</u>	<u>December 31</u>
Deferred income tax assets :				
Temporary differences				
- Accumulated losses from foreign investments recognized under the equity method				
	\$ 29,813	(\$ 29,813)	\$ -	-
- Accrued pension liability	1,203	(246)	673	1,630
- Impairment loss	302	(302)	-	-
- Allowance for doubtful accounts	971	(971)	-	-
- Exchange differences of foreign operating institutions	18,170	-	5,186	23,356
- Others	2,639	(2,398)	<u>January 1</u>	<u>Recognized in (Loss) gain</u>
Tax loss	<u>13,895</u>	<u>16,662</u>	<u>-</u>	<u>30,557</u>
Subtotal	<u>66,993</u>	<u>(17,068)</u>	<u>5,859</u>	<u>55,784</u>
Deferred income tax liabilities :				
Temporary differences				
- Converted interest on corporate bonds was				
	(1,422)	1,422	-	-

realized				
- Accumulated foreign investment benefits recognized under the equity method	-	(42,686)	-	(42,686)
- Others	(816)	112	-	(704)
Subtotal	(2,238)	(41,152)	-	(43,390)
Total	<u>\$ 64,755</u>	<u>(\$ 58,220)</u>	<u>\$ 5,859</u>	<u>\$ 12,394</u>

4. The effective periods of unused tax losses and the amount of unrecognized deferred income tax assets at December 31, 2021 and 2020 are as follows :

December 31, 2021

<u>Year occurred</u>	<u>Tax loss</u>	<u>Amount not yet offset</u>	Deferred income tax not recognized Proceeds from the amount of assets	<u>Last Credit Year</u>
2017 (Approved)	\$ 344,150	\$ 123,936	\$ -	2027
2018 (Approved)	28,848	28,848	-	2028
2021 (Declared)	15,305	<u>15,305</u>	-	2031
	<u>\$ 388,303</u>	<u>\$ 168,089</u>	<u>\$ -</u>	

December 31, 2020

<u>Year occurred</u>	<u>Tax loss</u>	<u>Amount not yet offset</u>	Deferred income tax not recognized Proceeds from the amount of assets	<u>Last Credit Year</u>
2017 (Approved)	\$ 344,150	\$ 123,936	\$ -	2027
2018 (Approved)	<u>28,848</u>	<u>28,848</u>	-	2028
	<u>\$ 372,998</u>	<u>\$ 152,784</u>	<u>\$ -</u>	

5. As of December 31, 2021 and 2020, the Company's income from deductible temporary differences not recognized as deferred income tax assets is \$0.

6. The Company's income tax business has been approved by the tax authorities until 2019.

(24) Earnings per share

	<u>2021</u>		
	Amount after tax	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 77,058</u>	<u>77,098</u>	<u>1.00</u>
<u>Diluted EPS</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 77,058	77,098	
Effect of dilutive potential common shares			
-Employee compensation	<u>-</u>	<u>319</u>	
Net income attributable to ordinary shareholders of the parent company for the period	<u>\$ 77,058</u>	<u>77,417</u>	<u>1.00</u>
	<u>2020</u>		
	Amount after tax	Weighted average Outstanding Number of shares (in thousands)	EPS (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to ordinary shareholders of the parent company	<u>\$ 192,727</u>	<u>77,642</u>	<u>2.48</u>
<u>Diluted earnings per share</u>			
Net income attributable to ordinary shareholders of the parent company for the period	\$ 192,727	77,642	
Effect of dilutive potential common shares			
-Employee compensation	-	513	
-New shares with restricted employee rights	<u>-</u>	<u>160</u>	
Net income attributable to ordinary shareholders of the parent company for the period	<u>\$ 192,727</u>	<u>78,315</u>	2.46

(25) Changes in liabilities arising from financing activities

	<u>Dividends payable</u>	Short-term <u>loans</u>	<u>Deposit Guarantee</u>	Lease liabilities <u>(Current/non-current)</u>
January 1, 2021	\$ -	\$ -	\$ -	\$ 4,290
Declaration of cash dividends	115,648	-	-	-
Increase in lease liabilities	(115,648)	-	-	-
Negative dividends on leases	-	-	-	3,861
Issuance of principal repayments of debt	-	-	-	(2,209)
Decrease in lease liabilities	-	-	-	(2,459)
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,483</u>

	<u>Cash dividends payable and Cash allotment from capital surplus</u>	Short-term <u>loans</u>	<u>Deposit Guarantee</u>	_Lease liabilities <u>(Current/non-current)</u>
January 1, 2020	\$ -	\$ -	\$ 1,050	\$ 206
Cash dividends payable and capital surplus cash allotment	92,518	-	-	-
Cash dividends and capitalization Cash allotment from capital reserve	(92,518)	-	-	-
Increase in short-term borrowings	-	80,000	-	-
Decrease in short-term borrowings	-	(80,000)	-	-
Increase in lease liabilities	-	-	-	6,828
Principal repayment of lease liabilities	-	-	-	(2,744)

Decrease in guarantee deposits on deposit	-	-	(1,050)	-
December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,290</u>

7. Related party transactions

(1) Name and relationship of related parties

<u>Name of Related Party</u>	<u>Relationship with our Company</u>
Speed Tech Corporation (SPEED TECH)	Company with control over the Company(Note)
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.(TAIHAN SOMOA)	Subsidiaries of the Company
YONGHAN PRECISION TECHNOLOGY CO., LTD.(YONGHAN)	Subsidiaries of the Company
TAIHAN PRECISION TECHNOLOGY (PHILLIPINES) CO., INC.(TAIHAN PHILLIPINES)	Subsidiaries of the Company
TaiHan Mold Products (Dongguan) Co., Ltd.(TaiHan Dongguan)	Subsidiaries of the Company
All directors, general managers and key management personnel, etc.	Major management and governance units of the Company

Note: The Company was formerly a related company of Speed Tech Corporation but it acquired control of the Company in August 2021 and became the parent company of the Company.

(2) Significant transactions with related parties

1. Sales Transactions

(1) Operating income

The amounts of sales to related parties were as follows :

	<u>2021</u>	<u>2020</u>
YONGHAN	\$ 61,605	\$ 22,243
TAIHAN PHILLIPINES	24,904	11,973
	<u>\$ 86,509</u>	<u>\$ 34,216</u>

(2) Accounts receivable

The breakdown of accounts receivable arising from the above related party transactions

is	as	follows	:
		<u>December 31, 2021</u>	<u>December 31, 2020</u>
YONGHAN		\$ 5,454	\$ 5,630
TAIHAN PHILLIPINES		<u>1,460</u>	<u>3,706</u>
		<u>\$ 6,914</u>	<u>\$ 9,336</u>

The prices of sales to related parties are based on the Company's transfer pricing policy and the items sold are different from those of non-related parties. In addition, the collection period for sales to related parties is 120 days per month, which differs from that of non-related parties depending on the items sold and the delivery method.

2. Import Trading

(1) Cost of Goods

The Company's purchases from related parties were as follows :

	<u>2021</u>	<u>2020</u>
TAIHAN DONGGUAN	\$ 213,900	\$ 143,727
TAIHAN PHILLIPINES	<u>359,798</u>	<u>320,683</u>
	<u>\$ 573,698</u>	<u>\$ 464,410</u>

(2) Accounts payable

The Company's accounts payable arising from the above related party purchase transactions are as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TAIHAN DONGGUAN	\$ 53,647	\$ 58,822
TAIHAN PHILLIPINES	<u>56,398</u>	<u>57,112</u>
	<u>\$ 110,045</u>	<u>\$ 115,934</u>

The prices of purchases from related parties are based on the Company's transfer pricing policy and are different from those of non-related parties; in addition, the payment period to related parties is 120 days per month, which differs from that of non-related parties depending on the products to be purchased and the delivery method.

3. Management Consulting Services Revenue

(1) Other income

Other income generated from management consulting services provided to related parties was as follows :

	<u>2021</u>	<u>2020</u>
YONGHAN	\$ 13,718	\$ 16,906
TAIHAN DONGGUAN	<u>2,861</u>	<u>2,721</u>

\$ 16,579 \$ 19,627

The Company's revenue from management consulting services provided to related parties was \$16,579 and \$19,627 for fiscal 2021 and 2020, respectively, offset by other net revenue of \$0 for this service.

(2) Other accounts receivable

The breakdown of other receivables arising from the above related party transactions is as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
YONGHAN	\$ 3,191	\$ 7,839
TAIHAN DONGGUAN	<u>1,068</u>	<u>683</u>
	<u>\$ 4,259</u>	<u>\$ 8,522</u>

4. Office lease transactions

(1) Operating Expenses

The depreciation and utility costs incurred by the Company in renting office space to related parties are as follows :

	<u>2021</u>	<u>2020</u>
Speed Tech Corporation	<u>\$ 500</u>	<u>\$ -</u>

The rent for the above-mentioned office leasing transactions is set by agreement between the parties and is payable on a monthly basis.

(2) Other accounts payable

Other accounts payable arising from the above related party transactions were as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Speed Tech Corporation	<u>\$ 87</u>	<u>\$ -</u>

(3) Leasing Liabilities

The Company leases office space for a period of 5 years. The rent is determined by mutual agreement and is paid monthly. The Company's lease liabilities arising from the above related party transactions are as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Speed Tech Corporation	<u>\$ 3,483</u>	<u>\$ -</u>

(4) Financial Costs

Interest expense recognized on the Company's lease liabilities :

	<u>2021</u>	<u>2020</u>
Speed Tech Corporation	<u>\$ 16</u>	<u>\$ -</u>

Interest for fiscal 2021 is calculated at 0.86% per annum.

(5) Other Transactions

(1) Operating Expenses

The breakdown of operating expenses paid to related parties for miscellaneous purchases is as follows :

	<u>2021</u>	<u>2020</u>
Speed Tech Corporation	<u>\$ 86</u>	<u>\$ -</u>

(2) Other accounts payable

As of December 31, 2021 and 2020, other accounts payable arising from the above related party transactions were \$0.

(3) Other current liabilities

As of December 31, 2021 and 2020, the Company's other current liabilities arising from payments and receipts on behalf of YONGHAN are \$405.

6. Endorsement Guaranteed Transactions

The amount of endorsement and guarantee provided by the Company to its subsidiaries in the name of the guarantor is as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
TAIHAN SAMOA	\$ 332,280	\$ 413,366
YONGHAN	69,225	114,032
TAIHAN PHILLIPINES	<u>221,520</u>	<u>228,064</u>
	<u>\$ 623,025</u>	<u>\$ 755,462</u>

7. Long-term equity investment transactions

For the years 2021 and 2020, the amount of dividend income from the Company's investment in TAIHAN SAMOA (a deduction from the investment using the equity method) was \$0 and \$234,397, respectively.

(3) Key Management Compensation Information

	<u>2021</u>	<u>2020</u>
Short-term Employee Benefits	<u>\$ 11,578</u>	<u>\$ 13,477</u>

8. Pledged assets

None.

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant or liabilities

None.

(2) Significant unrecognized contractual commitments

1. On December 31, 2021 and 2020, the Company issued promissory notes of \$507,660 and \$634,414, respectively for bank credit line requirements.
2. On December 31, 2021 and 2020, the Company's endorsement of guarantees for others is \$623,025 and \$755,462, respectively.

10. Significant catastrophic losses

None.

11. Significant Post-Term Events

The appropriation of earnings for 2021 was approved by the board of directors on March 14, 2022, as described in Note 6(14).

12. Other

(1) Capital Management

The Company's objectives in managing capital are to protect the Company's ability to continue as a going concern, to maintain stable liquidity of the Company, to reduce the cost of capital by adjusting the optimal capital structure, and to provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors its capital by using a gearing ratio, which is calculated as total liabilities divided by total assets.

The Company's strategy for 2021 remains the same as that for 2020, with a gearing ratio of 12% and 11% as of December 31, 2021 and 2020, respectively.

(2) Financial Instruments

1. Types of Financial Instruments

December 31, 2021 December 31, 2020

Financial Assets

Financial assets at fair value through profit or loss		
Mandatory financial assets at fair value through profit or loss - current	-	\$ 30,099
Financial assets at fair value through other comprehensive income - non-current		
Investments in equity instruments selected for designation	4,072	4,992
Financial assets measured at amortized cost		
Cash and cash equivalents	318,176	421,946
Notes receivable, net	109	-
Accounts receivable, net	96,853	93,044
Accounts receivable - related parties, net	6,914	9,336
Other receivables	207	-
Other receivables - related parties	4,259	8,522
Guarantee deposits on deposit	6	2,602
	<u>\$ 430,596</u>	<u>\$ 570,541</u>

December 31, 2021 December 31, 2020

Financial liabilities

Financial liabilities measured at amortized cost		
Notes payable	\$ -	\$ 1
Accounts payable	4,517	1,775
Accounts payable - related parties	110,045	115,934
Other payables	24,173	29,293
Other payables - related parties	87	-
	<u>\$ 138,822</u>	<u>\$ 147,003</u>
Lease liabilities-current	<u>\$ 789</u>	<u>\$ 2,980</u>
Lease liabilities-non-current	<u>\$ 2,694</u>	<u>\$ 1,310</u>

2. Risk Management Policy

- (1) The Company's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.
- (2) Risk management is performed by the Company's Finance Department in

accordance with policies approved by management. The Company's Finance Department is responsible for identifying, evaluating and hedging financial risks by working closely with the various operating units within the Company. Management has written principles for overall risk management and provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

3. Nature and extent of significant financial risks

(1) Market Risk

A. Exchange rate risk

(A) The Company operates on a multinational basis and is therefore exposed to exchange rate risk arising from various currencies, primarily the U.S. dollar. The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

(B) The Company engages in business involving certain non-functional currencies (the Company's functional currency is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows :

	<u>December 31, 2021</u>		
	<u>Foreign currency</u>		Carrying amount
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD: NTD	6,968	27.690	\$ 192,944
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	4,154	27.690	115,024
	<u>December 31, 2020</u>		
	<u>Foreign currency</u>		Carrying amount
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>

<u>Monetary items</u>				
USD: NTD	1%	\$	1,915	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	(\$	1,193)	-

B. Price risk

(A) The equity instruments to which the Company is exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.

(B) The Company invests primarily in equity instruments issued by domestic companies. The prices of these instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these instruments had increased or decreased by 1%, with all other factors held constant, the gain or loss on the equity instruments classified as at fair value through other comprehensive income would increase or decrease by \$41 and \$50 for 2021 and 2020, respectively.

C. Cash flow and risk of fair value interest rate

The Company is not exposed to cash flow and fair value interest rate risk.

(2) Credit Risk

A. The Company's credit risk is the risk of financial loss resulting from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily due to the failure of counterparties to settle notes and accounts receivable on collection terms.

B. The Company has established credit risk management from a corporate perspective. In accordance with the internal credit policy, each operating entity and each new customer are required to manage and analyze credit risk before setting payment and delivery terms and conditions. Internal risk control is performed by considering the financial position, past experience and other factors to assess the credit quality of customers. Individual risk limits are established by management based on internal or external ratings, and the use of credit limits is monitored regularly.

C. Based on historical collection experience, the Company determines whether there is a significant increase in the credit risk of a financial instrument after

initial recognition. A financial asset is considered to have a significant increase in credit risk after initial recognition when the contractual payment terms are more than 60 days past due.

- D. Based on the Company's historical collection experience, a default is considered to have occurred when the contractual payments are overdue for more than 181 days each according to the contractual payment terms.
- E. The Company uses a simplified approach to estimate expected credit losses based on an allowance matrix. Since the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only sets the expected credit loss rate based on the number of days past due on accounts receivable.
- F. After the recourse procedure, the amount of financial assets that cannot be reasonably expected to be recovered is eliminated, but the Company will continue the recourse legal procedures to preserve the rights of the debts.
- G. The Company adjusts the allowance for losses on notes and accounts receivable (including related parties) based on historical and current information for a specific period by considering future-looking considerations, and the allowance matrix is as follows :

December 31, 2021

	<u>Not overdue</u>	<u>Overdue</u> <u>1-60 days</u>	<u>Overdue</u> <u>61-90 days</u>	<u>Overdue</u> <u>91-180 days</u>	<u>Overdue 181</u> <u>days or more</u>	<u>Total</u>
Expected loss rate	0.03%	0.03%	0.03%	0.03%	100.00%	
Total carrying value	<u>\$ 103,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,905</u>
Allowance for losses	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>

December 31, 2020

	<u>Not overdue</u>	<u>Overdue</u> <u>1-60 days</u>	<u>Overdue</u> <u>61-90 days</u>	<u>Overdue</u> <u>91-180 days</u>	<u>Overdue 181</u> <u>days or more</u>	<u>Total</u>
Expected loss rate	0%~0.02%	0%~0.02%	0%~0.02%	0%~0.02%	100%	
Total carrying value	<u>\$ 101,765</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,380</u>
Allowance for losses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The above is an aging analysis based on the number of days past due.

- H. The Company's condensed statement of changes in allowance for losses is as follows :

	<u>2021</u>	<u>2020</u>	
January 1	\$	-	\$ -
Expected credit impairment (benefit) loss		29	-
Effect of exchange rate	\$	29	\$ -

(3) Liquidity risk

- A. Cash flow projections are compiled by the Company's Finance Department. The Company's Finance Department monitors forecasts of the Company's liquidity requirements to ensure that it has sufficient funds to meet its operating needs and maintains sufficient unexpended borrowing commitments at all times, considering the Company's debt financing plans, compliance with debt terms and compliance with internal balance sheet financial ratio targets ◦
- B. The remaining cash held by each unit of the Company will be transferred back to the Corporate Finance Department when it exceeds the time required to manage working capital. On December 31, 2021 and 2020, the Company held \$4,072 and \$35,091 of these investments (other than cash and cash equivalents), respectively, to generate immediate cash flows to manage liquidity risk. The Company's investments in these investments, other than cash and cash equivalents, will generate immediate cash flows to manage liquidity risk.
- C. The Company has unused borrowings of \$157,382 and \$239,978 as of December 31, 2021 and 2020, respectively.
- D. The Company's derivative financial liabilities and non-derivative financial liabilities are analyzed on the basis of the remaining period from the balance sheet date to the contractual maturity date, except for those listed in the table below, which are due within one year and correspond to the amounts shown in the individual balance sheets, and the contractual cash flow amounts disclosed are undiscounted amounts as follows :

<u>December 31, 2021</u>	<u>Less than</u> <u>3 months</u>	<u>3 months</u> <u>to 1 year</u>	<u>More than</u> <u>1 year</u>
<u>Non-derivative financial liabilities :</u>			
Lease liabilities (current/non-current)	\$ 197	\$ 592	\$ 2,763

<u>December 31, 2020</u>	<u>Less than</u> <u>3 months</u>	<u>3 months</u> <u>to 1 year</u>	<u>More than</u> <u>1 year</u>
<u>Non-derivative financial liabilities :</u>			
Lease liabilities (current/non-current)	\$ 828	\$ 2,136	\$ 1,326

(3) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows :

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the enterprise at the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has no financial or non-financial instruments at this level.

Level 2 : The observable input value of assets or liabilities, directly or indirectly, except for those included in the quoted prices in Level 1. The fair value of the structured time deposits entered into by the Company is included in this category.

Level 3 : Unobservable input value of assets or liabilities. The fair value of the Company's investment in unlisted stocks is included in this category. °

2. Financial instruments that are not measured at fair value

The carrying amounts of financial instruments not carried at fair value, including cash and cash equivalents, notes receivable, net accounts receivable (including related parties), other receivables (including related parties), refundable deposits, notes payable, accounts payable (including related parties), other payables (including related parties), lease liabilities - current and lease liabilities - non-current, are a reasonable approximation of fair value.

3. Financial and non-financial instruments carried at fair value are classified according to

the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy, and the related information is as follows :

(1) The Company's assets and liabilities are classified according to their nature and the related information is as follows :

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repeatable fair value				
Financial assets at fair value through profit or loss financial assets at fair value through profit or loss				
- Structured Time Deposit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial assets at fair value through other comprehensive income financial assets measured at fair value through other comprehensive income				
- Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,072</u>	<u>\$ 4,072</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repeatable fair value				
Financial assets at fair value through profit or loss financial assets at fair value through profit or loss				
- Structured Time Deposit	<u>\$ -</u>	<u>\$ 30,099</u>	<u>\$ -</u>	<u>\$ 30,099</u>
Financial assets at fair value through other comprehensive income financial assets measured at fair value through other comprehensive income				
- Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,992</u>	<u>\$ 4,992</u>

(2) The methods and assumptions used by the Company to measure fair value are described below :

A. Level 2 Fair Value Measurement Valuation Techniques and Inputs

Types of Financial

Instruments

Evaluation techniques and input values

Structured Deposit The fair value is based on the discount rate curve derived from quoted prices in the open market, and the discounted value of future cash flows is used as the basis for measurement.

B. Level 3 Fair Value Measurement Valuation Techniques and Inputs

Types of Financial

Instruments

Evaluation techniques and input values

Investment in domestic unlisted stocks Asset-based method: Based on the balance sheet of the appraised company, the value of all tangible and intangible assets and liabilities of the appraised company is evaluated on an item-by-item basis. The value of all tangible and intangible assets of the appraised company and its liabilities, as well as off-balance sheet assets and off-balance sheet liabilities, are considered to determine the value of the appraised company.

4. There are no transfers between Level 1 and Level 2 in fiscal 2021 and 2020.

5. The following table shows the third-tier changes for fiscal 2021 and 2020 :

	<u>2021</u>	<u>2020</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
January 1	\$ 4,992	\$ 5,110
Recognized in other comprehensive (loss) income	(199)	982
Capital Reduction Refunds	<u>(721)</u>	<u>(1,100)</u>
December 31	<u>\$ 4,072</u>	<u>\$ 4,992</u>

6. The Company's valuation process for fair value classification in Level 3 involves the finance department performing independent fair value verification of financial instruments, using independent sources of information to approximate market conditions, confirming that the sources of information are independent, reliable, consistent with other resources and representative of executable prices, regularly calibrating valuation models, performing back testing, updating input values and information required by the valuation models and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

7. The Company carefully evaluates the valuation models and valuation parameters selected by the Company, but the use of different valuation models or valuation

parameters may result in different valuation results. For financial assets classified as Level 3, a 0.1% increase or decrease in net assets would not have a significant impact on the Company's other comprehensive income.

(4) Other issues

In response to the COVID-19 epidemic, the Company has taken prudent and strict measures to reduce the impact of the epidemic on its operations, production and business, etc. The Company's financial position and results of operations in fiscal 2021 have not been significantly affected by the epidemic. °

13. Note Disclosure

(1) Significant Transaction Information

1. Loaning funds to others: Please refer to Exhibit 1.
2. Endorsement and guarantee for others: Please refer to Exhibit 2 (attached).
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliated companies and joint ventures): Please refer to Exhibit 3 (attached).
4. Cumulative purchases or sales of marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at prices of 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. Purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Exhibit 4 (attached).
8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: None.
9. Derivative transactions: Please refer to Note 6(2) for details.
10. Business relationships and significant transactions between the Parent Company and its subsidiaries: Please refer to Exhibit 5 (attached).

(2) Transfers of investment business information

Name of investee company, location and other related information (excluding Mainland China investee company): Please refer to Exhibit 6.

(3) Mainland Investment Information

1. Basic information: Please refer to Exhibit 7 (attached).

2. Significant transactions directly or indirectly between the third-party business and the investee company in Mainland China: Please refer to Exhibit 8 (attached).

(4) Information on major shareholders

Please refer to the Exhibit 9.

14 、Department Information

Not applicable.

TaiHan Precision Technology Co., Limited
Loaning funds to others
December 31, 2021

Unit: NT\$1,000
(Unless otherwise specified)

Exhibit 1

No.	Loan Funded Companies	Lender	Current Items	related parties	Is a related party	Current Maximum Amount	End of period balance	Actual expenditure Amount	Interest Rate Range	Funding Loan and Nature	Business Transaction amount	Short term financing is necessary for the following reasons	Allowance for losses	Collateral		The limit for individual target funds lending	Remark	
														Name	Value			
0	Our Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Other parties receivables	related of	Yes	\$ 57,062	\$ 55,380	\$ -	-	People who need short-term financing funds	\$ -	Operational Turnaround	\$ -	\$ -	\$ -	\$ 619,626	\$ 774,532	Note 1、Note 2
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRODUCTS (DONGGUAN) LTD.	MOLDOther parties, receivables	related of	Yes	57,062	55,380	13,845	-	People who need short-term financing funds	-	Operational Turnaround	-	-	-	619,626	774,532	Note 1、Note 3
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Other parties receivables	related of	Yes	142,655	138,450	27,690	-	People who need short-term financing funds	-	Operational Turnaround	-	-	-	248,679	774,532	Note 1、Note 4
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Other parties receivables	related of	Yes	171,186	166,140	55,380	-	People who need short-term financing funds	-	Operational Turnaround	-	-	-	248,679	774,532	Note 1、Note 4

Note 1 : The total amount of the Company's capital loans shall not exceed 50% of the net value of the Company's most recent accountants' report.

Note 2 : If the Company engages in the lending of funds for short-term financing purposes, the total amount of funds lent shall not exceed 40% of the Company's latest accountants' net worth. The amount of individual loans shall not exceed 10% of the net value of the Company's most recent accountants' report. The amount of individual loans shall not exceed 10% of the Company's latest audited financial statements and shall not exceed 40% of the Company's net worth if the loans are made to the Company's subsidiaries (including indirectly reinvested subsidiaries).

Note 3 : If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD is a subsidiary with 100% direct or indirect voting rights, the amount of individual loans and all loans shall not exceed 40% of the net worth of the Company's parent company, TaiHan Precision Technology Co. The amount of individual loans and all loans shall be limited to 40% of the net value of the most recent financial statements of TaiHan Precision Technology Co.

Note 4 : If TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. engages in the lending of funds for short-term financing purposes, the total amount of funds lent and the amount of individual funds lent shall not exceed 50% of the net value of the most recent financial statements of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO. The total amount of the loan and the individual loan are limited to not more than 40% and 20% of the net value of the most recent financial statements certified by the accountants.

Note 5 : The above transactions are related party transactions that have been eliminated in the consolidated financial statements.

TaiHan Precision Technology Co., Limited
Endorsement for others
December 31, 2021

Exhibit 2

Unit: NT\$1,000
Unless otherwise specified

No. (Note 1)	Endorser Company Name	Company Name	Relationship (Note 2)	Guarantee limit for single enterprise endorsement (Note 3)	Current Maximum Endorsement Guarantee Balance	End of Period Endorsement Guaranteed Balance	Actual expenditure Amount	Amount of endorsement guarantee by property guarantee	Ratio of accumulated endorsement guarantee to net worth of the most recent financial statements	Endorsement Guarantee Maximum Limit (Note 3)	Parent company endorsement of subsidiary	Endorsement guarantee from subsidiary to parent company	Endorsement guarantee for mainland China	Remark
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(2)	\$ 774,532	\$ 228,248	\$ 221,520	\$ 70,522	\$ -	15%	\$ 1,549,064	Y	N	N	-
0	Our Company	YONGHAN PRECISION TECHNOLOGY CO. LTD.	(2)	774,532	114,124	69,225	-	-	7%	1,549,064	Y	N	N	-
0	Our Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	(2)	774,532	497,210	332,280	56,765	-	32%	1,549,064	Y	N	N	-
1	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	TAIHANLAND (PHILIPPINES) INC.	(4)	774,532	85,593	83,070	69,779	-	6%	1,549,064	N	N	N	-
2	TAIHANLAND (PHILIPPINES) INC.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	(4)	774,532	85,593	83,070	83,070	-	6%	1,549,064	N	N	N	-

Note 1: The description of the number column is as follows.

(1) The issuer is entered as 0.

(2) The investee companies are numbered in order by company, starting from the Arabic numeral 1.

Note 2: There are 7 types of relationships between the guarantor and the target of the endorsement, and the types can be indicated as follows

(1) Companies with business dealings.

(2) Companies in which the company directly or indirectly holds more than 50% of the voting shares.

(3) Companies in which more than 50% of the voting shares are directly or indirectly held by the company.

(4) Companies in which the Company directly or indirectly holds more than 90% of the voting shares.

(5) A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.

(6) A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.

(7) Intercompany guarantees for the performance of contracts for the sale of pre-sale properties in accordance with the Consumer Protection Act.

Note 3: The aggregate amount of the Company's and the Company's subsidiaries' endorsement and guarantee shall not exceed 100% of the Company's latest certified public accountants' net financial statements, and the aggregate amount of endorsement and guarantee for a single enterprise shall not exceed 25% of the Company's latest certified public accountants' net financial statements.

The cumulative amount of the endorsement guarantee for a single enterprise shall not exceed 25% of the Company's most recent audited net financial statements. If the endorsement/guarantee is for a subsidiary of the Company (including indirect investment in a subsidiary), the endorsement/guarantee shall not exceed 50% of the net value of the Company's most recent financial statements as certified by the accountant.

Note 4: The exchange rate for the conversion of the Company's endorsement guarantee into New Taiwan dollars is based on the resolution of the board of directors.

TaiHan Precision Technology Co., Limited

Marketable securities held at the end of the period

December 31, 2021

Exhibit 3

Unit: NT\$1,000

(Unless otherwise specified)

<u>Company held</u>	<u>Type and Name of Marketable Securities</u>	<u>Relationship with the issuer of marketable securities</u>	<u>Billing Subjects</u>	<u>No. of shares</u>	<u>Carrying amount</u>	<u>Shareholding ratio</u>	<u>Fair Value</u>	<u>Remark</u>
Our Company	Ordinary shares of non-listed counterparties - Asia Pacific Emerging Industry Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	318	\$ 4,072	0.56%	\$ 4,072	-

TaiHan Precision Technology Co., Limited

Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2021

Exhibit 4

Unit: NT\$1,000

(Unless otherwise specified)

<u>Import (sales) of companies</u>	<u>Counterparty Name</u>	<u>Relationship</u>	<u>Import (Sales)</u>	<u>Amount</u>	<u>Transaction Status</u>	<u>The status of and reasons for the difference between the transaction terms and those of ordinary transactions</u>			<u>Notes receivable (paid) and accounts payable</u>		<u>Remark</u>
						<u>Period</u>	<u>Unit price</u>	<u>Credit Period</u>	<u>Balance</u>	<u>Percentage of total imports (sales)</u>		Percentage of total notes and accounts receivable (payable)
Our Company	TaiHan Mold Products (Dongguan) Co., Ltd.	The Company's sub-subsidiary	Import	\$ 213,900	36%	120 days	According to the Company's transfer pricing policy system	No significant differences	(\$ 53,647)	47%	
Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	The Company's sub-subsidiary	Import	359,798	61%	120 days	According to the Company's transfer pricing policy system	No significant differences	(56,398)	49%	

Note: Written off from the consolidated statement of income.

TaiHan Precision Technology Co., Limited

Business relationships and significant transactions between the Parent Company and its subsidiaries and their respective subsidiaries and amounts

December 31, 2021

Exhibit 5

Unit: NT\$1,000
(Unless otherwise specified)

No. (Note 1)	Name of the trader	Trading partners		Subjects	Amount	Transaction history	Percentage of Consolidated Total Revenue or Total Assets (Note 3)
		Relationship with the counterparty (Note 2)					
0	Our Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Import	\$ 213,900	According to the Company's transfer pricing policy system	10.26%
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Import	359,798	According to the Company's transfer pricing policy system	17.25%
0	Our Company	TaiHan Mold Products (Dongguan) Co., Ltd.	1	Accounts payable	53,647	Credit on 120 days	2.37%
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Accounts payable	56,398	Credit on 120 days	2.49%
0	Our Company	YONGHAN PRECISION TECHNOLOGY CO., LTD.	1	Sales revenue	61,605	According to the Company's transfer pricing policy system	2.95%
0	Our Company	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	1	Sales revenue	24,904	According to the Company's transfer pricing policy system	1.19%
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Other accounts receivable	27,690	—	1.22%
1	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	3	Other accounts receivable	55,380	—	2.44%
2	TAIHANLAND (PHILIPPINES) INC	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	3	Rental income	30,905	—	1.48%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be completed as follows.

(1). Enter 0 for the parent company.

(2). The subsidiaries are numbered by company, starting with the Arabic numeral 1.

Note 2: There are three types of relationships with the counterparties as follows. For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose the transaction repeatedly.

For subsidiary-to-subsidiary transactions, if one subsidiary has already disclosed the transaction, the other subsidiary does not need to disclose it repeatedly).

(1). Parent to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiaries to subsidiaries.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the cumulative amount to consolidated total revenue in the case of profit or loss.

Note 4: The ratio of inter-parent-subsidiary business relationships and significant transactions is only disclosed if the ratio reaches 1% or more of the consolidated total revenue or total assets.

TaiHan Precision Technology Co., Limited

Name of investee company, location and other related information (excluding Mainland China investee company)

December 31, 2021

Exhibit 6

Unit: NT\$1,000
(Unless otherwise specified)

<u>Name of Investment Company</u>	<u>Name of investee company</u>	<u>Location</u>	<u>Main Business Items</u>	<u>Original investment amount</u>		<u>Held at end of period</u>			<u>(Loss) income of the investee company for the period</u>	<u>Investment income (loss) recognized in the period</u>	<u>Remark</u>	
				<u>End of current period</u>	<u>End of last year</u>	<u>No. of shares</u>	<u>Ratio</u>	<u>Carrying amount</u>				
Our Company	TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	Samoa	Professional Business	Investment	\$ 1,092,737	\$ 1,092,737	32,289,761	100%	\$ 1,243,393	\$ 113,106	\$ 110,430	
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Business	Investment	391,133	391,133	10,799,664	100%	84,473 (	18,435)	-	註 2
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	YONGHAN HOLDING (SAMOA) CO., LTD.	Samoa	Professional Business	Investment	321,162	321,162	10,023,632	100%	598,038	124,657	-	註 2
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD.	TAIHAN HOLDING PHILIPPINES CO., LTD.	Seychelles	Professional Business	Investment	666,368	655,306	22,139,000	100%	526,560	12,265	-	註 2
YONGHAN HOLDING (SAMOA) CO., LTD.	YONGHAN PRECISION TECHNOLOGY CO., LTD.	Vietnam	Production and sales of various precision molds and plastic products, etc.		320,391	320,391	-	100%	598,024	124,407	-	註 2
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHANLAND (PHILIPPINES) INC.	Philippines	Holding the production base of Land and plant		308,755	308,755	-	39.99%	315,941	13,064	-	註 1、註 2
TAIHAN HOLDING PHILIPPINES CO., LTD.	TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Philippines	Production and sales of various precision molds and plastic products, etc.		319,567	319,567	-	99.99%	204,410	8,399	-	註 1、註 2

Note 1: Please refer to Note 4(3) for details of the Company's shareholdings in its subsidiaries.

Note 2: Gains or losses of the Company's direct investment in subsidiaries that are reinvested in the Company are recognized by the respective investment companies and are therefore not disclosed.

TaiHan Precision Technology Co., Limited
China Investment Information - Basic Information

December 31, 2021

Exhibit 7

Unit: NT\$1,000
(Unless otherwise specified)

<u>Name of Mainland China investee company</u>	<u>Main Business Items</u>	<u>Paid-in capital</u>	<u>Investment Method (Note 1)</u>	<u>Accumulated investment amount remitted from Taiwan at the beginning of the period</u>	<u>Amount of investment remitted or retrieved during the period</u>		<u>Cumulative investment amount remitted from Taiwan at the end of the period</u>	<u>Current income (loss) of the investee company (Loss) income for the period</u>	<u>Shareholding of our Company's direct or indirect investments</u>	<u>Investment (loss) recognized during the period (Note 2)</u>	<u>Carrying amount of investments at the end of the period</u>	<u>Investment income remitted for the period ended</u>	<u>Remark</u>
					<u>Remit</u>	<u>Retrieve</u>							
TaiHan (Dongguan) Co., Ltd.	Mold Products Production and sales of various precision molds and plastic products, etc.	\$ 421,315	2	\$ 421,315	\$ -	\$ -	\$ 421,315	(\$ 18,435)	100%	(\$ 18,435)	\$ 84,473	\$ -	- Investment in China through TAIHAN HOLDING (SAMOA) CO., LTD.

Note 1: Investment methods are divided into the following three categories, and the labeling of each category is sufficient.

- (1). Direct investment in mainland China
- (2). Reinvesting in Mainland China through a third-party company (please specify the third-party investment company)
- (3). Other methods

Note 2: The investment income or loss recognized in the current period is based on the financial statements audited by the Company's accountants.

Note 3: The calculation of the investment limit in Mainland China is based on each investment entity. According to the regulations of the Investment Commission of the Ministry of Economic Affairs, the maximum percentage of investment in Mainland China is limited to 60% of the net value of the company.

<u>Company Name</u>	<u>Cumulative amount of investment from Taiwan to Mainland China at the end of the period</u>	<u>MOEAIC Approved Investment Amount</u>	<u>Investment limit in Mainland China according to MOEAIC regulations (Note 3)</u>
Our Company	\$ 421,315	\$ 421,315	\$ 929,438

TaiHan Precision Technology Co., Limited

Mainland China Investment Information - Significant transactions directly or indirectly between third-party businesses and investees in Mainland China

December 31, 2021

Exhibit 8

Unit: NT\$1,000

(Unless otherwise specified)

<u>Name of Mainland China</u>	<u>Sales (Import)</u>		<u>Property Transactions</u>		<u>Accounts receivable (paid)</u>		<u>Note endorsement guarantee or</u>			<u>Accommodation of funds</u>			<u>Current Interest</u>	<u>Other</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Balance</u>	<u>%</u>	<u>Provision of collateral</u>	<u>Purpose</u>	<u>Maximum Balance</u>	<u>End of period</u>	<u>Interest Rate</u>	<u>balance</u>		
investee company							<u>balance</u>							
TaiHan Mold Products (Dongguan) Co., Ltd.	(\$ 213,900)	36%	\$ -	-	(\$ 53,647)	47%	\$ -	Not applicable	\$ -	\$ -	-	\$ -	-	

TaiHan Precision Technology Co., Limited

Major Shareholders Information

December 31, 2021

Exhibit 9

	<u>Name of Major Shareholders</u>	<u>Shares</u>	
		<u>No. of shares held</u>	<u>Shareholding ratio</u>
ABLBRIDGE CORPORATION		15,012,000	19.47%
SPEED TECH CORPORATION		7,587,000	9.84%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration (including treasury shares). The number of shares recorded in the consolidated financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of calculation.

Note 2: The above information is revealed by the trustee's opening of a trust account with individual subaccounts of the principal if the shareholder has delivered the shares to the trust. As for the shareholder's shareholding of more than 10% of the shares held by the Company in accordance with the Securities and Exchange Act, the shareholding includes the shareholder's own shares plus the shares delivered to the trust and the shareholder has the right to decide on the use of the trust property, etc. Please refer to the Market Observation Post System (MOPS) for the information on insider shareholding.

TaiHan Precision Technology Co., Limited
Statement of Cash and Cash Equivalents
December 31, 2021

Statement 1

Unit: NT\$1,000

Item	Summary	Amount
Bank Deposits		
Cash on hand in Taiwan dollars		\$ 30
Taiwan Dollar Demand Deposits		237,880
Foreign Currency Demand Deposits US\$2,895,000; HK\$25,000		<u>80,266</u>
		<u>\$ 318,176</u>

Note: Foreign currency exchange rate: 1USD = 27.69 NTD; 1HKD = 3.5491 NTD

TaiHan Precision Technology Co., Limited
Statement of accounts receivable
December 31, 2021

Statement 2

Unit: NT\$1,000

Customer Name	Amount	Remark
General Customers-		
Company A	\$ 92,328	
Others	4,554	The balance of each fractional customer does not exceed 5% of the balance of the account.
	<u>-</u>	
	96,882	
Less: Allowance for losses	<u>(29)</u>	
	<u>96,853</u>	
Affiliates -		
YONGHAN PRECISION TECHONOLOGY CO., LTD.	5,454	
TAIHAN PRECISION TECHNOLOGY (PHILLIPINES) CO., INC.	1,460	
	<u>-</u>	
	6,914	
Less: Allowance for losses	<u>-</u>	
	<u>6,914</u>	
	<u>\$ 103,767</u>	

TaiHan Precision Technology Co., Limited
Statement of changes in investments accounted for using the equity method
2021

Statement 3

Unit: NT\$1,000

<u>Name</u>	<u>Beginning balance</u>		<u>Increase in the current period</u>			<u>Reduction of the current period</u>		<u>End of period balance</u>		<u>Market Value or Net Equity</u>	<u>Provision of guarantees or pledges</u>	<u>Remark</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Amount of other adjustment items</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>			
	<u>(Thousands of shares)</u>		<u>(Thousands of shares)</u>	<u>(loss)</u>	<u>(Note 1)</u>	<u>(Thousands of shares)</u>		<u>(Thousands of shares)</u>	<u>Shareholding ratio</u>	<u>Price (NTD)</u>		<u>Total Price</u>
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO.,LTD.	32,290	\$ 1,189,388	-	\$ -	\$ 110,430 (\$ 2,676)	-	\$ -	32,290	100%	\$ 1,297,142	38.51	\$ 1,243,392
Add (minus):												
Cumulative Conversion										(53,750)		
Adjustment:		-		-	(53,750)		-					
		<u>\$ 1,189,388</u>		<u>\$ -</u>	<u>\$ 110,430</u>	<u>(\$ 56,426)</u>		<u>\$ -</u>		<u>\$ 1,243,392</u>		

Note 1: Other adjusting items (\$2,676) represent unrealized gain on sales for the period. °

TaiHan Precision Technology Co., Limited
Statement of Accounts Payable
December 31, 2021

Statement 4

Unit: NT\$1,000

Customer Name	Amount	Remark
General suppliers-		
Other	\$ 4,517	The balance of each fractional supplier does not exceed 5% of the balance of the account.
Affiliates -		
TaiHan Mold Products (Dongguan) Co., Ltd.	53,647	
TAIHAN PRECISION TECHNOLOGY (PHILLIPINES) CO., INC.	56,398	
	-	
	<u>110,045</u>	
	<u>\$ 114,562</u>	

TaiHan Precision Technology Co., Limited
Operating Income Statement
2021

Statement 5

Unit: NT\$1,000

Item	Quantity	Amount	Remark
Mold Revenue	199 pcs	\$ 115,302	
Plastic molding revenue	150,206,000 pcs.	<u>521,921</u>	
		<u>\$ 637,223</u>	

TaiHan Precision Technology Co., Limited
Operating Cost Statement
2021

Statement 6

Unit: NT\$1,000

Item	Amount	Remark
Merchandise Inventory		
Add: Opening inventory	\$ -	
Imports for the period	591,094	
Less: Closing inventory	<u>-</u>	
Total cost of goods sold	<u>591,094</u>	
Total operating costs	<u>\$ 591,094</u>	

TaiHan Precision Technology Co., Limited
Management Fee Statement
2021

Statement 7

Unit: NT\$1,000

Item	Amount	Remark
Salary Costs	\$ 36,794	
Labor cost	4,970	
Directors' remuneration	3,229	
Depreciation expenses	3,126	
Other	11,761	The balance of each of the fractional items does not exceed 5% of the balance of the account.
	-	
	<u>\$ 59,880</u>	

TaiHan Precision Technology Co., Limited
Summary of employee benefits, depreciation, depletion and amortization expenses incurred during the
period by function
January 1- December 31, 2021 and 2020

Statement 8

Unit: NT\$1,000

Function Nature	2021			2020		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee Benefit Costs						
Salary Costs	\$ -	\$ 36,794	\$ 36,794	\$ -	\$ 33,175	\$ 33,175
Labor and Health Insurance	-	2,045	2,045	-	2,078	2,078
Pension Fees	-	1,022	1,022	-	1,182	1,182
Directors' remuneration	-	3,229	3,229	-	8,795	8,795
Other employee benefit expenses	-	988	988	-	962	962
Depreciation expense	-	3,126	3,126	-	3,639	3,639
Amortization expense	-	1,059	1,059	-	958	958

Notes:

1. The number of employees for the current year and the previous year were 35 and 38, respectively, of which the number of directors who were not also employees were 3 and 4, respectively.
2. For companies whose shares are traded over the counter, the following information should be disclosed.
 - (1) The average employee benefit expense for the year was \$1,277. ("Total employee benefit expense for the year - total directors' remuneration" / "Number of employees for the year - number of directors who are not concurrent employees").
The average employee benefit expense for the previous year was \$1,100. ("Total employee benefit expense for the previous year - total directors' remuneration" / "Number of employees for the previous year - number of directors who were not also employees").
 - (2) Average employee salary expense for the year was \$1,150. (Total salary expense for the year / "Number of employees for the year - number of directors who did not serve as employees").
The average salary cost for the previous year was \$976. (Total salary cost for the previous year / "Number of employees for the previous year - Number of directors who were not also employees").
 - (3) Change in average employee salary cost adjustment of 18%. ("Average employee salary expense for the current year - average employee salary expense for the previous year" / average employee salary expense for the previous year).
 - (4) The Company has independent directors, so there is no remuneration for supervisors.
 - (5) The Company's salary compensation policy is as follows:
 - A. Compensation Policy for Directors.
In accordance with Article 21 of the Company's Articles of Incorporation, if the Company makes a profit in a year, the Board of Directors shall resolve to set aside not more than 3% of the amount of such profit as remuneration to the Directors. However, if the Company still has accumulated losses, the amount of compensation shall be reserved in advance.
 - B. Compensation Policy for General Manager and Managers.
The compensation of the Company's managers (including the general manager) is based on a multifaceted assessment of industry characteristics, the nature of their duties, and personal performance, and in accordance with the Company's relevant compensation policy and with reference to the Company's operating performance. The compensation committee will consider and submit the compensation to the board of directors for approval.
 - C. Employee Compensation Policy.
 - (a) The salary adjustment method shall be formulated annually in accordance with the Company's operating conditions and the measurement of employee performance and contribution in order to achieve the purpose of retaining talents.
 - (b) In accordance with Article 21 of the Company's Articles of Incorporation, the Company shall set aside not less than one percent of the annual profit for employee compensation, but shall reserve the amount to cover any accumulated losses in advance.

6. Difficulties in financial turnover of the Company and its affiliates in the most recent year and as of the date of publication of the annual report, and state its impacts on the Company's financial position: None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

1. Analysis of Financial Status

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	1,216,682	1,165,624	-51,058	-4%
Property, Plant and Equipment	1,014,265	922,407	-91,858	-9%
Net property Investment	33,959	30,490	-3,469	-10%
Other Intangible assets	18,507	14,411	-4,096	-22%
Other assets	169,982	133,678	-36,304	-21%
Total assets	2,453,395	2,266,610	-186,785	-8%
Current liabilities	575,424	512,580	-62,844	-11%
Non-current liabilities	247,061	204,966	-42,095	-17%
Total liabilities	822,485	717,546	-104,939	-13%
Capital stock	770,984	770,984	0	0%
Capital surplus	668,899	668,899	0	0%
Retained earnings	283,358	244,711	-38,647	-14%
Other adjustments	-92,331	-135,530	-43,199	47%
Total shareholder's equity	1,630,910	1,549,064	-81,846	-5%

Description :

1. Decrease in other intangible assets: mainly due to continuous amortization and impacts from exchange rate.
2. Decrease in other assets: mainly due to the disposal of right-of-use assets in the current period.
3. Other equities: Mainly due to the increase in the exchange difference due to consolidation and conversion in the current period.

2. Analysis of Financial Performance

(1) Business performance analysis:

Item	Year		Increase (decrease)	Change (%)
	2020	2021		
Net Operating Income	1,906,581	2,085,430	178,849	9%
Operating Costs	1,613,821	1,740,378	126,557	8%
Gross Profit	292,760	345,052	52,292	18%
Operating Expenses	223,160	204,375	-18,785	-8%
Operating Profits	69,600	140,677	71,077	102%
Non-operating Income	228,185	-6,709	-234,894	-103%
Income Before Tax	297,785	133,968	-163,817	-55%
Tax Benefits (expenses)	-105,058	-56,910	-48,148	-46%
Net Profit	192,727	77,058	-115,669	-60%
Other Comprehensive Profits and Losses	-23,202	-43,256	-20,054	86%
Comprehensive Profits and Losses	169,525	33,802	-135,723	-80%

Analysis of changes in financial ratios:

1. Increase in operating profits: the impact of the epidemic has slowed down, resulting in an increase in overall operating income and operating gross profit compared with the previous year.
2. Non-operating income and expenses, net profit before tax, net profit: the difference is mainly due to the one-time income from the sale of investment real estate in the previous period.
3. Income tax benefits (expenses): the difference is mainly due to different tax rates applied to the sale of investment real estate and the merged individuals in the previous period.
4. Decrease in other comprehensive gains and losses: the difference is mainly due to the impact of exchange rate fluctuations in the accumulated translation adjustments in the current period.
5. Comprehensive profit and loss for the current period: due to the summary of the above points.

(2) Operating Gross Profit Analysis:

Unit: NT\$thousand

Product	Changes by period	Reasons for difference			
		Price differences	Cost differences	Sales mix differences	Sales quantity differences
Operation Gross Profit	52,292	134,871	(534,956)	386,928	65,449
Description	The impact of the epidemic has slowed down, leading to an increase in overall operating income.				

3. Cash Flow Analysis

(1) Cash flow analysis for the latest two years:

Item \ Year	2020	2021	Increase (decrease) ratio
Cash flow ratio	38.01	17.41	-54.20%
Cash flow adequacy ratio	87.76	98.04	11.71%
Cash reinvestment ratio	4.71	-1.02	-121.66%
Analysis of the change in the ratio: (1) Decrease in cash flow ratio, cash flow equivalent ratio, and cash reinvestment ratio: it is due to the amount of cash inflow from operating activities in the current period decreased compared with the previous year.			

(2) Cash Flow Analysis for the coming year:

Unit: NT\$thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
537,308	432,436	(60,892)	908,852	0	0

4. Influence of major capital expenditures in recent years on the financial status: The Company has no major capital expenditures in recent years.

5. The reinvestment policy in the most recent year, main causes for profits or losses, the improvement plan, and the investment plan for the coming year

Unit: NT\$thousand

Company Name	Investment Policy	Profit (loss) for 2021	Main reasons for profit (loss)	Improvement plan	Future investment plan
Taihan Mold Products (Dongguan) Co., Ltd.	Long-term investment	-18,435	Operating normally	1. To continue to win orders and actively diversify customers to increase customer sources and develop new products, thus improving profitability and reduce operational risks. 2. To strictly control product quality, reduce process cost and defective rate, and improve product gross profit.	None
YONGHAN PRECISION TECHNOLOGY CO., LTD.	Long-term investment	124,407	Operating normally	None	None
TAIHAN PRECISION TECHNOLOGY (PHILIPPINES) CO., INC.	Long-term investment	13,064	Operating normally	None	None
TAIHANLAND (PHILIPPINES) INC.	Long-term investment	8,399	Operating normally	None	None

6. Analysis of Risk Management

- (1) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

1. Interest rate

Unit: NT\$thousand ; %

Item \ Year	2020		2021	
	Amount	% of net sales	Amount	% of net sales
Interest Incomes	974	0.05	1,504	0.07
Interest Expenses	6,483	0.34	15,257	1.03

The Company's interest income and expenses accounted for a very low proportion of its operating income in the last two years, an indication that changes in interest rates should not have a significant impact on the operation. In the future, the Company expects to map out a financial structure in accordance with the operating plan to reduce interest rate risk. If necessary, the Company will also take necessary actions according to the global economic situation and timing, and use interest rate exchange and other tools to fix interest expenses, thus avoiding the risk of rising interest rates.

2. Foreign exchange rate

Unit: NT\$thousand ; %

Year \ Item	2020	2021
Foreign Exchange gain (loss)	-240	-17,066
% of net sales	-0.01	-0.82

As the Company's sales revenue is mostly denominated in US dollars, the exchange rate fluctuations may incur slight impacts on the operating income and profit. The Company's exchange rate policy is to offset foreign currency claims and debts as much as possible so as to create a natural hedging effect. In the future, the Company will continue to strengthen the research and judgment of exchange rate trends to determine the time of foreign currency exchange in order to minimize the impact of exchange rate fluctuations on the profits. It will also engage in derivative products appropriately to avoid the risks arising from exchange rate fluctuations, if needed.

3. Inflation

There is no significant impact on inflation for the Company.

- (2) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions
The Company's current fund loan and endorsement guarantee targets are all investee companies evaluated by the Company according to the equity method, under the requirement for business transactions. In addition, the Company is not engaged in high-risk, high-leverage investments currently. Derivative financial products purchased by the Company have been handled in accordance with IFRS Bulletin No. 9 "Financial Instruments", No. 7 "Financial Instruments: Disclosure" and No. 32 "Financial Instruments: Expression".
- (3) Future research & development projects and corresponding budget:
The Company closed its new business R&D center due to the European debt crisis, and has no R&D plan for the time being.
- (4) Effects of changes of domestic or foreign policies and regulations relating to corporate finance and sales and the Company's responses.
Daily operations are handled in accordance with relevant domestic and foreign laws and regulations, and the Company also pays attention to changes in domestic and foreign regulations at any time. Over the past year, the changes in domestic and foreign policies and laws did not have a significant impact on its financial business.
- (5) Effects of changes in technology and the industry relating to corporate finance and sales and the Company's response.

The Company has established a close supply chain relationship with world-class manufacturers in Japan and Taiwan, and can quickly grasp the industry trends and obtain market information ahead of its peers. Therefore, technology and industry changes have no significant impact on the Company's finance and sales.

- (6) The impact of changes in corporate image on corporate risk management, and the Company's response measures:

The Company has been committed to maintaining its corporate image since its establishment and abiding by laws and regulations. So far, there is no incident that has had an impact on the corporate image.

- (7) Expected benefits from Merger and Acquisition Plans, its related risks and the Company's response:

The Company has no plans for mergers and acquisitions in the most recent year and as of the date of publication and printing of the annual report,

- (8) Expected benefits and risks relating to factory expansion plans and the Company's response:

Expected benefit: The Company has not expanded its factory recently.

Possible risks: none.

- (9) Risks relating to excessive concentration of purchasing sources and excessive customer concentration and the Company's response: none

- (10) Effects and risks relating to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10% and the Company's response: none.

- (11) Effects and risks relating to the changes in management rights and the Company's response:

The Company's major shareholder, Taiqiao Investment Co., Ltd. held 15,012,000 shares of the Company, with a shareholding ratio of 19.47%. On Dec. 2020, all shareholders of Taiqiao Investment Co., Ltd transferred their holdings to Speed Tech Corp., which has no impact on the operations of the Company.

- (12) Litigation or Non-litigation Matters

1. The results of major ongoing lawsuits, non-lawsuits or administrative lawsuit for the latest two years and as of the date of publication of the annual report, and the results may have a significant impact on shareholders' rights and securities prices. The Company should disclose the facts, amount of the subject matter, commencement date, main parties involved and the handling situation: None.

2. The results of major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

The results of major ongoing lawsuits, non-lawsuits or administrative lawsuit, for the latest two years and as of the date of publication of the annual report, caused by directors, supervisors or shareholders with over 10% of shareholdings and the results may have a significant impact on shareholders' rights and securities prices: none.

- (13) Other major risks and coping measures:

1. Risk management policy:

For risk management, the Company adopts the process cycle of identifying, measuring, managing and supervising risks, and gradually integrates the spirit of risk management into the existing management structure of the Company, with a view to the stable growth of the Company to create higher value for shareholders.

2. The risk management organization of the Company is as follows:

HQ Administration Dept: Responsible for decision-making planning, operations management, performance evaluation, logistics support and management to construct a rapid and stable information network.

HQ Finance and Accounting Management Dept: Responsible for fund scheduling, analysis of business results, and establishment of a hedging mechanism to reduce financial risks.

Marketing and Sales Dept: Responsible for identifying market trends, formulating marketing strategies, maintaining existing customers, and expanding potential customers.

Production Dept: responsible for ensuring the production process is effective and efficient, improving the process to raise production efficiency.

Audit Dept: responsible for checking whether the risk management and control of each dept. is actually implemented according to the Company's policies.

7. Other important matters: None ◦

VIII. Special Disclosure

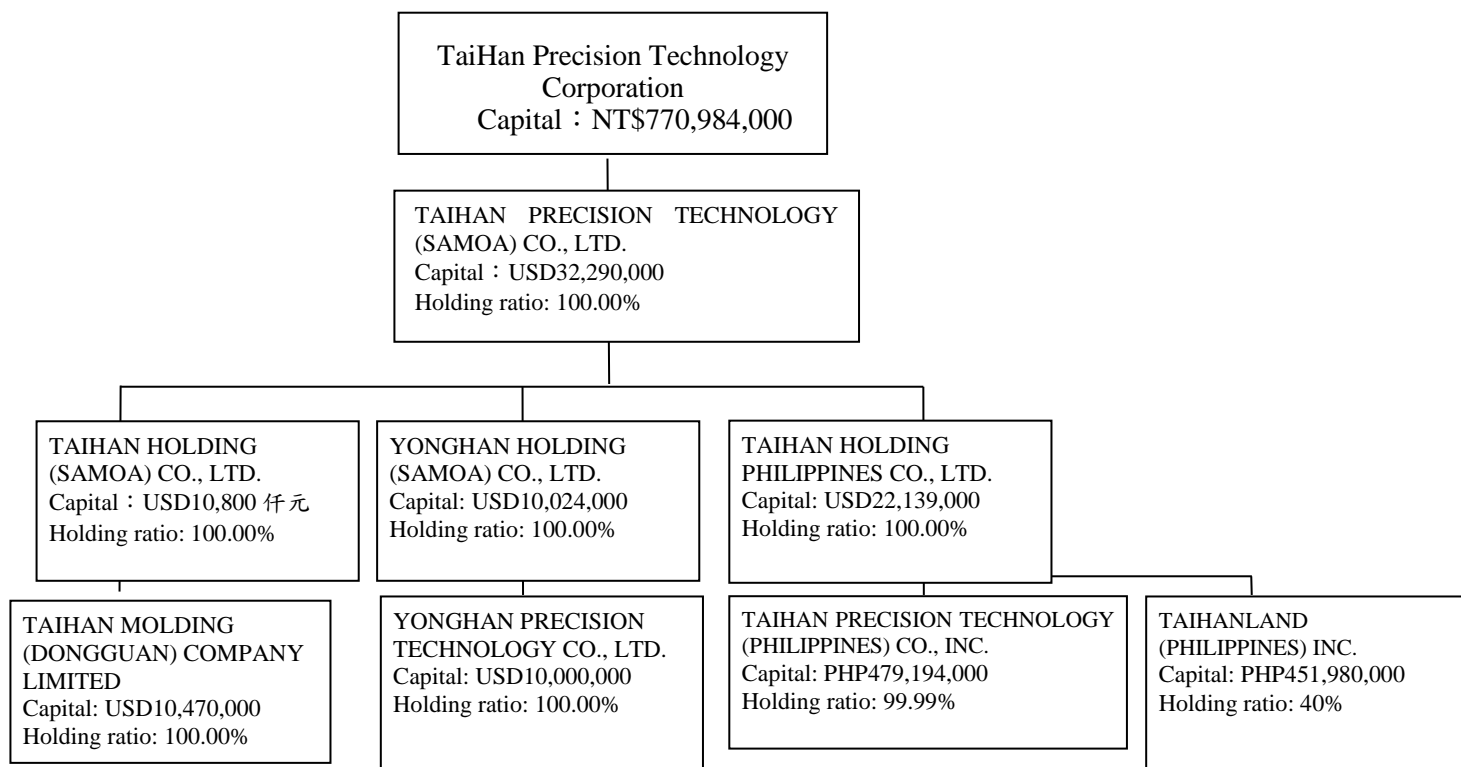
1. Information about affiliated companies:

(1) Information about affiliated companies

(1) Organization chart of affiliated companies: (December 31, 2021)

1. Organizational overview of the affiliated company:

(1) Organization chart of affiliated companies: (December 31, 2021)



(2) Concluded as the existence of a controlling and subordinate relations under Article 369-3 of the Company Act: None

(3) Subsidiary companies whose personnel, financial or business operations are directly or indirectly controlled by the Company in accordance with Article 369-2 of the Company Act: None

2. Information about affiliated companies:

Dec. 31, 2021

Company Name	Date of establishment	Address	Paid in capital	Major business or products
TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD	2004.02.10	TRUSTNET CHAMBERS · P.O.BOX 1225 APIA · SAMOA	USD 32,289,761	Holding company
TAIHAN HOLDING (SAMOA) CO., LTD.	2004.02.10	TRUSTNET CHAMBERS · P.O.BOX 1225 APIA · SAMOA	USD 10,799,664	Holding company
YONGHAN HOLDING (SAMOA) CO., LTD.	2006.6.23	TRUSTNET CHAMBERS · P.O.BOX 1225 APIA · SAMOA	USD 10,023,632	Holding company
TAIHAN HOLDING PHILIPPINES CO., LTD.	2012.11.15	NO.24 LESPERANCE, PROVIDENCE INDUSTRIAL ESTATE, MAHE SEYCHELLES	USD 22,139,000	Holding company
Taihan Molding (Dongguan) Co., Ltd	2001.01.04	Building 8, Sixth Industrial Zone, Wusha Village, Chang'an Town, Dongguan, China	RMB 85,078,377 (USD 12,676,000)	Mold and plastic injection molding
YONGHAN PRECISION TECHNOLOGY CO., LTD..	2006.08.28	Phu Tien Industrial Zone, Hai Duong Province, Vietnam	USD 10,000,000	Mold and plastic injection molding
Taihan Precision Technology (Philippines) Co., Inc.	2013.01.09	Phase 2A Block 1 Lot 1, Jose P. Rizal Avenue, Lima Technology Center - Special Economic Zone, Lipa City, Batangas Province,4217 Philippines	PHP 479,193,500	Mold and plastic injection molding
Taihanland (Philippines) Inc.	2013.01.09	Phase 2A Block 1 Lot 1, Jose P. Rizal Avenue,Lima Technology Center - Special Economic Zone,Lipa City, Batangas Province,4217 Philippines	PHP 451,980,000	Real estate lease

3. Information of the same shareholder for those who are presumed to have control rights and affiliation: None

4. Industries covered by the affiliated company:

The business of the company and its affiliated companies includes mold, injection molding, painting, and assembly of 3C products.

5. Information on directors, supervisors and general managers of affiliated companies
March 31, 2022

Company Name	Title	Name or representative	Holding Shares	
			Shares	Shareholding ratio
Taihan Precision Technology (Samoa) Co., Ltd	Chairman	TaiHan Precision Technology Corporation Representative: Tsai Chen-long	32,290	100%
TAIHAN HOLDING (SAMOA) CO., LTD.	Chairman	Taihan Precision Technology (Samoa) Co.,Ltd Representative: Tsai Chen-long	10,800	100%
YONGHAN HOLDING (SAMOA) CO., LTD.	Chairman	Taihan Precision Technology (Samoa) Co.,Ltd Representative: Tsai Chen-long	10,024	100%
TAIHAN HOLDING PHILIPPINES CO., LTD.	Chairman	Taihan Precision Technology (Samoa) Co.,Ltd Representative: Tsai Chen-long	22,139	100%
TAIHAN MOLDING (DONGGUAN) CO., LTD	Chairman	Taihan Holding (Samoa) Co., Ltd Representative: Tsai Chen-long	10,470	100%
	President	Huang Xiaoling		
YONGHAN PRECISION TECHNOLOGY CO., LTD	Chairman	Yonghan Holding (Samoa) Co.,Ltd Representative: Yang Jianping	10,000	100%
Taihan Precision Technology (Philippines) Co., Inc.	Chairman	TAIHAN HOLDING PHILIPPINES CO., LTD. Representative: Yang Jianping	479,194	100%
	Director	TAIHAN HOLDING PHILIPPINES CO., LTD. Chen Jinzhong		
Taihanland (Philippines) Inc.	Chairman	TAIHAN HOLDING PHILIPPINES CO., LTD. Representative: Yang Jianping	451,980	40%
	Director	TAIHAN HOLDING PHILIPPINES CO., LTD. Representative: Chen Jinzhong		

(2) Operational overview of the affiliated company:
 Financial status and operating results of each affiliated company:

Dec 31, 2020

A	B	C	D	E	F	G	H	I
Company Name	Total Capital	Total Assets	Total liabilities	Net Value	Operating revenue	Net Profits (losses)	Current Profits (losses) (after tax)	Earning per share (After tax)
Taihan Precision Technology (Samoa) Co., Ltd.	NTD1,092,737,462	NTD 1,310,800,680	NTD57,313,891	NTD 1,253,486,789	NTD 0	NTD (316,579)	NTD 113,105,962	Note 1
TAIHAN HOLDING (SAMOA) CO., LTD.	NTD 421,372,734	NTD 84,473,126	NTD 0	NTD 84,473,126	NTD 0	NTD 0	NTD(18,435,350)	Note 1
YONGHAN HOLDING (SAMOA) CO., LTD.	NTD 323,797,099	NTD 598,038,179	NTD 0	NTD 598,038,179	NTD 0	NTD 0	NTD 124,657,343	Note 1
Taihan Molding (Dongguan) Co., Ltd	NTD 349,447,2021	NTD 174,269,523	NTD 89,796,396	NTD 84,473,127	NTD264,667,572	NTD(23,348,017)	NTD (18,435,350)	Note 1
YONGHAN PRECISION TECHNOLOGY CO., LTD.	NTD 324,169,986	NTD 785,375,513	NTD 187,351,201	NTD 598,024,312	NTD1,165,081,275	NTD155,384,345	NTD 124,406,538	Note 1
TAIHAN HOLDING PHILLIPINES CO., LTD.	NTD 666,368,390	NTD 527,141,146	NTD 581,341	NTD 526,559,805	NTD 0	NTD (30,341,705)	NTD (12,265,030)	Note 1
TAIHAN PRECISON TECHNOLOGY (PHILIPPINES) CO., INC.	NTD 319,567,307	NTD 476,354,038	NTD 271,944,518	NTD 204,409,520	NTD676,592,121	NTD24,654,236	NTD 8,399,142	Note 1
TAIHANLAND (PHILIPPINES) INC.	NTD 308,754,679	NTD 455,997,745	NTD 140,056,461	NTD 315,941,284	NTD 0	NTD (15,073,100)	NTD 13,063,682	Note 1

Note 1: Not applicable since it is an overseas company.

(3) Consolidated financial statements of affiliated companies: Please refer to "Consolidated Financial Statements of Parent and Subsidiaries Audited by Accountants in the Most Recent Year" in Section 6. Financial Overview.

(4) Relationship report: None.

2. The status of private placement of securities for the most recent year and up to the date of publication of the annual report: None.

3. Subsidiary holding or disposing of the Company's stock for the most recent year and up to the date of publication of the annual report: None

4. Other necessary supplementary notes:

Disclosing unfinished OTC commitments

OTC commitments	Handling of commitments
<p>1. Promised that before listing on the OTC, the Company's mainland and Vietnamese subsidiaries have to set up full-time auditors, and implement the annual audit plan.</p>	<p>The Company has set up auditors in its subsidiaries in both Dongguan Taihan and Vietnam Yonghan. Here is the list of people: (1) Taihan, Dongguan: Jian Zhiming, Lu Peiru. (2) Yonghan, Vietnam: Jian Zhiming, Lu Peiru.</p>
<p>2. Commitment that if the financial reports of overseas subsidiaries in the future are checked and certified by other accountants, and the Company recognizes investment profits and losses or prepares consolidated financial statements, the certified accountant of the Company is required to issue an audit report on its financial report that does not mention other accountants.</p>	<p>Follow up as promised. (The Company's financial reports of the overseas subsidiaries are not checked and certified by other accountants.)</p>
<p>3. Commitment that the company will add "the company shall not give up the capital increase of TAIHAN PRECISION TECHNOLOGY (SAMOA) CO., LTD. (hereinafter referred to as Taihan Samoa) in the "Acquisition or Disposal of Assets Processing Procedures" in future years; TAIHAN HOLDING (SAMOA) CO., LTD. (hereinafter referred to as TAIHAN Samoa II), YONGHAN HOLDING (SAMOA) CO., LTD. (hereinafter referred to as Yonghan Samoa), DONGHAN HOLDING (SAMOA) CO., LTD. (hereinafter referred to as East Han Samoa), YAWHAN HOLDING (SAMOA) CO., LTD. (hereinafter referred to as Yao Han Samoa) will increase the capital in each future year; Tai Han Samoa II shall not give up its commitment to Tai Han Mold Products (Dongguan) Co., Ltd. shall not give up the capital increase of YONGHAN PRECISION TECHNOLOGY CO., LTD. Capital increase in future years; Yaohan Samoa shall not give up the capital increase of Yaohan Precision Technology (Suzhou) Co., Ltd. in future years; if the company abandons the capital increase of Shanghai Kai Company or disposes of Shang Kai Company in the future, it must be approved by these companies. A special resolution of the Board of Directors was passed. " And if the processing method is revised later, the important information of the public information observatory should be entered.</p>	<p>1. The Company updated the "procedures for the acquisition or disposal of assets" and matters related to the disposal of the equity of the subsidiary company Yaohan Electronic Technology (Suzhou) Co., Ltd. For details, see the tracking schedule for the second and third quarters of 2008. In addition, the company disposes of the equity of the subsidiary company Yaohan Electronic Technology (Suzhou) Co., Ltd. to Jia Shi Danamin Malaysia Co., Ltd., which has been completed on November 26. Due to the above disposal matters, the company's board meeting on February 16, 2009, and the shareholders meeting on June 10, 2009 approved the revision of the "Acquisition or Disposal of Assets Processing Procedures", deleting the affiliation with YAWHAN HOLDING (SAMOA) CO., LTD. and Yaohan Precision Technology (Suzhou) Limited Company.</p> <p>2. The Company has passed the resolution of the Board of Directors on December 12, 2016 to dispose of the equity of the subsidiary company, DONGHAN HOLDING (SAMOA) CO., LTD. (hereinafter referred to as East Han Samoa), and the 100% subsidiary, Dong Han Electronic Technology (Kunshan) Co., Ltd., was also transferred. The company's "Acquisition or Disposal of Assets Processing Procedures" has deleted the provisions on East Han Samoa and East Han Electronic Technology (Kunshan) Co., Ltd., And after the approval of the Board of Directors on March 20, 2017 and the approval of the shareholders' meeting in 2017, the revision procedure was completed.</p>

Note : As of March 31, 2022

IX. For the most recent year and up to the date of publication of the annual report, matters that have a significant impact on shareholders' equity or securities prices in accordance with Sub-paragraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

TaiHan Precision Technology Corporation

Chairman : Tsai Chen-long



TAIHAN PRECISION TECHNOLOGY CO.,LTD

TaiHan Precision Technology Co.,Ltd.



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